

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
Form N-Q  
March 30, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT  
COMPANY

Investment Company Act file number 811-10345

Nuveen Dividend Advantage Municipal Fund 3  
(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive, Chicago, Illinois 60606  
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy  
Vice President and Secretary  
333 West Wacker Drive, Chicago, Illinois 60606  
(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 10/31

Date of reporting period: 1/31/12

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.



## Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)  
 Nuveen Dividend Advantage Municipal Fund 3 (NZF)  
 January 31, 2012

| Principal<br>Amount<br>(000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings<br>(3) | Value        |
|------------------------------|--|---------------------------------------|----------------|--------------|
|                              | Municipal Bonds – 135.2% (95.3% of Total Investments)  |                                       |                |              |
|                              | Alabama – 0.6% (0.4% of Total Investments)   |                                       |                |              |
| \$ 3,500                     | Alabama Special Care Facilities Financing Authority, Revenue Bonds, Ascension Health, Series 2006C-2, 5.000%, 11/15/36 (UB)                          | 11/16 at 100.00                       | AA+            | \$ 3,676,645 |
|                              | Alaska – 0.1% (0.1% of Total Investments)  |                                       |                |              |
| 1,000                        | Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46                            | 6/14 at 100.00                        | B2             | 738,580      |
|                              | Arizona – 1.1% (0.8% of Total Investments)   |                                       |                |              |
| 3,390                        | Arizona State Transportation Board, Highway Revenue Bonds, Series 2006, Trust 3151, 13.684%, 7/01/16 (IF)  | No Opt. Call                          | AAA            | 4,546,193    |
| 2,200                        | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37 | No Opt. Call                          | A–             | 2,187,372    |
| 5,590                        | Total Arizona  |                                       |                | 6,733,565    |
|                              | California – 15.5% (10.9% of Total Investments)  |                                       |                |              |
|                              | California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A:                         |                                       |                |              |
| 2,220                        | 5.000%, 3/01/28  | 3/13 at 100.00                        | A              | 2,244,531    |
| 140                          | 5.000%, 3/01/33  | 3/13 at 100.00                        | A              | 141,043      |
| 1,670                        | California Health Facilities Financing Authority, Refunding Revenue Bonds, Stanford Hospital and Clinics, Series 2008A-2. RMKT, 5.250%, 11/15/40     | No Opt. Call                          | Aa3            | 1,849,742    |
| 3,400                        | California Health Facilities Financing Authority, Revenue Bonds, Providence Health & Services, Series 2009B, 5.500%, 10/01/39                        | 10/19 at 100.00                       | AA             | 3,763,256    |
| 2,900                        | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 (UB)                                  | 11/16 at 100.00                       | AA–            | 2,984,941    |
| 5,355                        | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 13.832%, 5/15/14 (IF)             | 5/18 at 100.00                        | AA–            | 7,195,835    |
| 20                           |  |                                       | AA             | 20,034       |

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|         |  |                    |         |            |
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|         | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 – NPMFG Insured (Alternative Minimum Tax)   | 6/12 at<br>100.00  |         |            |
|         | Ceres Unified School District, Stanislaus County, California, General Obligation Bonds, Series 2002B:  |                    |         |            |
| 2,180   | 0.000%, 8/01/31 – FGIC Insured   | 8/12 at<br>32.87   | A+      | 696,248    |
| 3,300   | 0.000%, 8/01/32 – FGIC Insured   | 8/12 at<br>30.97   | A+      | 992,706    |
| 11,865  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47                                      | 6/17 at<br>100.00  | B–      | 8,082,557  |
| 7,150   | Grossmont Healthcare District, California, General Obligation Bonds, Series 2011B, 6.125%, 7/15/40   | 7/21 at<br>100.00  | Aa2     | 8,516,365  |
| 10,000  | Los Angeles Department of Water and Power, California, Waterworks Revenue Bonds, Series 2011A, 5.000%, 7/01/41   | 1/21 at<br>100.00  | AA      | 11,144,200 |
|         | Los Angeles Regional Airports Improvement Corporation, California, Lease Revenue Refunding Bonds, LAXFUEL Corporation at Los Angeles International Airport, Series 2001: |                    |         |            |
| 8,640   | 5.750%, 1/01/16 – AMBAC Insured (Alternative Minimum Tax)  | 7/12 at<br>100.00  | A–      | 8,662,291  |
| 5,000   | 5.375%, 1/01/21 – AMBAC Insured (Alternative Minimum Tax)  | 7/12 at<br>100.00  | A–      | 5,007,150  |
| 1,500   | 5.250%, 1/01/23 – AMBAC Insured (Alternative Minimum Tax)  | 7/12 at<br>100.00  | A–      | 1,501,620  |
| 10,000  | 5.500%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)  | 7/12 at<br>100.00  | A–      | 10,005,700 |
| 12,000  | Palomar Pomerado Health, California, General Obligation Bonds, Convertible Capital Appreciation, Election 2004 Series 2010A, 0.000%, 8/01/40                             | 8/30 at<br>100.00  | A+      | 8,724,360  |
| 3,850   | Placentia-Yorba Linda Unified School District, Orange County, California, Certificates of Participation, Series 2011, 0.000%, 10/01/28 – AGM Insured                     | 10/21 at<br>100.00 | AA–     | 3,359,626  |
| 3,550   | San Buenaventura, California, Revenue Bonds, Community Memorial Health System, Series 2011, 7.500%, 12/01/41   | 12/21 at<br>100.00 | BB      | 3,963,185  |
| 3,000   | San Diego Community College District, California, General Obligation Bonds, Tender Option Bond Trust 1005, 13.506%, 8/01/41 (IF)   | 8/21 at<br>100.00  | AA+     | 4,125,720  |
| 10,000  | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 – NPMFG Insured            | No Opt.<br>Call    | BBB     | 1,877,800  |
| 3,000   | San Mateo County Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 9/01/30 – NPMFG Insured   | No Opt.<br>Call    | Aaa     | 1,327,710  |
| 110,740 | Total California   |                    |         | 96,186,620 |
| 2,250   | Colorado – 5.4% (3.8% of Total Investments)  |                    | N/R (4) | 2,363,985  |

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|        | Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General Obligation Bonds, Series 2002, 7.375%, 12/01/32 (Pre-refunded 12/01/12)                              | 12/12 at<br>100.00 |         |            |
| 1,535  | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13)                  | 3/13 at<br>100.00  | N/R (4) | 1,646,948  |
| 3,090  | Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Montessori Peaks Academy, Series 2006A, 5.400%, 5/01/26  | 5/16 at<br>102.00  | N/R     | 2,758,412  |
| 3,380  | Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1, 5.500%, 4/01/31 (Alternative Minimum Tax)   | 4/12 at<br>100.00  | AAA     | 3,382,535  |
| 5,000  | Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds, Series 2007A, 5.600%, 12/01/34 – RAAI Insured  | 12/17 at<br>100.00 | N/R     | 4,371,400  |
|        | Denver City and County, Colorado, Airport Revenue Bonds, Series 2006:   |                    |         |            |
| 5,365  | 5.000%, 11/15/23 – FGIC Insured   | 11/16 at<br>100.00 | A+      | 5,990,505  |
| 3,300  | 5.000%, 11/15/24 – FGIC Insured   | 11/16 at<br>100.00 | A+      | 3,668,478  |
| 4,335  | 5.000%, 11/15/25 – FGIC Insured   | 11/16 at<br>100.00 | A+      | 4,801,706  |
|        | Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007:   |                    |         |            |
| 950    | 5.125%, 12/01/27 – RAAI Insured   | 12/17 at<br>100.00 | N/R     | 850,051    |
| 2,000  | 5.250%, 12/01/36 – RAAI Insured   | 12/17 at<br>100.00 | N/R     | 1,685,120  |
| 1,000  | Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25   | 6/14 at<br>101.00  | N/R     | 1,034,340  |
| 630    | Regional Transportation District, Colorado, Certificates of Participation, Series 2010A, 5.375%, 6/01/31  | 6/20 at<br>100.00  | Aa3     | 710,583    |
| 32,835 | Total Colorado Connecticut – 0.3% (0.2% of Total Investments)   |                    |         | 33,264,063 |
| 1,500  | Connecticut Health and Educational Facilities Authority, Revenue Bonds, Hartford Healthcare, Series 2011A, 5.000%, 7/01/41  | 7/21 at<br>100.00  | A       | 1,606,350  |
|        | District of Columbia – 1.9% (1.4% of Total Investments)   |                    |         |            |
| 10,000 | Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds, Senior Lien Refunding Series 2007A, 4.500%, 10/01/30 (WI/DD, Settling 2/09/12) – AMBAC Insured | 10/16 at<br>100.00 | AA+     | 10,454,000 |
| 1,335  | Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds,  | 10/16 at<br>100.00 | AA+     | 1,522,568  |

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|        | Tender Option Bond Trust 1606, 11.636%, 10/01/30 – AMBAC Insured (IF)  |                 |     |            |
| 11,335 | Total District of Columbia   |                 |     | 11,976,568 |
|        | Florida – 3.2% (2.3% of Total Investments)   |                 |     |            |
| 4,980  | Broward County, Florida, Airport System Revenue Refunding Bonds, Series 2009O, 5.375%, 10/01/29                              | 10/19 at 100.00 | A+  | 5,636,862  |
|        | Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:      |                 |     |            |
| 1,105  | 5.400%, 12/01/32 – AGM Insured   | 6/12 at 100.00  | AA– | 1,105,751  |
| 2,195  | 5.450%, 12/01/41 – AGM Insured   | 6/12 at 100.00  | AA– | 2,196,119  |
| 5,000  | Orlando-Orange County Expressway Authority, Florida, Expressway Revenue Bonds, Series 2003B, 5.000%, 7/01/30 – AMBAC Insured | 7/13 at 100.00  | A   | 5,112,050  |
| 5,455  | South Miami Health Facilities Authority, Florida, Hospital Revenue, Baptist Health System                                    | 8/17 at 100.00  | AA  | 5,686,347  |
| 1,000  | Obligation Group, Series 2007, 5.000%, 8/15/42 (UB)  |                 |     |            |
|        | Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40 (5)                 | 5/18 at 100.00  | N/R | 425,330    |
| 19,735 | Total Florida  |                 |     | 20,162,459 |
|        | Georgia – 4.4% (3.1% of Total Investments)   |                 |     |            |
| 15,000 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2010C, 5.250%, 1/01/30                                     | 1/21 at 100.00  | A1  | 16,866,900 |
| 3,000  | Franklin County Industrial Building Authority, Georgia, Revenue Bonds, Ty Cobb Regional                                      | 12/20 at 100.00 | N/R | 3,163,170  |
| 2,000  | Medical Center Project, Series 2010, 8.125%, 12/01/45  |                 |     |            |
|        | Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care,                                   | 7/17 at 100.00  | N/R | 1,448,160  |
| 5,000  | Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42   |                 |     |            |
|        | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.000%, 1/01/35 – FGIC Insured                        | 1/14 at 100.00  | AA– | 5,299,550  |
| 480    | Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside                                | 3/17 at 100.00  | N/R | 365,098    |
|        | Military Academy Project, Series 2007, 5.125%, 3/01/37   |                 |     |            |
| 25,480 | Total Georgia  |                 |     | 27,142,878 |
|        | Illinois – 13.5% (9.5% of Total Investments)   |                 |     |            |
| 3,200  | Chicago Transit Authority, Illinois, Sales Tax Receipts Revenue Bonds, Series 2011, 5.250%, 12/01/40                         | 12/21 at 100.00 | AA  | 3,576,192  |
| 8,375  | Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 – AGM Insured (Alternative Minimum Tax)      | 7/12 at 100.00  | AA– | 8,392,923  |
| 2,630  | Chicago, Illinois, Sales Tax Revenue Bonds, Series 2011A, 5.000%, 1/01/41  | 1/22 at 100.00  | AAA | 2,917,328  |
| 4,950  | Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International                                 | 7/12 at 100.00  | A2  | 4,956,336  |

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|         | Airport, Series 2001A, 5.375%, 1/01/32 – AMBAC Insured<br>(Alternative Minimum Tax)  |                    |      |            |
| 2,220   | Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 – NPMF Insured   | No Opt.<br>Call    | Aa3  | 2,519,789  |
| 1,165   | Chicago, Illinois, Third Lien General Airport Revenue Bonds, O’Hare International Airport, Series 2005A, 5.000%, 1/01/33 – FGIC Insured  | 1/16 at<br>100.00  | A1   | 1,206,171  |
| 8,875   | Cook County, Illinois, General Obligation Bonds, Refunding Series 2010A, 5.250%, 11/15/33  | 11/20 at<br>100.00 | AA   | 9,713,776  |
| 2,415   | Illinois Finance Authority, General Obligation Debt Certificates, Local Government Program – Kankakee County, Series 2005B, 5.000%, 12/01/24 – AMBAC Insured                         | 12/14 at<br>100.00 | A2   | 2,526,935  |
| 3,465   | Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37   | 8/17 at<br>100.00  | BBB  | 3,518,292  |
| 2,625   | Illinois Finance Authority, Revenue Bonds, The University of Chicago, Series 2012A, 5.000%, 10/01/51 (WI/DD, Settling 2/02/12)   | 10/21 at<br>100.00 | Aa1  | 2,917,005  |
| 9,000   | Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31   | 6/12 at<br>101.00  | BBB– | 9,097,020  |
| 5,000   | Lake County School District 38, Big Hollow, Illinois, General Obligation Bonds, Series 2005, 0.000%, 2/01/22 – AMBAC Insured   | No Opt.<br>Call    | N/R  | 3,059,400  |
| 7,000   | Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36   | 1/16 at<br>100.00  | N/R  | 4,546,850  |
| 12,000  | Metropolitan Pier and Exposition Authority, Illinois, McCormick Place Expansion Project Refunding Bonds, Series 2010A, 5.500%, 6/15/50   | 6/20 at<br>100.00  | AAA  | 12,972,120 |
| 45,000  | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Capital Appreciation Refunding Series 2010B-1, 0.000%, 6/15/43 – AGM Insured | No Opt.<br>Call    | AAA  | 8,291,250  |
| 2,790   | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 6/15/29 – FGIC Insured                       | No Opt.<br>Call    | AAA  | 3,321,160  |
| 120,710 | Total Illinois<br>Indiana – 4.9% (3.4% of Total Investments)   |                    |      | 83,532,547 |
| 6,885   | Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 – NPMF Insured  | 8/12 at<br>100.00  | BBB  | 6,905,104  |
| 4,230   | Indiana Finance Authority, Educational Facilities Revenue Bonds, Tudor Park Foundation, Series 2005B, 5.000%, 6/01/24  | 6/15 at<br>100.00  | Aa3  | 4,528,765  |
| 6,700   | Indiana Finance Authority, Wastewater Utility Revenue Bonds, CWA Authority Project, Series 2011B, 5.000%, 10/01/41   | 10/21 at<br>100.00 | AA–  | 7,190,708  |
| 2,600   |  |                    | A    | 2,640,690  |

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|        | Indiana Health Facility Financing Authority, Revenue Bonds,<br>Community Hospitals of Indiana,<br>Series 2005A, 5.000%, 5/01/35 – AMBAC Insured                                     | 5/15 at<br>100.00 |        |            |
| 3,500  | University of Southern Indiana, Student Fee Revenue Bonds, Series<br>2001H, 5.000%, 10/01/21 –<br>AMBAC Insured   | 4/12 at<br>100.00 | A1     | 3,507,805  |
|        | Vigo County Hospital Authority, Indiana, Revenue Bonds, Union<br>Hospital, Series 2007:   |                   |        |            |
| 2,500  | 5.750%, 9/01/42   | 9/17 at<br>100.00 | N/R    | 2,258,250  |
| 2,500  | 5.800%, 9/01/47   | 9/17 at<br>100.00 | N/R    | 2,265,250  |
| 1,090  | Wayne County Jail Holding Corporation, Indiana, First Mortgage<br>Bonds, Series 2001, 5.500%,<br>7/15/22 (Pre-refunded 1/15/13) – AMBAC Insured                                     | 1/13 at<br>101.00 | A1 (4) | 1,156,021  |
| 30,005 | Total Indiana   |                   |        | 30,452,593 |
|        | Iowa – 0.8% (0.6% of Total Investments)   |                   |        |            |
| 2,000  | Iowa Finance Authority, Healthcare Revenue Bonds, Great River<br>Medical Center, Series 2001,<br>5.250%, 5/15/31 – AGM Insured  | 5/12 at<br>100.00 | Aa3    | 2,001,580  |
| 1,000  | Iowa Tobacco Settlement Authority, Asset Backed Settlement<br>Revenue Bonds, Series 2005C,<br>5.625%, 6/01/46   | 6/15 at<br>100.00 | B+     | 752,900    |
| 2,375  | Polk County, Iowa, General Obligation Bonds, Series 2002C,<br>5.000%, 6/01/13 (Pre-refunded<br>6/01/12) – AGM Insured   | 6/12 at<br>100.00 | AAA    | 2,413,380  |
| 5,375  | Total Iowa  |                   |        | 5,167,860  |
|        | Kansas – 0.3% (0.2% of Total Investments)   |                   |        |            |
|        | Manhattan Health Care Facility Revenue Bonds, Kansas,<br>Meadowlarks Hills Retirement,<br>Series 2007B:   |                   |        |            |
| 1,000  | 5.125%, 5/15/37   | 5/14 at<br>103.00 | N/R    | 895,970    |
| 1,000  | 5.125%, 5/15/42   | 5/14 at<br>103.00 | N/R    | 886,900    |
| 2,000  | Total Kansas  |                   |        | 1,782,870  |
|        | Kentucky – 1.2% (0.8% of Total Investments)   |                   |        |            |
| 1,000  | Kentucky Economic Development Finance Authority, Louisville<br>Arena Project Revenue Bonds,<br>Louisville Arena Authority, Inc., Series 2008-A1, 6.000%, 12/01/42<br>– AGC Insured  | 6/18 at<br>100.00 | AA–    | 1,095,920  |
| 5,400  | Lexington-Fayette Urban County Government Public Facilities<br>Corporation, Kentucky State Lease<br>Revenue Bonds, Eastern State Hospital Project, Series 2011A,<br>5.250%, 6/01/29 | 6/21 at<br>100.00 | Aa3    | 6,199,956  |
| 6,400  | Total Kentucky  |                   |        | 7,295,876  |
|        | Louisiana – 7.4% (5.2% of Total Investments)  |                   |        |            |
| 2,000  | Jefferson Parish Hospital Service District 2, Louisiana, Hospital<br>Revenue Bonds, East<br>Jefferson General Hospital, Refunding Series 2011, 6.375%,<br>7/01/41                   | 7/21 at<br>100.00 | Baa2   | 2,177,000  |



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| 3,000  | Louisiana Local Government Environmental Facilities & Community Development Authority, Revenue Bonds, Westlake Chemical Corporation Project, Series 2007, 6.750%, 11/01/32             | 11/17 at<br>100.00 | BBB-    | 3,245,250  |
| 10,000 | Louisiana Public Facilities Authority, Revenue Bonds, Loyola University Project, Refunding Series 2011, 5.000%, 10/01/41   | 10/21 at<br>100.00 | A+      | 10,823,900 |
| 3,700  | Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47   | 5/17 at<br>100.00  | Baa1    | 3,785,100  |
| 4,425  | Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2011, 6.750%, 5/15/41  | 5/21 at<br>100.00  | Baa1    | 5,099,237  |
| 20,890 | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39  | 5/12 at<br>100.00  | A-      | 21,082,188 |
| 44,015 | Total Louisiana<br>Maine – 0.2% (0.1% of Total Investments)  |                    |         | 46,212,675 |
| 1,075  | Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B, 5.500%, 11/15/32 (Alternative Minimum Tax)   | 5/12 at<br>100.00  | AA+     | 1,075,796  |
| 1,000  | Maryland – 2.3% (1.6% of Total Investments)<br>Howard County, Maryland, Retirement Community Revenue Bonds, Vantage House, Series 2007B, 5.250%, 4/01/37                               | 4/17 at<br>100.00  | N/R     | 756,480    |
| 1,135  | Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Pre-refunded 7/01/12) (Alternative Minimum Tax) | 7/12 at<br>100.00  | Aa2 (4) | 1,135,000  |
| 2,000  | Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference Center, Series 2006A, 5.000%, 12/01/31   | 12/16 at<br>100.00 | N/R     | 1,296,700  |
| 10,600 | Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax)   | 3/12 at<br>100.00  | N/R     | 10,660,420 |
| 555    | Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Ridge Retirement Community, Series 2007, 4.750%, 7/01/34   | 7/17 at<br>100.00  | A-      | 558,796    |
| 15,290 | Total Maryland<br>Massachusetts – 6.5% (4.6% of Total Investments)   |                    |         | 14,407,396 |
| 1,375  | Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26   | 10/12 at<br>102.00 | N/R     | 1,229,484  |
| 1,000  | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital Project, Series 2005D, 5.250%, 7/01/30   | 7/15 at<br>100.00  | BB-     | 888,450    |
| 1,600  | Massachusetts Health and Educational Facilities Authority, Revenue Refunding Bonds, Suffolk University Issue, Series 2009A, 5.750%, 7/01/39  | 7/19 at<br>100.00  | BBB     | 1,680,096  |
| 1,505  | Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust  | 6/18 at<br>100.00  | AA      | 1,693,501  |

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|        | 3145, 15.518%, 6/01/16 (IF)   |                    |         |            |
| 400    | Massachusetts Port Authority, Special Facilities Revenue Bonds,<br>ConRac Project, Series 2011A,<br>5.125%, 7/01/41   | 7/21 at<br>100.00  | A       | 436,156    |
| 5,000  | Massachusetts Port Authority, Special Facilities Revenue Bonds,<br>Delta Air Lines Inc., Series<br>2001A, 5.500%, 1/01/18 – AMBAC Insured (Alternative Minimum<br>Tax)        | 7/12 at<br>100.00  | N/R     | 4,726,850  |
| 3,465  | Massachusetts Water Resources Authority, General Revenue<br>Bonds, Series 2007A, 4.500%,<br>8/01/46 – AGM Insured (UB) (6)  | 2/17 at<br>100.00  | AA+     | 3,590,953  |
| 5,000  | Massachusetts, General Obligation Bonds, Consolidated Loan,<br>Series 2002C, 5.250%, 11/01/30<br>(Pre-refunded 11/01/12)  | 11/12 at<br>100.00 | AA+ (4) | 5,188,950  |
| 2,255  | Massachusetts, General Obligation Bonds, Consolidated Loan,<br>Series 2002E:<br>5.250%, 1/01/22 (Pre-refunded 1/01/13) – FGIC Insured   | 1/13 at<br>100.00  | AA+ (4) | 2,358,482  |
| 7,495  | 5.250%, 1/01/22 (Pre-refunded 1/01/13) – FGIC Insured   | 1/13 at<br>100.00  | AA+ (4) | 7,838,946  |
| 7,165  | Metropolitan Boston Massachusetts, Transit Parking Corporation,<br>Systemwide Parking Revenue<br>Bonds, Senior Lien Series 2011, 5.000%, 7/01/41                              | 7/21 at<br>100.00  | A+      | 7,713,624  |
| 3,210  | Worcester, Massachusetts, General Obligation Bonds, Series 2011,<br>3.000%, 8/15/12 – AGM Insured   | No Opt.<br>Call    | AA–     | 3,256,352  |
| 39,470 | Total Massachusetts<br>Michigan – 5.9% (4.2% of Total Investments)  |                    |         | 40,601,844 |
| 15,000 | Detroit City School District, Wayne County, Michigan, Unlimited<br>Tax School Building and Site<br>Improvement Bonds, Series 2001A, 6.000%, 5/01/29 – AGM Insured<br>(UB)     | No Opt.<br>Call    | Aa2     | 17,736,150 |
| 2,000  | Garden City Hospital Finance Authority, Michigan, Revenue<br>Bonds, Garden City Hospital<br>Obligated Group, Series 2007A, 5.000%, 8/15/38                                    | 8/17 at<br>100.00  | N/R     | 1,538,240  |
| 2,750  | Lansing Board of Water and Light, Michigan, Utility System<br>Revenue Bonds Series 2011A,<br>5.500%, 7/01/41  | 7/21 at<br>100.00  | AA–     | 3,198,690  |
| 5,000  | Michigan Finance Authority, Revenue Bonds, Trinity Health Credit<br>Group, Refunding Series 2011,<br>5.000%, 12/01/39   | No Opt.<br>Call    | AA      | 5,313,000  |
| 2,250  | Michigan State Building Authority, Revenue Refunding Bonds,<br>Facilities Program, Series<br>2011-I-A, 5.375%, 10/15/41   | No Opt.<br>Call    | Aa3     | 2,537,213  |
| 2,395  | Michigan State Hospital Finance Authority, Hospital Revenue<br>Refunding Bonds, Sisters of Mercy<br>Health Corporation, Series 1993P, 5.375%, 8/15/14 – NPFG Insured<br>(ETM) | No Opt.<br>Call    | BBB (4) | 2,544,735  |
| 2,865  | Michigan State Hospital Finance Authority, Revenue Bonds,<br>Trinity Health Care Group, Series<br>2006A, 5.000%, 12/01/31 (UB)  | 12/16 at<br>100.00 | AA      | 3,012,118  |
| 635    |   |                    | N/R (4) | 762,864    |

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|        | Michigan State Hospital Finance Authority, Revenue Bonds,<br>Trinity Health Care Group, Series<br>2006A, 5.000%, 12/01/31 (Pre-refunded 12/01/16) (UB)  | 12/16 at<br>100.00 |         |            |
| 32,895 | Total Michigan  |                    |         | 36,643,010 |
|        | Minnesota – 1.2% (0.8% of Total Investments)  |                    |         |            |
| 2,185  | Dakota County Community Development Agency, Minnesota,<br>GNMA Collateralized Multifamily<br>Housing Revenue Bonds, Rose Apartments Project, Series 2001,<br>6.350%, 10/20/37<br>(Alternative Minimum Tax)  | 4/12 at<br>105.00  | Aaa     | 2,295,845  |
| 3,000  | Minnesota State, General Obligation Bonds, Various Purpose,<br>Refunding Series 2010D,<br>5.000%, 8/01/18   | No Opt.<br>Call    | AA+     | 3,749,520  |
| 1,375  | Saint Paul Port Authority, Minnesota, Lease Revenue Bonds,<br>Regions Hospital Parking Ramp<br>Project, Series 2007-1, 5.000%, 8/01/36  | 8/16 at<br>100.00  | N/R     | 1,364,440  |
| 6,560  | Total Minnesota   |                    |         | 7,409,805  |
|        | Mississippi – 0.9% (0.6% of Total Investments)  |                    |         |            |
| 2,155  | Mississippi Business Finance Corporation, GNMA Collateralized<br>Retirement Facility Mortgage<br>Revenue Refunding Bonds, Aldersgate Retirement Community Inc.<br>Project, Series 1999A,<br>5.450%, 5/20/34 | 5/12 at<br>100.00  | AA+     | 2,164,029  |
| 3,000  | Mississippi Hospital Equipment and Facilities Authority, Revenue<br>Bonds, Baptist Memorial<br>Healthcare, Series 2004B-1, 5.000%, 9/01/24 (UB)   | 9/14 at<br>100.00  | AA      | 3,165,240  |
| 5,155  | Total Mississippi   |                    |         | 5,329,269  |
|        | Missouri – 1.1% (0.8% of Total Investments)   |                    |         |            |
| 1,495  | Cape Girardeau County Industrial Development Authority,<br>Missouri, Health Facilities Revenue<br>Bonds, Southeast Missouri Hospital Association, Series 2007,<br>5.000%, 6/01/36                           | 6/17 at<br>100.00  | N/R     | 1,458,926  |
| 1,000  | Clinton County Industrial Development Authority, Missouri,<br>Revenue Bonds, Cameron Regional<br>Medical Center, Series 2007, 5.000%, 12/01/32  | 12/17 at<br>100.00 | N/R     | 862,710    |
| 1,825  | Fenton, Missouri, Tax Increment Refunding and Improvement<br>Revenue Bonds, Gravois Bluffs<br>Redevelopment Project, Series 2002, 6.125%, 10/01/21<br>(Pre-refunded 10/01/12)                               | 10/12 at<br>100.00 | N/R (4) | 1,897,307  |
| 2,500  | Missouri Health and Educational Facilities Authority, Revenue<br>Bonds, Washington University,<br>Series 2011B, 5.000%, 11/15/37  | 11/21 at<br>100.00 | AAA     | 2,931,725  |
| 6,820  | Total Missouri  |                    |         | 7,150,668  |
|        | Montana – 0.8% (0.6% of Total Investments)  |                    |         |            |
| 5,000  | Montana Board of Investments, Exempt Facility Revenue Bonds,<br>Stillwater Mining Company, Series<br>2000, 8.000%, 7/01/20 (Alternative Minimum Tax)  | 7/12 at<br>100.00  | B+      | 5,039,850  |
| 4,045  | Nebraska – 1.0% (0.7% of Total Investments)<br>Nebraska Investment Finance Authority, Single Family Housing<br>Revenue Bonds, Series 2010A,<br>6.050%, 9/01/41  | 9/20 at<br>100.00  | AA+     | 4,305,741  |

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| 1,005  | Omaha Public Power District, Nebraska, Separate Electric System Revenue Bonds, Nebraska City 2, Series 2006A, 20.018%, 8/01/40 – AMBAC Insured (IF)   | 2/17 at<br>100.00  | AA+ | 1,715,716  |
| 5,050  | Total Nebraska Nevada – 5.5% (3.9% of Total Investments)  |                    |     | 6,021,457  |
| 10,000 | Clark County, Nevada, Airport Revenue Bonds, Subordinate Lien Series 2010B, 5.750%, 7/01/42   | 1/20 at<br>100.00  | Aa3 | 11,238,400 |
| 6,000  | Clark County, Nevada, Passenger Facility Charge Revenue Bonds, Las Vegas-McCarran International Airport, Series 2010A, 5.250%, 7/01/42  | 1/20 at<br>100.00  | Aa3 | 6,460,140  |
| 4,000  | Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 (5)  | 7/12 at<br>100.00  | N/R | 4,800      |
| 5,000  | Henderson, Nevada, General Obligation Sewer Bonds, Series 2004, 5.000%, 6/01/34 – FGIC Insured  | 12/14 at<br>100.00 | AA  | 5,195,600  |
| 10,000 | Las Vegas Valley Water District, Nevada, Limited Tax General Obligation Bonds, Water & Refunding Series 2011C, 5.000%, 6/01/38  | 6/21 at<br>100.00  | AA+ | 11,005,200 |
| 35,000 | Total Nevada New Hampshire – 0.3% (0.2% of Total Investments)   |                    |     | 33,904,140 |
| 2,000  | New Hampshire Health and Education Authority, Hospital Revenue Bonds, Concord Hospital, Series 2001, 5.500%, 10/01/21 – AGM Insured   | 10/12 at<br>100.50 | Aa3 | 2,024,680  |
| 1,000  | New Jersey – 5.3% (3.7% of Total Investments) New Jersey Economic Development Authority, Water Facilities Revenue Bonds, American Water Company, Series 1998A, 5.250%, 7/01/38 – FGIC Insured (Alternative Minimum Tax) | 7/12 at<br>100.00  | A   | 1,002,990  |
| 10,000 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds, American Water Company, Series 2002A, 5.250%, 11/01/32 – AMBAC Insured (Alternative Minimum Tax)   | 11/12 at<br>101.00 | A2  | 10,206,900 |
| 620    | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Somerset Medical Center, Series 2003, 5.500%, 7/01/33   | 7/13 at<br>100.00  | Ba2 | 519,343    |
| 4,125  | New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2002A, 5.500%, 9/15/13 – AMBAC Insured   | No Opt.<br>Call    | Aa3 | 4,397,993  |
| 12,970 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Capital Appreciation Series 2010A, 0.000%, 12/15/33  | No Opt.<br>Call    | A+  | 4,399,165  |
| 20,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/33 – AGM Insured   | No Opt.<br>Call    | AA– | 7,031,200  |
| 7,260  | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 4.750%, 6/01/34  | 6/17 at<br>100.00  | B2  | 5,444,274  |
| 55,975 | Total New Jersey New York – 6.8% (4.8% of Total Investments)  |                    |     | 33,001,865 |
| 900    | Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter  | 4/17 at<br>100.00  | N/R | 811,026    |

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Schools, Series 2007A, 5.000%, 4/01/32

Brooklyn Arena Local Development Corporation, New York,

Payment in Lieu of Taxes Revenue

Bonds, Barclays Center Project, Series 2009:

|        |  |                    |        |            |
|--------|--|--------------------|--------|------------|
| 1,275  | 6.000%, 7/15/30  | 1/20 at<br>100.00  | BBB-   | 1,355,746  |
| 3,400  | 0.000%, 7/15/44  | No Opt.<br>Call    | BBB-   | 524,110    |
| 4,675  | Dormitory Authority of the State of New York, State Personal<br>Income Tax Revenue Bonds, General<br>Purpose Series 2011C, 5.000%, 3/15/41   | 3/21 at<br>100.00  | AAA    | 5,259,235  |
| 1,780  | East Rochester Housing Authority, New York, GNMA Secured<br>Revenue Bonds, Gates Senior Housing<br>Inc., Series 2001, 5.300%, 4/20/31  | 4/12 at<br>101.00  | N/R    | 1,796,963  |
| 2,100  | Hudson Yards Infrastructure Corporation, New York, Revenue<br>Bonds, Senior Fiscal 2012 Series<br>2011A, 5.750%, 2/15/47   | No Opt.<br>Call    | A      | 2,377,284  |
| 5,010  | Hudson Yards Infrastructure Corporation, New York, Revenue<br>Bonds, Series 2006A, 4.500%,<br>2/15/47 – NPMFG Insured  | 2/17 at<br>100.00  | A      | 4,970,571  |
| 2,800  | Long Island Power Authority, New York, Electric System Revenue<br>Bonds, Series 2011A, 5.000%,<br>5/01/36 – AGM Insured  | 5/21 at<br>100.00  | AA-    | 3,079,328  |
| 750    | Metropolitan Transportation Authority, New York, Transportation<br>Revenue Bonds, Series 2011A,<br>5.000%, 11/15/41  | 11/21 at<br>100.00 | A      | 820,710    |
| 4,155  | Monroe County Airport Authority, New York, Revenue Refunding<br>Bonds, Greater Rochester<br>International Airport, Series 1999, 5.750%, 1/01/13 – NPMFG Insured<br>(Alternative Minimum Tax)       | No Opt.<br>Call    | BBB    | 4,287,087  |
| 8,000  | New York City Industrial Development Agency, New York,<br>American Airlines-JFK International<br>Airport Special Facility Revenue Bonds, Series 2005, 7.750%,<br>8/01/31 (Alternative Minimum Tax) | 8/16 at<br>101.00  | N/R    | 7,234,480  |
| 3,125  | New York City Municipal Water Finance Authority, New York,<br>Water and Sewer System Revenue<br>Bonds, Second Generation Resolution, Fiscal 2011 Series EE,<br>5.375%, 6/15/43                     | 12/20 at<br>100.00 | AA+    | 3,580,000  |
| 885    | New York City, New York, General Obligation Bonds, Fiscal<br>Series 2002G, 5.625%, 8/01/20 –<br>NPMFG Insured  | 8/12 at<br>100.00  | AA     | 907,479    |
| 1,615  | New York City, New York, General Obligation Bonds, Fiscal<br>Series 2002G, 5.625%, 8/01/20<br>(Pre-refunded 8/01/12) – NPMFG Insured   | 8/12 at<br>100.00  | AA (4) | 1,659,073  |
| 3,000  | New York State Power Authority, General Revenue Bonds, Series<br>2011A, 5.000%, 11/15/38   | 11/21 at<br>100.00 | Aa2    | 3,406,050  |
| 43,470 | Total New York   |                    |        | 42,069,142 |
|        | North Carolina – 1.1% (0.8% of Total Investments)  |                    |        |            |
| 1,710  | Charlotte-Mecklenberg Hospital Authority, North Carolina,<br>Carolinas HealthCare System Revenue<br>Bonds, Series 2008, Trust 1149, 15.087%, 7/15/32 (IF) (6)                                      | 1/18 at<br>100.00  | AA-    | 1,940,576  |

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| 1,200  | Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds, Carolinas Health Care, Series 2007A, 5.000%, 1/15/31                                 | 1/17 at<br>100.00  | AA-     | 1,276,452  |
| 1,750  | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 4.875%, 1/15/32 (Pre-refunded 1/15/15) | 1/15 at<br>100.00  | AA+ (4) | 1,975,995  |
| 520    | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 (ETM)   | No Opt.<br>Call    | N/R (4) | 545,303    |
| 1,085  | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13   | No Opt.<br>Call    | A       | 1,134,194  |
| 6,265  | Total North Carolina<br>Ohio – 2.0% (1.4% of Total Investments)  |                    |         | 6,872,520  |
| 4,735  | Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:<br>5.125%, 6/01/24                             | 6/17 at<br>100.00  | B-      | 3,734,637  |
| 710    | 5.875%, 6/01/30  | 6/17 at<br>100.00  | B-      | 552,217    |
| 685    | 5.750%, 6/01/34  | 6/17 at<br>100.00  | B-      | 510,072    |
| 1,570  | 5.875%, 6/01/47  | 6/17 at<br>100.00  | B-      | 1,166,730  |
| 5,800  | Franklin County, Ohio, Hospital Revenue Bonds, OhioHealth Corporation, Series 2011A, 5.000%, 11/15/41  | 11/21 at<br>100.00 | AA      | 6,209,828  |
| 13,500 | Total Ohio<br>Oklahoma – 2.0% (1.4% of Total Investments)  |                    |         | 12,173,484 |
| 4,370  | Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007:<br>5.000%, 2/15/37   | 2/17 at<br>100.00  | A       | 4,562,499  |
| 955    | 5.000%, 2/15/42  | 2/17 at<br>100.00  | A       | 992,656    |
| 6,305  | Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, 5.000%, 12/15/36 (UB)  | 12/16 at<br>100.00 | AA+     | 6,599,822  |
| 88     | Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2008, Trust 3500, 8.464%, 6/15/30 (IF)                               | 12/16 at<br>100.00 | AA+     | 95,481     |
| 11,718 | Total Oklahoma<br>Oregon – 0.8% (0.5% of Total Investments)  |                    |         | 12,250,458 |
| 4,700  | Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 – AMBAC Insured                         | 5/12 at<br>101.00  | A+      | 4,757,669  |
| 500    | Pennsylvania – 3.4% (2.4% of Total Investments)  |                    | BBB     | 444,985    |

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|        | Bucks County Industrial Development Authority, Pennsylvania,<br>Charter School Revenue Bonds,<br>School Lane Charter School, Series 2007A, 5.000%, 3/15/37   | 3/17 at<br>100.00  |         |            |
| 3,500  | Pennsylvania Economic Development Financing Authority, Senior<br>Lien Resource Recovery Revenue<br>Bonds, Northampton Generating Project, Series 1994A, 6.600%,<br>1/01/19 (Alternative Minimum Tax) | 7/12 at<br>100.00  | D       | 2,118,410  |
| 1,400  | Pennsylvania Higher Educational Facilities Authority, Revenue<br>Bonds, St. Joseph's University,<br>Series 2010A, 5.000%, 11/01/40   | 11/20 at<br>100.00 | A-      | 1,496,558  |
| 5,705  | Philadelphia School District, Pennsylvania, General Obligation<br>Bonds, Series 2002B, 5.625%,<br>8/01/16 (Pre-refunded 8/01/12) – FGIC Insured  | 8/12 at<br>100.00  | Aa2 (4) | 5,860,689  |
| 10,590 | State Public School Building Authority, Pennsylvania, Lease<br>Revenue Bonds, Philadelphia School<br>District, Series 2003, 5.000%, 6/01/33 (Pre-refunded 6/01/13) –<br>AGM Insured                  | 6/13 at<br>100.00  | AA+ (4) | 11,262,359 |
| 21,695 | Total Pennsylvania   |                    |         | 21,183,001 |
|        | Puerto Rico – 0.4% (0.3% of Total Investments)   |                    |         |            |
| 2,500  | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue<br>Bonds, Series 2007A,<br>5.250%, 8/01/57  | 8/17 at<br>100.00  | Aa2     | 2,650,250  |
|        | Tennessee – 0.2% (0.2% of Total Investments)   |                    |         |            |
| 3,680  | Knox County Health, Educational and Housing Facilities Board,<br>Tennessee, Hospital Revenue<br>Refunding Bonds, Covenant Health, Series 2006A, 0.000%,<br>1/01/41                                   | 1/17 at<br>30.07   | A       | 820,456    |
| 275    | Sullivan County Health Educational and Housing Facilities Board,<br>Tennessee, Revenue Bonds,<br>Wellmont Health System, Series 2006C, 5.250%, 9/01/36   | 9/16 at<br>100.00  | BBB+    | 280,877    |
|        | Sumner County Health, Educational, and Housing Facilities Board,<br>Tennessee, Revenue Refunding<br>Bonds, Sumner Regional Health System Inc., Series 2007:  |                    |         |            |
| 800    | 5.500%, 11/01/37 (5) (7)   | 11/17 at<br>100.00 | N/R     | 59,128     |
| 2,800  | 5.500%, 11/01/46 (5) (7)   | 11/17 at<br>100.00 | N/R     | 206,948    |
| 7,555  | Total Tennessee  |                    |         | 1,367,409  |
|        | Texas – 17.9% (12.6% of Total Investments)   |                    |         |            |
| 5,445  | Board of Regents, University of Texas System, Financing System<br>Revenue Bonds, Series 2006F,<br>4.250%, 8/15/36 (UB)   | 2/17 at<br>100.00  | AAA     | 5,679,407  |
| 2,700  | Central Texas Regional Mobility Authority, Senior Lien Revenue<br>Bonds, Series 2011,<br>6.250%, 1/01/46   | 1/21 at<br>100.00  | BBB-    | 2,898,099  |
| 4,500  | Colorado River Municipal Water District, Texas, Water System<br>Revenue Bonds, Series 2011,<br>5.000%, 1/01/36   | 1/21 at<br>100.00  | AA-     | 4,956,885  |
| 3,135  | Dallas-Ft. Worth International Airport, Texas, Joint Revenue<br>Refunding and Improvement Bonds,   | 5/12 at<br>100.00  | A+      | 3,137,508  |

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|        | Series 2001A, 5.500%, 11/01/35 – NPFG Insured (Alternative Minimum Tax)   |                 |         |            |
| 5,000  | Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25  | 9/14 at 100.00  | N/R     | 5,066,450  |
| 10,000 | Houston, Texas, First Lien Combined Utility System Revenue Bonds, Series 2011D, 5.000%, 11/15/40  | 11/21 at 100.00 | AA      | 11,202,800 |
| 4,965  | Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Facilities Department, Refunding Series 2011B, 5.250%, 9/01/27                                      | No Opt. Call    | A2      | 5,416,567  |
| 6,000  | Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 – NPFG Insured (ETM)  | No Opt. Call    | AA+ (4) | 8,464,920  |
|        | Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A:  |                 |         |            |
| 2,525  | 5.500%, 7/01/13 – FGIC Insured (Alternative Minimum Tax)  | 7/12 at 100.00  | A       | 2,534,848  |
| 2,905  | 5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)  | 7/12 at 100.00  | A       | 2,916,330  |
| 14,200 | Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007A, 4.750%, 8/01/43 (UB)   | 8/16 at 100.00  | AAA     | 14,966,368 |
| 8,000  | Lower Colorado River Authority, Texas, Transmission Contract Refunding Revenue Bonds, LCRA Transmission Services Corporation Project, Refunding & Improvement Series 2010, 5.000%, 5/15/40      | 5/20 at 100.00  | A       | 8,556,320  |
| 1,750  | Martin County Hospital District, Texas, Combination Limited Tax and Revenue Bonds, Series 2011A, 7.250%, 4/01/36  | 4/21 at 100.00  | N/R     | 1,919,138  |
| 2,500  | Matagorda County Navigation District 1, Texas, Collateralized Revenue Refunding Bonds, Houston Light and Power Company, Series 1997, 5.125%, 11/01/28 – AMBAC Insured (Alternative Minimum Tax) | No Opt. Call    | A–      | 2,760,075  |
| 3,150  | North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38  | 1/18 at 100.00  | A3      | 3,407,607  |
|        | North Texas Tollway Authority, Special Projects System Revenue Bonds, Series 2011C:   |                 |         |            |
| 4,370  | 0.000%, 9/01/43   | 9/31 at 100.00  | AA      | 2,877,033  |
| 9,130  | 0.000%, 9/01/45   | 9/31 at 100.00  | AA      | 6,637,419  |
| 3,500  | Southwest Higher Education Authority Inc, Texas, Revenue Bonds, Southern Methodist University, Series 2010, 5.000%, 10/01/41  | No Opt. Call    | AA–     | 3,915,765  |
| 7,700  | Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Texas Health Resources, Series 2007A, 5.000%, 2/15/36 (UB)  | 2/17 at 100.00  | AA–     | 8,021,398  |



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White Settlement Independent School District, Tarrant County,  
Texas, General Obligation Bonds,  
Series 2006:

|         |   |                    |     |             |
|---------|---|--------------------|-----|-------------|
| 9,110   | 0.000%, 8/15/37   | 8/15 at<br>31.98   | AAA | 2,535,313   |
| 9,110   | 0.000%, 8/15/40   | 8/15 at<br>27.11   | AAA | 2,130,829   |
| 7,110   | 0.000%, 8/15/44   | 8/15 at<br>21.88   | AAA | 1,337,889   |
| 126,805 | Total Texas   |                    |     | 111,338,968 |
|         | Utah – 0.3% (0.2% of Total Investments)   |                    |     |             |
|         | Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:   |                    |     |             |
| 590     | 5.200%, 1/01/18 (Alternative Minimum Tax)   | 7/12 at<br>100.00  | AA– | 592,124     |
| 240     | 5.500%, 1/01/23 (Alternative Minimum Tax)   | 7/12 at<br>100.00  | Aaa | 250,025     |
|         | Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:   |                    |     |             |
| 905     | 4.950%, 7/01/18 (Alternative Minimum Tax)   | 7/12 at<br>100.00  | AA– | 919,272     |
| 355     | 5.300%, 7/01/23 (Alternative Minimum Tax)   | 7/12 at<br>100.00  | Aaa | 368,199     |
| 2,090   | Total Utah  |                    |     | 2,129,620   |
|         | Virginia – 0.4% (0.3% of Total Investments)   |                    |     |             |
| 1,000   | Chesterfield County Health Center Commission, Virginia, Mortgage Revenue Bonds, Lucy Corr Village, Series 2005, 5.375%, 12/01/28        | 12/15 at<br>100.00 | N/R | 927,260     |
| 1,500   | Virginia Commonwealth University Health System Authority, General Revenue Bonds, Series 2011, 4.750%, 7/01/41                           | 7/21 at<br>100.00  | AA– | 1,601,460   |
| 2,500   | Total Virginia  |                    |     | 2,528,720   |
|         | Washington – 7.6% (5.4% of Total Investments)   |                    |     |             |
| 2,500   | King County, Washington, Sewer Revenue Bonds, Series 2009, 5.250%, 1/01/42  | 1/19 at<br>100.00  | AA+ | 2,791,825   |
|         | Port of Seattle, Washington, Revenue Bonds, Series 2001B:   |                    |     |             |
| 2,535   | 5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax)  | 4/12 at<br>100.00  | Aa2 | 2,544,227   |
| 16,000  | 5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB)   | 4/12 at<br>100.00  | Aa2 | 16,028,480  |
| 5,205   | Port of Seattle, Washington, Revenue Bonds, Series 2005A, 5.000%, 3/01/35 – NPMG Insured  | 3/15 at<br>100.00  | Aa3 | 5,647,946   |
| 10,000  | Washington Health Care Facilities Authority, Revenue Bonds, Catholic Health, Series 2011A, 5.000%, 2/01/41                              | 2/21 at<br>100.00  | AA  | 10,706,700  |
| 3,410   | Washington State Health Care Facilities Authority, Revenue Bonds, Fred Hutchinson Cancer Research Center, Series 2011A, 5.625%, 1/01/35 | 1/21 at<br>100.00  | A   | 3,659,271   |
|         | Washington State Health Care Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001:                 |                    |     |             |

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|         |  |                    |      |             |
|---------|--|--------------------|------|-------------|
| 3,005   | 5.375%, 12/01/17 – AMBAC Insured   | 6/12 at<br>101.00  | BBB– | 3,039,618   |
| 2,915   | 5.375%, 12/01/18 – AMBAC Insured   | 6/12 at<br>101.00  | BBB– | 2,948,231   |
| 45,570  | Total Washington<br>Wisconsin – 0.7% (0.5% of Total Investments)   |                    |      | 47,366,298  |
| 1,000   | Wisconsin Health and Educational Facilities Authority, Revenue<br>Bonds, Franciscan Sisters of<br>Christian Charity HealthCare Ministry, Series 2007, 5.000%,<br>9/01/33 | 9/17 at<br>100.00  | BBB+ | 1,006,000   |
| 350     | Wisconsin Health and Educational Facilities Authority, Revenue<br>Bonds, Froedtert and Community<br>Health Obligated Group, Series 2001, 5.375%, 10/01/30                | 10/12 at<br>100.00 | AA–  | 354,011     |
| 2,500   | Wisconsin Health and Educational Facilities Authority, Revenue<br>Bonds, Marshfield Clinic,<br>Series 2001B, 6.000%, 2/15/25   | 2/12 at<br>100.00  | BBB+ | 2,503,800   |
| 330     | Wisconsin Health and Educational Facilities Authority, Revenue<br>Bonds, Wheaton Franciscan<br>Services Inc., Series 2003A, 5.125%, 8/15/33                              | 8/13 at<br>100.00  | BBB+ | 328,287     |
| 4,180   | Total Wisconsin  |                    |      | 4,192,098   |
| \$      |  |                    |      |             |
| 923,058 | Total Long-Term Investments (cost \$797,959,352)   |                    |      | 839,421,566 |

| Shares  | Description (1)   |  | Value      |
|---------|---|--|------------|
|         | Investment Companies – 0.6% (0.4% of Total Investments) |  |            |
| 6,266   | BlackRock MuniHoldings Fund Inc.                        |  | \$ 112,475 |
| 26,880  | Dreyfus Strategic Municipals Inc.                       |  | 248,102    |
| 131,278 | DWS Municipal Income Trust                              |  | 1,865,460  |
| 43,020  | Invesco Van Kampen Investment Grade Municipal Trust     |  | 664,229    |
| 30,000  | Invesco Van Kampen Municipal Opportunity Trust          |  | 468,300    |
| 43,420  | PIMCO Municipal Income Fund II                          |  | 558,815    |
|         | Total Investment Companies (cost \$3,325,133)           |  | 3,917,381  |

| Principal<br>Amount<br>(000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings<br>(3) | Value        |
|------------------------------|--|---------------------------------------|----------------|--------------|
|                              | Short-Term Investments – 6.2% (4.3% of Total Investments)  |                                       |                |              |
|                              | Florida – 1.7% (1.2% of Total Investments)   |                                       |                |              |
| \$ 5,000                     | Florida Housing Finance Corporation, Housing Revenue Bonds,<br>Waverly Apartments, Series 2000-C1,<br>0.080%, 11/01/19 (8)                       | No Opt.<br>Call                       | AAA            | \$ 5,000,000 |
| 5,675                        | Miami-Dade County School Board, Florida, Certificates of<br>Participation, Tender Option Bond<br>Trust 4009Z, 0.180%, 11/01/16 – AGC Insured (8) | No Opt.<br>Call                       | AA–            | 5,675,000    |
| 10,675                       | Total Florida  |                                       |                | 10,675,000   |
|                              | Illinois – 1.4% (1.0% of Total Investments)  |                                       |                |              |
| 9,000                        | Chicago, Illinois, General Obligation Bonds, Tender Option Bonds<br>Trust 3190, Variable Rate Demand<br>Series, 0.140%, 1/01/17 (8)              | No Opt.<br>Call                       | N/R            | 9,000,000    |

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|        |   |                   |     |               |
|--------|---|-------------------|-----|---------------|
|        | Iowa – 1.4% (1.0% of Total Investments)   |                   |     |               |
| 8,500  | Iowa State, Special Obligation Bonds, I-Jobs Program, Tender<br>Option Bond Trust 13B-B REG D,<br>0.100%, 6/01/26 (8)   | No Opt.<br>Call   | AA  | 8,500,000     |
|        | South Carolina – 0.8% (0.5% of Total Investments)   |                   |     |               |
| 4,730  | South Carolina Educational Facilities Authority, Charleston<br>Southern University Education Facilities<br>Revenue Bond, Variable Rate Demand Series 2003, 0.080%,<br>4/01/28 (8) | 2/12 at<br>100.00 | N/R | 4,730,000     |
|        | Washington – 0.9% (0.6% of Total Investments)   |                   |     |               |
| 5,480  | Bellingham, Washington, Water and Sewer Revenue Bonds, Tender<br>Option Bond Trust 11981X,<br>0.090%, 8/01/19 (8)   | No Opt.<br>Call   | Aa2 | 5,480,000     |
| \$     |   |                   |     |               |
| 38,385 | Total Short-Term Investments (cost \$38,385,000)  |                   |     | 38,385,000    |
|        | Total Investments (cost \$839,669,485) – 142.0%   |                   |     | 881,723,947   |
|        | Floating Rate Obligations – (9.0)%  |                   |     | (55,612,000)  |
|        | MuniFund Rate Term Preferred Shares, at Liquidation Value –<br>(11.3)% (9)  |                   |     | (70,000,000)  |
|        | Variable Rate MuniFund Term Preferred Shares, at Liquidation<br>Value - (27.2)% (9)   |                   |     | (169,200,000) |
|        | Other Assets Less Liabilities – 5.5%  |                   |     | 33,871,552    |
|        |   |                   |     | \$            |
|        | Net Assets Applicable to Common Shares – 100%   |                   |     | 620,783,499   |

## Fair Value Measurements

Fair value is defined as the price that the Fund would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of January 31, 2012:

|                        | Level 1     | Level 2       | Level 3   | Total         |
|------------------------|-------------|---------------|-----------|---------------|
| Investments:           |             |               |           |               |
| Municipal Bonds        | \$—         | \$839,155,490 | \$266,076 | \$839,421,566 |
| Investment Companies   | 3,917,381   | —             | —         | 3,917,381     |
| Short-Term Investments | —           | 38,385,000    | —         | 38,385,000    |
| Total                  | \$3,917,381 | \$877,540,490 | \$266,076 | \$881,723,947 |

The following is a reconciliation of the Fund's Level 3 investments held at the beginning and end of the measurement period:

|  | Level 3<br>Investments |
|--|------------------------|
| Balance at the beginning of period                   | \$226,760              |
| Gains (losses):                                      |                        |
| Net realized gains (losses)                          | —                      |
| Net change in unrealized appreciation (depreciation) | (684 )                 |
| Purchases at cost                                    | —                      |
| Sales at proceeds                                    | —                      |
| Net discounts (premiums)                             | —                      |
| Transfers in to                                      | —                      |
| Transfers out of                                     | —                      |
| Balance at the end of period                         | \$266,076              |

During the period ended January 31, 2012, the Fund recognized no significant transfers to or from Level 1, Level 2 or Level 3.

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At January 31, 2012, the cost of investments was \$786,748,079.

Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2012, were as follows:

|   |              |
|---|--------------|
| Gross unrealized:   |              |
| Appreciation  | \$60,987,527 |
| Depreciation  | (21,562,623) |
| Net unrealized appreciation (depreciation) of investments | \$39,424,904 |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.
- (5) At or subsequent to the end of the reporting period, this security is non-income producing. Non-income producing security, in the case of a bond, generally denotes that the issuer has (1) defaulted on the payment of principal or interest, (2) is under the protection of the Federal Bankruptcy Court or (3) the Fund's Adviser has concluded that the issue is not likely to meet its future interest payment obligations and has directed the Fund's custodian to cease accruing additional income on the Fund's records.
- (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations of investments in inverse floating rate transactions.
- (7) For fair value measurement disclosure purposes, investment categorized as Level 3.
- (8) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.  
MuniFund Term Preferred Shares and Variable Rate MuniFund Term Preferred Shares, at Liquidation
- (9) Value  
as a percentage of Total Investments are 7.9% and 19.2%, respectively.

N/R Not rated.

WI/DD Purchased on a when-issued or delayed delivery basis.

- (ETM) Escrowed to maturity.
  - (IF) Inverse floating rate investment.
  - (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction.
-

Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
  
- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Dividend Advantage Municipal Fund 3

By (Signature and Title) /s/ Kevin J. McCarthy  
Kevin J. McCarthy  
Vice President and Secretary

Date March 30, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman  
Gifford R. Zimmerman  
Chief Administrative Officer (principal executive officer)

Date March 30, 2012

By (Signature and Title) /s/ Stephen D. Foy  
Stephen D. Foy  
Vice President and Controller (principal financial officer)

Date March 30, 2012