

NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND
Form DEF 14A
June 23, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Nuveen New Jersey Dividend Advantage Municipal Fund

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**IMPORTANT NOTICE TO HOLDERS OF
VARIABLE RATE DEMAND PREFERRED SHARES OF
NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND (NXJ)
NUVEEN NEW JERSEY INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQJ)
AND
NUVEEN NEW JERSEY PREMIUM INCOME MUNICIPAL FUND, INC. (NNJ)
(EACH, A FUND AND COLLECTIVELY, THE FUNDS)**

JUNE 20, 2014

Although we recommend that you read the complete Joint Proxy Statement, for your convenience, we have provided a brief overview of the issues to be voted on.

Q. Why am I receiving the enclosed Joint Proxy Statement?

A. You are receiving the Joint Proxy Statement as a holder of Variable Rate Demand Preferred Shares (VRDP Shares) of a Fund in connection with the annual shareholder meetings of Nuveen New Jersey Dividend Advantage Municipal Fund (Dividend Advantage or the Acquiring Fund), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (Investment Quality), Nuveen New Jersey Premium Income Municipal Fund, Inc. (Premium Income) and Nuveen New Jersey Dividend Advantage Municipal Fund 2 (Dividend Advantage 2 and collectively with Investment Quality and Premium Income, the Target Funds or each individually, a Target Fund). You are being asked to vote on several important matters affecting your Fund as follows:

the election of members of the Board of Directors or Board of Trustees, as applicable (each, a Board and the members individually, Board Members) (the list of specific nominees is contained in the enclosed Joint Proxy Statement);

the reorganizations of the Target Funds into the Acquiring Fund (each, a Reorganization and collectively, the Reorganizations);

the issuance of additional common shares by the Acquiring Fund in connection with the Reorganizations;

the approval of a new investment management agreement; and

the approval of a new investment sub-advisory agreement.

Proposals Regarding the Reorganizations

Q. Why has each Fund s Board recommended this proposal?

- A. Each Fund's Board has determined that its respective Reorganization(s) would be in the best interests of its Fund. Each Fund's Board considered the Reorganization(s) as part of a broad initiative to rationalize the product offerings of Nuveen funds and eliminate overlapping products.

The Acquiring Fund and the Target Funds have similar investment objectives, policies and risks and substantially similar portfolio compositions and are managed by the same portfolio manager. In light of these similarities, the proposed Reorganizations are intended to reduce fund redundancies and create a single, larger state fund that may benefit from anticipated operating efficiencies and economies of scale. The proposed Reorganizations also are intended to result in lower total expenses per common share (excluding the costs of leverage) for shareholders of each Fund (as shareholders of the combined fund following the Reorganizations), due to economies of scale resulting from the larger size of the combined fund, and to enhance the secondary trading market for common shares of the Acquiring Fund as a result of the greater share volume of the combined fund. Although the anticipated total annual operating expenses per common share of the combined fund (including the costs of leverage) are expected to be higher for shareholders of Investment Quality and the same for shareholders of Premium Income (in each case, as shareholders of the combined fund following the Reorganizations), each Fund's Board took into account the view of the investment adviser that the greater asset size of the combined fund may provide greater flexibility in managing the structure and costs of leverage over time, for example, by enabling the larger combined fund to simultaneously employ or modify allocations between fixed rate and floating rate issues as issues mature and/or as the investment adviser's market outlook changes. In contrast, a smaller stand-alone fund would be limited to employing one type of leverage and to smaller issues.

Q. How will holders of VRDP Shares be affected by the Reorganizations?

A. The Acquiring Fund has one series of VRDP Shares outstanding as of the date of the enclosed Joint Proxy Statement, and these shares will remain outstanding following the Reorganizations. As of the date of the enclosed Joint Proxy Statement, each of Investment Quality and Premium Income also has one series of VRDP Shares outstanding, while Dividend Advantage 2 has one series of MuniFund Term Preferred Shares (MTP Shares) outstanding.

Upon the closing of the Reorganizations, holders of Target Fund VRDP Shares will receive, on a one-for-one basis, newly issued VRDP Shares of the Acquiring Fund having substantially identical terms, as of the closing of the Reorganizations, as the VRDP Shares of the Target Fund exchanged therefor. The Acquiring Fund also will issue a new series of MTP Shares to holders of MTP Shares of Dividend Advantage 2 having substantially identical terms, as of the closing of the Reorganizations, as the MTP Shares of Dividend Advantage 2 exchanged therefor. As a result, preferred shareholders of the Funds will become preferred shareholders of a combined fund with four series and two different types of preferred shares (i.e., MTP Shares and VRDP Shares) outstanding.

Although the Acquiring Fund preferred shares to be issued to each Target Fund will consist of a separate series, each such series will rank on a parity with each other and with any other outstanding preferred shares of the Acquiring Fund as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

Because of the large number of MTP Shares to be issued by the Acquiring Fund in connection with the Reorganization of Dividend Advantage 2, following the Reorganizations, holders of VRDP Shares of the combined fund will hold a smaller percentage of the outstanding preferred shares of the combined fund as compared to their percentage holdings of their respective Fund prior to the Reorganizations.

Q. Do the Funds have similar investment objectives, policies and risks?

A. Yes. The Funds have similar investment objectives, policies and risks and are managed by the same portfolio manager. While there are certain immaterial wording differences among the Funds' investment objectives, each Fund emphasizes: (i) investment in tax-exempt municipal securities providing current income exempt from regular federal and New Jersey income taxes; and (ii) the enhancement of portfolio value relative to the municipal bond market through investment in municipal securities that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal markets or municipal market sectors that are undervalued. Each Fund also emphasizes investments in investment grade municipal securities. Each Fund is a closed-end management investment company that, in the case of the Acquiring Fund, Investment Quality and Premium Income, is diversified, and in the case of Dividend Advantage 2, is non-diversified. Each Fund currently engages in leverage through the issuance of preferred shares and the use of inverse floating rate securities.

Q. What proposals will shareholders of the Funds be asked to vote on in connection with the proposed Reorganizations?

A. Shareholders of each Target Fund will be asked to vote on an Agreement and Plan of Reorganization, with common shareholders and preferred shareholders voting together as a single class and preferred shareholders also voting separately. Shareholders of the Acquiring Fund will be asked to vote on the issuance of additional common shares in connection with the Reorganizations, with common shareholders and preferred shareholders voting together as a single class and common shareholders also voting separately. In addition, preferred shareholders of the Acquiring Fund will be asked to vote on the Agreement and Plan of Reorganization. The enclosed Joint Proxy Statement is being sent only to holders of VRDP Shares of the Acquiring Fund, Investment Quality and Premium Income. Each Fund is separately soliciting the votes of its common shareholders and, with respect to Dividend Advantage 2, its holders of MTP Shares, through a separate proxy statement/prospectus.

Q. Will the terms of the VRDP Shares of the Acquiring Fund to be received by current holders of VRDP Shares of Investment Quality and Premium Income as part of the Reorganizations be substantially identical to the terms of such Target Fund VRDP Shares exchanged therefor?

A. Yes. Upon the closing of the Reorganizations, holders of VRDP Shares of each of Investment Quality and Premium Income will receive, in exchange for each VRDP Share held immediately prior to the Reorganizations, one VRDP Share of a new series of the Acquiring Fund having substantially identical terms, as of the closing of the Reorganizations, as the VRDP Shares of such Target Fund exchanged therefor, including:

the same short-term and long-term credit ratings from one or more rating agencies;

the same liquidation preference and final mandatory redemption date;

the same terms with respect to the payment of an adjustable dividend rate reset weekly by a remarketing agent;

the same right to give notice on any business day to tender the securities for remarketing in seven days;

the same terms with respect to the mandatory tender for remarketing upon the occurrence of certain events; and

continuing to have the benefit of an unconditional demand feature pursuant to a purchase agreement provided by the same bank acting as liquidity provider with respect to the outstanding series of VRDP Shares immediately prior to the closing of the Reorganizations.

In addition, the Agreement and Plan of Reorganization provides that each series of Acquiring Fund VRDP Shares to be issued in the Reorganizations will be rated no less than the then-current rating(s) assigned to the Target Fund VRDP Shares being exchanged therefor.

Q. Do the Reorganizations constitute a taxable event for holders of VRDP Shares of Investment Quality and Premium Income?

A. No. Each Reorganization is intended to qualify as a tax-free reorganization for federal income tax purposes. It is expected that you will recognize no gain or loss for federal income tax purposes as a direct result of a Reorganization, except that gain or loss may be recognized by preferred shareholders of Investment Quality and Premium Income who exercise dissenters' rights of appraisal under Minnesota law. In addition, to the extent that portfolio securities of a Target Fund are sold in connection with a Reorganization, such Target Fund may realize gains or losses. Gains from such sales will be taxable to Target Fund preferred shareholders to the extent such amounts are required to be allocated to distributions received by such Target Fund preferred shareholders. However, since each Target Fund's current portfolio composition is substantially similar to that of the Acquiring Fund, it is not currently expected that any significant portfolio sales will occur solely in connection with the Reorganizations (such sales are expected to be less than 5% of the assets of each Target Fund).

Q. What will happen if the required shareholder approvals in connection with the Reorganizations are not obtained?

A. The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. Because the closing of the Reorganizations is contingent upon all of the Target Funds and the Acquiring Fund obtaining the requisite shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that your Fund's Reorganization(s) will not occur, even if shareholders of your Fund that are entitled to vote on the Agreement and Plan of Reorganization approve the Reorganization(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the requisite shareholder approvals are not obtained, each Fund's Board may take such actions as it deems in the best interests of its Fund, including conducting additional solicitations with respect to the proposals or continuing to operate the fund as a stand-alone fund.

Q. Will holders of VRDP Shares of the Funds have to pay any fees or expenses in connection with the Reorganizations?

A. No. Preferred shareholders will not bear any costs of the Reorganizations. Common shareholders will indirectly bear the costs of the Reorganizations, whether or not the Reorganizations are consummated. The total costs of the Reorganizations are estimated to be

\$605,000 and will be reflected in each Fund's net asset value prior to the closing of the Reorganizations. The estimated allocation of the costs among the Funds is as follows: \$220,000 (0.21%) for the Acquiring Fund, \$160,000 (0.05%) for Investment Quality, \$30,000 (0.02%) for Premium Income and \$195,000 (0.28%) for Dividend Advantage 2 (all percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2013). The allocation of the estimated costs of the Reorganizations is based on the relative expected benefits of the Reorganizations comprised of forecasted cost savings (excluding the costs of leverage) and distribution increases, if any, to each Fund during the first year following the Reorganizations.

Q. What is the timetable for the Reorganizations?

- A.** If the shareholder voting and other conditions to closing are satisfied (or waived), the Reorganizations are expected to take effect on or about September 8, 2014, or as soon as practicable thereafter.

Proposals Regarding the TIAA-CREF Transaction

Q. How will I as a shareholder be affected by the TIAA-CREF Transaction (as defined below)?

- A.** Nuveen Fund Advisors, LLC ("Nuveen Fund Advisors" or the "Adviser") serves as your Fund's investment adviser and has retained Nuveen Asset Management, LLC ("Nuveen Asset Management") as sub-adviser to manage the assets of your Fund. Nuveen Investments, Inc. ("Nuveen"), the parent company of each of Nuveen Fund Advisors and Nuveen Asset Management, recently announced its intention to be acquired by TIAA-CREF (the "TIAA-CREF Transaction"). In the event the TIAA-CREF Transaction takes place, securities laws require your Fund's shareholders to approve: (i) a new investment management agreement between Nuveen Fund Advisors and your Fund to permit Nuveen Fund Advisors to continue to serve as investment adviser to your Fund; and (ii) a new sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management to permit Nuveen Asset Management to continue to manage your Fund.

Shareholders of each Fund are being asked to consider new investment advisory and sub-advisory agreements in the event the TIAA-CREF Transaction closes before the Reorganization. Your investment will not change as a result of Nuveen's change of ownership. You will still own the same Fund shares before and after the TIAA-CREF Transaction. If the TIAA-CREF Transaction takes place before the closing of the Reorganizations, Nuveen Fund Advisors and Nuveen Asset Management will continue to manage your Fund according to the same objectives and policies as before, and do not anticipate any significant changes to your Fund's operations as a result of the TIAA-CREF Transaction.

If the closing of the Reorganizations takes place before the closing of the TIAA-CREF Transaction, Target Fund shareholders (as shareholders of the Acquiring Fund following the Reorganizations) and Acquiring Fund shareholders will own the same Acquiring Fund shares before and after the TIAA-CREF Transaction. Nuveen Fund Advisors and Nuveen Asset Management will continue to manage the Acquiring Fund according to the same objectives and policies described in the enclosed Joint Proxy Statement, and do not anticipate any significant changes to the Acquiring Fund's operations as a result of the TIAA-CREF Transaction.

TIAA-CREF is a national financial services organization with approximately \$569 billion in assets under management, as of March 31, 2014, and is the leading provider of retirement services in the academic, research, medical and cultural fields. Nuveen will operate as a separate subsidiary within TIAA-CREF's asset management business. Nuveen's current leadership and key investment teams are expected to stay in place.

Q. Will there be any important differences between the current investment management and investment sub-advisory agreements of the Funds and the new agreements being considered in connection with the TIAA-CREF Transaction?

A. No. The terms of the new agreements for each Target Fund and the Acquiring Fund in connection with the TIAA-CREF Transaction will be substantially identical to the agreements in effect immediately prior to the closing date of the TIAA-CREF Transaction. There will be no change in the contractual management fees you pay.

Q. What will happen if shareholders of my Fund do not approve the new investment management agreement or sub-advisory agreement before consummation of the TIAA-CREF Transaction?

A. Nuveen Fund Advisors and Nuveen Asset Management will continue to manage your Fund under an interim investment management agreement and an interim sub-advisory agreement, but must place their compensation for their services during this interim period in escrow, pending shareholder approval. Your Fund's Board urges you to vote without delay in order to avoid potential disruption to the Fund's operations.

General

Q. How does each Fund's Board recommend that I vote on the proposals?

A. After careful consideration, each Fund's Board has determined that each proposal is in the best interests of its Fund and recommends that you vote FOR your Fund's proposal(s).

Q. Who do I call if I have questions?

A. If you need any assistance, or have any questions regarding the proposal or how to vote your shares, please call Computershare Fund Services, the proxy solicitor hired by your Fund, at (866) 209-5784 weekdays during its business hours of 9:00 a.m. to 11:00 p.m. and Saturdays 12:00 p.m. to 6:00 p.m. Eastern time. Please have your proxy materials available when you call.

Q. How do I vote my shares?

A. You may vote by mail, by telephone or over the Internet:

To vote by mail, please mark, sign, date and mail the enclosed proxy card. No postage is required if mailed in the United States.

To vote by telephone, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide.

Edgar Filing: NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND - Form DEF 14A

To vote over the Internet, go to the Internet address provided on your proxy card and follow the instructions, using your proxy card as a guide.

Q. Will anyone contact me?

A. You may receive a call from Computershare Fund Services, the proxy solicitor hired by your Fund, to verify that you received your proxy materials, to answer any questions you may have about the proposals and to encourage you to vote your proxy.

We recognize the inconvenience of the proxy solicitation process and would not impose on you if we did not believe that the matters being proposed were important. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor's follow-up contact list.

Your vote is very important. We encourage you as a shareholder to participate in your Fund's governance by returning your vote as soon as possible. If enough shareholders fail to cast their votes, your Fund may not be able to hold its meeting or vote on each issue, and will be required to incur additional solicitation costs in order to obtain sufficient shareholder participation.

JUNE 20, 2014

NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND (NXJ)

NUVEEN NEW JERSEY INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQJ)

AND

NUVEEN NEW JERSEY PREMIUM INCOME MUNICIPAL FUND, INC. (NNJ)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 5, 2014

To Holders of Variable Rate Demand Preferred Shares:

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of Nuveen New Jersey Dividend Advantage Municipal Fund (Dividend Advantage or the Acquiring Fund), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (Investment Quality) and Nuveen New Jersey Premium Income Municipal Fund, Inc. (Premium Income and together with Investment Quality, the Target Funds or, each individually, a Target Fund) will be held in the offices of Nuveen Investments, Inc., 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, August 5, 2014, at 10:00 a.m., Central time, for the following purposes:

1. Election of Board Members.
 - (a) For Dividend Advantage:
 - (i) Four (4) Class II board members are to be elected by holders of common shares and preferred shares, voting together as a single class. Board members Adams, Kundert, Nelson and Toth are nominees for election by all shareholders.
 - (ii) Two (2) board members are to be elected by holders of preferred shares only, voting separately. Board members Hunter and Schneider are nominees for election by preferred shareholders.
 - (b) For Investment Quality and Premium Income:
 - (i) Ten (10) board members are to be elected by holders of common shares and preferred shares, voting together as a single class. Board members Adams, Bremner, Evans, Kundert, Nelson, Schreier, Stockdale, Stone, Stringer and Toth are nominees for election by all shareholders.
 - (ii) Two (2) board members are to be elected by holders of preferred shares only, voting separately. Board members Hunter and Schneider are nominees for election by preferred shareholders.
2. Agreement and Plan of Reorganization. The shareholders of each Fund voting as set forth below, for an Agreement and Plan of Reorganization pursuant to which each Target Fund would: (i) transfer substantially all of its assets to the Acquiring Fund

in exchange solely for newly issued common shares and preferred shares of the Acquiring

Fund, and the Acquiring Fund's assumption of substantially all of the liabilities of the Target Fund; (ii) distribute such newly issued shares of the Acquiring Fund to the common shareholders (with cash being distributed in lieu of fractional common shares) and preferred shareholders of the Target Fund; and (iii) liquidate, dissolve and terminate in accordance with applicable law.

- (a) For each Target Fund, the common and preferred shareholders voting together as a single class to approve the Agreement and Plan of Reorganization.
- (b) For the Acquiring Fund and each Target Fund, the preferred shareholders voting separately to approve the Agreement and Plan of Reorganization.

3. Approval of Issuance of Additional Common Shares by the Acquiring Fund.

For the Acquiring Fund:

- (a) The common and preferred shareholders voting together as a single class to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.
- (b) The common shareholders voting separately to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.

4. Approval of New Investment Management and Sub-Advisory Agreements.

For each Fund:

- (a) The common and preferred shareholders voting together as a single class to approve a new investment management agreement between each Fund and Nuveen Fund Advisors, LLC.
- (b) The common and preferred shareholders voting together as a single class to approve a new sub-advisory agreement between Nuveen Fund Advisors, LLC and Nuveen Asset Management, LLC, with respect to each Fund.

5. To transact such other business as may properly come before the Annual Meeting.

Together with this notice, each Fund is delivering to its preferred shareholders a Joint Proxy Statement. Each Fund also is delivering to its common shareholders a separate proxy statement/prospectus with respect to the matters outlined above. Only shareholders of record as of the close of business on June 6, 2014, are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

As described in the accompanying Joint Proxy Statement under the caption "Proposal No. 2 Information about the Reorganizations Dissenting Shareholders' Rights of Appraisal," preferred shareholders of Investment Quality and Premium Income who object to the proposed reorganization of their Fund are entitled to demand payment of the fair value of their preferred shares under procedures set forth in the Minnesota Business Corporation Act. The relevant sections of that Act are reproduced in Appendix B to the accompanying Joint Proxy Statement.

All shareholders are cordially invited to attend the Annual Meeting. In order to avoid delay and additional expense and to assure that your shares are represented, please vote as promptly as possible, regardless of whether or not you plan to attend the Annual Meeting. You may vote by mail, telephone or over the Internet. To vote by mail, please mark, sign, date and mail the enclosed proxy card. No postage is required if mailed in the United States. To vote by telephone, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide. To vote over the Internet, go to the Internet address provided on your proxy card and follow the instructions, using your proxy card as a guide.

If you intend to attend the Annual Meeting in person and you are a record holder of a Fund's shares, in order to gain admission you must show photographic identification, such as your driver's license. If you intend to attend the Annual Meeting in person and you hold your shares through a bank, broker or other custodian, in order to gain admission you must show photographic identification, such as your driver's license, and satisfactory proof of ownership of shares of a Fund, such as your voting instruction form (or a copy thereof) or broker's statement indicating ownership as of a recent date. If you hold your shares in a brokerage account or through a bank or other nominee, you will not be able to vote in person at the Annual Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Annual Meeting.

Kevin J. McCarthy

Vice President and Secretary

The Nuveen Funds

NUVEEN FUNDS

333 WEST WACKER DRIVE

CHICAGO, ILLINOIS 60606

(800) 257-8787

JOINT PROXY STATEMENT

FOR

HOLDERS OF VARIABLE RATE DEMAND PREFERRED SHARES

OF

NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND (NXJ)

NUVEEN NEW JERSEY INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQJ)

AND

NUVEEN NEW JERSEY PREMIUM INCOME MUNICIPAL FUND, INC. (NNJ)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

JUNE 20, 2014

This Joint Proxy Statement is being furnished to the holders of Variable Rate Demand Preferred Shares (VRDP Shares) of Nuveen New Jersey Dividend Advantage Municipal Fund (Dividend Advantage or the Acquiring Fund), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (Investment Quality) and Nuveen New Jersey Premium Income Municipal Fund, Inc. (Premium Income and together with Investment Quality, the Target Funds or each individually, a Target Fund), each a closed-end management investment company, in connection with the solicitation of proxies by each Fund's Board of Trustees or Board of Directors, as applicable (each, a Board or the Board and each Trustee or Director, a Board Member), for use at the Annual Meeting of Shareholders of each Fund to be held in the offices of Nuveen Investments, Inc. (Nuveen or Nuveen Investments), 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, August 5, 2014, at 10:00 a.m., Central time, and at any and all adjournments or postponements thereof (each, an Annual Meeting and collectively, the Annual Meetings) to consider the proposals listed below and discussed in greater detail elsewhere in this Joint Proxy Statement. The Acquiring Fund is organized as a Massachusetts business trust. Each of Investment Quality and Premium Income is organized as a Minnesota corporation. The enclosed proxy card and this Joint Proxy Statement are first being sent to holders of VRDP Shares of the Acquiring Fund, Investment Quality and Premium Income on or about June 24, 2014. Shareholders of record of the Funds as of the close of business on June 6, 2014, are entitled to notice of and to vote at the Annual Meeting and any and all adjournments or postponements thereof.

This Joint Proxy Statement explains concisely what you should know before voting on the proposals described in this Joint Proxy Statement. Please read it carefully and keep it for future reference.

On the matters coming before each Annual Meeting as to which a choice has been specified by shareholders on the accompanying proxy card, the shares will be voted accordingly where such proxy card is properly executed, timely received and not properly revoked (pursuant to the instructions below). If a proxy is returned and no choice is specified, the shares will be voted FOR the proposal(s). Shareholders of a Fund who execute proxies or provide voting instructions by telephone or by Internet may revoke them at any time before a vote is taken on the proposal(s) by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending an Annual Meeting and voting in person. A prior proxy can also be revoked by voting again through the

toll-free number or the Internet address listed in the proxy card. Merely attending an Annual Meeting, however, will not revoke any previously submitted proxy.

The Board of each Fund has determined that the use of this Joint Proxy Statement for the Annual Meetings is in the best interests of each Fund and its holders of VRDP Shares in light of the similar matters being considered and voted on by holders of VRDP Shares.

The following table indicates the proposals for which the votes of the holders of VRDP Shares of each Fund are being solicited pursuant to this Joint Proxy Statement.

	Matter	Common Shares	Preferred Shares
For shareholders of Dividend Advantage,			
1(a)(i)	the common and preferred shareholders voting together as a single class to elect four (4) Class II Board Members,	X*	X
1(a)(ii)	the preferred shareholders voting separately to elect two (2) Board Members,		X
2(b)	the preferred shareholders voting separately to approve the Agreement and Plan of Reorganization,		X
3(a)	the common and preferred shareholders voting together as a single class to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization,	X*	X
4(a)	the common and preferred shareholders voting together as a single class to approve a new investment management agreement between Nuveen Fund Advisors and the Fund,	X*	X
4(b)	the common and preferred shareholders voting together as a single class to approve a new sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management.	X*	X
For shareholders of Investment Quality,			
1(b)(i)	the common and preferred shareholders voting together as a single class to elect ten (10) Board Members,	X*	X
1(b)(ii)	the preferred shareholders voting separately to elect two (2) Board Members,		X
2(a)	the common and preferred shareholders voting together as a single class to approve the Agreement and Plan of Reorganization,	X*	X
2(b)	the preferred shareholders voting separately to approve the Agreement and Plan of Reorganization,		X
4(a)	the common and preferred shareholders voting together as a single class to approve a new investment management agreement between Nuveen Fund Advisors and the Fund,	X*	X
4(b)	the common and preferred shareholders voting together as a single class to approve a new sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management.	X*	X

	Matter	Common Shares	Preferred Shares
For shareholders of Premium Income,			
1(b)(i)	the common and preferred shareholders voting together as a single class to elect ten (10) Board Members,	X*	X
1(b)(ii)	the preferred shareholders voting separately to elect two (2) Board Members,		X
2(a)	the common and preferred shareholders voting together as a single class to approve the Agreement and Plan of Reorganization,	X*	X
2(b)	the preferred shareholders voting separately to approve the Agreement and Plan of Reorganization,		X
4(a)	the common and preferred shareholders voting together as a single class to approve a new investment management agreement between Nuveen Fund Advisors and the Fund,	X*	X
4(b)	the common and preferred shareholders voting together as a single class to approve a new sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management.	X*	X

* The Funds are separately soliciting their common shareholders through a separate proxy statement/prospectus and not through this Joint Proxy Statement on each of the foregoing proposals that requires common shareholders to vote together with preferred shareholders as a single class or common shareholders to vote separately.

References herein to your Fund, a Fund, the Fund or the Funds refer to each of or together, as applicable, the Acquiring Fund, Investment Quality and Premium Income. Target Fund or Target Funds is intended to refer to each of or collectively, as applicable, Investment Quality, Premium Income and Nuveen New Jersey Dividend Advantage Municipal Fund 2 (Dividend Advantage 2). Unless the context indicates otherwise, references to a fund, the fund or the funds mean each of or collectively, as applicable, the Acquiring Fund and the Target Funds. Dividend Advantage 2 is separately soliciting the votes of its common shareholders and holders of MuniFund Term Preferred Shares (MTP Shares) through a separate proxy statement/prospectus and not through this Joint Proxy Statement.

A quorum of shareholders is required to take action at each Annual Meeting. A majority of the shares entitled to vote at each Annual Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Annual Meeting except that for the election of two Board Member nominees to be elected by holders of preferred shares of each Fund, 33 1/3% of the preferred shares entitled to vote, represented in person or by proxy, will constitute a quorum. Votes cast by proxy or in person at each Annual Meeting will be tabulated by the inspectors of election appointed for that Annual Meeting. The inspectors of election will determine whether or not a quorum is present at the Annual Meeting. The inspectors of election will treat abstentions and broker non-votes (i.e., shares held by brokers or nominees, typically in street name, as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter), if any, as present for purposes of determining a quorum.

Broker-dealer firms holding shares of a Fund in street name for the benefit of their customers and clients will request the instructions of such customers and clients on how to vote their shares before

the Annual Meeting. The Funds understand that, under the rules of the New York Stock Exchange (NYSE), such broker-dealer firms may for certain routine matters, without instructions from their customers and clients, grant discretionary authority to the proxies designated by each Board to vote if no instructions have been received prior to the date specified in the broker-dealer firm's request for voting instructions. Proposal 1 is a routine matter and beneficial owners who do not provide proxy instructions or who do not return a proxy card may have their shares voted by broker-dealer firms in favor of proposal 1.

VRDP Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one business day before the Meeting, or, if adjourned, one business day before the day to which the Annual Meeting is adjourned, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the NYSE, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of VRDP Shares as a class who have voted on the proposal, or in the same proportion as the votes cast by all holders of preferred shares of the Fund who have voted on that item. Rule 452 permits proportionate voting of VRDP Shares with respect to a particular item if, among other things, (i) a minimum of 30% of the VRDP Shares or shares of a series of VRDP Shares outstanding has been voted by the holders of such shares with respect to such item, (ii) less than 10% of the VRDP Shares or shares of a series of VRDP Shares outstanding has been voted by the holders of such shares against such item and (iii) for any proposal as to which holders of common shares and preferred shares vote as a single class, holders of common shares approve the proposal. For the purpose of meeting the 30% test, abstentions will be treated as shares voted and, for the purpose of meeting the 10% test, abstentions will not be treated as shares voted against the item.

Broker-dealers who are not members of the NYSE may be subject to other rules, which may or may not permit them to vote your shares without instruction. We urge you to provide instructions to your broker or nominee so that your votes may be counted.

Those persons who were shareholders of record at the close of business on June 6, 2014 will be entitled to one vote for each share held and, with respect to holders of common shares, a proportionate fractional vote for each fractional common share held.

As of June 6, 2014, the shares of the Funds issued and outstanding are as follows:

Fund (Ticker Symbol)	Common Shares⁽¹⁾	MTP Shares⁽¹⁾	VRDP Shares⁽¹⁾
Acquiring Fund (NXJ)	6,555,388		450
Investment Quality (NQJ)	20,490,335		1,443
Premium Income (NNJ)	12,083,027		886
Dividend Advantage 2 (NUJ)	4,516,814	3,505,000	

- (1) The common shares of the Acquiring Fund and Dividend Advantage 2 are listed on the NYSE MKT, and the common shares of Investment Quality and Premium Income are listed on the NYSE. Dividend Advantage 2 has one series of MTP Shares issued and outstanding, and such series is listed on the NYSE under the ticker symbol NUJ PrC. The VRDP Shares of the Acquiring Fund, Investment Quality and Premium Income are not listed on any exchange. Upon the closing of the Reorganizations (as defined below), it is expected that the common shares of the Acquiring Fund will continue to be listed on the NYSE MKT. It also is expected that the MTP Shares of the Acquiring Fund will be listed on the NYSE.

The proposed reorganizations seek to combine four funds that have similar investment objectives, policies and risks to achieve certain economies of scale and other operational efficiencies for the Funds. The Agreement and Plan of Reorganization by and among each Target Fund and the Acquiring Fund provides for: (i) the Acquiring Fund's acquisition of substantially all of the assets of each Target Fund in exchange for newly issued common shares of the Acquiring Fund, par value \$0.01 per share, and newly issued VRDP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, or newly issued MTP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$10 per share, as applicable, and the Acquiring Fund's assumption of substantially all of the liabilities of each Target Fund; and (ii) the distribution of the newly issued Acquiring Fund common shares and Acquiring Fund preferred shares received by each Target Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of each Target Fund in accordance with applicable law (each, a Reorganization and collectively, the Reorganizations). Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund VRDP Shares or MTP Shares, as applicable, having substantially identical terms as the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received by a Target Fund in connection with the Reorganizations will equal the aggregate liquidation preference of such series of Target Fund preferred shares held immediately prior to the closing of the Reorganizations.

The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including the preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The Acquiring Fund will continue to operate after the Reorganizations as a registered closed-end management investment company with the investment objectives and policies described in this Joint Proxy Statement.

With respect to each Reorganization, the Reorganization is required to be approved by the affirmative vote of the holders of a majority of the Target Fund's outstanding common and preferred shares, voting together as a single class, and by the affirmative vote of a majority of the Target Fund's outstanding preferred shares, also voting separately. Common and preferred shareholders of the Acquiring Fund, voting together as a single class, and common shareholders, also voting separately, are being asked to approve the issuance of additional common shares of the Acquiring Fund in connection with the Reorganizations. In addition, the Reorganizations are required to be approved by the affirmative vote of a majority of the Acquiring Fund's outstanding preferred shares, voting separately.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. In order for the Reorganizations to occur, each Fund must obtain all requisite shareholder approvals as well as certain consents, confirmations and/or waivers from various third parties, including rating agencies and liquidity providers with respect to the outstanding VRDP Shares. Because the closing of the Reorganizations is contingent upon all of the Target Funds and the Acquiring Fund obtaining the requisite shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote

on the Agreement and Plan of Reorganization approve the Reorganization(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy its closing conditions. The VRDP Shares were issued on a private placement basis to one or a small number of institutional holders. To the extent that one or more preferred shareholders of a Fund owns, holds or controls, individually or in the aggregate, all or a significant portion of such Fund's outstanding preferred shares, the shareholder approval required for the Reorganizations may turn on the exercise of voting rights by such particular shareholder(s) and its (or their) determination as to the favorability of the proposal with respect to its (or their) interests. The Funds exercise no influence or control over the determinations of such shareholder(s) with respect to the proposal; there is no guarantee that such shareholder(s) will approve the proposal, over which it (or they) may exercise effective disposition power. If the requisite shareholder approvals are not obtained, each Fund's Board may take such actions as it deems in the best interests of its Fund, including conducting additional solicitations with respect to the proposals or continuing to operate the Fund as a stand-alone fund.

This Joint Proxy Statement concisely sets forth the information holders of VRDP Shares of the Funds should know before voting on the proposals. Shareholders should read it carefully and retain it for future reference.

The following documents have been filed with the Securities and Exchange Commission (SEC) and are incorporated into this Joint Proxy Statement by reference:

- (i) the audited financial statements and related independent registered public accounting firm's report for the Acquiring Fund and the financial highlights for the Acquiring Fund contained in the Fund's Annual Report for the fiscal year ended April 30, 2013;
- (ii) the audited financial statements and related independent registered public accounting firm's report for each of Investment Quality and Premium Income and the financial highlights for each of Investment Quality and Premium Income contained in the Fund's Annual Report for the fiscal year ended April 30, 2013;
- (iii) the unaudited financial statements for the Acquiring Fund contained in the Fund's Semi-Annual Report for the fiscal period ended October 31, 2013; and
- (iv) the unaudited financial statements for each of Investment Quality and Premium Income contained in the Fund's Semi-Annual Report for the fiscal period ended October 31, 2013.

No other parts of the Funds' Annual or Semi-Annual Reports are incorporated by reference herein.

Copies of the foregoing may be obtained without charge by calling (800) 257-8787 or writing the Funds at 333 West Wacker Drive, Chicago, Illinois 60606. In addition, each Fund will furnish, without charge, a copy of its most recent Annual Report or Semi-Annual Report to a shareholder upon request. Any such request should be directed to the Acquiring Fund by calling (800) 257-8787 or by writing the Acquiring Fund at 333 West Wacker Drive, Chicago, Illinois 60606.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Investment Company Act of 1940, as amended (the 1940 Act), and in accordance therewith file reports and other information with the SEC. Reports, proxy statements, registration statements and other information filed by the Funds may be inspected without charge and copied (for a duplication fee at prescribed rates) at the SEC's public reference room

at 100 F Street, N.E., Washington, D.C. 20549 or at the SEC's New York Regional Office (3 World Financial Center, Suite 400, New York, New York 10281) or Chicago Regional Office (175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604). You may call the SEC at (202) 551-8090 for information about the operation of the public reference room. You may obtain copies of this information, with payment of a duplication fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549. You may also access reports and other information about the Funds on the EDGAR database on the SEC's Internet site at <http://www.sec.gov>.

The common shares of the Acquiring Fund and Dividend Advantage 2 are listed on the NYSE MKT, and the common shares of Investment Quality and Premium Income are listed on the NYSE. The MTP Shares of Dividend Advantage 2 are listed on the NYSE. The VRDP Shares of the Acquiring Fund, Investment Quality and Premium Income are not listed on any exchange. Upon the closing of the Reorganizations, it is expected that the common shares of the Acquiring Fund will continue to be listed on the NYSE MKT, and the MTP Shares of the Acquiring Fund will be listed on the NYSE. Reports, proxy statements and other information concerning the Funds can be inspected at the offices of the NYSE and NYSE MKT, 11 Wall Street, New York, New York 10005.

The offering and issuance of VRDP Shares of the Acquiring Fund have not been registered under the Securities Act of 1933, as amended (the Securities Act), or any state securities laws, and unless so registered, the VRDP Shares may not be offered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the VRDP Shares to be issued in the Reorganizations are being offered only to holders of VRDP Shares of the Target Funds that are qualified institutional buyers (as defined in Rule 144A under the Securities Act) in accordance with the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and are subject to restrictions on transfer. See the Confidential Information Memorandum (the Memorandum) attached as Appendix C to this Joint Proxy Statement.

JOINT PROXY STATEMENT

JUNE 20, 2014

NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND (NXJ)

NUVEEN NEW JERSEY INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQJ)

AND

NUVEEN NEW JERSEY PREMIUM INCOME MUNICIPAL FUND, INC. (NNJ)

TABLE OF CONTENTS

	Page
<u>PROPOSAL NO. 1 THE ELECTION OF BOARD MEMBERS</u>	1
<u>Board Nominees/Board Members</u>	3
<u>Compensation</u>	10
<u>Board Leadership and Risk Oversight</u>	13
<u>The Officers</u>	22
<u>PROPOSAL NO. 2 REORGANIZATION OF EACH TARGET FUND INTO THE ACQUIRING FUND</u>	26
<u>A. SYNOPSIS</u>	26
<u>Background and Reasons for the Reorganizations</u>	26
<u>Material Federal Income Tax Consequences of the Reorganizations</u>	27
<u>Comparison of the Acquiring Fund and each Target Fund</u>	28
<u>Comparative Risk Information</u>	38
<u>Comparative Expense Information</u>	39
<u>Comparative Performance Information</u>	40
<u>B. RISK FACTORS</u>	41
<u>C. INFORMATION ABOUT THE REORGANIZATIONS</u>	41
<u>General</u>	41
<u>Reasons for the Reorganizations</u>	44
<u>Capitalization</u>	47
<u>Expenses Associated with the Reorganizations</u>	49
<u>Dissenting Shareholders Rights of Appraisal</u>	49
<u>Material Federal Income Tax Consequences of the Reorganizations</u>	52
<u>Votes Required</u>	55
<u>Description of Common Shares to be Issued by the Acquiring Fund; Comparison to Target Funds</u>	56
<u>Description of VRDP Shares to be Issued by the Acquiring Fund</u>	56
<u>Comparison of Massachusetts Business Trusts and Minnesota Corporations</u>	60
<u>D. ADDITIONAL INFORMATION ABOUT THE INVESTMENT POLICIES</u>	64
<u>Comparison of the Investment Objectives and Policies of the Acquiring Fund and the Funds</u>	64
<u>Portfolio Investments</u>	68
<u>PROPOSAL NO. 3 APPROVAL OF ISSUANCE OF ADDITIONAL COMMON SHARES OF THE ACQUIRING FUND (PREFERRED SHAREHOLDERS OF THE ACQUIRING FUND)</u>	75
<u>PROPOSAL NO. 4 APPROVAL OF NEW INVESTMENT MANAGEMENT AND SUB-ADVISORY AGREEMENT</u>	77
<u>A. APPROVAL OF NEW INVESTMENT MANAGEMENT AGREEMENT</u>	77
<u>Background</u>	77
<u>Comparison of Original Investment Management Agreement and New Investment Management Agreement</u>	79

TABLE OF CONTENTS

(continued)

	Page
<u>Information about the Adviser</u>	80
<u>Shareholder Approval</u>	81
<u>B. Approval of New Sub-Advisory Agreement</u>	81
<u>Background</u>	81
<u>Comparison of Original Sub-Advisory Agreement and New Sub-Advisory Agreement</u>	83
<u>Information About the Sub-Adviser</u>	84
<u>Affiliated Brokerage and Other Fees</u>	84
<u>Shareholder Approval</u>	85
<u>C. BOARD CONSIDERATIONS</u>	85
<u>The Approval Process</u>	85
<u>Nature, Extent and Quality of Services</u>	89
<u>The Investment Performance of the Funds and Fund Advisers</u>	92
<u>Fees, Expenses and Profitability</u>	94
<u>Economies of Scale and Whether Fee Levels Reflect These Economies of Scale</u>	98
<u>Indirect Benefits</u>	98
<u>Other Considerations for the New Advisory Agreements</u>	99
<u>Other Considerations</u>	100
<u>Approval of Interim Advisory Agreements</u>	100
<u>ADDITIONAL INFORMATION ABOUT THE ACQUIRING FUND</u>	100
<u>Certain Provisions in the Acquiring Fund's Declaration of Trust and By-Laws</u>	100
<u>Repurchase of Common Shares; Conversion to Open-End Fund</u>	101
<u>Federal Income Tax Matters Associated with Investment in the Acquiring Fund</u>	101
<u>Net Asset Value</u>	105
<u>Legal Opinions</u>	105
<u>Experts</u>	105
<u>GENERAL INFORMATION</u>	106
<u>Outstanding Shares of the Acquiring Fund and the Target Funds</u>	106
<u>Shareholders of the Acquiring Fund and the Target Funds</u>	106
<u>Expenses of Proxy Solicitation</u>	108
<u>Audit Committee Report</u>	108
<u>Appointment of the Independent Registered Public Accounting Firm</u>	109
<u>Audit and Related Fees</u>	109
<u>Section 16(a) Beneficial Interest Reporting Compliance</u>	111
<u>Shareholder Proposals</u>	111
<u>Shareholder Communications</u>	111
<u>Custodian, Transfer Agent, Dividend Disbursing Agent, Redemption Agent and Remarketing Agents</u>	112
<u>Fiscal Year</u>	112
<u>Shareholder Report Delivery</u>	112
<u>Other Information</u>	113
<u>APPENDIX A FORM OF AGREEMENT AND PLAN OF REORGANIZATION</u>	A-1
<u>APPENDIX B MINNESOTA STATUTES RIGHTS OF DISSENTING SHAREHOLDERS</u>	B-1
<u>APPENDIX C CONFIDENTIAL INFORMATION MEMORANDUM</u>	C-1
<u>APPENDIX D DATES OF ORIGINAL INVESTMENT MANAGEMENT AGREEMENTS</u>	D-1

TABLE OF CONTENTS

(continued)

	Page
<u>APPENDIX E INVESTMENT MANAGEMENT FEE INFORMATION</u>	E-1
<u>APPENDIX F FUND-LEVEL FEE RATES, MANAGEMENT FEES PAID AND MANAGED ASSETS</u>	F-1
<u>APPENDIX G DATES RELATING TO ORIGINAL SUB-ADVISORY AGREEMENTS</u>	G-1
<u>APPENDIX H SUB-ADVISORY FEE RATES AND SUB-ADVISORY FEES PAID</u>	H-1
<u>APPENDIX I INFORMATION REGARDING OFFICERS AND DIRECTORS OF ADVISER AND SUB-ADVISER</u>	I-1
<u>APPENDIX J BENEFICIAL OWNERSHIP</u>	J-1
<u>APPENDIX K BOARD AND COMMITTEE MEETINGS HELD DURING EACH FUND S LAST FISCAL YEAR</u>	K-1
<u>APPENDIX L FORM OF NEW INVESTMENT MANAGEMENT AGREEMENT</u>	L-1
<u>APPENDIX M FORM OF NEW SUB-ADVISORY AGREEMENT</u>	M-1

PROPOSAL NO. 1 THE ELECTION OF BOARD MEMBERS

Dividend Advantage

Pursuant to the organizational documents of Dividend Advantage (the Massachusetts Fund), the Board is divided into three classes (Class I, Class II and Class III), to be elected by the holders of the outstanding common shares and any outstanding preferred shares, voting together as a single class, to serve until the third succeeding annual meeting subsequent to their election or thereafter, in each case until their successors have been duly elected and qualified. Under normal circumstances, holders of preferred shares, voting separately, are entitled to elect two (2) Board Members. The Board Members elected by holders of preferred shares will be elected to serve until the next annual meeting or until their successors have been duly elected and qualified.

- (i) Four (4) Board Members are to be elected by holders of common shares and preferred shares, voting together as a single class. Board Members Adams, Kundert, Nelson and Toth have been designated as Class II Board Members and are nominees for election at the Annual Meeting to serve for a term expiring at the 2017 annual meeting of shareholders or until their successors have been duly elected and qualified. Board Members Bremner, Evans, Schreier, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Bremner, Evans and Schreier have been designated as Class III Board Members to serve for a term expiring at the 2015 annual meeting of shareholders or until their successors have been duly elected and qualified. Board Members Stockdale, Stone and Stringer have been designated as Class I Board Members to serve for a term expiring at the 2016 annual meeting of shareholders or until their successors have been duly elected and qualified.
- (ii) Two (2) Board Members are to be elected by holders of preferred shares, voting separately. Board Members Hunter and Schneider are nominees for election by holders of preferred shares to serve for a term expiring at the next annual meeting or until their successors have been duly elected and qualified.

Investment Quality and Premium Income

At the Annual Meetings of Investment Quality and Premium Income (each, a Minnesota Fund), all Board Members are to be elected to serve until the next annual meeting or until their successors have been duly elected and qualified. Under the terms of each Minnesota Fund's organizational documents, under normal circumstances, holders of preferred shares, voting separately, are entitled to elect two (2) Board Members, and the remaining Board Members are to be elected by holders of common shares and preferred shares, voting together as a single class.

- (i) Ten (10) Board Members are to be elected by holders of common shares and preferred shares, voting together as a single class. Board Members Adams, Bremner, Evans, Kundert, Nelson, Schreier, Stockdale, Stone, Stringer and Toth are nominees for election by all shareholders.
- (ii) Two (2) Board Members are to be elected by holders of preferred shares only, voting separately. Board Members Hunter and Schneider are nominees for election by holders of preferred shares.

It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the election of the nominees listed in the table below unless the proxy is marked otherwise. Each of the nominees has agreed to serve as a Board Member of each Fund if elected. However, should any nominee become unable or unwilling to accept nomination for election, the proxies will be voted for substitute nominees, if any, designated by that Fund's then-present Board.

For the Massachusetts Fund, Board Members Kundert and Toth, each of whom are nominees for election by holders of common and preferred shares, were last elected to the Fund's Board as Class II Board Members at the annual meeting of shareholders held on November 15, 2011 and adjourned until December 16, 2011. Effective September 1, 2013, each of Messrs. Adams and Nelson was appointed as a Board Member for the Massachusetts Fund and designated as a Class II Board Member. Board Members Bremner and Evans were last elected to the Massachusetts Fund's Board as Class III Board Members at the annual meeting of shareholders held on November 14, 2012 and adjourned until December 14, 2012. Effective September 1, 2013, Mr. Schreier was appointed as a Board Member for the Massachusetts Fund and designated as a Class III Board Member with respect to each Fund. Board Members Hunter and Schneider, who are the nominees for election by the preferred shareholders, were last elected to the Massachusetts Fund's Board at the annual meeting of shareholders held on November 26, 2013.

For each Minnesota Fund, each Board Member, was last elected to the Fund's Board at the annual meeting of shareholders held on November 26, 2013.

Other than Messrs. Adams and Schreier (for all Funds), each of the Board Members and Board Member nominees is not an interested person, as defined in the 1940 Act, of the Funds or of Nuveen Fund Advisors, LLC (Nuveen Fund Advisors or the Adviser), the investment adviser to each Fund, and has never been an employee or director of Nuveen Investments, the Adviser's parent company, or any affiliate. Accordingly, such Board Members are deemed Independent Board Members.

For each Fund, the affirmative vote of a plurality of the shares present and entitled to vote at the Annual Meeting will be required to elect each Board Member of that Fund. For purposes of determining the approval of the proposal to elect nominees for each Fund, abstentions and broker non-votes will have no effect on the election of Board Members.

The Board of each Fund unanimously recommends that shareholders of the Fund vote FOR the election of the nominees named herein.

Board Nominees/Board Members

Name, Address and Year of Birth Nominees/Board Members who are not interested persons of the Funds	Position(s) Held with Fund	Term of Office and Length of Time Served⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
William J. Schneider ⁽²⁾ c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1944)	Chairman of the Board; Board Member	Term: Annual Length of Service: Since 1996, Chairman of the Board Since July 1, 2013	Chairman of Miller-Valentine Partners, a real estate investment company; Board Member of Med America Health System, of Tech Town, Inc., a not-for-profit community development company, and of WDPR Public Radio Station; formerly, Senior Partner and Chief Operating Officer (retired, 2004) of Miller-Valentine Group; formerly, Director, Dayton Development Coalition; formerly, Board Member, Business Advisory Council, Cleveland Federal Reserve Bank and University of Dayton Business School Advisory Council.	201	None
Robert P. Bremner c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1940)	Board Member	Term: Annual or Class III Board Member until 2015 Annual Shareholder Meeting Length of Service: Since 1996; Chairman of the Board (2008-July 1, 2013); Lead Independent Director (2005-2008)	Private Investor and Management Consultant; Treasurer and Director, Humanities Council, Washington, D.C.; Board Member, Independent Directors Council affiliated with the Investment Company Institute.	201	None

Name, Address	Position(s)	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
<p>Jack B. Evans</p> <p>c/o Nuveen Investments, Inc.</p> <p>333 West Wacker Drive</p> <p>Chicago, IL 60606 (1948)</p>	<p>Board Member</p>	<p>Term: Annual or Class III Board Member until 2015 Annual Shareholder Meeting Length of Service: Since 1999</p>	<p>President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Director, Source Media Group; Life Trustee of Coe College and the Iowa College Foundation; formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc., a regional financial services firm; formerly, Member and President Pro Tem of the Board of Regents for the State of Iowa University System.</p>	<p>201</p>	<p>Director and Chairman, United Fire Group, a publicly held company; formerly, Director, Alliant Energy.</p>
<p>William C. Hunter</p> <p>c/o Nuveen Investments, Inc.</p> <p>333 West Wacker Drive</p> <p>Chicago, IL 60606</p> <p>1948</p>	<p>Board Member</p>	<p>Term: Annual</p> <p>Length of Service: Since 2004</p>	<p>Dean Emeritus (since June 30, 2012), formerly, Dean, Tippie College of Business, University of Iowa (2006-2012); Director (since 2005) and President (since July 2012), Beta Gamma Sigma, Inc., The International Honor Society; Director of Wellmark, Inc. (since 2009); formerly, Director (1997-2007), Credit Research Center at Georgetown University; formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003).</p>	<p>201</p>	<p>Director (since 2004) of Xerox Corporation.</p>

Name, Address	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
<p>David J. Kundert</p> <p>c/o Nuveen Investments, Inc.</p> <p>333 West Wacker Drive Chicago, IL 60606</p> <p>(1942)</p>	<p>Board Member</p>	<p>Term: Annual or Class II Board Member until 2014 Annual Shareholder Meeting</p>	<p>Formerly, Director, Northwestern Mutual Wealth Management Company (2006- 2013); retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Regent Emeritus, Member of Investment Committee, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation; member of the Board of Directors (Milwaukee), College Possible.</p>	<p>201</p>	<p>None</p>

Name, Address	Position(s)	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
<p>and Year of Birth John K. Nelson c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1962)</p>	<p>Board Member</p>	<p>Term: Annual or Class II Board Member until 2014 Annual Shareholder Meeting</p> <p>Length of Service: Since 2013</p>	<p>Senior external advisor to the financial services practice of Deloitte Consulting LLP (since 2012); Member of Board of Directors of Core12 LLC (since 2008), a private firm which develops branding, marketing and communications strategies for clients; Director of The Curran Center for Catholic American Studies (since 2009) and The President's Council, Fordham University (since 2010); former Chairman of the Board of Trustees of Marian University (2010-2014 as trustee, 2011-2014 as Chairman); formerly, Chief Executive Officer of ABN AMRO N.V. North America, and Global Head of its Financial Markets Division (2007-2008); prior senior positions held at ABN AMRO include Corporate Executive Vice President and Head of Global Markets – the Americas (2006-2007), CEO of Wholesale Banking – North America and Global Head of Foreign Exchange and Futures Markets (2001-2006), and Regional Commercial Treasurer and Senior Vice President Trading – North America (1996-2001); formerly, Trustee at St. Edmund Preparatory School in New York City.</p>	201	None

Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Judith M. Stockdale c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1947)	Board Member	Term: Annual or Class I Board Member until 2016 Annual Shareholder Meeting	Board Member of the U.S. Endowment for Forestry and Communities (since 2013); Board Member of the Land Trust Alliance (since 2013); formerly, Executive Director (1994-2012), Gaylord and Dorothy Donnelley Foundation; prior thereto, Executive Director, Great Lakes Protection Fund (1990-1994).	201	None
Carole E. Stone c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1947)	Board Member	Length of Service: Since 1997 Term: Annual or Class I Board Member until 2016 Annual Shareholder Meeting	Director, Chicago Board Options Exchange, Inc. (since 2006); Director, C2 Options Exchange, Incorporated (since 2009); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010); formerly, Chair, New York Racing Association Oversight Board (2005-2007).	201	Director, CBOE Holdings, Inc. (since 2010).
Virginia L. Stringer c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1944)	Board Member	Length of Service: Since 2007 Term: Annual or Class I Board Member until 2016 Annual Shareholder Meeting	Board Member, Mutual Fund Directors Forum; former Member, Governing Board, Investment Company Institute's Independent Directors Council; Governance consultant and non-profit board member; former Owner and President, Strategic Management Resources, Inc. a management consulting firm; previously, held several executive positions in general management, marketing and human resources at IBM and The Pillsbury Company.	201	Previously, Independent Director (1987- 2010) and Chair (1997- 2010), First American Fund Complex.
		Length of Service: Since 2011			

Name, Address	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Terence J. Toth ⁽³⁾ c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1959)	Board Member	Term: Annual or Class II Board Member until 2014 Annual Shareholder Meeting	Managing Partner, Promus Capital (since 2008); Director of Fulcrum IT Service LLC (since 2010), Quality Control Corporation (since 2012) and LogicMark LLC (since 2012); formerly, Director, Legal & General Investment Management America, Inc. (2008-2013); formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); Member, Chicago Fellowship Board (since 2005), Catalyst Schools of Chicago Board (since 2008) and Mather Foundation Board (since 2012) and a member of its investment committee; formerly, Member, Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).	201	None
		Length of Service: Since 2008			

Name, Address	Position(s)	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
and Year of Birth	Held with Fund				
Nominees/Board Members who are interested persons of the Funds					
William Adams IV ⁽⁴⁾ c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1955)	Board Member	Term: Annual or Class II Board Member until 2014 Annual Shareholder Meeting	Senior Executive Vice President, Global Structured Products (since 2010); formerly, Executive Vice President, U.S. Structured Products, of Nuveen Investments, Inc. (1999-2010); Co- President of Nuveen Fund Advisors, LLC (since 2011); President (since 2011), formerly, Managing Director (2010-2011), of Nuveen Commodities Asset Management, LLC; Board Member of the Chicago Symphony Orchestra and of Gilda s Club Chicago.	125	None
Thomas S. Schreier, Jr. ⁽⁴⁾ c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (1962)	Board Member	Term: Annual or Class III Board Member until 2015 Annual Shareholder Meeting	Vice Chairman, Wealth Management of Nuveen Investments, Inc. (since 2011); Co-President of Nuveen Fund Advisors, LLC; Chairman of Nuveen Asset Management, LLC (since 2011); Co-Chief Executive Officer of Nuveen Securities, LLC (since 2011); Member of the Board of Governors and Chairman s Council of the Investment Company Institute; formerly, Chief Executive Officer (2000-2010) and Chief Investment Officer (2007-2010) of FAF Advisors, Inc.; formerly, President of First American Funds (2001-2010).	125	None
		Length of Service: Since 2013			
		Length of Service: Since 2013			

(1) Length of Time Served indicates the year in which the individual became a Board Member of a fund in the Nuveen fund complex.
(2) Mr. Schneider is one of several owners and managing members in two limited liability companies and a general partner and one member of the governing body of a general partnership, each engaged in real estate ownership activities. In

connection with their ordinary course of investment activities, court appointed receivers have been named for certain individual properties owned by such entities. The individual properties for which a receiver has been appointed represent an immaterial portion of the portfolio assets owned by these entities.

- (3) Mr. Toth serves as a director on the Board of Directors of the Mather Foundation (the Foundation) and is a member of its investment committee. The Foundation is the parent of the Mather LifeWays organization, a non-profit charitable organization. Prior to Mr. Toth joining the Board of the Foundation, the Foundation selected Gresham Investment Management (Gresham), an affiliate of Nuveen Fund Advisors, LLC, to manage a portion of the Foundation's investment portfolio, and pursuant to this selection, the Foundation has invested that portion of its investment portfolio in a private commodity pool managed by Gresham.
- (4) Each of Messrs. Adams and Schreier is an interested person as defined in the 1940 Act by reason of his positions with Nuveen Investments, Inc. and certain of its subsidiaries.

In order to create an appropriate identity of interests between Board Members and shareholders, the boards of directors/trustees of the Nuveen funds have adopted a governance principle pursuant to which each Board Member is expected to invest, either directly or on a deferred basis, at least the equivalent of one year of compensation in the funds in the Nuveen complex.

The dollar range of equity securities beneficially owned by each Board Member in each Fund and all Nuveen funds overseen by the Board Member as of December 31, 2013, is set forth in Appendix D. The number of shares of each Fund beneficially owned by each Board Member and by the Board Members and executive officers of the Funds as a group as of December 31, 2013, is found in Appendix J. As of May 31, 2014, each Board Member's and executive officer's individual beneficial shareholdings of each Fund constituted less than 1% of the outstanding shares of each Fund. As of May 31, 2014, the Board Members and executive officers as a group beneficially owned less than 1% of the outstanding shares of each Fund. Information regarding beneficial owners of more than 5% of any class of shares of any Fund is provided under General Information Shareholders of the Acquiring Fund and the Target Funds.

Compensation

Prior to January 1, 2014, each Independent Board Member received a \$140,000 annual retainer plus: (a) a fee of \$4,500 per day for attendance in person or by telephone at regularly scheduled meetings of the Board; (b) a fee of \$3,000 per meeting for attendance in person or by telephone at special, non-regularly scheduled meetings of the Board where in-person attendance was required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required; (c) a fee of \$2,500 per meeting for attendance in person or by telephone at Audit Committee meetings where in-person attendance was required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required; (d) a fee of \$2,500 per meeting for attendance in person or by telephone at Compliance, Risk Management and Regulatory Oversight Committee meetings where in-person attendance was required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required; (e) a fee of \$1,000 per meeting for attendance in person or by telephone at Dividend Committee meetings; (f) a fee of \$500 per meeting for attendance in person or by telephone at all other committee meetings (\$1,000 for shareholder meetings) where in-person attendance was required and \$250 per meeting for attendance by telephone or in person at such committee meetings (excluding shareholder meetings) where in-person attendance was not required, and \$100 per meeting when the Executive Committee acted as pricing committee for IPOs, plus, in each case, expenses incurred in attending such meetings, provided that no fees were received for meetings held on days on which regularly scheduled Board meetings were held; and (g) a fee of \$2,500 per meeting for attendance in person or by telephone at Closed-End Funds Committee meetings where in-person

attendance was required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required, provided that no fees were received for meetings held on days on which regularly scheduled Board meetings were held. In addition to the payments described above, the Chairman of the Board received \$75,000, the chairpersons of the Audit Committee, the Dividend Committee, the Compliance, Risk Management and Regulatory Oversight Committee and the Closed-End Funds Committee received \$12,500 each and the chairperson of the Nominating and Governance Committee received \$5,000 as additional retainers. Independent Board Members also received a fee of \$3,000 per day for site visits to entities that provided services to the Nuveen funds on days on which no Board meeting was held. When ad hoc committees were organized, the Nominating and Governance Committee at the time of formation determined compensation to be paid to the members of such committees; however, in general, such fees were \$1,000 per meeting for attendance in person or by telephone at ad hoc committee meetings where in-person attendance was required and \$500 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required. The annual retainer, fees and expenses were allocated among the Nuveen funds on the basis of relative net assets, although management might have, in its discretion, established a minimum amount to be allocated to each fund.

Effective January 1, 2014, Independent Board Members receive a \$150,000 annual retainer plus: (a) a fee of \$5,000 per day for attendance in person or by telephone at regularly scheduled meetings of the Board; (b) a fee of \$3,000 per meeting for attendance in person or by telephone at special, non-regularly scheduled meetings of the Board where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (c) a fee of \$2,500 per meeting for attendance in person or by telephone at Audit Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (d) a fee of \$2,500 per meeting for attendance in person or by telephone at Compliance, Risk Management and Regulatory Oversight Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (e) a fee of \$1,000 per meeting for attendance in person or by telephone at Dividend Committee meetings; (f) a fee of \$2,500 per meeting for attendance in person or by telephone at Closed-End Funds Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required, provided that no fees are received for meetings held on days on which regularly scheduled Board meetings are held; and (g) a fee of \$500 per meeting for attendance in person or by telephone at all other committee meetings (\$1,000 for shareholder meetings) where in-person attendance is required and \$250 per meeting for attendance by telephone or in person at such committee meetings (excluding shareholder meetings) where in-person attendance is not required, and \$100 per meeting when the Executive Committee acts as pricing committee for IPOs, plus, in each case, expenses incurred in attending such meetings, provided that no fees are received for meetings held on days on which regularly scheduled Board meetings are held. In addition to the payments described above, the Chairman of the Board receives \$75,000, the chairpersons of the Audit Committee, the Dividend Committee, the Compliance, Risk Management and Regulatory Oversight Committee and the Closed-End Funds Committee receive \$12,500 each and the chairperson of the Nominating and Governance Committee receives \$5,000 as additional annual retainers. Independent Board Members also receive a fee of \$3,000 per day for site visits to entities that provide services to the Nuveen funds on days on which no Board meeting is held. When ad hoc committees are organized, the Nominating and Governance Committee will at the time of formation determine compensation to be paid to the members of such committee; however, in general, such fees will be \$1,000 per meeting for attendance

in person or by telephone at ad hoc committee meetings where in-person attendance is required and \$500 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required. The annual retainer, fees and expenses are allocated among the Nuveen funds on the basis of relative net assets, although management may, in its discretion, establish a minimum amount to be allocated to each fund.

The Funds do not have retirement or pension plans. Certain Nuveen funds (the Participating Funds) participate in a deferred compensation plan (the Deferred Compensation Plan) that permits an Independent Board Member to elect to defer receipt of all or a portion of his or her compensation as an Independent Board Member. The deferred compensation of a participating Independent Board Member is credited to a book reserve account of the Participating Fund when the compensation would otherwise have been paid to such Independent Board Member. The value of the Independent Board Member's deferral account at any time is equal to the value that the account would have had if contributions to the account had been invested and reinvested in shares of one or more of the eligible Nuveen funds. At the time for commencing distributions from an Independent Board Member's deferral account, the Independent Board Member may elect to receive distributions in a lump sum or over a period of five years. The Participating Fund will not be liable for any other fund's obligations to make distributions under the Deferred Compensation Plan.

The Funds have no employees. The officers of the Funds and each Board Member of the Funds who is not an Independent Board Member serve without any compensation from the Funds.

The table below shows, for each Independent Board Member, the aggregate compensation paid by each Fund to the Board Member for its last fiscal year:

Aggregate Compensation from the Funds⁽¹⁾

Fund	Virginia									
	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	John K. Nelson ⁽³⁾	William J. Schneider	Judith M. Stockdale	Carole E. Stone	L. Stringer	Terence J. Toth
Acquiring Fund	\$ 383	\$ 373	\$ 341	\$ 368	\$ 197	\$ 443	\$ 385	\$ 384	\$ 345	\$ 396
Investment Quality	1,271	1,181	1,068	1,233	619	1,453	1,212	1,215	1,080	1,261
Premium Income	772	718	649	749	375	883	737	738	656	766
Dividend Advantage 2	270	263	240	260	139	312	259	271	243	280
Total Compensation from Nuveen Funds Paid to Board Members⁽²⁾	\$ 334,517	\$ 287,880	\$ 251,250	\$ 311,158	\$ 17,667	\$ 337,104	\$ 283,063	\$ 283,277	\$ 256,750	\$ 305,513

(1) Includes deferred fees. Pursuant to a deferred compensation agreement with certain of the Funds, deferred amounts are treated as though an equivalent dollar amount has been invested in shares of one or more Participating Funds. Total deferred fees for the Funds (including the return from the assumed investment in the Participating Funds) payable are:

Fund	John									
	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	John K. Nelson ⁽³⁾	William J. Schneider	Judith M. Stockdale	Carole E. Stone	Virginia L. Stringer	Terence J. Toth
Acquiring Fund	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment Quality	198	215		1,233		1,453	87	613		407
Premium Income	120	130		749		883	53	373		247
Dividend Advantage 2										

(2) Based on the total compensation paid, including deferred fees (including the return from the assumed investment in the eligible Nuveen funds), to the Board Members for the fiscal year ended April 30, 2014, for services to the Nuveen open-end and closed-end funds advised by the Adviser.

(3) Mr. Nelson was appointed as a Board Member of each Fund effective September 1, 2013, and was a Board Member for only a portion of the last fiscal year.

Board Leadership and Risk Oversight

The Board of each Fund oversees the operations and management of the Fund, including the duties performed for the Fund by the Adviser. The Board has adopted a unitary board structure. A unitary board consists of one group of directors who serve on the board of every fund in the complex. In adopting a unitary board structure, the Board Members seek to provide effective governance through establishing a board, the overall composition of which will, as a body, possess the appropriate skills, independence and experience to oversee the Funds' business. With this overall framework in mind, when the Board, through its Nominating and Governance Committee discussed below, seeks nominees for the Board, the Board Members consider, not only the candidate's particular background, skills and experience, among other things, but also whether such background, skills and experience enhance the Board's diversity and at the same time complement the Board given its current composition and the mix of skills and experiences of the incumbent Board Members. The Nominating and Governance Committee believes that the Board generally benefits from diversity of background, experience and views among its members, and considers this a factor in evaluating the composition of the Board, but has not adopted any specific policy on diversity or any particular definition of diversity.

The Board believes the unitary board structure enhances good and effective governance, particularly given the nature of the structure of the investment company complex. Funds in the same complex generally are served by the same service providers and personnel and are governed by the same regulatory scheme which raises common issues that must be addressed by the Board Members across the fund complex (such as compliance, valuation, liquidity, brokerage, trade allocation or risk management). The Board believes it is more efficient to have a single board review and oversee common policies and procedures which increases the Board's knowledge and expertise with respect to the many aspects of fund operations that are complex-wide in nature. The unitary structure also enhances the Board's influence and oversight over the Adviser and other service providers.

In an effort to enhance the independence of the Board, the Board also has a Chairman that is an Independent Board Member. The Board recognizes that a chairman can perform an important role in setting the agenda for the Board, establishing the boardroom culture, establishing a point person on behalf of the Board for Fund management, and reinforcing the Board's focus on the long-term interests of shareholders. The Board recognizes that a chairman may be able to better perform these functions without any conflicts of interests arising from a position with Fund management. William J. Schneider currently serves as the independent Chairman of the Board. Specific responsibilities of the Chairman include: (i) presiding at all meetings of the Board and of the shareholders; (ii) seeing that all orders and resolutions of the Board Members are carried into effect; and (iii) maintaining records of and, whenever necessary, certifying all proceedings of the Board Members and the shareholders.

Although the Board has direct responsibility over various matters (such as advisory contracts, underwriting contracts and Fund performance), the Board also exercises certain of its oversight responsibilities through several committees that it has established and which report back to the full Board. The Board believes that a committee structure is an effective means to permit Board Members to focus on particular operations or issues affecting the Funds, including risk oversight. More specifically, with respect to risk oversight, the Board has delegated matters relating to valuation and compliance to certain committees (as summarized below) as well as certain aspects of investment risk. In addition, the Board believes that the periodic rotation of Board Members among the different committees allows the Board Members to gain additional and different perspectives of a Fund's operations. The Board has established six standing committees: the Executive Committee, the

Dividend Committee, the Audit Committee, the Compliance, Risk Management and Regulatory Oversight Committee, the Nominating and Governance Committee and the Closed-End Funds Committee. The Board may also from time to time create ad hoc committees to focus on particular issues as the need arises. The membership and functions of the standing committees are summarized below.

Executive Committee. The Executive Committee, which meets between regular meetings of the Board, is authorized to exercise all of the powers of the Board. The members of the Executive Committee are William J. Schneider, Chair, William Adams IV and Judith M. Stockdale. The number of Executive Committee meetings of each Fund held during its last fiscal year is shown in Appendix K.

Dividend Committee. The Dividend Committee is authorized to declare distributions on each Fund's shares including, but not limited to, regular and special dividends, capital gains and ordinary income distributions. The members of the Dividend Committee are Jack B. Evans, Chair, William C. Hunter, Judith M. Stockdale and Terence J. Toth. The number of Dividend Committee meetings of each Fund held during its last fiscal year is shown in Appendix K.

Audit Committee. The Board has an Audit Committee, in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the Exchange Act), that is composed of Independent Board Members who are also independent as that term is defined in the listing standards pertaining to closed-end funds of the NYSE or NYSE MKT, as applicable. The Audit Committee assists the Board in: the oversight and monitoring of the accounting and reporting policies, processes and practices of the Funds, and the audits of the financial statements of the Funds; the quality and integrity of the financial statements of the Funds; the Funds' compliance with legal and regulatory requirements relating to the Funds' financial statements; the independent auditors' qualifications, performance and independence; and the pricing procedures of the Funds and the internal valuation group of Nuveen. It is the responsibility of the Audit Committee to select, evaluate and replace any independent auditors (subject only to Board and, if applicable, shareholder ratification) and to determine their compensation. The Audit Committee is also responsible for, among other things, overseeing the valuation of securities comprising the Funds' portfolios. Subject to the Board's general supervision of such actions, the Audit Committee addresses any valuation issues, oversees the Funds' pricing procedures and actions taken by Nuveen's internal valuation group which provides regular reports to the committee, reviews any issues relating to the valuation of the Funds' securities brought to its attention, and considers the risks to the Funds in assessing the possible resolutions of these matters. The Audit Committee may also consider any financial risk exposures for the Funds in conjunction with performing its functions.

To fulfill its oversight duties, the Audit Committee receives annual and semi-annual reports and has regular meetings with the external auditors for the Funds and the internal audit group at Nuveen. The Audit Committee also may review, in a general manner, the processes the Board or other Board committees have in place with respect to risk assessment and risk management as well as compliance with legal and regulatory matters relating to the Funds' financial statements. The Audit Committee operates under a written Audit Committee Charter (the Charter) adopted and approved by the Board, which Charter conforms to the listing standards of the NYSE or NYSE MKT, as applicable. Members of the Audit Committee are independent (as set forth in the Charter) and free of any relationship that, in the opinion of the Board Members, would interfere with their exercise of independent judgment as an Audit Committee member. The members of the Audit Committee are Jack B. Evans, Chair, Robert P. Bremner, David J. Kundert, Carole E. Stone and Terence J. Toth, each of whom is an

Independent Board Member of the Funds. A copy of the Charter is available at www.nuveen.com/CEF/Shareholder/FundGovernance.aspx. The number of Audit Committee meetings of each Fund held during its last fiscal year is shown in Appendix K.

Compliance, Risk Management and Regulatory Oversight Committee. The Compliance, Risk Management and Regulatory Oversight Committee (the Compliance Committee) is responsible for the oversight of compliance issues, risk management and other regulatory matters affecting the Funds that are not otherwise under or within the jurisdiction of the other committees. The Board has adopted and periodically reviews policies and procedures designed to address the Funds' compliance and risk matters. As part of its duties, the Compliance Committee: reviews the policies and procedures relating to compliance matters and recommends modifications thereto as necessary or appropriate to the full Board; develops new policies and procedures as new regulatory matters affecting the Funds arise from time to time; evaluates or considers any comments or reports from examinations from regulatory authorities and responses thereto; and performs any special reviews, investigations or other oversight responsibilities relating to risk management, compliance and/or regulatory matters as requested by the Board.

In addition, the Compliance Committee is responsible for risk oversight, including, but not limited to, the oversight of risks related to investments and operations. Such risks include, among other things, exposures to: particular issuers, market sectors, or types of securities; risks related to product structure elements, such as leverage; and techniques that may be used to address those risks, such as hedging and swaps. In assessing issues brought to the Compliance Committee's attention or in reviewing a particular policy, procedure, investment technique or strategy, the Compliance Committee evaluates the risks to the Funds in adopting a particular approach or resolution compared to the anticipated benefits to the Funds and their shareholders. In fulfilling its obligations, the Compliance Committee meets on a quarterly basis, and at least once a year in person. The Compliance Committee receives written and oral reports from the Funds' Chief Compliance Officer (CCO) and meets privately with the CCO at each of its quarterly meetings. The CCO also provides an annual report to the full Board regarding the operations of the Funds' and other service providers' compliance programs as well as any recommendations for modifications thereto. The Compliance Committee also receives reports from the investment services group of Nuveen regarding various investment risks. Notwithstanding the foregoing, the full Board also participates in discussions with management regarding certain matters relating to investment risk, such as the use of leverage and hedging. The investment services group therefore also reports to the full Board at its quarterly meetings regarding, among other things, Fund performance and the various drivers of such performance. Accordingly, the Board directly and/or in conjunction with the Compliance Committee oversees matters relating to investment risks. Matters not addressed at the committee level are addressed directly by the full Board. The Compliance Committee operates under a written charter adopted and approved by the Board. The members of the Compliance Committee are Judith M. Stockdale, Chair, William C. Hunter, John K. Nelson and Virginia L. Stringer. The number of Compliance Committee meetings of each Fund held during its last fiscal year is shown in Appendix K.

Nominating and Governance Committee. The Nominating and Governance Committee is responsible for seeking, identifying and recommending to the Board qualified candidates for election or appointment to the Board. In addition, the Nominating and Governance Committee oversees matters of corporate governance, including the evaluation of Board performance and processes, the assignment and rotation of committee members, and the establishment of corporate governance guidelines and procedures, to the extent necessary or desirable, and matters related thereto. Although the unitary and

committee structure has been developed over the years and the Nominating and Governance Committee believes the structure has provided efficient and effective governance, the committee recognizes that, as demands on the Board evolve over time (such as through an increase in the number of funds overseen or an increase in the complexity of the issues raised), the committee must continue to evaluate the Board and committee structures and their processes and modify the foregoing as may be necessary or appropriate to continue to provide effective governance. Accordingly, the Nominating and Governance Committee has a separate meeting each year to, among other things, review the Board and committee structures, their performance and functions, and recommend any modifications thereto or alternative structures or processes that would enhance the Board's governance over the Funds' business.

In addition, the Nominating and Governance Committee, among other things: makes recommendations concerning the continuing education of Board Members; monitors performance of legal counsel and other service providers; establishes and monitors a process by which security holders are able to communicate in writing with Board Members; and periodically reviews and makes recommendations about any appropriate changes to Board Member compensation. In the event of a vacancy on the Board, the Nominating and Governance Committee receives suggestions from various sources, including shareholders, as to suitable candidates. Suggestions should be sent in writing to Lorna Ferguson, Manager of Fund Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606. The Nominating and Governance Committee sets appropriate standards and requirements for nominations for new Board Members and each nominee is evaluated using the same standards. However, the Nominating and Governance Committee reserves the right to interview any and all candidates and to make the final selection of any new Board Members. In considering a candidate's qualifications, each candidate must meet certain basic requirements, including relevant skills and experience, time availability (including the time requirements for due diligence site visits to internal and external sub-advisers and service providers) and, if qualifying as an Independent Board Member candidate, independence from the Adviser, sub-advisers, underwriters or other service providers, including any affiliates of these entities. These skill and experience requirements may vary depending on the current composition of the Board, since the goal is to ensure an appropriate range of skills, diversity and experience, in the aggregate. Accordingly, the particular factors considered and weight given to these factors will depend on the composition of the Board and the skills and backgrounds of the incumbent Board Members at the time of consideration of the nominees. All candidates, however, must meet high expectations of personal integrity, independence, governance experience and professional competence. All candidates must be willing to be critical within the Board and with management and yet maintain a collegial and collaborative manner toward other Board Members. The Nominating and Governance Committee operates under a written charter adopted and approved by the Board, a copy of which is available on the Funds' website at www.nuveen.com/CEF/Shareholder/FundGovernance.aspx, and is composed entirely of Independent Board Members, who are also independent as defined by NYSE or NYSE MKT listing standards, as applicable. Accordingly, the members of the Nominating and Governance Committee are William J. Schneider, Chair, Robert P. Bremner, Jack B. Evans, William C. Hunter, David J. Kundert, John K. Nelson, Judith M. Stockdale, Carole E. Stone, Virginia L. Stringer and Terence J. Toth. The number of Nominating and Governance Committee meetings of each Fund held during its last fiscal year is shown in Appendix K.

Closed-End Funds Committee. The Closed-End Funds Committee is responsible for assisting the Board in the oversight and monitoring of the Nuveen funds that are registered as closed-end management investment companies ("Closed-End Funds"). The committee may review and evaluate matters related to the formation and the initial presentation to the Board of any new Closed-End Fund

and may review and evaluate any matters relating to any existing Closed-End Fund. The committee operates under a written charter adopted and approved by the Board. The members of the Closed-End Funds Committee are Carole E. Stone, Chair, Jack B. Evans, William C. Hunter, John K. Nelson and William J. Schneider. The number of Closed-End Funds Committee meetings of each Fund held during its last fiscal year is shown in Appendix K.

Number of Board Meetings. The number of regular quarterly meetings and special meetings held by the Board of each Fund during the Fund's last fiscal year is shown in Appendix K.

Board Member Attendance. During each Fund's last fiscal year, each Board Member attended 75% or more of each Fund's Board meetings and the committee meetings (if a member thereof) held during the period for which such Board Member was a Board Member. The policy of the Board relating to attendance by Board Members at annual meetings of the Funds and the number of Board Members who attended the last annual meeting of shareholders of each Fund is posted on the Funds' website at www.nuveen.com/CEF/Shareholder/FundGovernance.aspx.

Board Diversification and Board Member Qualifications. In determining that a particular Board Member was qualified to serve on the Board, the Board considered each Board Member's background, skills, experience and other attributes in light of the composition of the Board with no particular factor controlling. The Board believes that Board Members need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties, and the Board believes each Board Member satisfies this standard. An effective Board Member may achieve this ability through his or her educational background; business, professional training or practice; public service or academic positions; experience from service as a board member or executive of investment funds, public companies or significant private or not-for-profit entities or other organizations; and/or other life experiences. Accordingly, set forth below is a summary of the experiences, qualifications, attributes, and skills that led to the conclusion, as of the date of this document, that each Board Member should serve in that capacity. References to the experiences, qualifications, attributes and skills of Board Members are pursuant to requirements of the SEC, do not constitute holding out the Board or any Board Member as having any special expertise or experience and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

William Adams IV. Mr. Adams, an interested Board Member of the Funds, has been Senior Executive Vice President, Global Structured Products of Nuveen Investments since November 2010. Mr. Adams has also served as Co-President of Nuveen Fund Advisors, LLC since January 2011. Prior to that, he was Executive Vice President, U.S. Structured Products from December 1999 until November 2010 and served as Managing Director of Structured Investments from September 1997 to December 1999 and Vice President and Manager, Corporate Marketing from August 1994 to September 1997. Mr. Adams earned his Bachelor of Arts degree from Yale University and his Masters of Business Administration (MBA) from the University of Chicago's Graduate School of Business. He is an Associate Fellow of Yale's Timothy Dwight College and is currently on the Board of the Chicago Symphony Orchestra and of Gilda's Club Chicago.

Robert P. Bremner. Mr. Bremner is a private investor and management consultant in Washington, D.C. His biography of William McChesney Martin, Jr., a former chairman of the Federal Reserve Board, was published by Yale University Press in November 2004. From 1994 to 1997, he

was a Senior Vice President at Samuels International Associates, an international consulting firm specializing in governmental policies, where he served in a part-time capacity. Previously, Mr. Bremner was a partner in the LBK Investors Partnership and was chairman and majority stockholder with ITC Investors Inc., both private investment firms. He currently serves on the Board and as Treasurer of the Humanities Council of Washington D.C. and is a Board Member of the Independent Directors Council affiliated with the Investment Company Institute. From 1984 to 1996, Mr. Bremner was an independent Trustee of the Flagship Funds, a group of municipal open-end funds. He began his career at the World Bank in Washington D.C. He graduated with a Bachelor of Science degree from Yale University and received his MBA from Harvard University.

Jack B. Evans. President of the Hall-Perrine Foundation, a private philanthropic corporation, since 1996, Mr. Evans was formerly President and Chief Operating Officer of the SCI Financial Group, Inc., a regional financial services firm headquartered in Cedar Rapids, Iowa. Formerly, he was a member of the Board of the Federal Reserve Bank of Chicago, a Director of Alliant Energy, and a Member and President Pro Tem of the Board of Regents for the State of Iowa University System. Mr. Evans is Chairman of the Board of United Fire Group, sits on the Board of the Source Media Group, and is a Life Trustee of Coe College. He has a Bachelor of Arts degree from Coe College and an MBA from the University of Iowa.

William C. Hunter. Mr. Hunter became Dean Emeritus of the Henry B. Tippie College of Business at the University of Iowa on June 30, 2012. He was appointed Dean of the College on July 1, 2006. He was previously Dean and Distinguished Professor of Finance at the University of Connecticut School of Business from 2003 to 2006. From 1995 to 2003, he was the Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago. While there he served as the Bank's Chief Economist and was an Associate Economist on the Federal Reserve System's Federal Open Market Committee (FOMC). In addition to serving as a Vice President in charge of financial markets and basic research at the Federal Reserve Bank in Atlanta, he held faculty positions at Emory University, Atlanta University, the University of Georgia and Northwestern University. A past Director of the Credit Research Center at Georgetown University, SS&C Technologies, Inc. (2005) and past President of the Financial Management Association International, he has consulted with numerous foreign central banks and official agencies in Western, Central and Eastern Europe, Asia, Central America and South America. From 1990 to 1995, he was a U.S. Treasury Advisor to Central and Eastern Europe. He has been a Director of the Xerox Corporation since 2004 and Wellmark, Inc. since 2009. He is Director and President of Beta Gamma Sigma, Inc., The International Business Honor Society.

David J. Kundert. Mr. Kundert retired in 2004 as Chairman of JPMorgan Fleming Asset Management, and as President and CEO of Banc One Investment Advisors Corporation, and as President of One Group Mutual Funds. Prior to the merger between Bank One Corporation and JPMorgan Chase and Co., he was Executive Vice President, Bank One Corporation and, since 1995, the Chairman and CEO, Banc One Investment Management Group. From 1988 to 1992, he was President and CEO of Bank One Wisconsin Trust Company. Mr. Kundert recently retired as a Director of the Northwestern Mutual Wealth Management Company (2006-2013). He started his career as an attorney for Northwestern Mutual Life Insurance Company. Mr. Kundert has served on the Board of Governors of the Investment Company Institute and is currently a member of the Wisconsin Bar Association. He is on the Board of the Greater Milwaukee Foundation and chairs its Investment Committee. He is a Regent Emeritus and a Member of the Investment Committee of Luther College. He is also a Member of the Board of Directors of College Possible (Milwaukee). He received his Bachelor of Arts degree from Luther College, and his Juris Doctor from Valparaiso University.

John K. Nelson. Mr. Nelson is currently a senior external advisor to the financial services practice of Deloitte Consulting LLP. He currently serves on the Board of Directors of Core12 LLC (since 2008), a private firm which develops branding, marketing, and communications strategies for clients. Mr. Nelson has extensive experience in global banking and markets, having served in several senior executive positions with ABN AMRO Holdings N.V. and its affiliated entities and predecessors, including LaSalle Bank Corporation from 1996 to 2008. From 2007 to 2008 Mr. Nelson was Chief Executive Officer of ABN AMRO N.V. North America, and Global Head of its Financial Markets Division. His responsibilities included managing operations that encompassed the monitoring, evaluating, and directing enhancements to compliance, risk, and finance functions. In addition, he managed the bank's worldwide businesses in fixed income, currencies, interest rates, and emerging markets that had operations in more than 50 countries. Formerly, he was a member of the Foreign Exchange Committee of the Federal Reserve Bank of the United States and, during his tenure with ABN AMRO, served as the bank's representative on various committees of the Bank of Canada, European Central Bank, and the Bank of England. At Fordham University, he currently serves as a director of The Curran Center for Catholic American Studies, and The President's Council. He is also a member of The Economic Club of Chicago and The Hyde Park Angels, and was formerly a Trustee at St. Edmund Preparatory School in New York City and was former chair of the Board of Trustees of Marian University. Mr. Nelson graduated and received his MBA from Fordham University.

William J. Schneider. Mr. Schneider, the Board's Independent Chairman, is currently Chairman, formerly Senior Partner and Chief Operating Officer (retired, December 2004) of Miller-Valentine Partners, a real estate investment company. He is an owner in several other Miller-Valentine Group entities. He is currently a member of the Boards of Tech Town, Inc., a not-for-profit Dayton community development company, of WDPR Public Radio Station and of Med-America Health System. He was formerly a Director and Past Chair of the Dayton Development Coalition. He was formerly a member of the Community Advisory Board of the National City Bank in Dayton as well as a former member of the Business Advisory Council of the Cleveland Federal Reserve Bank. Mr. Schneider was also a member of the Business Advisory Council for the University of Dayton College of Business. He also served as Chair of the Miami Valley Hospital and as Chair of the Finance Committee of its parent holding company. Mr. Schneider was an independent Trustee of the Flagship Funds, a group of municipal open-end funds. Mr. Schneider has a Bachelor of Science in Community Planning from the University of Cincinnati and a Masters of Public Administration from the University of Dayton.

Thomas S. Schreier, Jr. Mr. Schreier, an interested Board Member of the Funds, has been Vice Chairman, Wealth Management of Nuveen Investments since January 2011. Mr. Schreier has also served as Co-President of Nuveen Fund Advisors, LLC since January 2011. Until Nuveen Investments' acquisition of FAF Advisors on January 1, 2011, Mr. Schreier was Chief Executive Officer of FAF Advisors from November 2000, Chief Investment Officer of FAF Advisors from September 2007 and President of First American Funds from February 2001 to December 2010. From 1998 to November 2000, Mr. Schreier served as Senior Managing Director and Head of Equity Research for U.S. Bancorp Piper Jaffray, Inc. He received a Bachelor's degree from the University of Notre Dame and an MBA from Harvard University. Mr. Schreier is a member of the Board of Governors of the Investment Company Institute and is on its Chairman's Council. He has also served as director, chairman of the finance committee, and member of the audit committee for Pinnacle Airlines Corp. Mr. Schreier is former chairman of the Saint Thomas Academy Board of Trustees, a founding investor of Granite Global Ventures, and a member of the Applied Investment Management Advisory Board for the University of Notre Dame.

Judith M. Stockdale. Ms. Stockdale retired at the end of 2012 as Executive Director of the Gaylord and Dorothy Donnelley Foundation, a private foundation working in land conservation and artistic vitality in the Chicago region and the Lowcountry of South Carolina. She is currently a board member of the U.S. Endowment for Forestry and Communities (since November 2013) and rejoined the board of the Land Trust Alliance in June 2013. Her previous positions include Executive Director of the Great Lakes Protection Fund, Executive Director of Openlands and Senior Staff Associate at the Chicago Community Trust. She has served on the Boards of the National Zoological Park, the Governor's Science Advisory Council (Illinois), the Nancy Ryerson Ranney Leadership Grants Program, Friends of Ryerson Woods and the Donors Forum. Ms. Stockdale, a native of the United Kingdom, has a Bachelor of Science degree in geography from the University of Durham (UK) and a Master of Forest Science degree from Yale University.

Carole E. Stone. Ms. Stone retired from the New York State Division of the Budget in 2004, having served as its Director for nearly five years and as Deputy Director from 1995 through 1999. Ms. Stone is currently on the Board of Directors of the Chicago Board Options Exchange, CBOE Holdings, Inc. and C2 Options Exchange, Incorporated. She has also served as the Chair of the New York Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the boards of directors of several New York State public authorities. Ms. Stone has a Bachelors of Arts in Business Administration from Skidmore College.

Virginia L. Stringer. Ms. Stringer served as the independent chair of the Board of the First American Funds Complex from 1997 to 2010, having joined such Board in 1987. Ms. Stringer serves on the Board of the Mutual Fund Directors Forum. She is a recipient of the Outstanding Corporate Director award from Twin Cities Business Monthly and the Minnesota Chapter of the National Association of Corporate Directors. Ms. Stringer is the past board chair of the Oak Leaf Trust, director emeritus and former board chair of the Saint Paul Riverfront Corporation, and also served as President of the Minneapolis Club's Governing Board. She is a director and former board Chair of the Minnesota Opera and a Life Trustee and former board member of the Voyageur Outward Bound School. She also served as a trustee of Outward Bound USA. She was appointed by the Governor of Minnesota to the Board on Judicial Standards and also served on a Minnesota Supreme Court Judicial Advisory Committee to reform the state's judicial disciplinary process. She is a member of the International Women's Forum and attended the London Business School as an International Business Fellow. Ms. Stringer recently served as board chair of the Human Resource Planning Society, the Minnesota Women's Campaign Fund and the Minnesota Women's Economic Roundtable. Ms. Stringer is the retired founder of Strategic Management Resources, a consulting practice focused on corporate governance, strategy and leadership. She has twenty-five years of corporate experience having held executive positions in general management, marketing and human resources with IBM and the Pillsbury Company.

Terence J. Toth. Mr. Toth is a Managing Partner at Promus Capital (since 2008). From 2008 to 2013, he served as a Director of Legal & General Investment Management America, Inc. From 2004 to 2007, he was Chief Executive Officer and President of Northern Trust Global Investments, and Executive Vice President of Quantitative Management & Securities Lending from 2000 to 2004. He also formerly served on the Board of the Northern Trust Mutual Funds. He joined Northern Trust in 1994 after serving as Managing Director and Head of Global Securities Lending at Bankers Trust (1986 to 1994) and Head of Government Trading and Cash Collateral Investment at Northern Trust from 1982 to 1986. He currently serves on the Boards of Chicago Fellowship, Fulcrum IT Service LLC

(since 2010), Quality Control Corporation (since 2012) and LogicMark LLC (since 2012), and is Chairman of the Board of Catalyst Schools of Chicago. He is on the Mather Foundation Board (since 2012) where he is also a member of its investment committee. Mr. Toth graduated with a Bachelor of Science degree from the University of Illinois, and received his MBA from New York University. In 2005, he graduated from the CEO Perspectives Program at Northwestern University.

Independent Chairman. William J. Schneider currently serves as the independent Chairman of the Board. Specific responsibilities of the Chairman include: (a) presiding at all meetings of the Board and of the shareholders; (b) seeing that all orders and resolutions of the Board Members are carried into effect; and (c) maintaining records of and, whenever necessary, certifying all proceedings of the Board Members and the shareholders.

Board Member Terms. For Investment Quality and Premium Income, all Board Members are elected annually for one-year terms. With respect to Dividend Advantage, shareholders will be asked to elect Board Members as each Board Member's term expires, and with respect to Board Members elected by common and preferred shareholders voting as a single class, each such Board Member shall be elected for a term expiring at the time of the third succeeding annual meeting subsequent to his or her election or thereafter in each case when his or her respective successor is duly elected and qualified. These provisions could delay for up to two years the replacement of a majority of the Board of Dividend Advantage.

The Officers

The following table sets forth information with respect to each officer of the Funds. Officers receive no compensation from the Funds. The officers are elected by the Board on an annual basis to serve until successors are elected and qualified.

Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Gifford R. Zimmerman 333 West Wacker Drive Chicago, IL 60606 1956	Chief Administrative Officer	Term: Annual Length of Service: Since 1988	Managing Director (since 2002) and Assistant Secretary of Nuveen Securities, LLC; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC and Nuveen Investments Advisers Inc. (since 2002); Managing Director, Associate General Counsel and Assistant Secretary of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of Santa Barbara Asset Management, LLC (since 2006) and of Winslow Capital Management, LLC (since 2010); Vice President and Assistant Secretary	201

Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years (since 2013), formerly, Chief Administrative Officer and Chief Compliance Officer (2006-2013) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst.	Number of Portfolios in Fund Complex Served by Officer
Cedric H. Antosiewicz 333 West Wacker Drive Chicago, IL 60606 1962	Vice President	Term: Annual	Managing Director (since 2004) of Nuveen Securities LLC.	93
		Length of Service: Since 2007		
Margo L. Cook 333 West Wacker Drive Chicago, IL 60606 1964	Vice President	Term: Annual	Executive Vice President (since 2008) of Nuveen Investments, Inc., Nuveen Fund Advisors, LLC (since 2011) and Nuveen Securities, LLC (since 2013); Managing Director - Investment Services of Nuveen Commodities Asset Management, LLC (since 2011); previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Mgt. (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.	201
		Length of Service: Since 2009		
Lorna C. Ferguson 333 West Wacker Drive Chicago, IL 60606 1945	Vice President	Term: Annual	Managing Director of Nuveen Investments Holdings, Inc.	201
		Length of Service: Since 1998		
Stephen D. Foy 333 West Wacker Drive Chicago, IL 60606 1954	Vice President and Controller	Term: Annual	Senior Vice President (since 2013), formerly, Vice President of Nuveen Fund Advisors, LLC; Chief Financial Officer of Nuveen Commodities Asset Management, LLC (since 2010); formerly, Senior	201
		Length of Service: Since 1993		

Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Scott S. Grace 333 West Wacker Drive Chicago, IL 60606 1970	Vice President and Treasurer	Term: Annual Length of Service: Since 2009	Vice President (2010-2011), formerly, Vice President (2005-2010) and Funds Controller of Nuveen Securities, LLC; Certified Public Accountant. Managing Director and Treasurer (since 2009) of Nuveen Fund Advisors, LLC, Nuveen Investments Advisers Inc., Nuveen Investments Holdings, Inc., Nuveen Securities, LLC and (since 2011) Nuveen Asset Management, LLC; Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, LLC; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006-2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley's Global Financial Services Group (2000-2003); Chartered Accountant Designation.	201
Walter M. Kelly 333 West Wacker Drive Chicago, IL 60606 1970	Chief Compliance Officer and Vice President	Term: Annual Length of Service: Since 2003	Senior Vice President (since 2008) of Nuveen Investments Holdings, Inc.	201

Name, Address and Year of Birth	Position(s) Held	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Tina M. Lazar 333 West Wacker Drive Chicago, IL 60606 1961	Vice President	Term: Annual	Senior Vice President of Nuveen Investments Holdings, Inc.	201
Kevin J. McCarthy 333 West Wacker Drive Chicago, IL 60606 1966	Vice President and Secretary	Length of Service: Since 2002 Term: Annual	Managing Director and Assistant Secretary (since 2008) of Nuveen Securities, LLC and Nuveen Investments, Inc.; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director (since 2008) and Assistant Secretary of Nuveen Investments Holdings, Inc. and Nuveen Investments Advisers Inc.; Vice President (since 2007) and Assistant Secretary of NWQ Investment Management Company, LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC and (since 2010) Winslow Capital Management, LLC; Vice President (since 2010) and Assistant Secretary of Nuveen Commodities Asset Management, LLC.	201
Kathleen L. Prudhomme 901 Marquette Avenue Minneapolis, MN 55402 1953	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2011	Managing Director and Assistant Secretary of Nuveen Securities, LLC (since 2011); Managing Director, Assistant Secretary and Associate General	201

Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Joel T. Slager 333 West Wacker Drive Chicago, IL 60606 1978	Vice President and Assistant Secretary	Term: Annual Length of Service: Since August 2013	Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; formerly, Deputy General Counsel, FAF Advisors, Inc. (2004-2010). Fund Tax Director for Nuveen Funds (since May 2013); previously, Vice President of Morgan Stanley Investment Management, Inc., Assistant Treasurer of the Morgan Stanley Funds (from 2010 to 2013); Tax Director at PricewaterhouseCoopers LLP (from 2008 to 2010).	209

(1) Length of Time Served indicates the year the individual became an officer of a fund in the Nuveen fund complex.

PROPOSAL NO. 2 REORGANIZATION OF EACH TARGET FUND INTO

THE ACQUIRING FUND

A. SYNOPSIS

The following is a summary of certain information contained elsewhere in this Joint Proxy Statement with respect to the proposed Reorganizations and is qualified in its entirety by reference to the more complete information contained in this Joint Proxy Statement and the appendices hereto. Shareholders should read the entire Joint Proxy Statement carefully. Certain capitalized terms used but not defined in this summary are defined elsewhere in this Joint Proxy Statement.

Background and Reasons for the Reorganizations

The boards of directors/trustees of Nuveen's municipal closed-end funds, including the Board of each of the funds, have approved a series of mergers of single-state municipal closed-end funds, including the Reorganization of each Target Fund into the Acquiring Fund. Each Board has determined that the Reorganization(s) proposed for its fund would be in the best interests of its fund. Each fund's Board considered the Reorganization(s) as part of a broad initiative to rationalize the product offerings of Nuveen funds and eliminate overlapping products. The Acquiring Fund and each Target Fund have similar investment objectives, policies and risks, substantially similar portfolio compositions and are

managed by the same portfolio manager. The proposed Reorganizations are intended to result in a lower effective management fee rate based on managed assets from the availability of lower breakpoints in the applicable fee schedule and lower total expenses per common share (excluding the costs of leverage) for shareholders of each fund (as shareholders of the combined fund following the Reorganizations) due to economies of scale resulting from the larger size of the combined fund. The proposed Reorganizations also are intended to enhance the secondary trading market for common shares of the Acquiring Fund as a result of the greater share volume of the combined fund. As a result of differences in the cost of leverage, the projected total expenses (including leverage) of the combined fund as of the date presented in the Comparative Fee Table in this Joint Proxy Statement were higher than the total expenses (including leverage) for Investment Quality, the same as the total expenses (including leverage) for Premium Income and lower than the total expenses (including leverage) for the Acquiring Fund and Dividend Advantage 2. However, the funds' investment adviser believes that the greater asset size of the combined fund may provide greater flexibility in managing the structure and costs of leverage over time, for example, by enabling the larger combined fund to simultaneously employ, or modify allocations between, fixed rate and floating rate issues as issues mature and/or as the investment adviser's market outlook changes. In contrast, a smaller stand-alone fund would likely be limited to employing one type of leverage and to smaller issues.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. In order for the Reorganizations to occur, each fund must obtain all requisite shareholder approvals as well as certain consents, confirmations and/or waivers from various third parties, including rating agencies with respect to outstanding preferred shares and liquidity providers with respect to outstanding VRDP Shares. Because the closing of the Reorganizations is contingent upon all of the Target Funds and the Acquiring Fund obtaining the requisite shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund that are entitled to vote on the Agreement and Plan of Reorganization approve the Reorganization(s) and your Fund satisfies all of its closing conditions, if one or more of the other funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the requisite shareholder approvals are not obtained, each fund's Board may take such actions as it deems in the best interests of its fund, including conducting additional solicitations with respect to the proposals or continuing to operate the Fund as a stand-alone fund. For a fuller discussion of the Boards' considerations regarding the approval of the Reorganizations, see Proposal No. 2 Information About the Reorganizations Reasons for the Reorganizations.

Material Federal Income Tax Consequences of the Reorganizations

As a condition to closing, each fund will receive, with respect to its proposed Reorganization(s), an opinion of Vedder Price P.C., subject to certain representations, assumptions and conditions, substantially to the effect that the proposed Reorganization(s) will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). In addition, each of Sidley Austin LLP (with respect to the VRDP Shares) and K&L Gates LLP (with respect to the MTP Shares), as special tax counsel to the Acquiring Fund, will deliver an opinion to the Acquiring Fund, subject to certain representations, assumptions and conditions, substantially to the effect that the Acquiring Fund preferred shares received in connection with the Reorganizations by holders of the preferred shares of the Target Funds will qualify as equity in the Acquiring Fund for federal income tax purposes. Accordingly, it is expected that no fund will recognize gain or loss for federal income tax purposes as a direct result of the Reorganizations. It is also expected that preferred

shareholders of a Target Fund who receive Acquiring Fund shares pursuant to a Reorganization will recognize no gain or loss for federal income tax purpose as a direct result of such exchange. To the extent that a Target Fund's portfolio securities are sold in connection with a Reorganization, such Target Fund may recognize gains or losses. Gains from such sales will be taxable to holders of VRDP Shares of a Target Fund to the extent such amounts are required to be allocated to distributions received by holders of VRDP Shares of such Target Fund, which may increase or decrease the net

capital gain or net investment income to be distributed by the Target Fund. However, since each Target Fund's current portfolio composition is substantially similar to that of the Acquiring Fund, it is not currently expected that any significant portfolio sales will occur solely in connection with the Reorganizations (such sales are expected to be less than 5% of the assets of each Target Fund).

With respect to the preferred shares of the Acquiring Fund issued in the Reorganizations, the Acquiring Fund will receive an opinion from special tax counsel that the preferred shares will constitute equity of the Acquiring Fund, and the foregoing discussion and the tax opinion received by the Funds regarding certain aspects of the Reorganizations, including that the Reorganizations will qualify as tax-free reorganizations under the Code, relies on the position that the preferred shares will constitute equity of the Acquiring Fund. Accordingly, distributions with respect to the preferred shares (other than distributions in redemption of preferred shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of the Acquiring Fund's allocable current or accumulated earnings and profits, as calculated for federal income tax purposes. Because the treatment of a corporate security as debt or equity is determined on the basis of the facts and circumstances of each case, and no controlling precedent exists for the preferred shares issued in the Reorganizations, there can be no assurance that the Internal Revenue Service (the "IRS") will not question special tax counsel's opinion and the Acquiring Fund's treatment of the preferred shares as equity. If the IRS were to succeed in such a challenge, holders of preferred shares could be characterized as receiving taxable interest income rather than exempt-interest or other dividends, possibly requiring them to file amended income tax returns and retroactively to recognize additional amounts of ordinary income or to pay additional tax, interest, and penalties.

Comparison of the Acquiring Fund and each Target Fund

General. Each fund is a closed-end management investment company that, with respect to the Acquiring Fund, Investment Quality and Premium Income, is diversified, and with respect to Dividend Advantage 2, is non-diversified. Set forth below is certain comparative information about the organization, capitalization and operation of each fund.

Fund	Organization	Date	State of	Entity Type
Acquiring Fund		June 1, 1999	Massachusetts	business trust
Investment Quality		December 20, 1990	Minnesota	corporation
Premium Income		August 19, 1992	Minnesota	corporation
Dividend Advantage 2		April 19, 2001	Massachusetts	business trust

Fund	Capitalization		Common Shares			Exchange on which Common Shares are Listed
	Authorized Shares	Shares Outstanding ⁽¹⁾	Par Value Per Share	Preemptive, Conversion or Exchange Rights	Rights to Cumulative Voting	
Acquiring Fund	Unlimited	6,555,388	\$ 0.01	None	None	NYSE MKT
Investment Quality	200,000,000	20,490,335	\$ 0.01	None	None	NYSE
Premium Income	200,000,000	12,083,027	\$ 0.01	None	None	NYSE
Dividend Advantage 2	Unlimited	4,516,814	\$ 0.01	None	None	NYSE MKT

(1) As of June 6, 2014.

Upon the closing of the Reorganizations, it is expected that the common shares of the Acquiring Fund will continue to be listed on the NYSE MKT.

The Acquiring Fund currently has outstanding 450 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share (the Outstanding VRDP Shares), which will remain outstanding following the completion of the Reorganizations. Investment Quality and Premium Income currently have outstanding 1,443 and 886 VRDP Shares, respectively, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, and a total liquidation value of \$144,300,000 and \$86,600,000, respectively. Dividend Advantage 2 currently has outstanding 3,505,000 2.00% Series 2015 MTP Shares, with a par value of \$0.01 per share, a liquidation preference of \$10 per share and a total liquidation value of \$35,050,000. VRDP Shares and MTP Shares are entitled to one vote per share. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have rights and preferences, including liquidation preferences, that are substantially identical to those of the outstanding Target Fund preferred shares for which they are exchanged.

Investment Objectives and Policies. The funds have similar investment objectives and policies. For each of the Acquiring Fund and Dividend Advantage 2, the investment objectives are to provide current income exempt from regular federal and New Jersey income tax, and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the fund's investment adviser, Nuveen Fund Advisors believes are underrated or undervalued or that represent municipal market sectors that are undervalued. The primary investment objective of Investment Quality is to provide, through investment in a professionally managed portfolio of investment grade quality tax-exempt municipal securities, current income exempt from both regular federal and New Jersey income taxes, consistent with the fund's investment policies. Premium Income's primary investment objective is to provide, through investment in a professionally managed portfolio of tax-exempt municipal securities, current income exempt from both regular federal income taxes and New Jersey personal income taxes, consistent with the fund's investment policies. The secondary investment objective of each of Investment Quality and Premium Income is the enhancement of portfolio value relative to the New Jersey municipal bond market through investments

in tax-exempt New Jersey municipal securities that, in the opinion of the Adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued. With the exception of the reference to investment grade quality in the primary investment objective of Investment Quality and the characterization of the investment objectives as primary and secondary components, the investment objectives of the Acquiring Fund and Dividend Advantage 2 are otherwise consistent with those of Investment Quality and Premium Income. (As described more fully below, it is a non-fundamental policy of each fund to invest, under normal circumstances, at least 80% of its managed assets in investment grade securities.)

It is a fundamental policy of each fund that, under normal circumstances, the fund will invest at least 80% of its net assets, including assets attributable to any principal amount of any borrowings (including the issuance of commercial paper or notes) or any preferred shares outstanding (Managed Assets), in municipal securities and other related investments, the income from which is exempt from regular federal and New Jersey income taxes.

As a non-fundamental policy, under normal circumstances, each fund will invest at least 80% of its Managed Assets in investment grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one of the nationally recognized statistical rating organizations (each, an NRSRO or collectively, the NRSROs) that rate such security or are unrated but judged to be of comparable quality by the Adviser and/or Nuveen Asset Management, LLC, the sub-adviser to each fund (Nuveen Asset Management or the Sub-Adviser). Also, as a non-fundamental policy, each fund may invest up to 20% of its Managed Assets in municipal securities that, at the time of investment, are rated below investment grade or are unrated but judged to be of comparable quality by the Adviser and/or the Sub-Adviser. Additionally, as a non-fundamental policy, no more than 10% of each fund's Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Adviser and/or the Sub-Adviser.

Securities of below investment grade quality (Ba/BB or below) are commonly referred to as junk bonds. Issuers of securities rated Ba/BB or B are regarded as having current capacity to make principal and interest payments but are subject to business, financial or economic conditions which could adversely affect such payment capacity. Municipal securities rated Baa or BBB are considered investment grade securities; municipal securities rated Baa are considered medium grade obligations which lack outstanding investment characteristics and have speculative characteristics, while municipal securities rated BBB are regarded as having adequate capacity to pay principal and interest. Municipal securities rated AAA in which a fund may invest may have been so rated on the basis of the existence of insurance guaranteeing the timely payment, when due, of all principal and interest. Municipal securities rated below investment grade quality are obligations of issuers that are considered predominately speculative with respect to the issuer's capacity to pay interest and repay principal according to the terms of the obligation and, therefore, carry greater investment risk, including the possibility of issuer default and bankruptcy and increased market price volatility. Municipal securities rated below investment grade tend to be less marketable than higher-quality securities because the market for them is less broad. The market for unrated municipal securities is even narrower. During periods of thin trading in these markets, the spread between bid and asked prices is likely to increase significantly and a fund may have greater difficulty selling its holdings of these types of portfolio securities. A fund will be more dependent on the Adviser's and/or the Sub-Adviser's research and analysis when investing in these securities.

The foregoing credit quality policies apply only at the time a security is purchased, and a fund is not required to dispose of a security in the event that a rating agency downgrades its assessment of the credit characteristics of a particular issuer or that valuation changes of various bonds cause a fund's portfolio to fail to satisfy those policies. In determining whether to retain or sell such a security, the Adviser and/or the Sub-Adviser may consider such factors as the Adviser's and/or the Sub-Adviser's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other rating agencies. The ratings of Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch") represent their opinions as to the quality of the municipal securities they rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, municipal securities with the same maturity, coupon and rating may have different yields while obligations of the same maturity and coupon with different ratings may have the same yield.

Underrated municipal securities are those whose ratings do not, in the Adviser's and/or the Sub-Adviser's opinion, reflect their true value. Municipal securities may be underrated because of the time that has elapsed since their rating was assigned or reviewed, or because of positive factors that may not have been fully taken into account by rating agencies, or for other similar reasons. Municipal securities that are undervalued or that represent undervalued municipal market sectors are municipal securities that, in the Adviser's and/or the Sub-Adviser's opinion, are worth more than the value assigned to them in the marketplace. Municipal securities of particular types or for particular purposes (e.g., hospital bonds, industrial revenue bonds or bonds issued by a particular municipal issuer) may be undervalued because there is a temporary excess of supply in that market sector, or because of a general decline in the market price of municipal securities of the market sector for reasons that do not apply to the particular municipal securities that are considered undervalued. Each fund's investment in underrated or undervalued municipal securities will be based on the Adviser's and/or the Sub-Adviser's belief that the prices of such municipal securities should ultimately reflect their true value. The investment objective pertaining to enhancement of portfolio value (the secondary investment objective for each of Investment Quality and Premium Income) is not intended to suggest that capital appreciation is itself an objective of each fund. Instead, each fund seeks enhancement of portfolio value relative to the municipal bond market by prudent selection of municipal securities, regardless of which direction the market may move. Any capital appreciation realized by a fund generally will result in the distribution of taxable capital gains to common shareholders and holders of preferred shares, although some appreciation may result in ordinary income to such shareholders.

Each fund will invest primarily in municipal securities with long-term maturities in order to maintain an average effective maturity of 15-30 years, including the effects of leverage, but the average effective maturity of obligations held by a fund may be lengthened or shortened as a result of portfolio transactions effected by the Adviser and/or the Sub-Adviser, depending on market conditions and on an assessment by the portfolio manager of which segments of the municipal securities markets offer the most favorable relative investment values and opportunities for tax-exempt income and total return. As a result, a fund's portfolio at any given time may include both long-term and intermediate-term municipal securities. Moreover, during temporary defensive periods (e.g., times when, in the Adviser's and/or the Sub-Adviser's opinion, temporary imbalances of supply and demand or other temporary dislocations in the tax-exempt bond market adversely affect the price at which long-term or intermediate-term municipal securities are available), and in order to keep a fund's cash fully invested, a fund may invest any percentage of its net assets in short-term investments including high quality, short-term debt securities that may be either tax-exempt or taxable. A fund may not achieve its

investment objectives during such periods. As of April 30, 2014, the average effective maturities of the portfolios of the Acquiring Fund, Investment Quality, Premium Income and Dividend Advantage 2 were 13.78, 15.02, 14.85 and 15.61 years, respectively.

No fund has established a limit on the percentage of its portfolio that may be invested in municipal bonds subject to the alternative minimum tax provisions of federal income tax law, and each fund expects that a substantial portion of the income it produces will be includable in alternative minimum taxable income. Shares of a fund therefore would not ordinarily be a suitable investment for investors who are subject to the federal alternative minimum tax or who would become subject to such tax by purchasing shares of such fund. The suitability of an investment in a fund will depend upon a comparison of the after-tax yield likely to be provided from the fund with that from comparable tax-exempt investments not subject to the alternative minimum tax, and from comparable fully taxable investments, in light of each such investor's tax position. Special considerations apply to corporate investors. See Additional Information About the Acquiring Fund Federal Income Tax Matters Associated with Investment in the Acquiring Fund.

Each fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange-traded funds) that invest primarily in municipal securities of the types in which a fund may invest directly. In addition, each fund may purchase municipal securities that are additionally secured by insurance, bank credit agreements, or escrow accounts. The credit quality of companies which provide such credit enhancements may affect the value of those securities. Although the insurance feature may reduce certain financial risks, the premiums for insurance and the higher market price paid for insured obligations may reduce a fund's income. The insurance feature guarantees only the payment of principal and interest on the obligation when due and does not guarantee the market value of the insured obligations, which will fluctuate with the bond market and the financial success of the issuer and the insurer, and the effectiveness and value of the insurance itself is dependent on the continued creditworthiness of the insurer. No representation is made as to the insurers' ability to meet their commitments.

Each fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments. A fund may not enter into a futures contract or related options or forward contracts if more than 30% of the fund's net assets would be represented by futures contracts or more than 5% of the fund's net assets would be committed to initial margin deposits and premiums on futures contracts or related options.

Each fund may invest in inverse floating rate securities. With respect to Dividend Advantage 2, such investments may not exceed 15% of the fund's Managed Assets. Inverse floating rate securities represent a leveraged investment in the underlying municipal bond deposited. Inverse floating rate securities offer the opportunity for higher income than the underlying bond, but will subject a fund to the risk of lower or even no income if short-term interest rates rise sufficiently. By investing in an inverse floating rate security rather than directly in the underlying bond, a fund will experience a greater increase in its common share net asset value if the underlying municipal bond increases in value, but will also experience a correspondingly larger decline in its common share net asset value if the underlying bond declines in value.

Each fund may borrow money to finance the repurchase of its shares or for temporary or emergency purposes, such as for the payment of dividends or the settlement of portfolio transactions. Interest on any borrowings to finance share repurchase transactions or the accumulation of cash by a fund in anticipation of share repurchases or tenders will reduce such fund's net income. Any share repurchase, tender offer or borrowing that might be approved by a fund's Board would have to comply with the Exchange Act and the 1940 Act and the rules and regulations thereunder.

Each of the Acquiring Fund, Investment Quality and Premium Income is diversified for purposes of the 1940 Act. Consequently, as to 75% of its assets, each such Fund may not invest more than 5% of its total assets in the securities of any single issuer (and in not more than 10% of the outstanding voting securities of an issuer), except that this limitation does not apply to cash, securities of the U.S. Government, its agencies and instrumentalities, and securities of other investment companies. Dividend Advantage 2 is non-diversified for purposes of the 1940 Act.

As noted above, during temporary defensive periods and in order to keep a fund's cash fully invested, each fund may deviate from its investment objectives and invest up to 100% of its net assets in short-term investments including high quality, short-term securities that may be either tax-exempt or taxable. It is the intent of each fund to invest in taxable short-term investments only in the event that suitable tax-exempt short-term investments are not available at reasonable prices and yields. Investment in taxable short-term investments would result in a portion of your dividends being subject to regular federal and/or New Jersey personal income taxes and if the proportion of taxable investments exceeded 50% of a fund's total assets as of the close of any quarter of the fund's taxable year, the fund would not satisfy the general eligibility test that permits it to pay exempt-interest dividends for that taxable year. For more information, see Additional Information About the Acquiring Fund Federal Income Tax Matters Associated with Investment in the Acquiring Fund.

Credit Quality. A comparison of the credit quality (as a percentage of total investment exposure to municipal bonds, which includes the leveraged effect of the funds' investments in tender option bond trusts) of the respective portfolios of the Acquiring Fund and each Target Fund, as of October 31, 2013, is set forth in the table below.

Credit Rating⁽¹⁾	Acquiring Fund⁽²⁾	Investment Quality⁽²⁾	Premium Income⁽²⁾	Dividend Advantage 2⁽²⁾	Combined Fund Pro Forma⁽²⁾⁽³⁾
Aaa/AAA	24.6%	14.7%	19.1%	12.4%	17.2%
Aa/AA	23.5%	25.9%	24.7%	22.8%	24.9%
A/A	34.6%	38.1%	40.2%	42.3%	38.6%
Baa/BBB	8.2%	11.2%	7.7%	12.1%	9.9%
Ba/BB or lower	6.6%	6.1%	5.2%	7.4%	6.0%
N/R	1.0%	2.3%	1.3%	1.3%	1.7%

(1) Ratings shown are the highest rating given by one of the following national rating agencies: S&P, Moody's or Fitch. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

(2) Percentages may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

(3) Reflects the effect of the Reorganizations.

Leverage. Each fund may utilize the following forms of leverage: (a) portfolio investments that have the economic effect of leverage, including but not limited to investments in futures, options and inverse floating rate securities, (b) bank borrowings, and (c) the issuance of preferred shares. Each fund currently engages in leverage through the issuance of preferred shares and the use of inverse floaters. Certain important ratios related to each fund's use of leverage for the last three fiscal years for which financial statements are available are set forth below:

Acquiring Fund	2013	2012	2011
Asset Coverage Ratio	336.05%	324.20%	299.28%
Regulatory Leverage Ratio ⁽¹⁾	29.76%	30.85%	33.41%
Effective Leverage Ratio ⁽²⁾	33.32%	32.82%	34.84%

Investment Quality	2013	2012	2011
Asset Coverage Ratio	324.95%	316.97%	294.02%
Regulatory Leverage Ratio ⁽¹⁾	30.77%	31.55%	34.01%
Effective Leverage Ratio ⁽²⁾	34.46%	33.50%	35.44%

Premium Income	2013	2012	2011
Asset Coverage Ratio	322.34%	315.58%	293.24%
Regulatory Leverage Ratio ⁽¹⁾	31.02%	31.69%	34.10%
Effective Leverage Ratio ⁽²⁾	34.91%	33.62%	35.46%

Dividend Advantage 2	2013	2012	2011
Asset Coverage Ratio	302.79%	296.61%	275.47%
Regulatory Leverage Ratio ⁽¹⁾	33.03%	33.71%	36.30%
Effective Leverage Ratio ⁽²⁾	36.31%	34.99%	37.20%

- (1) Regulatory leverage consists of preferred shares or debt issued by the fund. Both of these are part of a fund's capital structure. Regulatory leverage is sometimes referred to as 1940 Act Leverage and is subject to asset coverage limits set forth in the 1940 Act.
- (2) Effective leverage is a fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative investments in the fund's portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings, in addition to any regulatory leverage, are included in effective leverage ratios.

Board Members and Officers. The Acquiring Fund and each Target Fund have the same Board Members and officers. The management of each fund, including general supervision of the duties performed by the Adviser under an investment management agreement between the Adviser and each fund (each, an Investment Management Agreement), is the responsibility of its Board. Each fund currently has twelve (12) Board Members, two (2) of whom are interested persons (as defined in the 1940 Act) and ten (10) of whom are not interested persons (previously defined as the Independent Board Members). The names and business addresses of the Board Members and officers of the Funds and their principal occupations and other affiliations during the past five years are set forth under Proposal No. 1 The Election of Board Members.

While the Acquiring Fund and Target Funds have the same Board Members, the Acquiring Fund and Dividend Advantage 2 (as previously defined, each, a Massachusetts Fund or together, the Massachusetts Funds) have a board structure that is different from the structure for Investment Quality and Premium Income (as previously defined, each, a Minnesota Fund or together, the Minnesota Funds). All members of the board of directors of the Minnesota Funds stand for election each year. In contrast to the Minnesota Funds' board structure, and pursuant to the Massachusetts Funds' by-laws, the board of trustees of each Massachusetts Fund is divided into three classes (Class I,

Class II and Class III) with staggered multi-year terms, such that only the members of one of the three classes stand for election each year. In addition, the holders of outstanding preferred shares, including the MTP Shares, are entitled, as a class, to the exclusion of the holders of all other securities and classes of common shares of a Massachusetts Fund, to elect two trustees of such Fund each year. The staggered board structure could delay for up to two years the election of a majority of the Board. Upon the closing of the Reorganizations, the combined fund will have the Massachusetts Fund board structure.

Investment Adviser. Nuveen Fund Advisors is the investment adviser to each Fund and is responsible for overseeing each Fund's overall investment strategy, including the use of leverage, and its implementation. Nuveen Fund Advisors also is responsible for the ongoing monitoring of any sub-adviser to the Funds, managing each Fund's business affairs and providing certain clerical, bookkeeping and other administrative services to the Funds. Nuveen Fund Advisors is located at 333 West Wacker Drive, Chicago, IL 60606.

Nuveen Fund Advisors is a wholly-owned subsidiary of Nuveen Investments, Inc. (previously defined as Nuveen Investments or Nuveen). Founded in 1898, Nuveen Investments and its affiliates had approximately \$224.6 billion in assets under management as of March 31, 2014. Nuveen is a wholly-owned subsidiary of Windy City Investments, Inc. (Windy City), a corporation formed by an investor group led by Madison Dearborn Partners, LLC (MDP), a private equity investment firm based in Chicago, Illinois. Windy City is controlled by MDP on behalf of the Madison Dearborn Capital Partner V funds.

On April 14, 2014, TIAA-CREF entered into a Purchase and Sale Agreement (the Transaction Agreement) to acquire Nuveen from the investor group led by MDP (the TIAA-CREF Transaction). TIAA-CREF is a national financial services organization with approximately \$569 billion in assets under management, as of March 31, 2014, and is the leading provider of retirement services in the academic, research, medical and cultural fields. If the TIAA-CREF Transaction is completed, Nuveen will become a wholly-owned subsidiary of TIAA-CREF. Nuveen will operate as a separate subsidiary within TIAA-CREF's asset management business. Nuveen's current leadership and key investment teams are expected to stay in place.

Completion of the TIAA-CREF Transaction is subject to a number of conditions, including obtaining consent to the TIAA-CREF Transaction by a certain percentage of Nuveen's clients representing at least 80% of annualized investment advisory, investment management and sub-advisory fees (which includes fund shareholder approval of new investment management agreements with Nuveen Fund Advisors). Nuveen and TIAA-CREF currently expect to complete the TIAA-CREF Transaction by year-end 2014.

The TIAA-CREF Transaction is not expected to result in any change in the portfolio management of the Funds or in the Funds' investment objectives or policies.

Nuveen Fund Advisors has selected its wholly owned subsidiary, Nuveen Asset Management, LLC (previously defined as Nuveen Asset Management or the Sub-Adviser), located at 333 West Wacker Drive, Chicago, IL 60606, to serve as a sub-adviser to each of the Funds pursuant to a sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management (the Sub-Advisory Agreement). Nuveen Asset Management, a registered investment adviser, oversees day-to-day operations and manages the investment of the funds' assets on a discretionary basis, subject to the

supervision of Nuveen Fund Advisors. Pursuant to the Sub-Advisory Agreement, Nuveen Asset Management will be compensated for the services it provides to the funds with a portion of the management fee Nuveen Fund Advisors receives from each Fund. Nuveen Fund Advisors and Nuveen Asset Management retain the right to reallocate investment advisory responsibilities and fees between themselves in the future.

Unless earlier terminated as described below, each fund's Investment Management Agreement with Nuveen Fund Advisors will remain in effect until August 1, 2015. Each Investment Management Agreement continues in effect from year to year so long as such continuation is approved at least annually by: (1) the Board or the vote of a majority of the outstanding voting securities of the fund; and (2) a majority of the Independent Board Members who are not interested persons of any party to the Investment Management Agreement, cast in person at a meeting called for the purpose of voting on such approval. Each Investment Management Agreement may be terminated at any time, without penalty, by either the fund or Nuveen Fund Advisors upon 60 days' written notice and is automatically terminated in the event of its assignment as defined in the 1940 Act.

Pursuant to each Investment Management Agreement, each fund has agreed to pay an annual management fee for the overall advisory and administrative services and general office facilities provided by Nuveen Fund Advisors. Each fund's management fee consists of two components: a fund-level fee, based only on the amount of assets within a fund, and a complex-level fee, based on the aggregate amount of all eligible fund assets managed by Nuveen Fund Advisors. This pricing structure enables fund shareholders to benefit from growth in the assets within the fund as well as from growth in the amount of complex-wide assets managed by Nuveen Fund Advisors.

The annual fund-level fee rate for each fund, payable monthly, is calculated by applying the annual rates set forth in the following schedules to the average total daily assets of the fund:

Fund-Level Fee Schedule for the Acquiring Fund and Dividend Advantage 2

Average Total	Fund-Level Fee Rate
Daily Assets⁽¹⁾	
For the first \$125 million	0.4500%
For the next \$125 million	0.4375%
For the next \$250 million	0.4250%
For the next \$500 million	0.4125%
For the next \$1 billion	0.4000%
For managed assets over \$2 billion	0.3750%

(1) For this purpose, assets include assets attributable to all types of leverage.

Fund-Level Fee Schedule for Investment Quality and Premium Income

Average Total	Fund-Level Fee Rate
Daily Assets⁽¹⁾	
For the first \$125 million	0.4500%
For the next \$125 million	0.4375%
For the next \$250 million	0.4250%
For the next \$500 million	0.4125%
For the next \$1 billion	0.4000%
For the next \$3 billion	0.3875%
For managed assets over \$5 billion	0.3750%

(1) For this purpose, assets include assets attributable to all types of leverage.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. Each fund pays all of its other costs and expenses of its operations, including compensation of its Board Members (other than those affiliated with the Adviser), custodian, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of issuing any preferred shares, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies, listing fees and taxes, if any. For the services provided pursuant to the Sub-Advisory Agreement, Nuveen Fund Advisors pays Nuveen Asset Management a fee, payable monthly, equal to 38.4615% of the management fee (net of applicable breakpoints, waivers and reimbursements) paid by the Funds to Nuveen Fund Advisors.

The stated fee rates for the Acquiring Fund and Dividend Advantage 2 are lower at certain asset values than the fee rates of Investment Quality and Premium Income at the same asset levels. The effective fund-level fee rate as a percentage of average total daily assets for the combined fund is expected to be lower than the current effective fund-level fee rate for the Acquiring Fund and each Target Fund due to the combination of the assets of the funds and the combined fund's ability to benefit from available breakpoints in the applicable fee schedule that reduce the fee rate as the Acquiring Fund's assets increase in size. Each fund also pays a complex-level fee to Nuveen Fund Advisors, which is payable monthly and is in addition to the fund-level fee. The complex-level fee is based on the aggregate daily amount of eligible assets for all Nuveen sponsored funds in the U.S., as stated in the table below. As of October 31, 2013, the complex-level fee rate for each Fund was 0.1683%.

The annual complex-level fee rate is calculated by reference to the daily eligible assets of all Nuveen funds pursuant to the following annual fee schedule:

Complex-Level Fee Rates

Complex-Level Asset Breakpoint Level*	Effective Rate at Breakpoint Level
\$55 billion	0.2000%
\$56 billion	0.1996%
\$57 billion	0.1989%
\$60 billion	0.1961%
\$63 billion	0.1931%
\$66 billion	0.1900%
\$71 billion	0.1851%
\$76 billion	0.1806%
\$80 billion	0.1773%
\$91 billion	0.1691%
\$125 billion	0.1599%
\$200 billion	0.1505%
\$250 billion	0.1469%
\$300 billion	0.1445%

* The complex-level fee is calculated based upon the aggregate daily eligible assets of all Nuveen funds. Except as described below, eligible assets include the net assets of all Nuveen branded closed-end and open-end registered investment companies organized in the United States. Eligible assets do not include assets attributable to investments in other Nuveen funds or assets in excess of a determined amount (originally \$2 billion) added to the Nuveen fund complex in connection with Nuveen Fund Advisors' assumption of the

management of the former First American Funds effective January 1, 2011. Eligible assets include closed-end fund assets managed by Nuveen Fund Advisors that are attributable to financial leverage. For these purposes, financial leverage includes the closed-end funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by Nuveen Fund Advisors as to certain funds to limit the amount of such assets for determining eligible assets in certain circumstances.

A discussion of the basis for the Board's most recent approval of each Fund's Investment Management Agreement and Sub-Advisory Agreement and a discussion of the basis for the Board's approval of each Fund's proposed new Investment Management Agreement and proposed new Sub-Advisory Agreement are included under Proposal No. 4 Board Considerations.

Portfolio Management. Subject to the supervision of Nuveen Fund Advisors, Nuveen Asset Management is responsible for execution of specific investment strategies and day-to-day investment operations. Nuveen Asset Management manages the portfolios of the funds using a team of analysts and a portfolio manager that focuses on a specific group of funds. Paul L. Brennan, CFA, CPA, is the portfolio manager of the Acquiring Fund and each Target Fund. Mr. Brennan assumed portfolio management responsibility for each fund in January 2011. Mr. Brennan will manage the combined fund upon completion of the Reorganizations.

Mr. Brennan serves as a Senior Vice President and Portfolio Manager of Nuveen Asset Management. He has direct responsibility for managing approximately \$18.5 billion of securities in 18 Nuveen-sponsored investment companies as of March 31, 2014. Mr. Brennan began his career in the investment business in 1991, as a municipal credit analyst for Flagship Financial, before becoming a portfolio manager in 1994. He joined Nuveen Investments in 1997 as an Assistant Vice President and Portfolio Manager, when Nuveen acquired Flagship Financial. Mr. Brennan has been a portfolio manager at Nuveen since 1997 and a Senior Vice President since 2011. He earned his B.S. in Accountancy and Finance from Wright State University. He is a CPA, has earned the Chartered Financial Analyst (CFA) designation, and currently sits on the Nuveen Asset Management Investment Management Committee.

Comparative Risk Information

Because the funds have similar investment objectives and strategies, the principal risks of each fund are similar. Each fund is subject to various risks associated with investing primarily in a portfolio of municipal securities, including credit risk, interest rate risk, income risk, municipal securities market risk, prepayment or extension risk, reinvestment risk and liquidity risk. Credit risk is the risk that an issuer may be unable or unwilling to make timely payments of interest or principal. Interest rate risk is the risk that changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations. Income risk is the risk that falling interest rates will cause a fund's income to decline. Municipal securities market risk is the risk that special factors may adversely affect the value of municipal securities and have a significant effect on the yield or value of a fund's investments in municipal securities. These factors include economic conditions, political or legislative changes, regulatory developments or enforcement actions, and uncertainties related to the tax status of municipal securities or the rights of investors. Prepayment risk is the risk that a loan, bond or other security might be called or otherwise converted, prepaid or

redeemed before maturity. If this happens, particularly during a time of declining interest rates or credit spreads, a fund may not be able to invest the proceeds in securities providing as much income, resulting in a lower yield to the fund (this is known as reinvestment risk). Conversely, extension risk is the risk that as interest rates rise or spreads widen, payments of securities may occur more slowly than anticipated by the market. When this happens, the values of these securities may decline because their interest rates are lower than current market rates and they remain outstanding longer than anticipated. Liquidity risk exists when particular investments are difficult to purchase or sell. Each fund's investments in thinly traded or illiquid securities may reduce the returns of the fund because it may be unable to sell such securities at an advantageous time or price.

Each fund also is subject to the risks associated with the use of inverse floating rate securities and the issuance of preferred shares, including leverage risk. Leverage exists when a fund purchases or sells an instrument or enters into a transaction without investing cash in an amount equal to the full economic exposure of the instrument or transaction and the fund could lose more than it invested. Leverage created from borrowing or certain types of transactions or instruments may impair the fund's liquidity, cause it to liquidate positions at an unfavorable time, increase volatility or otherwise not achieve its intended objective.

Each fund is also subject to the risk of concentrating its investments in a single state and is subject to the economic, political and other risks of investing in entities or securities associated with the State of New Jersey.

The principal risks of investing in the Acquiring Fund are described in more detail in the Memorandum attached as Appendix C to this Joint Proxy Statement. An investment in a Target Fund is also subject to each of these principal risks.

Comparative Expense Information

The purpose of the comparative fee table is to assist you in understanding the various costs and expenses of investing in common shares of the funds. The information in the table reflects the fees and expenses for each fund's fiscal year ended April 30, 2013, as adjusted as described in footnote 1 below, and the pro-forma expenses for the 12 months ended April 30, 2013, for the combined fund. The figures in the Example are not necessarily indicative of past or future expenses, and actual expenses may be greater or less than those shown. The funds' actual rates of return may be greater or less than the hypothetical 5% annual return shown in the Example.

Comparative Fee Table⁽¹⁾

	Acquiring Fund	Investment Quality	Premium Income	Dividend Advantage 2	Combined Fund Pro Forma ⁽²⁾
Annual Expenses (as a percentage of net assets applicable to common shares)					
Management Fees	0.90%	0.89%	0.90%	0.94%	0.87%
Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters ⁽³⁾	0.54%	0.56%	0.57%	1.23%	0.63%
Other Expenses ⁽⁴⁾	0.20%	0.12%	0.14%	0.25%	0.11%
Total Annual Expenses	1.64%	1.57%	1.61%	2.42%	1.61%

(1) Annual Expenses (as a percentage of net assets applicable to common shares) are based on the expenses of the Acquiring Fund and Target Funds for the twelve (12) months ended April 30, 2013, subject to the following adjustments.

For the Acquiring Fund, Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters has been restated to reflect the redemption of the MTP Shares on August 29, 2013 and the issuance of \$45 million of VRDP Shares on that same date using current fees as if they had been in effect during the previous fiscal year. For Investment Quality and Premium Income, Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters has been restated using current fees as if they had been in effect during the previous fiscal year and excludes a one-time expense related to the exchange of the existing VRDP Shares which increased actual expenses for the most recent fiscal year. Fees on Preferred Shares assume VRDP Shares annual liquidity and remarketing fees, as well as amortization of offering costs.

- (2) The Combined Fund Pro Forma figures reflect the impact of applying the Acquiring Fund's fund-level management fee rates to the Combined Fund Pro Forma and the anticipated reduction of certain duplicative expenses eliminated as a result of the Reorganizations. Combined Fund Pro Forma expenses do not include the expenses to be borne by the funds in connection with the Reorganizations, which are estimated to be \$220,000 (0.21%) for the Acquiring Fund, \$160,000 (0.05%) for Investment Quality, \$30,000 (0.02%) for Premium Income and \$195,000 (0.28%) for Dividend Advantage 2. All percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2013.
- (3) Fees on Preferred Shares assume annual dividends paid, as well as the amortization of offering costs, and annual liquidity and remarketing fees for VRDP Shares. Interest and Related Expenses from Inverse Floaters include interest expense that arises because accounting rules require each fund to treat interest paid by trusts issuing certain inverse floating rate investments that may be held by a fund as having been paid (indirectly) by the fund. Because the fund would also recognize a corresponding amount of interest income (also indirectly), the fund's net asset value, net investment income, and total return are not affected by this accounting treatment. The actual fees on preferred shares and interest and related expenses from inverse floaters incurred in the future may be higher or lower.
- (4) Other Expenses are estimated based on actual expenses from the prior fiscal year.

Example: The following examples illustrate the expenses that a common shareholder would pay on a \$1,000 investment that is held for the time periods provided in the table. The examples assume that all dividends and other distributions are reinvested and that Total Annual Expenses remain the same. The examples also assume a 5% annual return. The examples should not be considered a representation of future expenses. Actual expenses may be greater or lesser than those shown.

	1 Year	3 Years	5 Years	10 Years
Acquiring Fund	\$ 17	\$ 52	\$ 89	\$ 194
Investment Quality	\$ 16	\$ 50	\$ 86	\$ 187
Premium Income	\$ 16	\$ 51	\$ 88	\$ 191
Dividend Advantage 2	\$ 25	\$ 75	\$ 129	\$ 276
Combined Fund Pro Forma	\$ 16	\$ 51	\$ 88	\$ 191

Comparative Performance Information

Comparative total return performance for the funds for periods ended October 31, 2013:

	Average Annual Total Return			Average Annual Total Return		
	on			on		
	Net Asset Value			Market Value		
	One Year	Five Years	Ten Years	One Year	Five Years	Ten Years
Acquiring Fund	-5.86%	9.67%	5.41%	-19.78%	10.67%	4.16%
Investment Quality	-3.76%	9.43%	5.41%	-14.04%	11.29%	4.46%
Premium Income	-4.47%	8.73%	5.09%	-17.12%	10.38%	4.28%
Dividend Advantage 2	-5.71%	9.29%	5.41%	-20.85%	9.26%	4.17%

Average Annual Total Return on Net Asset Value is the combination of changes in common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid

on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvestment price for the last dividend declared in the period may often be based on the fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Average Annual Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances it may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Past performance information is not necessarily indicative of future results.

B. RISK FACTORS

Because the funds have similar investment strategies, the principal risks of each fund are similar. The principal risks of investing in the Acquiring Fund, including risks inherent in investing in VRDP Shares, are described under the caption "Risk Factors" in the Memorandum accompanying this Joint Proxy Statement as Appendix C.

C. INFORMATION ABOUT THE REORGANIZATIONS

General

The boards of directors/trustees of Nuveen's municipal closed-end funds, including the Board of each of the funds, have approved a series of mergers of single-state municipal closed-end funds, including the Reorganization of each Target Fund into the Acquiring Fund. As noted above, the Acquiring Fund and the Target Funds have similar investment objectives and policies, substantially similar portfolio compositions and the same portfolio manager. With respect to the proposed Reorganizations, it is intended that the combination of the funds will result in a lower effective management fee rate and lower total expenses per common share (excluding the costs of leverage) for shareholders of each fund (as shareholders of the combined fund following the Reorganizations) due to economies of scale resulting from the larger size of the combined fund and enhance the secondary trading market for common shares of the funds as a result of the greater share volume of the combined fund. As a result of differences in the cost of leverage, the projected total expenses (including leverage) of the combined fund as of the date presented in the Comparative Fee Table in this Joint Proxy Statement were higher than the total expenses (including leverage) for Investment Quality, the same as the total expenses (including leverage) for Premium Income and lower than total expenses (including leverage) for the Acquiring Fund and Dividend Advantage 2. However, the Adviser believes that the greater asset size of the combined fund may provide greater flexibility in managing the structure and costs of leverage over time.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. In order for the Reorganizations to occur, each fund must obtain all requisite shareholder approvals as well as certain consents, confirmations and/or waivers from various third parties, including rating agencies with respect to outstanding preferred shares and liquidity providers with respect to the outstanding VRDP Shares. Because the closing of the Reorganizations is contingent upon all of the Target Funds and the Acquiring Fund obtaining the requisite shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund that are entitled to vote on the Agreement and Plan of Reorganization

approve the Reorganization(s) and your Fund satisfies all of its closing conditions, if one or more of the other funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the requisite shareholder approvals are not obtained, each fund's Board may take such actions as it deems in the best interests of its fund, including conducting additional solicitations with respect to the proposals or continuing to operate the fund as a stand-alone fund.

Terms of the Reorganizations

General. The Agreement and Plan of Reorganization by and among each Target Fund and the Acquiring Fund (the Agreement), in the form attached as Appendix A, provides for: (i) the Acquiring Fund's acquisition of substantially all of the assets of each Target Fund in exchange for newly issued common shares of the Acquiring Fund, par value \$0.01 per share, and newly issued VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, or MTP Shares, with a par value of \$0.01 per share and a liquidation preference of \$10 per share, of the Acquiring Fund, as applicable, and the Acquiring Fund's assumption of substantially all of the liabilities of each Target Fund; and (ii) the distribution of the newly issued Acquiring Fund common shares and Acquiring Fund preferred shares received by each Target Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of each Target Fund in accordance with applicable law. No fractional Acquiring Fund common shares will be distributed to a Target Fund's common shareholders in connection with a Reorganization and, in lieu of such fractional shares, each Target Fund's common shareholders will receive cash in an amount equal to a pro rata share of the proceeds from the sale of such fractional shares in the open market, which may be higher or lower than net asset value. Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund MTP Shares or VRDP Shares, as applicable, having substantially identical terms as the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received in connection with a Reorganization will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including the preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

As a result of the Reorganizations, the assets of the Acquiring Fund and each Target Fund would be combined, and the shareholders of each Target Fund would become shareholders of the Acquiring Fund. The closing date is expected to be on or about September 8, 2014, or such other date as the parties may agree (the Closing Date). Following the Reorganizations, each Target Fund would terminate its registration as an investment company under the 1940 Act. The Acquiring Fund will continue to operate after the Reorganizations as a registered closed-end management investment company with the investment objectives and policies described in this Joint Proxy Statement.

Following the Reorganizations, each holder of preferred shares of a Target Fund would own the same number of Acquiring Fund preferred shares with the same aggregate liquidation preference as the preferred shares of the Target Fund held by such shareholder immediately prior to the closing of the

Reorganizations, with substantially identical terms as the outstanding preferred shares of the Target Fund held by such preferred shareholder immediately prior to the closing of the Reorganizations. As a result of the Reorganizations, preferred shareholders of the funds would hold reduced voting percentages of preferred shares in the combined fund than they held in the Acquiring Fund or a Target Fund individually.

The holders of VRDP Shares of a Fund will receive the following new series of VRDP Shares of the Acquiring Fund:

Target Fund	Target Fund Preferred Shares Outstanding	Acquiring Fund Preferred Shares to be Issued in the Reorganizations
Investment Quality	VRDP Shares, Series 2 \$100,000 liquidation value per share Final Mandatory Redemption Date: April 1, 2043	VRDP Shares, Series 2 \$100,000 liquidation value per share Final Mandatory Redemption Date: April 1, 2043
Premium Income	VRDP Shares, Series 2 \$100,000 liquidation value per share Final Mandatory Redemption Date: April 1, 2043	VRDP Shares, Series 3 \$100,000 liquidation value per share Final Mandatory Redemption Date: April 1, 2043

Valuation of Assets and Liabilities. If the Reorganizations are approved and the other closing conditions are satisfied or waived, the value of the net assets of each Target Fund will be the value of its assets, less its liabilities, computed as of the close of regular trading on the NYSE on the business day immediately prior to the Closing Date (such time and date being hereinafter called the "Valuation Time"). The value of each Target Fund's assets shall be determined by using the valuation procedures of the Nuveen closed-end funds adopted by the Board or such other valuation procedures as shall be mutually agreed upon by the parties. The value of each Target Fund's net assets will be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all outstanding preferred shares of such Target Fund.

Dividends will accumulate on VRDP Shares of Investment Quality and Premium Income up to and including the day before the Closing Date and will be paid on the Closing Date. The first dividend period for the Acquiring Fund VRDP Shares to be issued in the Reorganizations will commence on the Closing Date and end on the day immediately preceding the first dividend payment date for such shares, which will be the first business day of the month following the month in which the Closing Date occurs.

Amendments. Under the terms of the Agreement, the Agreement may be amended, modified or supplemented in such manner as may be mutually agreed upon in writing by each fund as specifically authorized by each fund's Board; provided, however, that following the meeting of the shareholders of the funds called by each fund, no such amendment, modification or supplement may have the effect of changing the provisions for determining the number of Acquiring Fund shares to be issued to each Target Fund's shareholders under the Agreement to the detriment of such shareholders without their further approval.

Conditions. Under the terms of the Agreement, the closing of the Reorganizations is conditioned upon (a) the requisite approval by the shareholders of each fund of the proposals with respect to the Reorganizations in this Joint Proxy Statement, (b) each fund's receipt of an opinion substantially to the effect that its Reorganization(s) will qualify as a reorganization under the Code (see Material Federal Income Tax Consequences of the Reorganizations), (c) the absence of legal proceedings challenging the Reorganizations and (d) the funds' receipt of certain customary certificates and legal opinions. Additionally, in order for the Reorganizations to occur, each fund must obtain certain consents, confirmations and/or waivers from various third parties, including rating agencies with respect to outstanding preferred shares and liquidity providers with respect to the outstanding VRDP Shares. Among other things, the Acquiring Fund must obtain written confirmation from the rating agencies then rating the preferred shares of the funds to the effect that: (a) consummation of the transactions contemplated by the Agreement and Plan of Reorganization will not impair the then-current rating or ratings assigned by such rating agencies to the existing Acquiring Fund VRDP Shares; and (b) the Acquiring Fund preferred shares to be issued pursuant to the Reorganizations will be rated by such rating agencies no lower than the then-current ratings assigned by such rating agencies to the preferred shares of the Target Fund exchanged therefor. The Funds are not, however, required under the respective statements of preferences with respect to VRDP Shares, as applicable, to maintain any particular (or particular level of) long-term ratings for the VRDP Shares.

Termination. The Agreement may be terminated by the mutual agreement of the parties and such termination may be effected by each fund's Chief Administrative Officer or a Vice President without further action by the Board. In addition, any fund may at its option terminate the Agreement at or before the Closing Date due to: (a) a breach by any other party of any representation, warranty or agreement contained therein to be performed at or before the Closing Date, if not cured within 30 days; (b) a condition precedent to the obligations of the terminating party that has not been met and it reasonably appears it will not or cannot be met; or (c) a determination by its Board that the consummation of the transactions contemplated by the Agreement is not in the best interests of the fund.

Reasons for the Reorganizations

Based on the considerations below, the Board of each fund, including the Independent Board Members, has determined that its fund's Reorganization(s) would be in the best interests of its fund and that the interests of the existing shareholders of such fund would not be diluted as a result of such Reorganization(s). The Boards approved the Reorganizations and recommended that shareholders of the respective funds approve the Reorganizations.

In preparation for a meeting of the Boards held on November 18-20, 2013 (the Meeting) at which the Reorganizations were considered, the Adviser provided the Boards, prior to the Meeting and in prior meetings, with information regarding the proposed Reorganizations, including the rationale therefor and alternatives considered to the Reorganizations. Prior to approving the Reorganizations, the Independent Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed with independent legal counsel applicable law and their duties in considering such matters, and met with independent legal counsel in a private session without management present. The Boards considered a number of principal factors presented at the time of the Meeting or prior meetings in reaching their determinations, including the following:

the compatibility of the funds' investment objectives, policies and related risks;

consistency of portfolio management;

improved economies of scale and the potential for lower total expenses (excluding the costs of leverage);

the potential for improved secondary market trading with respect to the common shares;

the anticipated federal income tax-free nature of the Reorganizations;

the expected costs of the Reorganizations;

the terms of the Reorganizations and whether the Reorganizations would dilute the interests of shareholders of the funds;

the effect of the Reorganizations on shareholder rights; and

any potential benefits of the Reorganizations to the Adviser and its affiliates as a result of the Reorganizations.

Compatibility of Investment Objectives, Policies and Related Risks. Based on the information presented, the Boards considered that the investment objectives, policies and risks of the funds are similar. The Boards took into account that each fund invests primarily in municipal securities the income from which is exempt from regular federal and New Jersey income taxes. In addition, under normal circumstances, each fund invests at least 80% of its Managed Assets in investment grade securities. The Boards considered that the portfolio composition of each fund is substantially similar and considered the impact of the Reorganizations on each fund's portfolio, including any shifts in sector allocations, credit ratings, duration, yield and leverage costs. Accordingly, they also considered the relative performance of the funds and the factors that may affect the future performance of the combined fund. The Boards also recognized that each fund utilizes leverage. Because the funds have similar investment strategies, the principal risks of each fund are also similar.

Consistency of Portfolio Management. The Boards considered that each fund has the same investment adviser, sub-adviser and portfolio manager, and that such portfolio manager would continue to manage the combined fund upon completion of the Reorganizations. Through the Reorganizations, the Boards recognized that shareholders will remain invested in a closed-end management investment company that will have greater net assets and benefits from potential economies of scale; the same investment adviser, sub-adviser and portfolio manager; and similar investment objectives and investment strategies.

Improved Economies of Scale and Potential for Lower Fees and Total Expenses (Excluding the Costs of Leverage). The Boards considered the fees and expense ratios of each of the funds (including estimated expenses of the Acquiring Fund following the Reorganizations). As a result of the greater economies of scale from the larger asset size of the Acquiring Fund after the Reorganizations, the Boards noted that it was expected that the effective management fee rate (based on managed assets) and total expenses per common share (excluding the costs of leverage) of the combined fund would be lower than those of the Acquiring Fund and each Target Fund prior to the closing of the Reorganizations. The Boards also considered the anticipated benefit to the funds from the larger asset size as fixed costs are shared over a larger asset base. In addition, as each fund utilizes leverage, the Boards considered the differences in the costs of leverage among the funds and the impact of the

Reorganizations on such costs. In this connection, the Boards took into account the Adviser's position that the greater asset size of the combined fund may provide greater flexibility in managing the structure and costs of leverage over time.

Potential for Improved Secondary Market Trading with Respect to the Common Shares. While it is not possible to predict trading levels following the closing of the Reorganizations, the Boards noted that the Reorganizations are being proposed, in part, to seek to enhance the secondary trading market for the common shares of the funds. The Boards considered information provided by the Adviser indicating that the Acquiring Fund's greater share volume may result in increased market liquidity after the Reorganizations, which may lead to narrower bid-ask spreads and smaller trade-to-trade price movements.

Anticipated Tax-Free Reorganizations; Capital Loss Carryforwards. The Reorganizations will be structured with the intention that they qualify as tax-free reorganizations for federal income tax purposes, and the funds will obtain opinions of counsel substantially to this effect (based on certain factual representations and certain customary assumptions). In addition, the Boards considered the impact of the Reorganizations on any estimated capital loss carryforwards of the funds and applicable limitations under the federal income tax rules.

Expected Costs of the Reorganizations. The Boards considered the terms and conditions of the Agreement, including the estimated costs associated with the Reorganizations and the allocation of such costs among the Acquiring Fund and each Target Fund. The Boards noted, however, that, assuming the Reorganizations are consummated, the Adviser anticipated that the projected costs of each Reorganization may be recovered over time for the common shareholders and that preferred shareholders will not bear any costs of the Reorganizations.

Terms of the Reorganizations and Impact on Shareholders. The terms of the Reorganizations are intended to avoid dilution of the interests of the existing shareholders of the funds. In this regard, the Boards considered that each holder of common shares of a Target Fund will receive common shares of the Acquiring Fund (taking into account any fractional shares to which the shareholder would be entitled) equal to the aggregate per share net asset value of that shareholder's Target Fund common shares held as of the Valuation Time. No fractional common shares of the Acquiring Fund, however, will be distributed to a Target Fund's common shareholders in connection with the Reorganizations and, in lieu of such fractional shares, each Target Fund's common shareholders will receive cash.

Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund MTP Shares or VRDP Shares, as applicable, having substantially identical terms as the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received in connection with a Reorganization will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization.

Effect on Shareholder Rights. The Boards considered that the Acquiring Fund and Dividend Advantage 2 are each organized as Massachusetts business trusts and Investment Quality and Premium Income are each organized as Minnesota corporations. In this regard, the Boards noted that, unlike a Massachusetts business trust, many aspects of the corporate governance of a Minnesota corporation are prescribed by state statutory law. In addition, the Boards are aware that the structure of the Boards of the Massachusetts Funds differs from that of the Boards of the Minnesota Funds.

Potential Benefits to Nuveen Fund Advisors and Affiliates. The Boards recognized that the Reorganizations may result in some benefits and economies for the Adviser and its affiliates. These may include, for example, a reduction in the level of operational expenses incurred for administrative, compliance and portfolio management services as a result of the elimination of the Target Funds as separate funds in the Nuveen complex.

Conclusion. Each Board, including the Independent Board Members, approved the Reorganization (or Reorganizations, in the case of the Acquiring Fund's Board) involving its fund, concluding that such Reorganization is (or such Reorganizations are) in the best interests of its fund and that the interests of existing shareholders of the fund will not be diluted as a result of the Reorganization(s).

Capitalization

The following table sets forth the unaudited capitalization of the funds as of October 31, 2013, and the pro-forma combined capitalization of the combined fund as if the Reorganizations had occurred on that date. The table reflects pro forma exchange ratios of approximately 0.98371119, 1.00845526 and 0.96625496 common shares of the Acquiring Fund issued for each common share of Investment Quality, Premium Income and Dividend Advantage 2, respectively. If the Reorganizations are consummated, the actual exchange ratios may vary.

	Acquiring Fund	Investment Quality	Premium Income	Dividend Advantage 2	Pro Forma Adjustments	Combined Fund Pro Forma ⁽¹⁾
Variable Rate Demand Preferred (VRDP) Shares, \$100,000 stated value per share, at liquidation value; 450 shares outstanding for Acquiring Fund; 1,443 shares outstanding for Investment Quality; 886 shares outstanding for Premium Income; and 2,779 shares outstanding for Combined Fund Pro Forma	\$ 45,000,000	\$ 144,300,000	\$ 88,600,000	\$	\$	\$ 277,900,000
MuniFund Term Preferred (MTP) Shares, \$10 stated value per share, at liquidation value; 3,505,000 shares outstanding for Dividend Advantage 2; and 3,505,000 shares outstanding for Combined Fund Pro Forma	\$	\$	\$	\$ 35,050,000	\$	\$ 35,050,000

	Acquiring Fund	Investment Quality	Premium Income	Dividend Advantage 2	Pro Forma Adjustments	Combined Fund Pro Forma ⁽¹⁾
Common Shareholders Equity:						
Common Shares, \$.01 par value per share; 6,568,188 shares outstanding for Acquiring Fund; 20,490,335 shares outstanding for Investment Quality; 12,083,027 shares outstanding for Premium Income; 4,525,814 shares outstanding for Dividend Advantage 2; and 43,283,099 shares outstanding for Combined Fund Pro Forma	\$ 65,682	\$ 204,903	\$ 120,830	\$ 45,258	\$ (3,842) ⁽²⁾	\$ 432,831
Paid-in surplus	92,670,894	288,971,982	172,316,784	63,788,599	(601,158) ⁽³⁾	617,147,101
Undistributed (Over-distribution of) net investment income	348,130	3,226,646	2,283,999	365,813	(4,803,082) ⁽⁴⁾	1,421,506
Accumulated net realized gain (loss)	(885,015)	(2,274,503)	(946,790)	(247,910)		(4,354,218)
Net unrealized appreciation (depreciation)	3,102,619	4,522,732	4,429,704	(127,562)		11,927,493
Net assets attributable to common shares	\$ 95,302,310	\$ 294,651,760	\$ 178,204,527	\$ 63,824,198	\$ (5,408,082)	\$ 626,574,713
Net asset value per common share outstanding (net assets attributable to common shares, divided by common shares outstanding)	\$ 14.51	\$ 14.38	\$ 14.75	\$ 14.10		\$ 14.48
Authorized shares:						
Common	Unlimited	200,000,000	200,000,000	Unlimited		Unlimited
Preferred	Unlimited	1,000,000	1,000,000	Unlimited		Unlimited

- (1) The pro forma balances are presented as if the Reorganizations were effective as of October 31, 2013, and are presented for informational purposes only. The actual Closing Date of the Reorganizations is expected to be on or about September 8, 2014, or such later time agreed to by the parties at which time the results would be reflective of the actual composition of shareholders equity as of that date.
- (2) Assumes the issuance of 20,156,637, 12,185,173 and 4,373,101 Acquiring Fund common shares in exchange for the net assets of Investment Quality, Premium Income and Dividend Advantage 2, respectively. These numbers are based on the

net asset value of the Acquiring Fund and Target Funds as of October 31, 2013, adjusted for estimated Reorganization costs and the effect of distributions.

- (3) Includes the impact of estimated total Reorganization costs of \$605,000, which will be borne by the common shareholders of the Acquiring Fund, Investment Quality, Premium Income and Dividend Advantage 2 in the amounts of \$220,000, \$160,000, \$30,000 and \$195,000, respectively.
- (4) Assumes Investment Quality, Premium Income and Dividend Advantage 2 make net investment income distributions of \$2,700,249, \$1,779,522 and \$323,311, respectively.

Expenses Associated with the Reorganizations

In evaluating the Reorganizations, management of the funds estimated the amount of expenses the funds would incur to be approximately \$605,000, which includes additional stock exchange listing fees, SEC registration fees, legal and accounting fees, proxy solicitation and distribution costs and other related administrative or operational costs. The expenses of the Reorganizations (whether or not consummated) will be allocated among the funds ratably based on the relative expected benefits of the Reorganizations comprised of forecasted cost savings and distribution increases, if any, to each fund during the first year following the Reorganizations. Reorganization expenses have been or will be accrued as expenses of each fund prior to the Valuation Time. These estimated expenses will be borne by the Acquiring Fund, Investment Quality, Premium Income and Dividend Advantage 2 in the amounts of \$220,000 (0.21%), \$160,000 (0.05%), \$30,000 (0.02%) and \$195,000 (0.28%), respectively (all percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2013). Preferred shareholders of the funds will not bear any costs of the Reorganizations.

Additional solicitation may be made by letter or telephone by officers or employees of Nuveen Investments or the Adviser, or by dealers and their representatives. The funds have engaged Computershare Fund Services to assist in the solicitation of proxies at an estimated aggregate cost of \$10,500 per fund plus reasonable expenses, which is included in the foregoing estimate.

Dissenting Shareholders Rights of Appraisal

Under the charter documents of the Acquiring Fund and Dividend Advantage 2, shareholders of the fund do not have dissenters rights of appraisal with respect to the fund's Reorganization(s).

Under Minnesota law, common shareholders of Investment Quality and Premium Income (the Minnesota Funds) do not have dissenters rights of appraisal in connection with each fund's Reorganization because each fund's common shares are listed and trade on an exchange. Holders of VRDP Shares of the Minnesota Funds, however, are entitled to assert dissenters rights in connection with each Minnesota Fund's Reorganization and obtain payment of the fair value of their shares, provided that they comply with the requirements of Minnesota law. These dissenters rights, and the procedures pertaining to them, are set forth in Minnesota Statutes, Sections 302A.471 and 302A.473, copies of which are attached to this Joint Proxy Statement as Appendix B. The following summary of these rights and procedures is qualified in its entirety by reference to Appendix B. Holders of VRDP Shares of each Minnesota Fund should note that they will lose their dissenters rights of appraisal if they do not follow the required procedures carefully.

Notice of Dissent

A holder of VRDP Shares of a Minnesota Fund who is entitled to dissent under Minnesota law and who wishes to exercise dissenters rights must file a written notice of intent to demand the fair

value with the respective Minnesota Fund before the Annual Meeting. The shareholder must not vote its VRDP Shares in favor of the Agreement and Plan of Reorganization. For this purpose, the fair value of the shares means the value of such VRDP Shares immediately prior to the Closing Date. A written notice of intent to demand the fair value of the VRDP Shares should be submitted to the applicable Minnesota Fund addressed to Secretary, [Name of Applicable Minnesota Fund], 333 West Wacker Drive, Chicago, Illinois 60606.

This written notice is in addition to and separate from any proxy or vote against the Agreement. It should specify the shareholder's name and mailing address, the number of VRDP Shares owned and that the shareholder intends to demand the fair value, plus interest, of the shareholder's VRDP Shares. Voting against, abstaining from voting or failing to vote on the Agreement does not constitute a demand for appraisal within the meaning of Minnesota law.

Only holders of VRDP Shares of a Minnesota Fund of record as of the record date for the Annual Meeting, and beneficial owners as of that date who hold VRDP Shares through those record shareholders, are entitled to exercise dissenters' rights of appraisal. A shareholder cannot assert dissenters' rights of appraisal as to less than all the VRDP Shares that are registered in that shareholder's name, except where some of the VRDP Shares are registered in that shareholder's name but are beneficially owned by one or more other persons. If a record owner, such as a broker, nominee, trustee or custodian, wishes to dissent with respect to VRDP Shares that are beneficially owned by another person, the record owner must dissent with respect to all of the VRDP Shares that are beneficially owned by that person and must disclose the name and address of the beneficial owner on whose behalf the dissent is made. A beneficial owner of VRDP Shares who is not the record owner of those shares may assert dissenters' rights of appraisal as to the VRDP Shares held on that person's behalf, provided that the beneficial owner submits a written consent of the record owner to the applicable Minnesota Fund at or before the time dissenters' rights are asserted.

Shareholders who wish to assert dissenters' rights of appraisal must not vote for adoption of the Agreement. A shareholder's failure to vote against the Agreement will not constitute a waiver of dissenters' rights. However, if a shareholder returns a signed proxy but does not specify a vote against the Agreement or a direction to abstain, the proxy will be voted for approval of the Agreement, which will have the effect of waiving that shareholder's dissenters' rights.

Notice of Procedure; Deposit of Shares

If the shareholders of the Target Funds and the Acquiring Fund approve the Agreement, each Minnesota Fund will send a notice (the Notice of Procedure) to all holders of such fund's VRDP Shares who have provided timely written notice of their intent to demand fair value. The Notice of Procedure will contain the information required by Subdivision 4 of Section 302A.473 of the Minnesota Statutes. In order to receive the fair value of VRDP Shares, a dissenting shareholder must demand payment and deposit certificated shares or comply with any restrictions on transfer of uncertificated shares within 30 days after the Notice of Procedure was given, but the dissenter retains all other rights of a shareholder until the Reorganizations take effect. A Minnesota Fund may establish contingent liabilities for any VRDP Shares for which a demand has been, or is anticipated to be, received.

Payment; Return of Shares

After the Closing Date, the applicable Minnesota Fund shall remit to each dissenting holder of the fund's VRDP Shares who has complied with the requirements for asserting dissenters' rights the

amount the fund estimates to be the fair value of the shares, plus interest, accompanied by the materials specified by Subdivision 5 of Section 302A.473 of the Minnesota Statutes (the Payment Materials).

A Minnesota Fund may withhold this payment from a person who was not a holder of the Fund's VRDP Shares on the date the Reorganizations were first announced to the public or who is dissenting on behalf of a person who was not a beneficial owner on that date. In that case, if the dissenter has complied with the requirements for asserting dissenters' rights, the Minnesota Fund will forward to the dissenter the Payment Materials, a statement of the reason for withholding the payment, and an offer to pay to the dissenter the amount listed in the materials if the dissenter agrees to accept that amount in full satisfaction. The dissenter may decline the offer and demand payment as set forth below. Failure to do so entitles the dissenter only to the amount offered.

If the Minnesota Fund fails to remit payment within 60 days of the deposit of certificates or the imposition of transfer restrictions on uncertificated shares, it shall return all deposited certificates and cancel all transfer restrictions. However, the Minnesota Fund may again give a Notice of Procedure and require deposit or restrict transfer at a later time.

Where a Minnesota Fund is required to pay the fair value of its VRDP Shares plus interest, the interest will accrue commencing five days after the Closing Date up to and including the date of payment. The interest rate will be the rate at which interest accrues on verdicts and judgments under Minnesota law.

Supplemental Payment; Demand

If a dissenter believes that the amount paid is less than the fair value of the VRDP Shares plus interest, the dissenter may give written notice (Dissenter's Notice) to the applicable Minnesota Fund of the dissenter's own estimate of the fair value of the VRDP Shares, plus interest, within 30 days after the Minnesota Fund mails the payment. The Dissenter's Notice must demand payment of the difference; otherwise, a dissenter is entitled only to the amount remitted by the Minnesota Fund.

Petition; Determination

If the Minnesota Fund receives a demand based on the dissenter's own estimate of the fair value of the Minnesota Fund VRDP Shares, plus interest, it shall, within 60 days after receiving the demand, either pay to the dissenter the amount demanded by the dissenter, pay an amount agreed to by the dissenter after discussion with the Minnesota Fund, or file in court a petition requesting that the court determine the fair value of the Minnesota Fund VRDP Shares, plus interest. The petition shall be filed in the county in which the registered office of the Minnesota Fund is located (Hennepin County). The petition shall name as parties all dissenters who have demanded payment and who have not reached agreement with the Minnesota Fund. After filing the petition, the Minnesota Fund shall serve all parties with a summons and copy of the petition under Minnesota's Rules of Civil Procedure.

The court may appoint appraisers to receive evidence on and recommend the amount of the fair value of the VRDP Shares of the Minnesota Fund. The court shall determine whether the shareholder or shareholders in question have fully complied with the requirements of Minnesota law. The court shall also determine the fair value of the VRDP Shares, taking into account any and all factors the court finds relevant. The fair value of the shares as determined by the court is binding on all holders of VRDP Shares. A dissenter is entitled to judgment in cash for the amount by which the fair value of the

shares as determined by the court, plus interest, exceeds the amount paid, if any. However, a dissenter shall not be liable to the Minnesota Fund for the amount, if any, by which the amount, if any, paid to the dissenter exceeds the fair value of VRDP Shares as determined by the court, plus interest.

Costs; Fees; Expenses

The court shall determine the costs and expenses of the above proceeding, including the reasonable expenses and compensation of any appraisers appointed by the court, and shall assess those costs and expenses against the Minnesota Fund. However, the court may assess part or all of those costs and expenses against a dissenter whose action in demanding payment is found to be arbitrary, vexatious or not in good faith.

If the court finds that the Minnesota Fund has failed to comply substantially with Minnesota law, the court may assess all fees and expenses of any experts or attorneys as the court deems equitable. These fees and expenses may also be assessed against a person who has acted arbitrarily, vexatiously, or not in good faith in bringing the proceeding, and may be awarded to a party injured by those actions. The court may also award, in its discretion, fees and expenses to an attorney for the dissenters out of the amount awarded to the dissenters, if any.

Material Federal Income Tax Consequences of the Reorganizations

As a condition to each fund's obligation to consummate the Reorganizations, each fund will receive a tax opinion from Vedder Price P.C. (which opinion will be based on certain factual representations and certain customary assumptions) with respect to its Reorganization(s) substantially to the effect that, on the basis of the existing provisions of the Code, current administrative rules and court decisions, for federal income tax purposes:

1. The transfer of substantially all of the assets of the Target Fund to the Acquiring Fund in exchange solely for Acquiring Fund shares and the assumption by the Acquiring Fund of substantially all of the liabilities of the Target Fund, followed by the distribution to the Target Fund shareholders of all the Acquiring Fund shares received by the Target Fund in complete liquidation of the Target Fund will constitute a reorganization within the meaning of Section 368(a) of the Code, and the Acquiring Fund and the Target Fund will each be a party to a reorganization, within the meaning of Section 368(b) of the Code, with respect to the Reorganization.
2. No gain or loss will be recognized by the Acquiring Fund upon the receipt of substantially all of the assets of the Target Fund solely in exchange for Acquiring Fund shares and the assumption by the Acquiring Fund of substantially all of the liabilities of the Target Fund.
3. No gain or loss will be recognized by the Target Fund upon the transfer of substantially all of the Target Fund's assets to the Acquiring Fund solely in exchange for Acquiring Fund shares and the assumption by the Acquiring Fund of substantially all of the liabilities of the Target Fund or upon the distribution (whether actual or constructive) of all such Acquiring Fund shares to the Target Fund shareholders solely in exchange for such shareholders' shares of the Target Fund in complete liquidation of the Target Fund.
4. No gain or loss will be recognized by the Target Fund shareholders upon the exchange of their Target Fund shares solely for Acquiring Fund shares in the Reorganization, except with respect to any cash received in lieu of a fractional Acquiring Fund common share.

5. The aggregate basis of the Acquiring Fund shares received by each Target Fund shareholder pursuant to the Reorganization (including any fractional Acquiring Fund common share to which a shareholder would be entitled) will be the same as the aggregate basis of the Target Fund shares exchanged therefor by such shareholder. The holding period of the Acquiring Fund shares received by each Target Fund shareholder (including any fractional Acquiring Fund common share to which a shareholder would be entitled) will include the period during which the Target Fund shares exchanged therefor were held by such shareholder, provided such Target Fund shares are held as capital assets at the time of the Reorganization.
6. The basis of the Target Fund's assets transferred to the Acquiring Fund will be the same as the basis of such assets to the Target Fund immediately before the Reorganization. The holding period of the assets of the Target Fund in the hands of the Acquiring Fund will include the period during which those assets were held by the Target Fund.

In addition, each of Sidley Austin LLP (with respect to the VRDP Shares) and K&L Gates LLP (with respect to the MTP Shares), as special tax counsel to the Acquiring Fund, will deliver an opinion to the Acquiring Fund, subject to certain representations, assumptions and conditions, substantially to the effect that the Acquiring Fund preferred shares received in the Reorganizations by the holders of preferred shares of the Target Funds will qualify as equity in the Acquiring Fund for federal income tax purposes.

No opinion will be expressed as to (1) the federal income tax consequences of payments to preferred shareholders who elect dissenters' rights, (2) the effect of the Reorganizations on a Target Fund, the Acquiring Fund or any Target Fund shareholder with respect to any asset (including, without limitation, any stock held in a passive foreign investment company as defined in Section 1297(a) of the Code) as to which any unrealized gain or loss is required to be recognized under federal income tax principles (i) at the end of a taxable year (or on the termination thereof) or (ii) upon the transfer of such asset regardless of whether such transfer would otherwise be a non-taxable transaction under the Code, or (3) any other federal tax issues (except those set forth above) and all state, local or foreign tax issues of any kind.

A shareholder who exercises and perfects dissenters' rights of appraisal generally will recognize gain or loss equal to the difference between the amount of cash received and the shareholder's basis in the shares surrendered. This gain or loss generally will be a capital gain or loss and generally will be long-term capital gain or loss if, as of the effective time of the Reorganizations, the holding period for the shares surrendered is more than one year. The deductibility of capital losses is subject to limitations. If, however, the shareholder owns (or constructively owns under certain attribution rules contained in the Code) other shares of the same Target Fund that are exchanged for Acquiring Fund shares in the Reorganization or otherwise owns Acquiring Fund shares actually or constructively immediately after the Reorganization, the cash received could be treated as having the effect of the distribution of a dividend for federal income tax purposes, in which case the shareholder may have taxable income up to the amount of the cash received. In such cases, shareholders should consult their tax advisers to determine the amount and character of the income recognized in connection with the Reorganizations. Any cash received as a result of the exercise of dissenters' rights may be subject to backup withholding taxes.

Prior to the closing of the Reorganizations, each Target Fund will declare a distribution to its common shareholders, which together with all other distributions to preferred and common

shareholders made with respect to the taxable year in which the Reorganization occurs and all prior taxable years, will have the effect of distributing to shareholders all its net investment income and realized net capital gains (after reduction by any available capital loss carryforwards), if any, through the Closing Date of the Reorganizations. To the extent distributions are attributable to ordinary taxable income or capital gains, the distribution will be taxable to shareholders for federal income tax purposes. Each fund designates distributions to common and preferred shareholders as consisting of particular types of income (such as exempt interest, ordinary income and capital gain) based on each class proportionate share of the total distributions paid by the fund during the year. As a result, such distribution could cause a portion of the distributions received by preferred shareholders during the year to be taxable for federal income tax purposes. Additional distributions may be made if necessary.

After the Reorganizations, the combined fund's ability to use the Target Funds' or the Acquiring Funds' pre-Reorganization capital losses may be limited under certain federal income tax rules applicable to reorganizations of this type. Therefore, in certain circumstances, shareholders may pay federal income taxes sooner, or pay more federal income taxes, than they would have had the Reorganizations not occurred. The effect of these potential limitations, however, will depend on a number of factors including the amount of the losses, the amount of gains to be offset, the exact timing of the Reorganizations and the amount of unrealized capital gains in the funds at the time of the Reorganizations. As of October 31, 2013, the funds had capital loss carryforwards as follows:

	Acquiring Fund	Investment Quality	Premium Income	Dividend Advantage 2
Not subject to expiration:				
Short-term losses	\$ 72,957	\$ 154,883	\$ 1,268	
Long-term losses	\$ 802,208	\$ 2,083,753	\$ 925,061	\$ 240,901
Total	\$ 875,165	\$ 2,238,636	\$ 926,329	\$ 240,901

For net capital losses arising in taxable years beginning after December 22, 2010 (post-enactment losses), a fund will generally be able to carryforward such capital losses indefinitely. A fund's net capital losses from taxable years beginning on or prior to December 22, 2010, however, will remain subject to their current expiration dates and can be used only after the post-enactment losses.

In addition, the shareholders of a Target Fund will receive a proportionate share of any taxable income and gains realized by the Acquiring Fund and not distributed to its shareholders prior to the closing of the Reorganizations when such income and gains are eventually distributed by the Acquiring Fund. As a result, shareholders of a Target Fund may receive a greater amount of taxable distributions than they would have had the Reorganizations not occurred.

This description of the federal income tax consequences of the Reorganizations is made without regard to the particular facts and circumstances of any shareholder. Shareholders are urged to consult their own tax advisers as to the specific consequences to them of the Reorganizations, including the applicability and effect of state, local, non-U.S. and other tax laws.

The foregoing is intended to be only a summary of the principal federal income tax consequences of the Reorganizations and should not be considered to be tax advice. There can be no assurance that the Internal Revenue Service will concur on all or any of the issues discussed above. Shareholders are urged to consult their own tax advisers regarding the federal, state and local tax consequences with respect to the foregoing matters and any other considerations which may be applicable to them.

Votes Required

Each Reorganization is required to be approved by the affirmative vote of the holders of a majority (more than 50%) of each Target Fund's outstanding common shares and preferred shares entitled to vote on the matter, voting together as a single class, and by the affirmative vote of the holders of a majority (more than 50%) of such Target Fund's outstanding preferred shares entitled to vote on the matter, also voting separately. The Reorganizations also are required to be approved by the affirmative vote of the holders of a majority (more than 50%) of the Acquiring Fund's outstanding preferred shares entitled to vote on the matter, voting as a separate class.

Abstentions and broker non-votes will have the same effect as a vote against the approval of the Reorganizations. Broker non-votes are shares held by brokers or nominees for which the brokers or nominees have executed proxies as to which (i) the broker or nominee does not have discretionary voting power and (ii) the broker or nominee has not received instructions from the beneficial owner or other person who is entitled to instruct how the shares will be voted.

Preferred shareholders of each fund are separately being asked to approve the Agreement as a plan of reorganization under the 1940 Act. Section 18(a)(2)(D) of the 1940 Act provides that the terms of preferred shares issued by a registered closed-end management investment company must contain provisions requiring approval by the vote of a majority of such shares, voting as a class, of any plan of reorganization adversely affecting such shares. Because the 1940 Act makes no distinction between a plan of reorganization that has an adverse effect as opposed to a materially adverse effect, each fund is seeking approval of the Agreement by the holders of such fund's preferred shares.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. In order for the Reorganizations to occur, each fund must obtain the requisite shareholder approvals as well as certain consents, confirmations and/or waivers from various third parties, including rating agencies with respect to outstanding preferred shares and liquidity providers with respect to the outstanding VRDP Shares. Because the closing of the Reorganizations is contingent upon all of the Target Funds and the Acquiring Fund obtaining the requisite shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund that are entitled to vote on the Agreement and Plan of Reorganization approve the Reorganization(s) and your Fund satisfies all of its closing conditions, if one or more of the other funds does not obtain its requisite shareholder approvals or satisfy its closing conditions. VRDP Shares were issued on a private placement basis to one or a small number of institutional holders. To the extent that one or more preferred shareholders of a fund owns, holds or controls, individually or in the aggregate, all or a significant portion of a fund's outstanding preferred shares, one or more shareholder approvals required for the Reorganizations may turn on the exercise of voting rights by such particular shareholder(s) and its or their determination as to the favorable view of such proposal(s) with respect to its or their interests. The funds exercise no influence or control over the determinations of such shareholders with respect to the proposals; there is no guarantee that such shareholders will approve the proposals over which they may exercise effective disposition power. If the requisite shareholder approvals are not obtained, each fund's Board may take such actions as it deems in the best interests of its fund, including conducting additional solicitations with respect to the proposals or continuing to operate the fund as a stand-alone fund.

Description of Common Shares to be Issued by the Acquiring Fund; Comparison to Target Funds

As a general matter, the common shares of the Acquiring Fund and each Target Fund have equal voting rights and equal rights with respect to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of their respective fund and have no preemptive, conversion or exchange rights or rights to cumulative voting. Holders of whole common shares of each fund are entitled to one vote per share on any matter on which the shares are entitled to vote, while each fractional share is entitled to a proportional fractional vote. Furthermore, the provisions set forth in the Acquiring Fund's declaration of trust are substantially similar to the provisions of each Target Fund's declaration of trust or articles of incorporation, as applicable, and each contains, among other things, similar super-majority voting provisions, as described in the Memorandum under Certain Provisions in the Declaration of Trust and By-Laws. The full text of each fund's declaration of trust or articles of incorporation, as applicable, is on file with the SEC and may be obtained as described on page 62.

The Acquiring Fund's declaration of trust authorizes an unlimited number of common shares, par value \$0.01 per share. If the Reorganizations are consummated and the issuance of Acquiring Fund common shares is approved, the Acquiring Fund will issue additional common shares on the Closing Date to the common shareholders of each Target Fund based on the relative per share net asset value of the Acquiring Fund and the net asset values of the assets of such Target Fund that are transferred in connection with the Reorganization, in each case as of the Valuation Time. The value of a fund's net assets shall be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all of the fund's outstanding preferred shares.

The terms of the Acquiring Fund common shares to be issued pursuant to the Reorganizations will be identical to the terms of the Acquiring Fund common shares that are then outstanding. Acquiring Fund common shares have equal rights with respect to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The Acquiring Fund common shares, when issued, will be fully paid and non-assessable and have no preemptive, conversion or exchange rights or rights to cumulative voting. See also Comparison of Massachusetts Business Trusts and Minnesota Corporations.

Whenever preferred shares, including VRDP Shares, are outstanding, the Acquiring Fund may not declare a dividend or distribution to common shareholders (other than a distribution in common shares of the fund) or purchase its common shares unless all accumulated dividends on preferred shares have been paid, and unless asset coverage (as defined in the 1940 Act) with respect to preferred shares at the time of declaration of such dividend or distribution or at the time of such purchase would be at least 200% after giving effect to the dividend or distribution or purchase price.

Description of VRDP Shares to be Issued by the Acquiring Fund

General

The terms of the VRDP Shares of the Acquiring Fund to be issued pursuant to the Reorganization of each of Investment Quality and Premium Income into the Acquiring Fund (the New VRDP Shares) will be substantially identical, as of the closing of the Reorganizations, to the outstanding Target Fund VRDP Shares for which they are exchanged. The aggregate liquidation preference of each series of New VRDP Shares will equal the aggregate liquidation preference of the

corresponding series of Target Fund VRDP Shares immediately prior to the closing of the Reorganizations. In addition, the terms of the New VRDP Shares will be substantially identical to the terms of the Outstanding VRDP Shares of the Acquiring Fund.

The outstanding VRDP Shares of each Target Fund had a 30-year final mandatory redemption date as of their date of original issue, subject to earlier redemption or repurchase by the fund, and pay an adjustable dividend rate set weekly by the remarketing agent. Each series of New VRDP Shares will have the same mandatory redemption date as the corresponding series of Target Fund VRDP Shares exchanged therefor. Holders of New VRDP Shares will have the right to give notice on any business day to tender the securities for remarketing in seven days. The New VRDP Shares will also be subject to a mandatory tender for remarketing upon the occurrence of certain events, such as the non-payment of dividends by the Acquiring Fund. Should a remarketing be unsuccessful, the dividend rate will reset to a maximum rate as defined in the governing documents of the New VRDP Shares.

The statement establishing and fixing the rights and preferences (the Statement) for each series of New VRDP Shares generally requires that the Acquiring Fund maintain a purchase agreement. Pursuant to the applicable purchase agreement, the New VRDP Shares of each series will have the benefit of an unconditional demand feature provided by a bank acting as liquidity provider to ensure full and timely repayment of the liquidation preference amount plus any accumulated and unpaid dividends to holders upon the occurrence of certain events. The purchase agreement requires the liquidity provider to purchase from holders all New VRDP Shares of the applicable series tendered for sale that were not successfully remarketed. The liquidity provider also must purchase all outstanding New VRDP Shares of the applicable series prior to termination of the purchase agreement, including by reason of the failure of the liquidity provider to maintain the requisite short-term ratings, if the Acquiring Fund has not obtained an alternate purchase agreement before the termination date.

The obligation of the liquidity provider to purchase New VRDP Shares pursuant to the purchase agreement will run to the benefit of the holders of New VRDP Shares of the applicable series and will be unconditional and irrevocable, and as such the short-term ratings assigned to the New VRDP Shares are directly linked to the short-term creditworthiness of the associated liquidity provider. Each liquidity provider entered into a purchase agreement with respect to the applicable series of Target Fund VRDP Shares, subject to periodic extension by agreement with the respective Fund. The initial term of the purchase agreement with the liquidity provider for each series of New VRDP Shares is expected to be no less than the remaining term immediately prior to the Reorganizations of the applicable purchase agreement with respect to the corresponding series of Target Fund VRDP Shares exchanged therefor.

Prior to the final mandatory redemption date for each series of New VRDP Shares, the New VRDP Shares of such series will be subject to optional and mandatory redemption by the Acquiring Fund in certain circumstances. New VRDP Shares may be redeemed at any time, at the option of the Acquiring Fund (in whole or, from time to time, in part), out of funds legally available therefor, at a redemption price per share equal to the sum of \$100,000 plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared) until, but excluding, the date fixed for redemption. Pursuant to the Statement and fee agreement with the liquidity provider for each series of New VRDP Shares, the Acquiring Fund will have an obligation to redeem, at a redemption price equal to \$100,000 per share plus accumulated but unpaid dividends thereon (whether or not earned or declared) until, but excluding, the date fixed by the Board for redemption, shares of such series purchased by the liquidity provider pursuant to its obligations under the purchase agreement if the

liquidity provider continues to be the beneficial owner for a period of six months and such shares cannot be successfully remarketed. The Acquiring Fund also will redeem, at a redemption price equal to the liquidation preference per share plus accumulated but unpaid dividends thereon (whether or not earned or declared) until, but excluding, the date fixed by the Board for redemption, such number of New VRDP Shares of a series as is necessary to achieve compliance with the applicable requirement, if the Acquiring Fund fails to maintain (i) the minimum asset coverage required under the 1940 Act and the Acquiring Fund's agreement with the liquidity provider with respect to such series or (ii) the VRDP basic maintenance amount prescribed by the applicable rating agencies then rating the New VRDP Shares of such series, and such failures are not cured by the applicable cure date. In the event of changes in, or elimination of, any or all long-term ratings of a series of New VRDP Shares, the requirement to effect a mandatory redemption after the

applicable cure date upon a failure to maintain the VRDP basic maintenance amount for such series may be changed or eliminated.

The New VRDP Shares will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. Each series of New VRDP Shares will rank on a parity with each other and with the other preferred shares of the Acquiring Fund, including the Outstanding VRDP Shares and the Acquiring Fund MTP Shares (as defined below), as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

The Acquiring Fund, Investment Quality and Premium Income originally issued VRDP Shares in privately negotiated offerings during August 2013, August 2010, and August 2010, respectively. Proceeds of each offering were used to redeem all of the respective Fund's then-outstanding MTP Shares or auction rate preferred shares, as applicable. Each of Investment Quality and Premium Income exchanged all of its Series 1 VRDP Shares for Series 2 VRDP Shares in privately negotiated exchanges in April 2013. The VRDP Shares were offered to qualified institutional buyers in private transactions exempt from registration under the Securities Act.

The Acquiring Fund is not, and will not be, required under the respective Statements to maintain any particular long-term ratings for the Outstanding VRDP Shares or the New VRDP Shares and may, at any time, replace a rating agency with another rating agency or terminate the services of any rating agency then providing a rating for the Outstanding VRDP Shares or any series of New VRDP Shares without replacement, in either case without the approval of holders of the Outstanding VRDP Shares or New VRDP Shares of the applicable series or other shareholders of the Acquiring Fund (as each Target Fund may do currently with respect to any rating agency rating the VRDP Shares of such Target Fund).

Each holder of VRDP Shares should review the more detailed information concerning the terms of the New VRDP Shares contained in the Memorandum, which forms a part of this Joint Proxy Statement, and the other documents incorporated by reference or otherwise summarized in this Joint Proxy Statement and in the Memorandum, including the information set forth in the sections "Comparison of the Investment Objectives and Policies of the Acquiring Fund and the Target Funds" below and "Risk Factors" in the Memorandum attached as Appendix C to the Joint Proxy Statement.

Differences Among VRDP Series Following the Reorganizations

Following the Reorganizations, the Acquiring Fund will have three series of VRDP Shares outstanding (each, a VRDP Series or Series).

Following the Reorganizations, the bank that served as liquidity provider for a Target Fund's VRDP Series immediately prior to the Reorganizations will serve as liquidity provider for the new Series to be issued by the Acquiring Fund in exchange for such Fund's VRDP Series. In addition, the bank that serves as liquidity provider for the Acquiring Fund's Outstanding VRDP Shares immediately prior to the Reorganizations is expected to continue to serve as liquidity provider for that Series. Accordingly, not all VRDP Series will have the same bank serving as liquidity provider. Investment Quality and Premium Income currently have the same bank serving as the liquidity provider while a different bank serves as the liquidity provider for the Outstanding VRDP Shares of the Acquiring Fund. The initial term of the purchase agreement with the liquidity provider for each of the new VRDP Series is expected to be no less than the remaining term of the applicable purchase agreement with respect to the VRDP Shares of each Fund immediately prior to the Reorganizations.

Each purchase agreement has an expiration date (a Scheduled Termination Date), subject to periodic extension or replacement. There is no assurance that a liquidity provider will renew, or continue to renew, the purchase agreement or that a replacement liquidity provider will be appointed. Each purchase agreement will provide for the renewal of the purchase obligation upon each Scheduled Termination Date for a minimum term of at least 180 days (or replacement with a purchase obligation from a new liquidity provider with such minimum stated term). If a liquidity provider does not renew the purchase agreement and it is not replaced, all of the VRDP Shares of the relevant Series will be subject to mandatory purchase by the liquidity provider prior to the expiration of the purchase obligation.

While the terms of each VRDP Series will be substantially identical, dividend rates may vary from Series to Series because, for example, the applicable remarketing agent may reset the rate for one Series at a different level from that set by the remarketing agent for a different Series, or the rate for one or more Series, but not all Series, may reset to the maximum rate (or a different level of maximum rate) in accordance with the terms of the applicable Statement. Redemptions prior to the final mandatory redemption date for each Series may occur at different times and in different amounts from Series to Series. In the event the Acquiring Fund were to make a partial redemption of VRDP Shares, the redemption may not necessarily be effected pro rata among all series of preferred shares then outstanding.

Each Series of New VRDP Shares will have the final mandatory redemption date, as summarized below:

Target Fund	Target Fund VRDP Shares Outstanding	Acquiring Fund VRDP Shares to be Issued in the Reorganizations
Investment Quality	VRDP Shares, Series 2 Final Mandatory Redemption Date: April 1, 2043	VRDP Shares, Series 2 Final Mandatory Redemption Date: April 1, 2043
Premium Income	VRDP Shares, Series 2 Final Mandatory Redemption Date: April 1, 2043	VRDP Shares, Series 3 Final Mandatory Redemption Date: April 1, 2043

Comparison of Massachusetts Business Trusts and Minnesota Corporations

The following description is based on relevant provisions of the Minnesota Business Corporation Act (the "MBCA") and applicable Massachusetts law and each fund's operative documents. This summary does not purport to be complete and we refer you to the MBCA, applicable Massachusetts law and each fund's operative documents.

General

Each of the Acquiring Fund and Dividend Advantage 2 is organized as a Massachusetts business trust. A fund organized as a Massachusetts business trust is governed by the trust's declaration of trust or similar instrument.

Massachusetts law allows the trustees of a business trust to set the terms of a fund's governance in its declaration. All power and authority to manage the fund and its affairs generally reside with the trustees, and shareholder voting and other rights are limited to those provided to the shareholders in the declaration.

Because Massachusetts law governing business trusts provides more flexibility compared to typical state corporate statutes, the Massachusetts business trust is a common form of organization for closed-end funds. However, some consider it less desirable than other entities because it relies on the terms of the applicable declaration and judicial interpretations rather than statutory provisions for substantive issues, such as the personal liability of shareholders and trustees, and does not provide the level of certitude that corporate laws like those of Minnesota, or newer statutory trust laws, such as those of Delaware, provide.

Each of Investment Quality and Premium Income is organized as a Minnesota corporation. A fund organized as a Minnesota corporation is governed both by the MBCA and the Minnesota corporation's articles of incorporation and by-laws. For a Minnesota corporation, unlike a Massachusetts business trust, the MBCA prescribes many aspects of corporate governance.

Shareholders of a Minnesota corporation generally are shielded from personal liability for the corporation's debts or obligations. Shareholders of a Massachusetts business trust, on the other hand, are not afforded the statutory limitation of personal liability generally afforded to shareholders of a corporation from the trust's liabilities. Instead, the declaration of trust of a fund organized as a Massachusetts business trust typically provides that a shareholder will not be personally liable, and further provides for indemnification to the extent that a shareholder is found personally liable, for the fund's acts or obligations. The declaration of trust for each of the Acquiring Fund and Dividend Advantage 2 contains such provisions.

Similarly, the trustees of a Massachusetts business trust are not afforded statutory protection from personal liability for the obligations of the trust. The directors of a Minnesota corporation, on the other hand, generally are shielded from personal liability for the corporation's acts or obligations by the MBCA. Courts in Massachusetts have, however, recognized limitations of a trustee's personal liability in contract actions for the obligations of a trust contained in the trust's declaration, and declarations may also provide that trustees may be indemnified out of the assets of the trust to the extent held personally liable. The declaration of trust for each of the Acquiring Fund and Dividend Advantage 2 contains such provisions.

Massachusetts Business Trusts

Each of the Acquiring Fund and Dividend Advantage 2 is governed by its declaration of trust and by-laws. Under the declaration of trust, any determination as to what is in the interests of the fund made by the trustees in good faith is conclusive, and in construing the provisions of the declaration of trust, there is a presumption in favor of a grant of power to the trustees. Further, the declaration of trust provides that certain determinations made in good faith by the trustees are binding upon the fund and all shareholders, and shares are issued and sold on the condition and understanding, evidenced by the purchase of shares, that any and all such determinations shall be so binding. The following is a summary of some of the key provisions of the governing documents of the Acquiring Fund and Dividend Advantage 2.

Shareholder Voting. The declaration of trust of each of the Acquiring Fund and Dividend Advantage 2 requires a shareholder vote on a number of matters, including certain amendments to the declaration of trust, the election of trustees, the merger or reorganization of the fund (under certain circumstances) or sales of assets in certain circumstances and matters required to be voted by the 1940 Act.

Meetings of shareholders may be called by the trustees and by the written request of shareholders owning at least 10% of the outstanding shares entitled to vote. The by-laws of each of the Acquiring Fund and Dividend Advantage 2 provide that the holders of a majority of the voting power of the shares of beneficial interest of the fund entitled to vote at a meeting shall constitute a quorum for the transaction of business. The declaration of trust of each of the Acquiring Fund and Dividend Advantage 2 provides that the affirmative vote of the holders of a majority of the shares present in person or by proxy and entitled to vote at a meeting of shareholders at which a quorum is present is required to approve a matter, except in the case of the election of trustees, which only requires a plurality vote, and for events to which other voting provisions apply under the 1940 Act or the declaration of trust and by-laws, such as the super-majority voting provisions with respect to a merger, consolidation or dissolution of, or sale of substantially all of the assets by, the fund, or its conversion to an open-end investment company in certain circumstances under the terms of the declaration of trust.

Election and Removal of Trustees. The declaration of trust of each of the Acquiring Fund and Dividend Advantage 2 provides that the trustees determine the size of the Board, subject to a minimum and a maximum number. Subject to the provisions of the 1940 Act, the declaration of trust also provides that vacancies on the Board may be filled by the remaining trustees. A trustee may only be removed for cause by action of at least two-thirds of the remaining trustees or by action of at least two-thirds of the outstanding shares of the class or classes that elected such trustee.

Issuance of Shares. Under the declaration of trust of each of the Acquiring Fund and Dividend Advantage 2, the trustees are permitted to issue an unlimited number of shares for such consideration and on such terms as the trustees may determine. Shareholders are not entitled to any preemptive rights or other rights to subscribe to additional shares, except as the trustees may determine. Shares are subject to such other preferences, conversion, exchange or similar rights, as the trustees may determine.

Classes. The declaration of trust of each of the Acquiring Fund and Dividend Advantage 2 gives broad authority to the trustees to establish classes or series in addition to those currently established and to determine the rights and preferences, conversion rights, voting powers, restrictions,

limitations, qualifications or terms or conditions of redemptions of the shares of the classes or series. The trustees are also authorized to terminate a class or series without a vote of shareholders under certain circumstances.

Amendments to Declaration of Trust. Amendments to the declaration of trust generally require the consent of shareholders owning more than 50% of shares entitled to vote, voting in the aggregate. Certain amendments may be made by the trustees without a shareholder vote, and any amendment to the voting requirements contained in the declaration of trust requires the approval of two-thirds of the outstanding common shares and preferred shares, voting in the aggregate and not by class except to the extent that applicable law or the declaration of trust may require voting by class.

Shareholder, Trustee and Officer Liability. The declaration of trust of each of the Acquiring Fund and Dividend Advantage 2 provides that shareholders have no personal liability for the acts or obligations of the fund and require the fund to indemnify a shareholder from any loss or expense arising solely by reason of his or her being or having been a shareholder and not because of his or her acts or omissions or for some other reasons. In addition, the fund will assume the defense of any claim against a shareholder for personal liability at the request of the shareholder. Similarly, the declaration of trust provides that any person who is a trustee, officer or employee of the fund is not personally liable to any person in connection with the affairs of the fund, other than to the fund and its shareholders arising from bad faith, willful misfeasance, gross negligence or reckless disregard for his or her duty. The declaration of trust further provides for indemnification of such persons and advancement of the expenses of defending any such actions for which indemnification might be sought. The declaration of trust also provides that the trustees may rely in good faith on expert advice.

Derivative Actions. Massachusetts has what is commonly referred to as a universal demand statute, which requires that a shareholder make a written demand on the board, requesting the board members to bring an action, before the shareholder is entitled to bring or maintain a court action or claim on behalf of the entity.

Minnesota Corporations

A Minnesota corporation is governed by the MBCA, its articles of incorporation and by-laws. Some of the key provisions of the MBCA and the articles of incorporation and by-laws of Investment Quality and Premium Income are summarized below.

Shareholder Voting. Under the MBCA, a Minnesota corporation generally cannot dissolve, amend its articles of incorporation, sell or otherwise transfer all or substantially all of its property and assets outside the ordinary course of business, or engage in a statutory share exchange, merger or consolidation unless approved by a vote of shareholders. Depending on the circumstances and the articles of incorporation of the corporation, there may be various exceptions to these votes.

Shareholders of Minnesota corporations are generally entitled to one vote per share and fractional votes for fractional shares held. The articles of incorporation of each of Investment Quality and Premium Income contain such provisions regarding fractional shares.

Election and Removal of Directors. Shareholders of a Minnesota corporation generally are entitled to elect and remove directors. The MBCA and by-laws provide that directors are elected by a plurality of votes validly cast at such election. The MBCA does not require a corporation to hold an

annual meeting unless required by the articles of incorporation or by-laws. The by-laws of each of Investment Quality and Premium Income provide that regular meetings of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on an annual or other less frequent periodic basis at such date and time as the board of directors by resolution shall designate, except as otherwise required by the MBCA or by other applicable law. The by-laws also provide that a special meeting must be called at the written request, stating the purpose or purposes of the meeting, of shareholders entitled to cast at least 10% of all the votes entitled to be cast at the meeting. The articles of incorporation provide that a director may be removed from office only for cause and only by action of at least 66 2/3% of the outstanding shares of the class or classes of capital stock that elected such director. For purposes of the foregoing, cause requires willful misconduct, dishonesty, fraud or a felony conviction.

Amendments to the Articles of Incorporation. Under the MBCA, shareholders of corporations generally are entitled to vote on amendments to the articles of incorporation.

Issuance of Shares. The board of directors of a Minnesota corporation has the power to authorize the issuance of shares. If so provided in the articles of incorporation (and the articles of incorporation of each of Investment Quality and Premium Income do so provide), the board of directors may authorize the issuance of shares in more than one class or series, and prior to issuance of shares of each class or series, the board of directors must set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series.

Shareholder, Director and Officer Liability. Under Minnesota law, shareholders generally are not personally liable for debts or obligations of a corporation. Minnesota law provides that a director's personal liability to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director may be eliminated or limited in the articles of incorporation, except for a director's breach of the duty of loyalty, for acts or omissions not in good faith or that involve an intentional or knowing violation of law, or for any transaction from which the director derived an improper personal benefit. The articles of incorporation of each of Investment Quality and Premium Income provide such a limitation of director liability. Minnesota law provides that, unless prohibited by a corporation's articles of incorporation or by-laws, a corporation must indemnify and advance expenses to its directors for acts and omissions in their official capacity, subject to certain exceptions, and the articles of incorporation of each of Investment Quality and Premium Income do not prohibit such indemnification or advances. The indemnification provisions and the limitation on liability are both subject to any limitations of the 1940 Act, which generally provides that no director or officer shall be protected from liability to the corporation or its shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office. The provisions governing the advance of expenses are subject to applicable requirements of the 1940 Act or rules thereunder.

Preemptive Rights. Pursuant to the articles of incorporation of each of Investment Quality and Premium Income, shareholders have no preemptive rights.

Dissenters' Right of Appraisal. Under Minnesota law, shareholders generally are entitled to assert dissenters' rights in connection with certain amendments to the articles of incorporation, asset sales and reorganizations and obtain payment of the fair value of their shares, provided that they comply with the requirements of Minnesota law. These rights, however, are subject to certain

exceptions under the MBCA, including, in the case of asset sales and reorganizations, if the shares to which the dissenters' rights relate and the shares, if any, that a shareholder is to receive are traded on an exchange.

Derivative Actions. Under Minnesota law, applicable case law at the time of a particular derivative action will establish any requirements or limitations with respect to shareholder derivative actions.

The foregoing is only a summary of certain rights of shareholders under the governing documents of the funds and under applicable state law, and is not a complete description of provisions contained in those sources. Shareholders should refer to the provisions of those documents and state law directly for a more thorough description.

D. ADDITIONAL INFORMATION ABOUT THE INVESTMENT POLICIES
Comparison of the Investment Objectives and Policies of the Acquiring Fund and the Funds

General

The funds have similar investment objectives and policies. For each of the Acquiring Fund and Dividend Advantage 2, the investment objectives are to provide current income exempt from regular federal and New Jersey income tax, and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued. The primary investment objective of Investment Quality is to provide, through investment in a professionally managed portfolio of investment grade quality tax-exempt municipal securities, current income exempt from both regular federal and New Jersey income taxes, consistent with the fund's investment policies. Premium Income's primary investment objective is to provide, through investment in a professionally managed portfolio of tax-exempt municipal securities, current income exempt from both regular federal income taxes and New Jersey personal income taxes, consistent with the fund's investment policies. The secondary investment objective of each of Investment Quality and Premium Income is the enhancement of portfolio value relative to the New Jersey municipal bond market through investments in tax-exempt New Jersey municipal securities that, in the opinion of the Adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued. With the exception of the reference to investment grade quality in the primary investment objective of Investment Quality and the characterization of the investment objectives as primary and secondary components, the investment objectives of the Acquiring Fund and Dividend Advantage 2 are otherwise consistent with those of Investment Quality and Premium Income. (As described more fully below, it is a non-fundamental policy of each fund to invest, under normal circumstances, at least 80% of its managed assets in investment grade securities.)

Each fund's investment objectives are fundamental policies of the fund and may not be changed without the approval of the holders of a majority of the outstanding common shares and preferred shares voting together as a single class, and of holders of a majority of the outstanding preferred shares also voting separately as a single class.

Investment Policies

The funds have similar investment policies. It is a fundamental policy of each fund that, under normal circumstances, the fund will invest at least 80% of its Managed Assets in municipal securities and other related investments, the income from which is exempt from regular federal and New Jersey income taxes.

As a non-fundamental policy, under normal circumstances, each fund will invest at least 80% of its Managed Assets in investment grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one of the NRSROs that rate such security or are unrated but judged to be of comparable quality by the Adviser and/or the Sub-Adviser. Also, as a non-fundamental policy, each fund may invest up to 20% of its Managed Assets in municipal securities that, at the time of investment, are rated below investment grade or are unrated but judged to be of comparable quality by the Adviser and/or the Sub-Adviser. Additionally, as a non-fundamental policy, no more than 10% of each fund's Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Adviser and/or the Sub-Adviser.

Securities of below investment grade quality (Ba/BB or below) are commonly referred to as junk bonds. Issuers of securities rated Ba/BB or B are regarded as having current capacity to make principal and interest payments but are subject to business, financial or economic conditions which could adversely affect such payment capacity. Municipal securities rated Baa or BBB are considered investment grade securities; municipal securities rated Baa are considered medium grade obligations which lack outstanding investment characteristics and have speculative characteristics, while municipal securities rated BBB are regarded as having adequate capacity to pay principal and interest. Municipal securities rated AAA in which a fund may invest may have been so rated on the basis of the existence of insurance guaranteeing the timely payment, when due, of all principal and interest. Municipal securities rated below investment grade quality are obligations of issuers that are considered predominately speculative with respect to the issuer's capacity to pay interest and repay principal according to the terms of the obligation and, therefore, carry greater investment risk, including the possibility of issuer default and bankruptcy and increased market price volatility. Municipal securities rated below investment grade tend to be less marketable than higher-quality securities because the market for them is less broad. The market for unrated municipal securities is even narrower. During periods of thin trading in these markets, the spread between bid and asked prices is likely to increase significantly and a fund may have greater difficulty selling its holdings of these types of portfolio securities. A fund will be more dependent on the Adviser's and/or the Sub-Adviser's research and analysis when investing in these securities.

The foregoing credit quality policies apply only at the time a security is purchased, and a fund is not required to dispose of a security in the event that a rating agency downgrades its assessment of the credit characteristics of a particular issuer or that valuation changes of various bonds cause a fund's portfolio to fail to satisfy those policies. In determining whether to retain or sell such a security, the Adviser and/or the Sub-Adviser may consider such factors as the Adviser's and/or the Sub-Adviser's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other rating agencies. The ratings of S&P, Moody's and Fitch represent their opinions as to the quality of the municipal securities they rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, municipal securities with the same maturity, coupon and rating may have different yields while obligations of the same maturity and coupon with different ratings may have the same yield.

Underrated municipal securities are those whose ratings do not, in the Adviser's and/or the Sub-Adviser's opinion, reflect their true value. Municipal securities may be underrated because of the time that has elapsed since their rating was assigned or reviewed, or because of positive factors that may not have been fully taken into account by rating agencies, or for other similar reasons. Municipal securities that are undervalued or that represent undervalued municipal market sectors are municipal securities that, in the Adviser's and/or the Sub-Adviser's opinion, are worth more than the value assigned to them in the marketplace. Municipal securities of particular types or purposes (e.g., hospital bonds, industrial revenue bonds or bonds issued by a particular municipal issuer) may be undervalued because there is a temporary excess of supply in that market sector, or because of a general decline in the market price of municipal securities of the market sector for reasons that do not apply to the particular municipal securities that are considered undervalued. Each fund's investment in underrated or undervalued municipal securities will be based on the Adviser's and/or the Sub-Adviser's belief that the prices of such municipal securities should ultimately reflect their true value. The investment objective pertaining to enhancement of portfolio value (the secondary investment objective for each of Investment Quality and Premium Income) is not intended to suggest that capital appreciation is itself an objective of each fund. Instead, each fund seeks enhancement of portfolio value relative to the municipal bond market by prudent selection of municipal securities, regardless of which direction the market may move. Any capital appreciation realized by a fund generally will result in the distribution of taxable capital gains to common shareholders and holders of preferred shares, although some appreciation may result in ordinary income to such shareholders.

Each fund will invest primarily in municipal securities with long-term maturities in order to maintain an average effective maturity of 15-30 years, including the effects of leverage, but the average effective maturity of obligations held by a fund may be lengthened or shortened as a result of portfolio transactions effected by the Adviser and/or the Sub-Adviser, depending on market conditions and on an assessment by the portfolio manager of which segments of the municipal securities markets offer the most favorable relative investment values and opportunities for tax-exempt income and total return. As a result, a fund's portfolio at any given time may include both long-term and intermediate-term municipal securities. Moreover, during temporary defensive periods (e.g., times when, in the Adviser's and/or the Sub-Adviser's opinion, temporary imbalances of supply and demand or other temporary dislocations in the tax-exempt bond market adversely affect the price at which long-term or intermediate-term municipal securities are available), and in order to keep a fund's cash fully invested, a fund may invest any percentage of its net assets in short-term investments including high quality, short-term debt securities that may be either tax-exempt or taxable. A fund may not achieve its investment objectives during such periods. As of April 30, 2014, the average effective maturities of the portfolios of the Acquiring Fund, Investment Quality, Premium Income and Dividend Advantage 2 were 13.78, 15.02, 14.85, and 15.61 years, respectively.

No fund has established a limit on the percentage of its portfolio that may be invested in municipal bonds subject to the alternative minimum tax provisions of federal income tax law, and each fund expects that a substantial portion of the income it produces will be includable in alternative minimum taxable income. Shares of a fund therefore would not ordinarily be a suitable investment for investors who are subject to the federal alternative minimum tax or who would become subject to such tax by purchasing shares of a fund. The suitability of an investment in a fund will depend upon a comparison of the after-tax yield likely to be provided from the fund with that from comparable tax-exempt investments not subject to the alternative minimum tax, and from comparable fully taxable investments. Special considerations apply to corporate investors. See [Additional Information About the Acquiring Fund](#) Federal Income Tax Matters Associated with Investment in the Acquiring Fund.

Each fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange-traded funds) that invest primarily in municipal bonds of the types in which a fund may invest directly. In addition, each fund may purchase municipal securities that are additionally secured by insurance, bank credit agreements or escrow accounts. The credit quality of companies that provide such credit enhancements may affect the value of those securities. Although the insurance feature may reduce certain financial risks, the premiums for insurance and the higher market price paid for insured obligations may reduce a fund's income. The insurance feature guarantees only the payment of principal and interest on the obligation when due and does not guarantee the market value of the insured obligations, which will fluctuate with the bond market and the financial success of the issuer and the insurer, and the effectiveness and value of the insurance itself is dependent on the continued creditworthiness of the insurer. No representation is made as to an insurer's ability to meet its commitments.

Each fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments. A fund may not enter into a futures contract or related options or forward contracts if more than 30% of the fund's net assets would be represented by futures contracts or more than 5% of the fund's net assets would be committed to initial margin deposits and premiums on futures contracts or related options.

Each fund may invest in inverse floating rate securities. With respect to Dividend Advantage 2, such investments may not exceed 15% of the fund's Managed Assets. Inverse floating rate securities represent a leveraged investment in the underlying municipal bond deposited. Inverse floating rate securities offer the opportunity for higher income than the underlying bond, but will subject a fund to the risk of lower or even no income if short-term interest rates rise sufficiently. By investing in an inverse floating rate security rather than directly in the underlying bond, a fund will experience a greater increase in its common share net asset value if the underlying municipal bond increases in value, but will also experience a correspondingly larger decline in its common share net asset value if the underlying bond declines in value.

Each fund may borrow money to finance the repurchase of its shares or for temporary or emergency purposes, such as for the payment of dividends or the settlement of portfolio transactions. Interest on any borrowings to finance share repurchase transactions or the accumulation of cash by a fund in anticipation of share repurchases or tenders will reduce such fund's net income. Any share repurchase, tender offer or borrowing that might be approved by a fund's Board would have to comply with the Exchange Act and the 1940 Act and the rules and regulations thereunder.

With the exception of Dividend Advantage 2 which is non-diversified, each fund is diversified for purposes of the 1940 Act. Consequently, as to 75% of its assets, each such fund may not invest more than 5% of its total assets in the securities of any single issuer (and in not more than 10% of the outstanding voting securities of an issuer), except that this limitation does not apply to cash, securities of the U.S. Government, its agencies and instrumentalities, and securities of other investment companies.

As noted above, during temporary defensive periods and in order to keep a fund's cash fully invested, each fund may deviate from its investment objectives and invest up to 100% of its net assets in short-term investments including high quality, short-term securities that may be either tax-exempt or

taxable. It is the intent of each fund to invest in taxable short-term investments only in the event that suitable tax-exempt short-term investments are not available at reasonable prices and yields. Investment in taxable short-term investments would result in a portion of your dividends being subject to regular federal income tax or New Jersey personal income taxes and if the proportion of taxable investments exceeded 50% of a fund's total assets as of the close of any quarter of the fund's taxable year, the fund would not satisfy the general eligibility test that permits it to pay exempt-interest dividends for that taxable year.

Portfolio Investments

Municipal Securities

General. Each fund may invest in various municipal securities, including municipal bonds and notes, other securities issued to finance and refinance public projects, and other related securities and derivative instruments creating exposure to municipal bonds, notes and securities that provide for the payment of interest income that is exempt from regular federal income tax and New Jersey personal income taxes. Municipal securities are generally debt obligations issued by state and local governmental entities and may be issued by U.S. territories and possessions to finance or refinance public projects such as roads, schools, and water supply systems. Municipal securities may also be issued for private activities, such as housing, medical and educational facility construction, or for privately owned transportation, electric utility and pollution control projects. Municipal securities may be issued on a long-term basis to provide permanent financing. The repayment of such debt may be secured generally by a pledge of the full faith and credit taxing power of the issuer, a limited or special tax, or any other revenue source including project revenues, which may include tolls, fees and other user charges, lease payments, and mortgage payments. Municipal securities may also be issued to finance projects on a short-term interim basis, anticipating repayment with the proceeds of the later issuance of long-term debt. Municipal securities may be issued and purchased in the form of bonds, notes, leases or certificates of participation; structured as callable or non-callable; with payment forms including fixed coupon, variable rate, zero coupon, capital appreciation bonds, tender option bonds, and residual interest bonds or inverse floating rate securities; or acquired through investments in pooled vehicles, partnerships or other investment companies. Inverse floating rate securities are securities that pay interest at rates that vary inversely with changes in prevailing short-term tax-exempt interest rates and represent a leveraged investment in an underlying municipal security, which may increase the effective leverage of the funds.

The municipal securities in which each fund will invest are generally issued by the State of New Jersey, a municipality in New Jersey, or a political subdivision or agency or instrumentality of such State or municipality, and pay interest that, in the opinion of bond counsel to the issuer (or on the basis of other authority believed by the Adviser and/or the Sub-Adviser to be reliable), is exempt from regular federal income tax and New Jersey personal income taxes, although the interest may be subject to the federal alternative minimum tax. Each fund may invest in municipal bonds issued by U.S. territories and possessions (such as Puerto Rico or Guam) that are exempt from regular federal and New Jersey income taxes.

Yields on municipal securities depend on a variety of factors, including prevailing interest rates and the condition of the general money market and the municipal market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The market value of municipal securities will vary with changes in interest rate levels and as a result of changing evaluations of the ability of their issuers to make interest and principal payments.

Municipal Leases and Certificates of Participation. Each fund may purchase municipal securities that represent lease obligations and certificates of participation in such leases. These carry special risks because the issuer of the securities may not be obligated to appropriate money annually to make payments under the lease. A municipal lease is an obligation in the form of a lease or installment purchase that is issued by a state or local government to acquire equipment and facilities. Income from such obligations generally is exempt from state and local taxes in the state of issuance. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of non-appropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event the issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment or facilities. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and result in a delay in recovering, or the failure to recover fully, a fund's original investment. To the extent that a fund invests in unrated municipal leases or participates in such leases, the credit quality rating and risk of cancellation of such unrated leases will be monitored on an ongoing basis. In order to reduce this risk, each fund will only purchase municipal securities representing lease obligations where the Adviser and/or the Sub-Adviser believes the issuer has a strong incentive to continue making appropriations until maturity.

A certificate of participation represents an undivided interest in an unmanaged pool of municipal leases, an installment purchase agreement or other instruments. The certificates typically are issued by a municipal agency, a trust or other entity that has received an assignment of the payments to be made by the state or political subdivision under such leases or installment purchase agreements. Such certificates provide a fund with the right to a pro rata undivided interest in the underlying municipal securities. In addition, such participations generally provide a fund with the right to demand payment, on not more than seven days' notice, of all or any part of such fund's participation interest in the underlying municipal securities, plus accrued interest.

Municipal Notes. Municipal securities in the form of notes generally are used to provide for short-term capital needs, in anticipation of an issuer's receipt of other revenues or financing, and typically have maturities of up to three years. Such instruments may include tax anticipation notes, revenue anticipation notes, bond anticipation notes, tax and revenue anticipation notes and construction loan notes. Tax anticipation notes are issued to finance the working capital needs of governments. Generally, they are issued in anticipation of various tax revenues, such as income, sales, property, use and business taxes, and are payable from these specific future taxes. Revenue anticipation notes are issued in expectation of receipt of other kinds of revenue, such as federal revenues available under federal revenue sharing programs. Bond anticipation notes are issued to provide interim financing until long-term bond financing can be arranged. In most cases, the long-term bonds then provide the funds needed for repayment of the bond anticipation notes. Tax and revenue anticipation notes combine the funding sources of both tax anticipation notes and revenue anticipation notes. Construction loan notes are sold to provide construction financing. Mortgage notes insured by the Federal Housing Authority secure these notes; however, the proceeds from the insurance may be less than the economic equivalent of the payment of principal and interest on the mortgage note if there has been a default. The

anticipated revenues from taxes, grants or bond financing generally secure the obligations of an issuer of municipal notes. An investment in such instruments, however, presents a risk that the anticipated revenues will not be received or that such revenues will be insufficient to satisfy the issuer's payment obligations under the notes or that refinancing will be otherwise unavailable.

Pre-Refunded Municipal Securities. The principal of, and interest on, pre-refunded municipal securities are no longer paid from the original revenue source for the securities. Instead, the source of such payments is typically an escrow fund consisting of U.S. government securities. The assets in the escrow fund are derived from the proceeds of refunding bonds issued by the same issuer as the pre-refunded municipal securities. Issuers of municipal securities use this advance refunding technique to obtain more favorable terms with respect to securities that are not yet subject to call or redemption by the issuer. For example, advance refunding enables an issuer to refinance debt at lower market interest rates, restructure debt to improve cash flow or eliminate restrictive covenants in the indenture or other governing instrument for the pre-refunded municipal securities. However, except for a change in the revenue source from which principal and interest payments are made, the pre-refunded municipal securities remain outstanding on their original terms until they mature or are redeemed by the issuer.

Private Activity Bonds. Private activity bonds are issued by or on behalf of public authorities to obtain funds to provide privately operated housing facilities, airport, mass transit or port facilities, sewage disposal, solid waste disposal or hazardous waste treatment or disposal facilities and certain local facilities for water supply, gas or electricity. Other types of private activity bonds, the proceeds of which are used for the construction, equipment, repair or improvement of privately operated industrial or commercial facilities, may constitute municipal securities, although the current federal tax laws place substantial limitations on the size of such issues. A fund's distributions of its interest income from private activity bonds may subject certain investors to the federal alternative minimum tax.

Inverse Floating Rate Securities. Inverse floating rate securities (sometimes referred to as inverse floaters) are securities whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. Generally, inverse floating rate securities represent beneficial interests in a special purpose trust formed by a third-party sponsor for the purpose of holding municipal bonds. The special purpose trust typically sells two classes of beneficial interests or securities: floating rate securities (sometimes referred to as short-term floaters or tender option bonds) and inverse floating rate securities (sometimes referred to as inverse floaters or residual interest securities). Both classes of beneficial interests are represented by certificates. The short-term floating rate securities have first priority on the cash flow from the municipal bonds held by the special purpose trust. Typically, a third party, such as a bank, broker-dealer or other financial institution, grants the floating rate security holders the option, at periodic intervals, to tender their securities to the institution and receive the face value thereof. As consideration for providing the option, the financial institution receives periodic fees.

The holder of the short-term floater effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. However, the institution granting the tender option will not be obligated to accept tendered short-term floaters in the event of certain defaults or a significant downgrade in the credit rating assigned to the bond issuer. For its inverse floating rate investment, a fund receives the residual cash flow from the special purpose trust. Because the holder of the short-term floater is generally assured liquidity at the face value of the security, a fund, as the holder of the inverse floater, assumes the interest rate cash flow risk and the market value risk associated with the municipal bond deposited into the special purpose trust. The volatility of the interest cash flow and the residual market value will vary with the degree to which the trust is leveraged. This is expressed in the

ratio of the total face value of the short-term floaters in relation to the value of the inverse floaters that are issued by the special purpose trust, and can exceed three times for more highly leveraged trusts. All voting rights and decisions to be made with respect to any other rights relating to the municipal bonds held in the special purpose trust are passed through to a fund, as the holder of the residual inverse floating rate securities.

Because increases in the interest rate on the short-term floaters reduce the residual interest paid on inverse floaters, and because fluctuations in the value of the municipal bond deposited in the special purpose trust affect the value of the inverse floater only, and not the value of the short-term floater issued by the trust, inverse floaters' value is generally more volatile than that of fixed rate bonds. The market price of inverse floating rate securities is generally more volatile than the underlying bonds due to the leveraging effect of this ownership structure. These securities generally will underperform the market of fixed rate bonds in a rising interest rate environment (i.e., when bond values are falling), but tend to outperform the market of fixed rate bonds when interest rates decline or remain relatively stable. Although volatile, inverse floaters typically offer the potential for yields higher than those available on fixed rate bonds with comparable credit quality, coupon, call provisions and maturity. Inverse floaters have varying degrees of liquidity or illiquidity based upon the ability to sell the underlying bonds deposited in a special purpose trust at an attractive price. A fund may invest in inverse floating rate securities issued by special purpose trusts whose sponsors have recourse to the fund pursuant to a separate shortfall and forbearance agreement. Such an agreement would require a fund to reimburse the third-party sponsor of the trust, upon termination of the trust issuing the inverse floater, for the difference between the liquidation value of the bonds held in the trust and the principal amount due to the holders of floating rate securities issued by the trust. A fund will enter into such a recourse agreement (i) when the liquidity provider with respect to the floating rate securities issued by the special purpose trust requires such a recourse agreement because the level of leverage in the special purpose trust exceeds the level that the liquidity provider is willing to support absent such an agreement; and/or (ii) to seek to prevent the liquidity provider from collapsing the special purpose trust in the event that the municipal obligation held in the trust has declined in value. In an instance where a fund has entered such a recourse agreement, such fund may suffer a loss that exceeds the amount of its original investment in the inverse floating rate securities; such loss could be as great as that original investment amount plus the face amount of the floating rate securities issued by the trust.

Each fund will segregate or earmark liquid assets with its custodian in accordance with the 1940 Act to cover its obligations with respect to its investments in special purpose trusts.

Each fund may invest in both inverse floating rate securities and floating rate securities (as discussed below) issued by the same special purpose trust. With respect to Dividend Advantage 2, investments in inverse floating rate securities may not exceed 15% of the fund's Managed Assets.

Floating Rate Securities. Each fund may also invest in floating rate securities, as described above, issued by special purpose trusts. Floating rate securities may take the form of short-term floating rate securities or the option period may be substantially longer. Generally, the interest rate earned will be based upon the market rates for municipal securities with maturities or remarketing provisions that are comparable in duration to the periodic interval of the tender option, which may vary from weekly, to monthly, to extended periods of one year or multiple years. Since the option feature has a shorter term than the final maturity or first call date of the underlying bond deposited in the trust, a fund, as the holder of the floating rate securities, relies upon the terms of the agreement with the financial institution furnishing the option as well as the credit strength of that institution. As further

assurance of liquidity, the terms of the trust provide for a liquidation of the municipal bond deposited in the trust and the application of the proceeds to pay off the floating rate securities. The trusts that are organized to issue both short-term floating rate securities and inverse floaters generally include liquidation triggers to protect the investor in the floating rate securities.

Special Taxing Districts. Special taxing districts are organized to plan and finance infrastructure developments to induce residential, commercial and industrial growth and redevelopment. The bond financing methods such as tax increment finance, tax assessment, special services district and Mello-Roos bonds, generally are payable solely from taxes or other revenues attributable to the specific projects financed by the bonds without recourse to the credit or taxing power of related or overlapping municipalities. They often are exposed to real estate development-related risks and can have more taxpayer concentration risk than general tax-supported bonds, such as general obligation bonds. Further, the fees, special taxes, or tax allocations and other revenues that are established to secure such financings generally are limited as to the rate or amount that may be levied or assessed and are not subject to increase pursuant to rate covenants or municipal or corporate guarantees. The bonds could default if development failed to progress as anticipated or if larger taxpayers failed to pay the assessments, fees and taxes as provided in the financing plans of the districts.

When-Issued and Delayed-Delivery Transactions

Each fund may buy and sell municipal securities on a when-issued or delayed delivery basis, making payment or taking delivery at a later date, normally within 15-45 days of the trade date. On such transactions the payment obligation and the interest rate are fixed at the time the buyer enters into the commitment. Beginning on the date a fund enters into a commitment to purchase securities on a when-issued or delayed delivery basis, the fund is required under rules of the SEC to maintain in a separate account liquid assets, consisting of cash, cash equivalents or liquid securities having a market value, at all times, at least equal to the amount of the commitment. Income generated by any such assets which provide taxable income for federal income tax purposes is includable in the taxable income of a fund and, to the extent distributed, will be taxable to shareholders. A fund may enter into contracts to purchase municipal securities on a forward basis (i.e., where settlement will occur more than 60 days from the date of the transaction) only to the extent that the fund specifically collateralizes such obligations with a security that is expected to be called or mature within 60 days before or after the settlement date of the forward transaction. The commitment to purchase securities on a when-issued, delayed delivery or forward basis may involve an element of risk because no interest accrues on the bonds prior to settlement and, at the time of delivery, the market value may be less than cost.

Zero Coupon Bonds

Each fund may invest in zero coupon bonds. A zero coupon bond is a bond that does not pay interest for its entire life. The market prices of zero coupon bonds are affected to a greater extent by changes in prevailing levels of interest rates and therefore tend to be more volatile in price than securities that pay interest periodically. In addition, because a fund accrues income with respect to these securities prior to the receipt of such interest, it may have to dispose of portfolio securities under disadvantageous circumstances in order to obtain cash needed to pay income dividends in amounts necessary to avoid unfavorable tax consequences.

Structured Notes

Each fund may utilize structured notes and similar instruments for investment purposes and also for hedging purposes. Structured notes are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an embedded index), such as selected securities, an index of securities or specified interest rates, or the differential performance of two assets or markets. The terms of such structured instruments normally provide that their principal and/or interest payments are to be adjusted upwards or downwards (but not ordinarily below zero) to reflect changes in the embedded index while the structured instruments are outstanding. As a result, the interest and/or principal payments that may be made on a structured product may vary widely, depending upon a variety of factors, including the volatility of the embedded index and the effect of changes in the embedded index on principal and/or interest payments. The rate of return on structured notes may be determined by applying a multiplier to the performance or differential performance of the referenced index or indices or other assets. Application of a multiplier involves leverage that will serve to magnify the potential for gain and the risk of loss.

Special Considerations Relating to New Jersey Municipal Securities

As described above, under normal circumstances, each fund will invest at least 80% of its Managed Assets in municipal securities that are exempt from New Jersey personal income tax. Each fund is therefore susceptible to political, economic or regulatory factors affecting issuers of New Jersey municipal securities. Information about factors affecting the economy of New Jersey can be found in the most recent offering statements relating to debt offerings of state and local issuers and other financial and demographic information. It should be noted that the creditworthiness of obligations issued by local New Jersey issuers may be unrelated to the creditworthiness of obligations issued by the State of New Jersey, and that there is no obligation on the part of the State to make payment on such local obligations in the event of default.

Derivatives

General. Each fund may invest in certain derivative instruments in pursuit of its investment objectives. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments. Credit default swaps may require initial premium (discount) payments as well as periodic payments (receipts) related to the interest leg of the swap or to the default of a reference obligation. If a fund is a seller of a contract, the fund would be required to pay the par (or other agreed upon) value of a referenced debt obligation to the counterparty in the event of a default or other credit event by the reference issuer, such as a U.S. or foreign corporate issuer, with respect to such debt obligations. In return, such fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, such fund would keep the stream of payments and would have no payment obligations. As the seller, a fund would be subject to investment exposure on the notional amount of the swap. If a fund is a buyer of a contract, the fund would have the right to deliver a referenced debt obligation and receive the par (or other agreed-upon) value of such debt obligation from the counterparty in the event of a default or other credit event (such as a credit downgrade) by the reference issuer, such as a U.S. or foreign corporation, with respect to its debt obligations. In return, such fund would pay the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the

counterparty would keep the stream of payments and would have no further obligations to such fund. Interest rate swaps involve the exchange by a fund with a counterparty of their respective commitments to pay or receive interest, such as an exchange of fixed-rate payments for floating rate payments. A fund will usually enter into interest rate swaps on a net basis; that is, the two payment streams will be netted out in a cash settlement on the payment date or dates specified in the instrument, with the fund receiving or paying, as the case may be, only the net amount of the two payments.

The Adviser and/or the Sub-Adviser may use derivative instruments to seek to enhance return, to hedge some of the risk of each fund's investments in municipal securities or as a substitute for a position in the underlying asset. These types of strategies may generate taxable income.

There is no assurance that these derivative strategies will be available at any time or that the Adviser and/or the Sub-Adviser will determine to use them for a fund or, if used, that the strategies will be successful.

Limitations on the Use of Futures, Options on Futures and Swaps. The Adviser has claimed, with respect to each fund, the exclusion from the definition of commodity pool operator under the Commodity Exchange Act (CEA) provided by Commodity Futures Trading Commission (CFTC) Regulation 4.5 and is therefore not currently subject to registration or regulation as such under the CEA with respect to each fund. In addition, the Sub-Adviser has claimed the exemption from registration as a commodity trading advisor provided by CFTC Regulation 4.14(a)(8) and is therefore not currently subject to registration or regulation as such under the CEA with respect to each fund. In February 2012, the CFTC announced substantial amendments to certain exemptions, and to the conditions for reliance on those exemptions, from registration as a commodity pool operator. Under amendments to the exemption provided under CFTC Regulation 4.5, if a fund uses futures, options on futures, or swaps other than for bona fide hedging purposes (as defined by the CFTC), the aggregate initial margin and premiums on these positions (after taking into account unrealized profits and unrealized losses on any such positions and excluding the amount by which options that are in-the-money at the time of purchase are in-the-money) may not exceed 5% of the fund's net asset value, or alternatively, the aggregate net notional value of those positions may not exceed 100% of the fund's net asset value (after taking into account unrealized profits and unrealized losses on any such positions). The CFTC amendments to Regulation 4.5 took effect on December 31, 2012, and each fund intends to comply with amended Regulation 4.5's requirements such that the Adviser will not be required to register as a commodity pool operator with the CFTC with respect to each fund. Each fund reserves the right to employ futures, options on futures and swaps to the extent allowed by CFTC regulations in effect from time to time and in accordance with the fund's policies. However, the requirements for qualification as a regulated investment company under Subchapter M of the Code may limit the extent to which a fund may employ futures, options on futures or swaps.

Other Investment Companies

Each fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange-traded funds (ETFs)) that invest primarily in municipal securities of the types in which a fund may invest directly. In addition, each fund may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which a fund may invest directly. Each fund generally expects that it may invest in other investment companies and/or other pooled investment vehicles either during periods when it has large amounts of uninvested cash or during periods when

there is a shortage of attractive, high-yielding municipal securities available in the market. Each fund may invest in investment companies that are advised by the Adviser and/or the Sub-Adviser or their affiliates to the extent permitted by applicable law and/or pursuant to exemptive relief from the SEC. The funds have not applied for and currently do not intend to apply for such relief. As a shareholder in an investment company, a fund will bear its ratable share of that investment company's expenses and would remain subject to payment of the fund's advisory and administrative fees with respect to assets so invested. Common shareholders would therefore be subject to duplicative expenses to the extent a fund invests in other investment companies.

The Adviser and/or the Sub-Adviser will take expenses into account when evaluating the investment merits of an investment in an investment company relative to available municipal security investments. In addition, the securities of other investment companies may also be leveraged and will therefore be subject to the same leverage risks described herein. The net asset value and market value of leveraged shares will be more volatile, and the yield to common shareholders will tend to fluctuate more than the yield generated by unleveraged shares.

Hedging Strategies

Each fund may use various investment strategies designed to limit the risk of bond price fluctuations and to preserve capital. These hedging strategies include using financial futures contracts, options on financial futures or options based on either an index of long-term municipal securities or on taxable debt securities whose prices, in the opinion of the Adviser and/or the Sub-Adviser, correlate with the prices of a fund's investments. These hedging strategies may generate taxable income.

The Board of each fund recommends that shareholders vote FOR the approval of the Reorganization.

PROPOSAL NO. 3 APPROVAL OF ISSUANCE OF ADDITIONAL COMMON SHARES OF ACQUIRING FUND

(PREFERRED SHAREHOLDERS OF THE ACQUIRING FUND)

In connection with the proposed Reorganizations, the Acquiring Fund will issue additional Acquiring Fund common shares and, subject to notice of issuance, list such shares on the NYSE MKT. In addition, the Acquiring Fund will issue VRDP Shares and MTP Shares. The Acquiring Fund will acquire substantially all of the assets of each Target Fund in exchange for newly issued Acquiring Fund common shares and newly issued Acquiring Fund preferred shares and the assumption of substantially all of the liabilities of each Target Fund. Each Target Fund will distribute Acquiring Fund common shares to its common shareholders and Acquiring Fund preferred shares to its preferred shareholders and will then terminate its registration under the 1940 Act and dissolve under applicable state law. The Acquiring Fund's Board, based upon its evaluation of all relevant information, anticipates that the Reorganizations may benefit holders of the Acquiring Fund's common shares and preferred shares due to the increased size of the combined fund.

The aggregate net asset value of the Acquiring Fund common shares received by each Target Fund in connection with a Reorganization will equal the aggregate net asset value of the Target Fund common shares held by shareholders of such Target Fund as of the Valuation Time. Prior to the Valuation Time, the net asset value of each Target Fund and the Acquiring Fund will be reduced by the

costs of the Reorganizations borne by such fund. No fractional Acquiring Fund common shares will be distributed to a Target Fund's common shareholders in connection with a Reorganization and, in lieu of such fractional shares, each Target Fund's common shareholders will receive cash in an amount equal to a pro rata share of the proceeds from the sale of such shares in the open market, which may be higher or lower than net asset value. The aggregate liquidation preference of the preferred shares issued by the Acquiring Fund in connection with a Reorganization will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization. The Reorganizations will result in no reduction in net asset value of the Acquiring Fund's common shares, other than to reflect the costs of the Reorganizations. No gain or loss will be recognized by the Acquiring Fund for federal income tax purposes as a direct result of the Reorganizations. As a result of the Reorganizations, common shareholders of the funds will hold reduced percentages of ownership in the larger combined entity than they held in the Acquiring Fund or Target Fund individually. The Acquiring Fund will continue to operate following the Reorganizations as a registered closed-end management investment company with the investment objectives and policies described in this Joint Proxy Statement.

While applicable state and federal law does not require the common shareholders of the Acquiring Fund to approve the issuance of additional Acquiring Fund common shares, applicable NYSE MKT rules require shareholder approval of additional Acquiring Fund common shares to be issued in connection with the Reorganizations, and the Acquiring Fund's Statement for the Outstanding VRDP Shares generally requires the common shareholders and preferred shareholders of the Acquiring Fund to vote together on matters submitted to a vote of shareholders.

Shareholder approval of the issuance of additional common shares of the Acquiring Fund requires the affirmative vote of a majority of the votes cast on the proposal, provided that the total votes cast on the proposal, with common and preferred shareholders of the Acquiring Fund voting together as a single class, and common shareholders of the Acquiring Fund voting separately, represent over 50% of the shares entitled to vote on the matter. Abstentions and broker non-votes will have no effect on the proposal. Broker non-votes represent shares held by brokers or nominees for which the brokers or nominees have executed proxies as to which (i) the broker or nominee does not have discretionary voting power and (ii) the broker or nominee has not received instructions from the beneficial owner or other person who is entitled to instruct how the shares will be voted.

The consummation of the Reorganizations is contingent on the satisfaction or waiver of all closing conditions including approval of the proposals relating to the Reorganizations by each Target Fund's shareholders and the Acquiring Fund's preferred shareholders.

The Board of the Acquiring Fund recommends that shareholders of the Acquiring Fund vote FOR the approval of the issuance of additional Acquiring Fund common shares in connection with the Reorganizations.

PROPOSAL NO. 4 APPROVAL OF NEW INVESTMENT MANAGEMENT AND SUB-ADVISORY AGREEMENTS

A. APPROVAL OF NEW INVESTMENT MANAGEMENT AGREEMENT

Background

Under an investment management agreement between Nuveen Fund Advisors and each Fund (each, an Original Investment Management Agreement and collectively, the Original Investment Management Agreements), Nuveen Fund Advisors serves as each Fund's investment adviser and is responsible for each Fund's overall investment strategy and its implementation. The date of each Fund's Original Investment Management Agreement and the date on which it was last approved by shareholders and approved for continuance by the Board are provided in Appendix D.

Nuveen Fund Advisors is a wholly-owned subsidiary of Nuveen Investments, Inc. (Nuveen). Nuveen is a wholly-owned subsidiary of Windy City Investments, Inc. (previously defined as Windy City), a corporation formed by an investor group led by Madison Dearborn Partners, LLC (previously defined as MDP), a private equity investment firm based in Chicago, Illinois. Windy City is controlled by MDP on behalf of the Madison Dearborn Capital Partner V funds.

On April 14, 2014, TIAA-CREF entered into a Purchase and Sale Agreement (previously defined as the Transaction Agreement) to acquire Nuveen from the investor group led by MDP (previously defined as the TIAA-CREF Transaction). TIAA-CREF is a national financial services organization with approximately \$569 billion in assets under management, as of March 31, 2014, and is the leading provider of retirement services in the academic, research, medical and cultural fields. If the TIAA-CREF Transaction is completed, Nuveen will become a wholly-owned subsidiary of TIAA-CREF. Nuveen will operate as a separate subsidiary within TIAA-CREF's asset management business. Nuveen's current leadership and key investment teams are expected to stay in place.

Each Original Investment Management Agreement, as required by Section 15 of the 1940 Act, provides for its automatic termination in the event of its assignment (as defined in the 1940 Act). Any change in control of the Adviser is deemed to be an assignment. The consummation of the TIAA-CREF Transaction will result in a change in control of the Adviser and therefore cause the automatic termination of each Original Investment Management Agreement, as required by the 1940 Act.

Completion of the TIAA-CREF Transaction is subject to a number of conditions, including obtaining consent to the TIAA-CREF Transaction by a certain percentage of Nuveen's clients representing at least 80% of annualized investment advisory, investment management and sub-advisory fees (which includes fund shareholder approval of new investment management agreements with Nuveen Fund Advisors). Nuveen and TIAA-CREF currently expect to complete the TIAA-CREF Transaction by year-end 2014.

The TIAA-CREF Transaction has been structured in reliance upon Section 15(f) of the 1940 Act. Section 15(f) provides in substance that when a sale of a controlling interest in an investment adviser occurs, the investment adviser or any of its affiliated persons may receive any amount or benefit in connection with the sale so long as two conditions are satisfied. The first condition of Section 15(f) is that, during the three-year period following the consummation of a transaction, at least 75% of the investment company's board of directors must not be interested persons (as defined in the

1940 Act) of the investment adviser or predecessor adviser. Each of the Funds currently meets this test. Second, an unfair burden (as defined in the 1940 Act, including any interpretations or no-action letters of the SEC or the staff of the SEC must not be imposed on the investment company as a result of the transaction relating to the sale of such interest, or any express or implied terms, conditions or understandings applicable thereto. The term unfair burden (as defined in the 1940 Act) includes any arrangement, during the two-year period after the transaction, whereby the investment adviser (or predecessor or successor adviser), or any interested person (as defined in the 1940 Act) of such an adviser, receives or is entitled to receive any compensation directly or indirectly, from the investment company or its security holders (other than fees for bona fide investment advisory or other services) or from any person in connection with the purchase or sale of securities or other property to, from or on behalf of the investment company (other than bona fide ordinary compensation as principal underwriter for the investment company). Under the Transaction Agreement, TIAA-CREF acknowledges the sellers' reliance on Section 15(f) of the 1940 Act and has agreed that it will, and will cause its affiliates to, use commercially reasonable efforts to enable the provisions of Section 15(f) to be true in relation to the Funds.

To prevent the occurrence of an unfair burden under Section 15(f), Nuveen commits, for a period of two years from the date of the closing of the TIAA-CREF Transaction not to increase contractual management fee rates for any Fund. This commitment shall not limit or otherwise affect mergers or liquidations of Fund(s) in the ordinary course.

In anticipation of the TIAA-CREF Transaction, each fund's Board met in person at a series of joint meetings, including meetings of the full Board and meetings of the Independent Board Members (as defined herein) separately, commencing in February 2014 and concluding at the Board's April 30, 2014 meeting, for purposes of, among other things, considering whether it would be in the best interests of each Fund to approve a new investment management agreement between the Fund and Nuveen Fund Advisors in substantially the same form as the Original Investment Management Agreement to take effect immediately after the TIAA-CREF Transaction or shareholder approval, whichever is later (each a New Investment Management Agreement and collectively, the New Investment Management Agreements). The form of the New Investment Management Agreement is attached hereto as Appendix L.

The 1940 Act requires that each New Investment Management Agreement be approved by the Fund's shareholders in order for it to become effective. At the April 30, 2014 Board meeting, and for the reasons discussed below (see Proposal No. 4 Board Considerations), each Board, including the Board Members who are not parties to the Original Investment Management Agreements, New Investment Management Agreements or any sub-advisory agreement entered into by the Adviser with respect to any Fund or who are not interested persons (as defined in the 1940 Act) of the Fund, the Adviser or any sub-adviser (the Independent Board Members), unanimously approved the continuation of the Original Investment Management Agreement and approved the New Investment Management Agreement on behalf of each Fund and unanimously recommended approval of the New Investment Management Agreement by shareholders.

In the event shareholders of a Fund do not approve the New Investment Management Agreement at the Meeting or any adjournment, postponement or delay thereof prior to the closing of the TIAA-CREF Transaction, an interim investment management agreement between the Adviser and each such Fund (each, an Interim Investment Management Agreement and collectively, the Interim Investment Management Agreements) will take effect upon the closing of the TIAA-CREF Transaction. At the

April 30, 2014 meeting, each Board, including the Independent Board Members, also unanimously approved Interim Investment Management Agreements for each Fund in order to assure continuity of investment advisory services to the Funds after the TIAA-CREF Transaction. The terms of each Interim Investment Management Agreement are substantially identical to those of the Original Investment Management Agreements and New Investment Management Agreements, except for the term and escrow provisions described below. The Interim Investment Management Agreement will continue in effect for a term ending on the earlier of 150 days from the closing of the TIAA-CREF Transaction (the 150-day period) or when shareholders of a Fund approve the New Investment Management Agreement. Pursuant to Rule 15a-4 under the 1940 Act, compensation earned by the Adviser under an Interim Investment Management Agreement will be held in an interest-bearing escrow account. If shareholders of a Fund approve the New Investment Management Agreement prior to the end of the 150-day period, the amount held in the escrow account under the Interim Investment Management Agreement will be paid to the Adviser. If shareholders of a Fund do not approve the New Investment Management Agreement prior to the end of the 150-day period, the Board will take such action as it deems to be in the best interests of the Fund, and the Adviser will be paid the lesser of its costs incurred in performing its services under the Interim Investment Management Agreement or the total amount in the escrow account, plus interest earned.

Comparison of Original Investment Management Agreement and New Investment Management Agreement

The terms of each New Investment Management Agreement, including fees payable to the Adviser by the Fund thereunder, are substantially identical to those of the Original Investment Management Agreement, except for the date of effectiveness. There is no change in the fee rate payable by each Fund to the Adviser. If approved by shareholders of a Fund, the New Investment Management Agreement for each Fund will expire on August 1, 2015, unless continued. Each New Investment Management Agreement will continue in effect from year to year thereafter if such continuance is approved for the Fund at least annually in the manner required by the 1940 Act and the rules and regulations thereunder. Below is a comparison of certain terms of the Original Investment Management Agreement to the terms of the New Investment Management Agreement.

Investment Management Services. The investment management services to be provided by the Adviser to each Fund under the New Investment Management Agreements will be identical to those services currently provided by the Adviser to each Fund under the Original Investment Management Agreements. Both the Original Investment Management Agreements and New Investment Management Agreements provide that the Adviser shall manage the investment and reinvestment of the Fund's assets in accordance with the Fund's investment objective and policies and limitations and administer the Fund's affairs to the extent requested by and subject to the oversight of the Fund's Board. In addition, the investment management services are expected to be provided by the same Adviser personnel under the New Investment Management Agreements as under the Original Investment Management Agreements. The Adviser does not anticipate that the TIAA-CREF Transaction will have any adverse effect on the performance of its obligations under the New Investment Management Agreements.

Fees. Under each Original Investment Management Agreement and New Investment Management Agreement, the Fund pays to the Adviser an investment management fee that consists of two components—a complex-level fee based on the aggregate amount of all eligible Nuveen fund assets and a specific fund-level fee based only on the amount of assets within the Fund. This pricing

structure enables Fund shareholders to benefit from growth in the assets within the Fund as well as from growth in the amount of complex-wide assets managed by the Adviser. Under no circumstances will this pricing structure result in the Fund paying management fees at a rate higher than would otherwise have been applicable had the complex-wide management fee structure not been implemented.

The fee schedules for the fund-level fee and complex-level fee under the New Investment Management Agreements for each Fund are identical to the fund-level fee and complex-level fee schedules under the Original Investment Management Agreements. The annual fund-level fee schedule for each Fund under the Original Investment Management Agreements and the New Investment Management Agreements, the fees paid by each Fund to the Adviser during each Fund's last fiscal year and the Fund's net assets as of December 31, 2013 are set forth in Appendix F. The fee schedule for the complex-level component is the same for each Fund under both the Original Investment Management Agreements and New Investment Management Agreements and is also set forth in Proposal No. 2 Comparison of the Acquiring Fund and each Target Fund.

Payment of Expenses. Under each Original Investment Management Agreement and each New Investment Management Agreement, the Adviser shall furnish office facilities and equipment and clerical, bookkeeping and administrative services (other than such services, if any, provided by the Fund's transfer agent) for the Fund.

Limitation on Liability. The Original Investment Management Agreements and New Investment Management Agreements provide that the Adviser will not be liable for any loss sustained by reason of the purchase, sale or retention of any security, whether or not such purchase, sale or retention shall have been based upon the investigation and research made by any other individual, firm or corporation, if such recommendation shall have been selected with due care and in good faith, except loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its obligations and duties, or by reason of its reckless disregard of its obligations and duties under the agreement.

Continuance. The Original Investment Management Agreement of each Fund originally was in effect for an initial term and could be continued thereafter for successive one-year periods if such continuance was specifically approved at least annually in the manner required by the 1940 Act. If the shareholders of a Fund approve the New Investment Management Agreement for that Fund, the New Investment Management Agreement will expire on August 1, 2015, unless continued. The New Investment Management Agreement may be continued for successive one-year periods if approved at least annually in the manner required by the 1940 Act.

Termination. The Original Investment Management Agreement and New Investment Management Agreement for each Fund provide that the agreement may be terminated at any time with respect to a Fund without the payment of any penalty by the Fund or Adviser on sixty (60) days written notice to the other party. A Fund may effect termination by action of the Board or by vote of a majority of the outstanding voting securities of the Fund, accompanied by appropriate notice.

Information about the Adviser

Nuveen Fund Advisors, a registered investment adviser, is organized as Delaware limited liability company and is a wholly-owned subsidiary of Nuveen. Founded in 1898, Nuveen and its

affiliates had approximately \$224.6 billion in assets under management as of March 31, 2014. Nuveen Fund Advisors offers advisory and investment management services to a broad range of mutual fund and closed-end fund clients. Nuveen Fund Advisors is responsible for each Fund's overall investment strategy and its implementation. Nuveen Fund Advisors also is responsible for managing each Fund's business affairs and providing certain clerical, bookkeeping and other administrative services. The business address of Nuveen Fund Advisors and Nuveen is 333 West Wacker Drive, Chicago, Illinois 60606.

Certain information regarding the executive officers and directors of Nuveen Fund Advisors is set forth in Appendix I.

Shareholder Approval

To become effective with respect to a particular Fund, the New Investment Management Agreement must be approved by a vote of a majority of the outstanding voting securities of the Fund, with the holders of common shares and preferred shares voting together as a single class. The vote of a majority of the outstanding voting securities is defined in the 1940 Act as the lesser of the vote of (i) 67% or more of the shares of the Fund entitled to vote thereon present at the meeting if the holders of more than 50% of such outstanding shares are present in person or represented by proxy; or (ii) more than 50% of such outstanding shares of the Fund entitled to vote thereon. For purposes of determining the approval of the New Investment Management Agreement, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

Each New Investment Management Agreement was approved by the Board of the respective Fund after consideration of all factors which it determined to be relevant to its deliberations, including those discussed in Proposal No. 4 Board Considerations below. The Board of each Fund also determined to submit the Fund's New Investment Management Agreement for consideration by the shareholders of such Fund.

The Board of each Fund unanimously recommends that shareholders of the Fund vote FOR approval of the New Investment Management Agreement.

B. APPROVAL OF NEW SUB-ADVISORY AGREEMENT

Background

Nuveen Fund Advisors has entered into investment sub-advisory agreements (each, an Original Sub-Advisory Agreement and collectively, the Original Sub-Advisory Agreements) with respect to each Fund with Nuveen Asset Management, LLC (Nuveen Asset Management or the Sub-Adviser).

The date of each Original Sub-Advisory Agreement and the date it was last approved by shareholders and approved for continuance by the Board are provided in Appendix G.

As with the Original Investment Management Agreements, each Original Sub-Advisory Agreement, as required by Section 15 of the 1940 Act, provides for its automatic termination in the event of its assignment. The completion of the TIAA-CREF Transaction will result in a change in control of Nuveen Asset Management, which is a subsidiary of Nuveen, and therefore will be deemed

an assignment of each Original Sub-Advisory Agreement with Nuveen Asset Management. In addition, each Original Sub-Advisory Agreement provides that it will terminate upon the termination of the Original Investment Management Agreement with respect to such Fund. As a result, the completion of the TIAA-CREF Transaction will result in the termination of each Original Sub-Advisory Agreement.

In anticipation of the TIAA-CREF Transaction, each Fund's Board met in person at joint meetings on April 15-16, 2014 and April 30, 2014, for purposes of, among other things, considering whether it would be in the best interests of each Fund to approve a new sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management (each, a New Sub-Advisory Agreement and collectively, the New Sub-Advisory Agreements). The form of the New Sub-Advisory Agreement is attached hereto as Appendix M.

The 1940 Act requires that each New Sub-Advisory Agreement be approved by the Fund's shareholders in order for it to become effective. At the April 30, 2014 Board meeting, and for the reasons discussed below (see Proposal No. 4 Board Considerations), each Board, including the Independent Board Members, unanimously approved the continuation of the Original Sub-Advisory Agreement and approved the New Sub-Advisory Agreement and unanimously recommended approval of the New Sub-Advisory Agreement by shareholders.

Because each New Sub-Advisory Agreement, like each Original New Sub-Advisory Agreement, is between the Adviser and the Sub-Adviser, a Fund's New Sub-Advisory Agreement will not take effect until the New Management Agreement for such Fund has been approved by shareholders.

In the event shareholders of a Fund do not approve the New Management Agreement and New Sub-Advisory Agreement at the Meeting or any adjournment, postponement or delay thereof prior to the closing of the TIAA-CREF Transaction, an interim sub-advisory agreement between the Adviser and Nuveen Asset Management (each an Interim Sub-Advisory Agreement and collectively, the Interim Sub-Advisory Agreements) will take effect upon the closing of the TIAA-CREF Transaction. At the April 30, 2014 meeting, each Board, including the Independent Board Members, also unanimously approved Interim Sub-Advisory Agreements in order to assure continuity of advisory services to the Funds after the TIAA-CREF Transaction. The terms of each Interim Sub-Advisory Agreement are substantially identical to those of the Original Sub-Advisory Agreements and New Sub-Advisory Agreements, except for the term and escrow provisions described below. The Interim Sub-Advisory Agreement will continue in effect for a term ending on the earlier of 150 days from the closing of the TIAA-CREF Transaction (the 150-day period) or when shareholders of a Fund approve the New Management Agreement and New Sub-Advisory Agreement. Pursuant to Rule 15a-4 under the 1940 Act, compensation earned by a Sub-Adviser under an Interim Sub-Advisory Agreement will be held in an interest-bearing escrow account. If shareholders of a Fund approve the New Management Agreement and New Sub-Advisory Agreement prior to the end of the 150-day period, the amount held in the escrow account under the Interim Sub-Advisory Agreement will be paid to the Sub-Adviser. If shareholders of a Fund do not approve the New Management Agreement and New Sub-Advisory Agreement prior to the end of the 150-day period, the Board will take such action as it deems to be in the best interests of the Fund, and the Sub-Adviser will be paid the lesser of its costs incurred in performing its services under the Interim Sub-Advisory Agreement or the total amount in the escrow account, plus interest earned.

Comparison of Original Sub-Advisory Agreement and New Sub-Advisory Agreement

The terms of each New Sub-Advisory Agreement, including fees payable to the Sub-Adviser by Nuveen Fund Advisors thereunder, are substantially identical to those of the Original Sub-Advisory Agreement, except for the date of effectiveness. There is no change in the fee rate payable by Nuveen Fund Advisors to the Sub-Adviser. If approved by shareholders of a Fund, the New Sub-Advisory Agreement for the Fund will expire on August 1, 2015, unless continued. Each New Sub-Advisory Agreement will continue in effect from year to year thereafter if such continuance is approved for the Fund at least annually in the manner required by the 1940 Act and the rules and regulations thereunder. Below is a comparison of certain terms of the Original Sub-Advisory Agreements to the terms of the New Sub-Advisory Agreements.

Advisory Services. The advisory services to be provided by the Sub-Adviser to each Fund under the New Sub-Advisory Agreements will be identical to those advisory services currently provided by the Sub-Adviser to each Fund under the Original Sub-Advisory Agreements. Both the Original Sub-Advisory Agreements and New Sub-Advisory Agreements provide that the Sub-Adviser will furnish an investment program in respect of, make investment decisions for and place all orders for the purchase and sale of securities for the portion of the Fund's investment portfolio allocated by the Adviser to the Sub-Adviser, all on behalf of the Fund and subject to oversight of the Fund's Board and the Adviser. In performing its duties under both the Original Sub-Advisory Agreements and the New Sub-Advisory Agreements, the Sub-Adviser will monitor the Fund's investments and will comply with the provisions of the Fund's organizational documents and the stated investment objectives, policies and restrictions of the Fund. It is not anticipated that the TIAA-CREF Transaction will have any adverse effect on the performance of a Sub-Adviser's obligations under the New Sub-Advisory Agreements.

Brokerage. Both the Original Sub-Advisory Agreements and New Sub-Advisory Agreements authorize the Sub-Adviser to select the brokers or dealers that will execute the purchases and sales of portfolio securities for the Funds, subject to its obligation to obtain best execution under the circumstances, which may take account of the overall quality of brokerage and research services provided to the Sub-Adviser.

Fees. Under both the Original Sub-Advisory Agreements and New Sub-Advisory Agreements, the Adviser pays the Sub-Adviser a portfolio management fee out of the investment management fee it receives from the Fund. The rate of the portfolio management fees payable by the Adviser to the Sub-Adviser under the New Sub-Advisory Agreements is identical to the rate of the fees paid under the Original Sub-Advisory Agreements. The annual rate of portfolio management fees payable to the Sub-Adviser under the Original Sub-Advisory Agreements and the New Sub-Advisory Agreements is set forth in Proposal No. 2 Comparison of the Acquiring Fund and each Target Fund. The fees paid by the Adviser to the Sub-Adviser with respect to each Fund during each Fund's last fiscal year are set forth in Appendix H.

Payment of Expenses. Under each Original Sub-Advisory Agreement and New Sub-Advisory Agreement, the Sub-Adviser agrees to pay all expenses it incurs in connection with its activities under the agreement other than the cost of securities (including brokerage commissions) purchased for the Fund.

Limitation on Liability. The Original Sub-Advisory Agreements and New Sub-Advisory Agreements provide that the Sub-Adviser will not be liable for, and the Adviser will not take any

action against the Sub-Adviser to hold the Sub-Adviser liable for, any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the performance of the Sub-Adviser's duties under the agreement, except for a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Sub-Adviser in the performance of duties under the agreement, or by reason of its reckless disregard of its obligations and duties under the agreement.

Continuance. The Original Sub-Advisory Agreement of each Fund originally was in effect for an initial term and could be continued thereafter for successive one-year periods if such continuance was specifically approved at least annually in the manner required by the 1940 Act. If the shareholders of a Fund approve the New Sub-Advisory Agreement for that Fund, the New Sub-Advisory Agreement will expire on August 1, 2015, unless continued. Thereafter, the New Sub-Advisory Agreement may be continued for successive one-year periods if approved at least annually in the manner required by the 1940 Act.

Termination. The Original Sub-Advisory Agreement and New Sub-Advisory Agreement for each Fund provide that the agreement may be terminated at any time without the payment of any penalty by either party on sixty (60) days' written notice. The Original Sub-Advisory Agreement and New Sub-Advisory Agreement may also be terminated by action of the Fund's Board or by a vote of a majority of the outstanding voting securities of that Fund, accompanied by 60 days' written notice.

The Original Sub-Advisory Agreement and New Sub-Advisory Agreement for each Fund are also terminable with respect to that Fund at any time without the payment of any penalty, by the Adviser, the Board or by vote of a majority of the outstanding voting securities of that Fund in the event that it is established by a court of competent jurisdiction that the Sub-Adviser or any of its officers or directors has taken any action that results in a breach of the representations of the Sub-Adviser set forth in the agreement.

Information About Sub-Adviser

Nuveen Asset Management. Nuveen Asset Management is an affiliate of Nuveen Fund Advisors and serves as investment sub-adviser to the Funds. Nuveen Asset Management is organized as a Delaware limited liability company, and its sole managing member is Nuveen Fund Advisors. Founded in 1898, Nuveen and its affiliates had approximately \$224.6 billion in assets under management as of March 31, 2014. The business address of Nuveen Asset Management is 333 West Wacker Drive, Chicago, Illinois 60606.

Additional Information. There are no registered investment companies not included in this Proxy Statement advised by the Sub-Adviser with similar investment objectives as the Funds. Certain information regarding the executive officer and directors of the Sub-Adviser is set forth in Appendix I.

Affiliated Brokerage and Other Fees

No Fund paid brokerage commissions within the last fiscal year to (i) any broker that is an affiliated person of such Fund or an affiliated person of such person, or (ii) any broker an affiliated person of which is an affiliated person of such Fund, the Adviser or any Sub-Adviser of such Fund.

During each Fund's last fiscal year, no Fund paid any amounts to the Adviser or any Sub-Adviser to such Fund or any affiliated person of the Adviser or any Sub-Adviser to such Fund for

services provided to the Fund (other than pursuant to the Original Investment Management Agreement or Original Sub-Advisory Agreement or for brokerage commissions).

Shareholder Approval

To become effective with respect to a particular Fund, the New Sub-Advisory Agreement must be approved by a vote of a majority of the outstanding voting securities of the Fund, with the holders of Common Shares and Preferred Shares voting together as a single class. The vote of a majority of the outstanding voting securities is defined in the 1940 Act as the lesser of the vote of (i) 67% or more of the shares of the Fund entitled to vote thereon present at the meeting if the holders of more than 50% of such outstanding shares are present in person or represented by proxy; or (ii) more than 50% of such outstanding shares of the Fund entitled to vote thereon. For purposes of determining the approval of the new sub-advisory agreement, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

Each New Sub-Advisory Agreement was approved by the Board after consideration of all factors which it determined to be relevant to its deliberations, including those discussed below. The Board also determined to submit the New Sub-Advisory Agreement for consideration by the shareholders of the Fund.

The Board of each Fund unanimously recommends that shareholders of the Fund vote FOR approval of the Fund's New Sub-Advisory Agreement.

C. BOARD CONSIDERATIONS

I. The Approval Process

The Board of each Fund, including the Independent Board Members, is responsible for overseeing the performance of the Adviser and Sub-Adviser to the respective Fund and determining whether to approve or continue such Fund's Original Investment Management Agreement and Original Sub-Advisory Agreement (collectively, the Original Advisory Agreements). Pursuant to the 1940 Act, each Board is required to consider the continuation of the Original Advisory Agreements on an annual basis. In addition, prior to its annual review, the Board Members were advised of the potential acquisition of Nuveen by TIAA-CREF. For purposes of this section, references to Nuveen herein include all affiliates of Nuveen providing advisory, sub-advisory, distribution or other services to the Funds and references to the Board refer to the Board of each Fund. In accordance with the 1940 Act and the terms of the Original Advisory Agreements, the completion of the TIAA-CREF Transaction would terminate each of the Original Investment Management Agreements and Original Sub-Advisory Agreements.

With respect to the Funds, however, the Board recognized that as part of a broad initiative of Nuveen to rationalize its fund offerings and eliminate overlapping funds, each Fund's Board has approved and recommended that the shareholders approve the respective Reorganizations of the Funds. As shareholder approval is required for the consummation of the Reorganizations, to avoid any disruption in sub-advisory services pending shareholder approval of the Reorganizations or if shareholder approval is not obtained for the Reorganizations, the Board, including all of the Independent Board Members, performed its annual review of the Original Advisory Agreements and approved the continuation of the Original Advisory Agreements for the Funds at an in person meeting

held on April 30, 2014 (the April Meeting). Furthermore, because the consummation of the TIAA-CREF Transaction will terminate the Original Advisory Agreements, each Fund's Board also approved New Investment Management Agreements and New Sub-Advisory Agreements (collectively, the New Advisory Agreements) on behalf of its respective Fund to be effective following the consummation of the TIAA-CREF Transaction as well as Interim Investment Management Agreements and Interim Investment Sub-Advisory Agreements to permit the Adviser and Sub-Adviser to continue to serve in their respective capacities while shareholder approval is sought for the Reorganizations and for the New Advisory Agreements. The following sets forth each Fund Board's considerations for approving the continuance of the Original Advisory Agreements, the approval of the New Advisory Agreements and the interim agreements.

Leading up to the April Meeting, the Independent Board Members had several meetings and deliberations, with and without management from Nuveen present and with the advice of legal counsel, regarding the Original Advisory Agreements, the TIAA-CREF Transaction and its impact and the New Advisory Agreements. At its meeting held on February 25-27, 2014 (the February Meeting), the Board Members met with a senior executive representative of TIAA-CREF to discuss the proposed TIAA-CREF Transaction. At the February Meeting, the Independent Board Members also established an ad hoc committee comprised solely of the Independent Board Members to monitor and evaluate the TIAA-CREF Transaction and to keep the Independent Board Members updated with developments regarding the TIAA-CREF Transaction. On March 20, 2014, the ad hoc committee met telephonically to discuss with management of Nuveen, and separately with independent legal counsel, the terms of the proposed TIAA-CREF Transaction and its impact on, among other things: the governance structure of Nuveen; the strategic plans for Nuveen; the operations of the Nuveen funds (which include the Funds); the quality or level of services provided to the Nuveen funds; key personnel that service the Nuveen funds and/or the Board and the compensation or incentive arrangements to retain such personnel; Nuveen's capital structure; the regulatory requirements applicable to Nuveen or fund operations; and the Nuveen funds' fees and expenses, including the funds' complex-wide fee arrangement. Following the meeting of the ad hoc committee, the Board met in person (two Independent Board Members participating telephonically) in executive session on March 26, 2014 to further discuss the proposed TIAA-CREF Transaction. At the executive session, the Board met privately with independent legal counsel to review its duties with respect to reviewing advisory agreements, particularly in the context of a change of control, and to evaluate further the TIAA-CREF Transaction and its impact on the Nuveen funds, the Adviser and Sub-Adviser (collectively, the Fund Advisers and each a Fund Adviser) and the services provided. Representatives of Nuveen also met with the Board to update the Board Members on developments regarding the TIAA-CREF Transaction, respond to questions and to discuss, among other things: the governance of the Fund Advisers following the TIAA-CREF Transaction; the background, culture (including with respect to regulatory and compliance matters) and resources of TIAA-CREF; the general plans and intentions of TIAA-CREF for Nuveen; the terms and conditions of the TIAA-CREF Transaction (including financing terms); any benefits or detriments the TIAA-CREF Transaction may impose on the Funds, TIAA-CREF or the Fund Advisers; the reaction from Fund Advisers' employees knowledgeable of the TIAA-CREF Transaction; the incentive and retention plans for key personnel of Fund Advisers; the potential access to additional distribution platforms and economies of scale; and the impact of any additional regulatory schemes that may be applicable to the Nuveen funds given the banking and insurance businesses operated in the TIAA-CREF enterprise. As part of its review, the Board also held a separate meeting on April 15-16, 2014 to

review the Nuveen funds' investment performance and consider an analysis provided by the Adviser of each Sub-Adviser, the TIAA-CREF Transaction and its implications to the Nuveen funds. During their review of the materials and discussions, the Independent Board Members presented the Adviser with

questions and the Adviser responded. Further, the Independent Board Members met in executive session with independent legal counsel on April 29, 2014 and April 30, 2014.

In connection with their review of the Original Advisory Agreements and the New Advisory Agreements, the Independent Board Members received extensive information regarding the Funds and Fund Advisers including, among other things: the nature, extent and quality of services provided by a Fund Adviser; the organization and operations of any Fund Adviser; the expertise and background of relevant personnel of the Fund Adviser; a review of the Funds' performance (including performance comparisons against the performance of peer groups and appropriate benchmarks); a comparison of the Funds' fees and expenses relative to peers; a description and assessment of shareholder service levels for the Funds; a summary of the performance of certain service providers; a review of fund initiatives and shareholder communications; and an analysis of the Adviser's profitability with comparisons to peers in the managed fund business. In light of the proposed TIAA-CREF Transaction, the Independent Board Members, through their independent legal counsel, also requested in writing and received additional information regarding the proposed TIAA-CREF Transaction and its impact on the provision of services by the Fund Advisers.

The Independent Board Members received, well in advance of the April Meeting, materials which responded to the request for information regarding the TIAA-CREF Transaction and its impact on Nuveen and the Nuveen funds including, among other things: the structure and terms of the TIAA-CREF Transaction; the impact of the TIAA-CREF Transaction on Nuveen, its operations and the nature, quality and level of services provided to the Nuveen funds, including, in particular, any changes to those services that the Nuveen funds may experience following the TIAA-CREF Transaction; the strategic plan for Nuveen, including any financing arrangements following the TIAA-CREF Transaction and any cost cutting efforts that may impact services; the organizational structure of TIAA-CREF, including the governance structure of Nuveen following the TIAA-CREF Transaction; any anticipated effect on each Nuveen fund's expense ratios (including changes to advisory and sub-advisory fees) and economies of scale that may be expected; any benefits or conflicts of interest that TIAA-CREF, Nuveen or their affiliates can expect from the TIAA-CREF Transaction; any benefits or undue burdens or other negative implications that may be imposed on the Nuveen funds as a result of the TIAA-CREF Transaction; the impact on Nuveen or the Nuveen funds as a result of being subject to additional regulatory schemes that TIAA-CREF must comply with in operating its various businesses; and the costs associated with obtaining necessary shareholder approvals and the bearer of such costs. The Independent Board Members also received a memorandum describing the applicable laws, regulations and duties in approving advisory contracts, including in conjunction with a change of control, from their independent legal counsel.

The materials and information prepared in connection with the review of the Original Advisory Agreements and New Advisory Agreements supplemented the information and analysis provided to the Board during the year. In this regard, throughout the year, the Board, acting directly or through its committees, regularly reviewed the performance and various services provided by the Adviser and Sub-Adviser. The Board met at least quarterly as well as at other times as the need arose. At its quarterly meetings, the Board reviewed reports by the Adviser regarding, among other things, fund performance, fund expenses, premium and discount levels of closed-end funds, the performance of the investment teams and compliance, regulatory and risk management matters. In addition to regular reports, the Adviser provided special reports to the Board or a committee thereof from time to time to enhance the Board's understanding of various topics that impact some or all the Nuveen funds (such as distribution channels, oversight of omnibus accounts and leverage management topics), to update the

Board on regulatory developments impacting the investment company industry or to update the Board on the business plans or other matters impacting the Adviser. The Board also met with key investment personnel managing certain Nuveen funds' portfolios during the year.

In addition, the Board has created several standing committees (the Executive Committee; the Dividend Committee; the Audit Committee; the Compliance, Risk Management and Regulatory Oversight Committee; the Nominating and Governance Committee; the Open-end Funds Committee; and the Closed-end Funds Committee). The Open-end Funds Committee and Closed-end Funds Committee are intended to assist the full Board in monitoring and gaining a deeper insight into the distinctive business practices of closed-end and open-end funds. These two Committees have met prior to each quarterly Board meeting, and the Adviser provided presentations to these Committees permitting them to delve further into specific matters or initiatives impacting the respective product line.

Further, the Board continued its program of seeking to have the Board Members or a subset thereof visit each sub-adviser to the Nuveen funds and meet key investment and business personnel at least once over a multiple year rotation. In this regard, the Independent Board Members made site visits to certain Nuveen Asset Management equity and fixed income teams in September 2013 and met with the Nuveen Asset Management municipal team at the August and November 2013 quarterly meetings.

The Board considered the information provided and knowledge gained at these meetings and visits during the year when performing its annual review of the Original Advisory Agreements and its review of the New Advisory Agreements. The Independent Board Members also were assisted throughout the process by independent legal counsel. During the course of the year and during their deliberations regarding the review of advisory contracts, the Independent Board Members met with independent legal counsel in executive sessions without management present. In addition, it is important to recognize that the management arrangements for the Nuveen funds are the result of many years of review and discussion between the Independent Board Members and Nuveen fund management and that the Board Members' conclusions may be based, in part, on their consideration of fee arrangements and other factors developed in previous years.

Each Fund's Board considered all factors it believed relevant with respect to the respective Fund, including, among other things: (a) the nature, extent and quality of the services provided by the Fund Advisers, (b) the investment performance of the respective Fund and Fund Advisers, (c) the advisory fees and costs of the services to be provided to the funds and the profitability of the Fund Advisers, (d) the extent of any economies of scale, (e) any benefits derived by the Fund Advisers from the relationship with the funds and (f) other factors. With respect to the New Advisory Agreements, the Board also considered the TIAA-CREF Transaction and its impact on the foregoing factors. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Original Advisory Agreements and New Advisory Agreements. The Independent Board Members did not identify any single factor as all important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

A. Nature, Extent and Quality of Services

1. The Original Advisory Agreements

In considering renewal of the Original Advisory Agreements, the Independent Board Members considered the nature, extent and quality of the respective Fund Adviser's services, including portfolio management services (and the resulting Fund performance) and administrative services. The Independent Board Members further considered the overall reputation and capabilities of the Adviser and its affiliates, the commitment of the Adviser to provide high quality service to the Funds, their overall confidence in the capability and integrity of the Adviser and its staff and the Adviser's responsiveness to questions and concerns raised by them. The Independent Board Members reviewed materials outlining, among other things: the Fund Adviser's organization and business; the types of services that the Fund Adviser or its affiliates provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen had taken for the applicable open-end or closed-end fund product line.

In considering the services provided by the Fund Advisers, the Board recognized that the Adviser provides a myriad of investment management, administrative, compliance, oversight and other services for the Funds, and the Sub-Adviser generally provides the portfolio advisory services to the Funds under the oversight of the Adviser. The Board considered the wide range of services provided by the Adviser to the Nuveen funds beginning with developing the fund, monitoring and analyzing its performance, to providing or overseeing the services necessary to support a fund's daily operations. The Board recognized the Adviser, among other things, provides: (a) product management (such as analyzing ways to better position a fund in the marketplace, maintaining relationships to gain access to distribution platforms, and setting dividends); (b) fund administration (such as preparing a fund's tax returns, regulatory filings and shareholder communications; managing fund budgets and expenses; overseeing the fund's various service providers and supporting and analyzing new and existing funds); (c) Board administration (such as supporting the Board and its committees, in relevant part, by organizing and administering the Board and committee meetings and preparing the necessary reports to assist the Board in its duties); (d) compliance (such as monitoring adherence to the fund's investment policies and procedures and applicable law; reviewing the compliance program periodically and developing new policies or updating existing compliance policies and procedures as considered necessary or appropriate; responding to regulatory requests; and overseeing compliance testing of sub-advisers); (e) legal support (such as preparing or reviewing fund registration statements, proxy statements and other necessary materials; interpreting regulatory requirements and compliance thereof; and maintaining applicable registrations); and (f) investment services (such as overseeing and reviewing sub-advisers and their investment teams; analyzing performance of the funds; overseeing investment and risk management; overseeing the daily valuation process for portfolio securities and developing and recommending valuation policies and methodologies and changes thereto; and participating in fund development, leverage management, and the development of investment policies and parameters). With respect to closed-end funds, the Adviser also monitors asset coverage levels on leveraged funds, manages leverage, negotiates the terms of leverage, evaluates alternative forms and types of leverage, promotes an orderly secondary market for common shares and maintains an asset maintenance system for compliance with certain rating agency criteria.

In its review, the Board also considered the new services, initiatives or other changes adopted since the last advisory contract review that were designed to enhance the services and support the Adviser provides to the Nuveen funds. The Board recognized that some initiatives are a multi-year

process. In reviewing the activities of 2013, the Board recognized that the year reflected the Adviser's continued focus on fund rationalization for both closed-end and open-end funds, consolidating certain funds through mergers that were designed to improve efficiencies and economies of scale for shareholders, repositioning various funds through updates in their investment policies and guidelines with the expectation of bringing greater value to shareholders, and liquidating certain funds. As in the past, the Board recognized the Adviser's significant investment in its technology initiatives, including the continued progress toward a central repository for fund and other Nuveen product data and implementing a data system to support the risk oversight group enabling it to provide more detailed risk analysis for the Nuveen funds. The Board noted the new data system has permitted more in depth analysis of the investment risks of the Nuveen funds and across the complex providing additional feedback and insights to the investment teams and more comprehensive risk reporting to the Board. The Adviser also conducted several workshops for the Board regarding the new data system, including explaining the risk measures being applied and their purpose. The Board also recognized the enhancements in the valuation group within the Adviser, including centralizing the fund pricing process within the valuation group, trending to more automated and expedient reviews and continuing to expand its valuation team. The Board further considered the expansion of personnel in the compliance department enhancing the collective expertise of the group, investments in additional compliance systems and the updates of various compliance policies.

In addition to the foregoing actions, the Board also considered other initiatives related to the closed-end funds, including the continued investment of considerable resources and personnel dedicated to managing and overseeing the various forms of leverage utilized by certain funds. The Board recognized the results of these efforts included the development of less expensive forms of leverage, expansion of leverage providers, the negotiation of more favorable terms for existing leverage, the enhanced ability to respond to market and regulatory developments and the enhancements to technology systems to manage and track the various forms of leverage. The Board also noted Nuveen's continued capital management services, including executing share repurchase programs, its implementation of data systems that permit more targeted solicitation strategies for fund mergers and more targeted marketing and promotional efforts and its continued focus and efforts to address the discounts of various funds. The Board further noted Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a comprehensive communication program designed to further educate the investor and analyst about closed-end funds. Nuveen's support services included, among other things, maintaining and enhancing a closed-end fund website, creating marketing campaigns and educational materials, communicating with financial advisers, sponsoring and participating in conferences, providing educational seminars and programs and evaluating the results of these marketing efforts.

As noted, the Adviser also oversees the Sub-Adviser who provides the portfolio advisory services to the Funds. In reviewing the portfolio advisory services provided to each Fund, the Nuveen Investment Services Oversight Team of the Adviser analyzes the performance of the Sub-Adviser and may recommend changes to the investment team or investment strategies as appropriate. In assisting the Board's review of the Sub-Adviser, the Adviser provides a report analyzing, among other things, the Sub-Adviser's investment team and changes thereto, organization and history, assets under management, the investment team's philosophy and strategies in managing the Fund, developments affecting the Sub-Adviser or the respective Fund and their performance. In their review of the Sub-Adviser, the Independent Board Members considered, among other things, the experience and qualifications of the relevant investment personnel, their investment philosophy and strategies, the Sub-Adviser's organization and stability, its capabilities and any initiatives taken or planned to

enhance its current capabilities or support potential growth of business and, as outlined in further detail below, the performance of the Funds. The Independent Board Members also reviewed portfolio manager compensation arrangements to evaluate each Fund Adviser's ability to attract and retain high quality investment personnel, preserve stability, and reward performance while not providing an inappropriate incentive to take undue risks.

Given the importance of compliance, the Independent Board Members also considered Nuveen's compliance program, including the report of the chief compliance officer regarding the Nuveen funds' compliance policies and procedures; the resources dedicated to compliance; the record of compliance with the policies and procedures; and its supervision of the Funds' service providers. The Board recognized Nuveen's commitment to compliance and strong commitment to a culture of compliance. Given the Adviser's emphasis on monitoring investment risk, the Board has also appointed two Independent Board Members as point persons to review and keep the Board apprised of developments in this area and work with applicable Fund Adviser personnel.

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services provided to the respective Fund under the applicable Original Advisory Agreement were satisfactory.

2. The New Advisory Agreements

In evaluating the nature, quality and extent of the services expected to be provided by the Fund Advisers under the applicable New Investment Management Agreement or New Sub-Advisory Agreement, the Board Members concluded that no diminution in the nature, quality and extent of services provided to the Nuveen funds and their shareholders by the respective Fund Advisers is expected as a result of the TIAA-CREF Transaction. In making their determination, the Independent Board Members considered, among other things: the expected impact, if any, of the TIAA-CREF Transaction on the operations, facilities, organization and personnel of the respective Fund Adviser; the ability of the Fund Adviser to perform its duties after the TIAA-CREF Transaction, including any changes to the level or quality of services provided to the Nuveen funds; the potential implications of any additional regulatory requirements imposed on the Fund Adviser or the Nuveen funds following the TIAA-CREF Transaction; and any anticipated changes to the investment and other practices of the Nuveen funds.

The Board noted that the terms of each New Investment Management Agreement, including the fees payable thereunder, are substantially identical to those of the Original Investment Management Agreement relating to the same Fund. Similarly, the terms of each New Sub-Advisory Agreement, including fees payable thereunder, are substantially identical to those of the Original Sub-Advisory Agreement relating to the same Fund. The Board considered that the services to be provided and the standard of care under the New Investment Management Agreements and the New Sub-Advisory Agreements are the same as the corresponding original agreements. The Board Members noted the TIAA-CREF Transaction also does not alter the allocation of responsibilities between the Adviser and Sub-Adviser. The Sub-Adviser will continue to furnish an investment program in respect of, make investment decisions for and place all orders for the purchase and sale of securities for the respective Fund's investment portfolio, all on behalf of such Fund and subject to oversight of the Board and the Adviser. The Board noted that TIAA-CREF did not anticipate any material changes to the advisory, subadvisory or other services provided to the Nuveen funds as a result of the TIAA-CREF Transaction. The Independent Board Members recognized that there were not any planned cost cutting measures

that could be expected to reduce the nature, extent or quality of services. The Independent Board Members further noted that there were currently no plans for material changes to senior personnel at Nuveen or key personnel who provide services to the Nuveen funds and the Board following the TIAA-CREF Transaction. The key personnel who have responsibility for the Nuveen funds in each area, including portfolio management, investment oversight, fund management, fund operations, product management, legal/compliance and board support functions, are expected to be the same following the TIAA-CREF Transaction, although such personnel may have additional reporting requirements to TIAA-CREF. The Board also considered the anticipated incentive plans designed to retain such key personnel. Notwithstanding the foregoing, the Board Members recognized that personnel changes may occur in the future as a result of normal business developments or personal career decisions.

The Board Members also considered Nuveen's proposed governance structure following the TIAA-CREF Transaction and noted that Nuveen was expected to remain a stand alone business within the TIAA-CREF enterprise and operate relatively autonomously from the other TIAA-CREF businesses, but would receive the general support and oversight from certain TIAA-CREF functional groups (such as legal, finance, internal audit, compliance, and risk management groups). The Board recognized, however, that Nuveen may be subject to additional reporting requirements as it keeps TIAA-CREF abreast of developments affecting the Nuveen business, may be required to modify certain of its reports, policies and procedures as necessary to conform to the practices followed in the TIAA-CREF enterprise, and may need to collaborate with TIAA-CREF with respect to strategic planning for its business.

In considering the implications of the TIAA-CREF Transaction, the Board Members also recognized the reputation and size of TIAA-CREF and the benefits that the TIAA-CREF Transaction may bring to the Nuveen funds and Nuveen. In this regard, the Board recognized, among other things, that the increased resources and support that may be available to Nuveen from TIAA-CREF and the improved capital structure of Nuveen Investments, Inc. (the parent of the Adviser) that would result from the significant reduction in its debt level may reinforce and enhance Nuveen's ability to provide quality services to the Nuveen funds and to invest further into its infrastructure.

Further, with the consummation of the TIAA-CREF Transaction, the Board recognized the enhanced distribution capabilities for the Nuveen funds as the Nuveen funds may gain access to TIAA-CREF's distribution network, particularly through TIAA-CREF's retirement platform and institutional client base. The Board also considered that investors in TIAA-CREF's retirement platform may choose to roll their investments as they exit their retirement plans into the Nuveen funds. The Independent Board Members recognized the potential cost savings to the benefit of all shareholders of the Nuveen funds from reduced expenses as assets in the Nuveen fund complex rise pursuant to the complex-wide fee arrangement described in further detail below.

Based on their review, the Independent Board Members found that the expected nature, extent and quality of services to be provided to the respective Fund under the applicable New Advisory Agreement were satisfactory and supported approval of the New Advisory Agreements.

B. The Investment Performance of the Funds and Fund Advisers

1. The Original Advisory Agreements

The Board, including the Independent Board Members, considered the performance history of the respective Fund over various time periods. The Board reviewed reports, including an analysis of

the Funds' performance and the applicable investment team. In considering a Fund's performance, the Board recognized that a Fund's performance can be reviewed through various measures including the Fund's absolute return, the Fund's return compared to the performance of other peer funds, and the Fund's performance compared to its respective benchmark. Accordingly, the Board reviewed, among other things, the respective Fund's historic investment performance as well as information comparing the Fund's performance information with that of other funds (the Performance Peer Group) and with recognized and/or customized benchmarks (i.e., generally benchmarks derived from multiple recognized benchmarks) for the quarter, one, three and five year periods ending December 31, 2013, as well as performance information reflecting the first quarter of 2014. With respect to closed-end funds, the Independent Board Members also reviewed historic premium and discount levels, including a summary of actions taken to address or discuss other developments affecting the secondary market discounts of various Nuveen funds. This information supplemented the Nuveen fund performance information provided to the Board at each of its quarterly meetings.

In evaluating performance, the Board recognized several factors that may impact the performance data as well as the consideration given to particular performance data.

The performance data reflects a snapshot in time, in this case as of the end of the most recent calendar year or quarter. A different performance period, however, could generate significantly different results.

Long term performance can be adversely affected by even one period of significant underperformance so that a single investment decision or theme has the ability to disproportionately affect long term performance.

The investment experience of a particular shareholder in the funds will vary depending on when such shareholder invests in the applicable fund, the class held (if multiple classes offered in a fund) and the performance of the fund (or respective class) during that shareholder's investment period.

The usefulness of comparative performance data as a frame of reference to measure a fund's performance may be limited because the Performance Peer Group, among other things, does not adequately reflect the objectives and strategies of the fund, has a different investable universe, or the composition of the peer set may be limited in size or number as well as other factors. In this regard, the Board noted that the Adviser classified the Performance Peer Groups of the Nuveen funds from highly relevant to less relevant. For the funds with less relevant Performance Peer Groups, the Board considered a fund's performance compared to its benchmark to help assess the fund's comparative performance. A fund was generally considered to have performed comparably to its benchmark if the fund's performance was within certain thresholds compared to the performance of its benchmark and was considered to have outperformed or underperformed its benchmark if the fund's performance was beyond these thresholds for the one and three year periods, subject to certain exceptions.¹ While the Board is cognizant

¹ The Board recognized that the Adviser considered a fund to have outperformed or underperformed its benchmark if the fund's performance was higher or lower than the performance of the benchmark by the following thresholds: for open end funds (+/- 100 basis points for equity funds excluding index funds; +/- 30 basis points for tax exempt fixed income funds; +/- 40 basis points for taxable fixed income funds) and for closed end funds (assuming 30% leverage) (+/- 130 basis points for equity funds excluding index funds; +/- 39 basis points for tax exempt funds and +/- 52 basis points for taxable fixed income funds).

of the relative performance of a fund's peer set and/or benchmark(s), the Board evaluated fund performance in light of the respective fund's investment objectives, investment parameters and guidelines and considered that the variations between the objectives and investment parameters or guidelines of the fund with its peers and/or benchmarks result in differences in performance results. Further, for funds that utilize leverage, the Board understands that leverage during different periods can provide both benefits and risks to a portfolio as compared to an unlevered benchmark.

With respect to any Nuveen funds for which the Board has identified performance concerns, the Board monitors such funds closely until performance improves, discusses with the Adviser the reasons for such results, considers those steps necessary or appropriate to address such issues, and reviews the results of any efforts undertaken. The Board is aware, however, that shareholders chose to invest or remain invested in a fund knowing that the Adviser manages the fund and knowing the fund's fee structure.

In considering the performance data, the Independent Board Members noted that Dividend Advantage had satisfactory performance compared to peers, performing in the second or third quartile over the one-, three- and five-year periods. Similarly, Investment Quality had satisfactory performance compared to its peers performing in the third quartile in the three- and five-year periods but performing in the first quartile in the one-year period. Premium Income appeared to lag its peers over longer periods but demonstrated more favorable performance in shorter periods. More specifically, although Premium Income was in the fourth quartile in the three- and five-year periods, such Fund was in the second quartile for the one-year period. The Board noted that each Fund's Performance Peer Group had some differences from the respective Fund limiting the usefulness of the comparative data. Further, although each Fund underperformed its benchmark in the one-year period, each Fund outperformed its benchmark in the three- and five-year periods. In addition, each Fund's Board recognized that it had approved and recommended to shareholders the Reorganizations to, among other things, eliminate product overlap and create a single, highly scaled offering better aligned with investor needs and preferences. See the Section entitled "Reasons for the Reorganizations." Based on their review, the Independent Board Members determined that each Fund's investment performance had been satisfactory.

2. The New Advisory Agreements

With respect to the performance of the Funds, each Fund's Board considered that the portfolio investment personnel responsible for the management of the Funds' portfolios were expected to continue to manage the portfolios following the completion of the TIAA-CREF Transaction and the investment strategies of the Funds were not expected to change as a result of the TIAA-CREF Transaction (subject to changes unrelated to the TIAA-CREF Transaction that are approved by the Board and/or shareholders, such as the Reorganizations of the Funds). Accordingly, the findings regarding performance outlined above for the Original Advisory Agreements are applicable to the review of the New Advisory Agreements.

C. Fees, Expenses and Profitability

1. Fees and Expenses

Each Fund's Board evaluated the management fees and expenses of the respective Fund reviewing, among other things, such Fund's gross management fees, net management fees and net

expense ratios in absolute terms as well as compared to the fees and expenses of a comparable universe of funds provided by an independent fund data provider (the Peer Universe) and any expense limitations.

The Independent Board Members further reviewed the methodology regarding the construction of the applicable Peer Universe. In reviewing the comparisons of fee and expense information, the Independent Board Members took into account that in certain instances various factors such as: the limited size and particular composition of the Peer Universe (including the inclusion of other Nuveen funds in the peer set); expense anomalies; changes in the funds comprising the Peer Universe from year to year; levels of reimbursement or fee waivers; the timing of information used; and the differences in the type and use of leverage; and differences in the states reflected in the Peer Universe (with respect to state municipal funds) may impact the comparative data thereby limiting somewhat the ability to make a meaningful comparison with peers.

In reviewing the fee schedule for a fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen. In reviewing fees and expenses (excluding leverage costs and leveraged assets for the closed-end funds), the Board considered the expenses and fees to be higher if they were over 10 basis points higher, slightly higher if they were approximately 6 to 10 basis points higher, in line if they were within approximately 5 basis points higher than the peer average and below if they were below the peer average of the Peer Universe. In reviewing the reports, the Board noted that the majority of the Nuveen funds were at, close to or below their peer average based on the net total expense ratio. The Independent Board Members observed that the Funds had net management fees and net expense ratios (including fee waivers and expense reimbursements) below their peer averages.

Based on their review of the fee and expense information provided, the Independent Board Members determined that the respective Fund's management fees (as applicable) to a Fund Adviser were reasonable in light of the nature, extent and quality of services provided to the Fund.

2. Comparisons with the Fees of Other Clients

The Board recognized that all Nuveen funds have a sub-adviser, either affiliated or non affiliated, and therefore, the overall fund management fee can be divided into two components, the fee retained by the Adviser and the fee paid to the sub-adviser. In general terms, the fee to the Adviser reflects the administrative and other services it provides to support the Funds (as described above) and while some administrative services may occur at the sub-adviser level, the fee to the Sub-Adviser generally reflects the portfolio management services provided by the sub-adviser. The Independent Board Members considered the fees a Fund Adviser assesses to the Funds compared to that of other clients. With respect to municipal funds, such other clients of a Fund Adviser may include: municipal separately managed accounts and passively managed exchange traded funds (ETFs) sub-advised by the Adviser.

The Independent Board Members reviewed the nature of services provided by the Adviser, including through its affiliated sub-advisers and the average fee the affiliated sub-advisers assessed such clients as well as the range of fees assessed to the different types of separately managed accounts (such as retail, institutional or wrap accounts). In their review, the Independent Board Members considered the differences in the product types, including, but not limited to: the services provided, the

structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. In evaluating the comparisons of fees, the Independent Board Members noted that the fee rates charged to the Nuveen funds and other clients vary, among other things, because of the different services involved and the additional regulatory and compliance requirements associated with registered investment companies, such as the Funds. The Independent Board Members noted that as a general matter, higher fee levels reflect higher levels of service, increased investment management complexity, greater product management requirements and higher levels of risk or a combination of the foregoing. The Independent Board Members further noted, in particular, that the range of services provided to the Funds (as discussed above) is generally much more extensive than that provided to separately managed accounts. Many of the additional administrative services provided by the Adviser are not required for institutional clients. The Independent Board Members also recognized that the management fee rates of the foreign funds advised by the Adviser may vary due to, among other things, differences in the client base, governing bodies, operational complexities and services covered by the management fee. Given the inherent differences in the various products, particularly the extensive services provided to the Funds, the Independent Board Members believe such facts justify the different levels of fees.

3. Profitability of Fund Advisers

In conjunction with their review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities and its financial condition. The Independent Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last two calendar years, the allocation methodology used in preparing the profitability data, an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability in 2013 and Nuveen's consolidated financial statements for 2013. The Independent Board Members noted this information supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Independent Board Members noted that two Independent Board Members served as point persons to review the profitability analysis and methodologies employed, any changes thereto, and to keep the Board apprised of such changes. The Independent Board Members also considered Nuveen's revenues for advisory activities, ex