

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-Q
April 01, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

Investment Company Act file number 811-10345

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

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

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

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

Date of fiscal year end: 10/31

Date of reporting period: 1/31/11

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

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

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Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)
 Nuveen Dividend Advantage Municipal Fund 3 (NZF)
 January 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Municipal Bonds – 150.6% (99.6% of Total Investments)			
	Alabama – 1.7% (1.1% of Total Investments)			
\$ 3,500	Alabama Special Care Facilities Financing Authority, Revenue Bonds, Ascension Health, Series 2006C-2, 5.000%, 11/15/36 (UB)	11/16 at 100.00	Aa1	\$ 3,280,655
5,655	Alabama State Port Authority, Revenue Bonds, State Docks Department Facilities, Series 2001, 5.250%, 10/01/26 (Pre-refunded 10/01/11) – AMBAC Insured (Alternative Minimum Tax)	10/11 at 100.00	BBB (4)	5,821,314
9,155	Total Alabama			9,101,969
	Alaska – 0.1% (0.1% of Total Investments)			
1,000	Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46	6/14 at 100.00	Baa3	589,340
3,390	Arizona – 0.9% (0.6% of Total Investments)			
	Arizona State Transportation Board, Highway Revenue Bonds, Series 2008, Trust 3151, 13.351%, 7/01/16 (IF)	No Opt. Call	AAA	3,336,167
2,200	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37	No Opt. Call	A	1,871,958
5,590	Total Arizona			5,208,125
	Arkansas – 0.7% (0.5% of Total Investments)			
	Sebastian County Health Facilities Board, Arkansas, Hospital Revenue Improvement Bonds, Sparks Regional Medical Center, Series 2001A:			
1,805	5.500%, 11/01/13 (Pre-refunded 11/01/11)	11/11 at 101.00	N/R (4)	1,890,593
1,900	5.500%, 11/01/14 (Pre-refunded 11/01/11)	11/11 at 101.00	N/R (4)	1,990,098
3,705	Total Arkansas			3,880,691
	California – 11.4% (7.6% of Total Investments)			
	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A:			
2,065	5.000%, 3/01/28	3/13 at 100.00	A	1,858,335
140	5.000%, 3/01/33	3/13 at 100.00	A	122,056

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3,400	California Health Facilities Financing Authority, Revenue Bonds, Providence Health & Services, Series 2009B, 5.500%, 10/01/39	10/19 at 100.00	AA	3,281,000
2,900	California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 (UB)	11/16 at 100.00	AA-	2,419,035
5,000	California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31	8/11 at 102.00	A+	4,675,150
5,355	California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 13.571%, 5/15/14 (IF)	No Opt. Call	AA-	4,174,330
2,575	California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 – NPFG Insured (Alternative Minimum Tax)	6/11 at 100.00	AA	2,575,077
2,180	Ceres Unified School District, Stanislaus County, California, General Obligation Bonds, Series 2002B: 0.000%, 8/01/31 – FGIC Insured	8/12 at 32.87	A+	502,316
3,300	0.000%, 8/01/32 – FGIC Insured	8/12 at 30.97	A+	707,850
11,865	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47	6/17 at 100.00	Baa3	6,995,367
10,510	Los Angeles Regional Airports Improvement Corporation, California, Lease Revenue Refunding Bonds, LAXFUEL Corporation at Los Angeles International Airport, Series 2001: 5.750%, 1/01/16 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A-	10,727,347
5,000	5.375%, 1/01/21 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A-	5,018,350
1,500	5.250%, 1/01/23 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A-	1,488,795
10,000	5.500%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A-	9,312,400
12,000	Palomar Pomerado Health, California, General Obligation Bonds, Convertible Capital Appreciation, Election 2004 Series 2010A, 0.000%, 8/01/40	8/30 at 100.00	A+	6,247,080
10,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 – NPFG Insured	No Opt. Call	Baa1	1,213,700
3,000	San Mateo County Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 9/01/30 – NPFG Insured	No Opt. Call	Aaa	918,900
90,790	Total California			62,237,088
2,250	Colorado – 6.4% (4.2% of Total Investments) Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General Obligation Bonds, Series 2002, 7.375%, 12/01/32 (Pre-refunded 12/01/12)	12/12 at 100.00	N/R (4)	2,483,415

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1,565	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13)	3/13 at 100.00	N/R (4)	1,752,471
1,775	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Weld County School District 6 – Frontier Academy, Series 2001, 7.375%, 6/01/31 (Pre-refunded 6/01/11)	6/11 at 100.00	N/R (4)	1,815,683
3,220	Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Montessori Peaks Academy, Series 2006A, 5.400%, 5/01/26	5/16 at 102.00	N/R	2,603,821
3,380	Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1, 5.500%, 4/01/31 (Alternative Minimum Tax)	10/11 at 100.00	AAA	3,355,326
5,000	Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds, Series 2007, 5.600%, 12/01/34 – RAAI Insured	12/17 at 100.00	N/R	3,663,950
3,300	Denver City and County, Colorado, Airport Revenue Bonds, Series 2006, 5.000%, 11/15/24 – FGIC Insured	11/16 at 100.00	A+	3,348,279
5,365	Denver, Colorado, Airport Revenue Bonds, Series 2006A: 5.000%, 11/15/23 – FGIC Insured (UB)	11/16 at 100.00	A+	5,479,435
4,335	Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.000%, 11/15/25 – FGIC Insured (UB)	11/16 at 100.00	A+	4,369,333
2,000	Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.500%, 11/15/16 – FGIC Insured (Alternative Minimum Tax)	11/11 at 100.00	A+	2,060,380
950	Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007: 5.125%, 12/01/27 – RAAI Insured	12/17 at 100.00	N/R	768,265
2,000	Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 5.250%, 12/01/36 – RAAI Insured	12/17 at 100.00	N/R	1,515,040
1,000	Regional Transportation District, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25	6/14 at 101.00	N/R	973,830
630	Regional Transportation District, Colorado, Certificates of Participation, Series 2010A, 5.375%, 6/01/31	6/20 at 100.00	Aa3	616,984
36,770	Total Colorado			34,806,212
	Delaware – 0.2% (0.1% of Total Investments)			
1,055	Delaware State Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A, 5.400%, 7/01/24	7/12 at 100.00	Aa3	1,088,032
	District of Columbia – 0.6% (0.4% of Total Investments)			
1,335	Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007, Residuals 1606, 11.381%, 10/01/30 – AMBAC Insured (IF)	10/16 at 100.00	AA+	897,294
3,335			AA+	2,241,554

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	Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds, Tender Option Bond Trust 1730, 11.357%, 10/01/30 – AMBAC Insured (IF)	10/16 at 100.00		
4,670	Total District of Columbia Florida – 1.6% (1.0% of Total Investments) Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:			3,138,848
1,105	5.400%, 12/01/32 – AGM Insured	12/11 at 100.00	AA+	1,077,265
2,195	5.450%, 12/01/41 – AGM Insured	12/11 at 100.00	AA+	2,103,293
5,455	South Miami Health Facilities Authority, Florida, Hospital Revenue, Baptist Health System Obligation Group, Series 2007, 5.000%, 8/15/42 (UB)	8/17 at 100.00	AA	4,700,301
1,000	Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40	5/18 at 100.00	N/R	666,140
9,755	Total Florida Georgia – 5.6% (3.7% of Total Investments)			8,546,999
5,000	Atlanta, Georgia, Airport General Revenue Bonds, Series 2000B, (Alternative Minimum Tax)	7/11 at 100.50	A+	4,869,250
15,000	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2010C, 5.250%, 1/01/30	1/21 at 100.00	A1	14,561,700
2,700	Atlanta, Georgia, Tax Allocation Bonds, Atlantic Station Project, Series 2001, 7.900%, 12/01/24 (Pre-refunded 12/01/11)	12/11 at 101.00	AAA	2,895,237
3,000	Franklin County Industrial Building Authority, Georgia, Revenue Bonds, Ty Cobb Regional Medical Center Project, Series 2010, 8.125%, 12/01/45	12/20 at 100.00	N/R	2,924,280
2,000	Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42	7/17 at 100.00	N/R	1,196,980
3,740	Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11)	5/11 at 100.00	N/R (4)	3,795,988
500	Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37	3/17 at 100.00	N/R	360,405
31,940	Total Georgia Illinois – 16.5% (10.9% of Total Investments)			30,603,840
8,375	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 – AGM Insured (Alternative Minimum Tax)	1/12 at 100.00	AA+	8,460,676
4,950	Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International Airport, Series 2001A, 5.375%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)	7/11 at 101.00	A2	4,472,028

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2,220	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 – NPMFG Insured	No Opt. Call	Aa3	2,411,564
10,000	Chicago, Illinois, Senior Lien Water Revenue Bonds, Series 2001, 5.000%, 11/01/26 (Pre-refunded 11/01/11) – AMBAC Insured	11/11 at 100.00	Aa2 (4)	10,346,200
1,165	Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 – FGIC Insured	1/16 at 100.00	A1	1,029,091
8,875	Cook County, Illinois, General Obligation Bonds, Refunding Series 2010A, 5.250%, 11/15/33	11/20 at 100.00	AA	8,510,149
2,415	Illinois Finance Authority, General Obligation Debt Certificates, Local Government Program – Kankakee County, Series 2005B, 5.000%, 12/01/24 – AMBAC Insured	12/14 at 100.00	A2	2,333,397
3,385	Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37	8/17 at 100.00	BBB	2,837,036
9,000	Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31	12/11 at 101.00	BBB–	8,134,290
15,000	Illinois Health Facilities Authority, Revenue Bonds, Loyola University Health System, Series 2001A, 6.125%, 7/01/31 (Pre-refunded 7/01/11)	7/11 at 100.00	Baa3 (4)	15,347,100
5,000	Lake County School District 38, Big Hollow, Illinois, General Obligation Bonds, Series 2005, 0.000%, 2/01/22 – AMBAC Insured	No Opt. Call	N/R	2,410,000
7,000	Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36	1/16 at 100.00	N/R	4,674,740
12,000	Metropolitan Pier and Exposition Authority, Illinois, McCormick Place Expansion Project Refunding Bonds, Series 2010A, 5.500%, 6/15/50	6/20 at 100.00	AAA	10,970,880
45,000	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Capital Appreciation Refunding Series 2010B-1, 0.000%, 6/15/43 – AGM Insured	No Opt. Call	AAA	4,974,750
2,790	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 6/15/29 – FGIC Insured	No Opt. Call	AAA	2,792,037
137,175	Total Illinois Indiana – 6.2% (4.1% of Total Investments)			89,703,938
1,255	Clark-Pleasant Community School Building Corporation, Indiana, First Mortgage Bonds, Series 2001: 5.000%, 7/15/21 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	AA+ (4)	1,308,363
1,000	Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001: 5.000%, 1/15/26 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	AA+ (4)	1,042,520
2,000	5.750%, 7/15/18 (Pre-refunded 1/15/12) – NPMFG Insured	1/12 at 100.00	A+ (4)	2,101,280

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2,750	5.125%, 1/15/24 (Pre-refunded 1/15/12) – NPMG Insured	1/12 at 100.00	A+ (4)	2,872,898
1,250	Hamilton Southeastern Cumberland Campus School Building Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.125%, 1/15/23 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	A (4)	1,305,863
9,500	Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 – NPMG Insured	2/11 at 100.00	Baa1	9,499,620
4,230	Indiana Finance Authority, Educational Facilities Revenue Bonds, Tudor Park Foundation, Series 2005B, 5.000%, 6/01/24	6/15 at 100.00	Aa3	4,283,425
2,600	Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 – AMBAC Insured	5/15 at 100.00	A	2,260,804
3,500	University of Southern Indiana, Student Fee Revenue Bonds, Series 2001H, 5.000%, 10/01/21 – AMBAC Insured	10/11 at 100.00	A1	3,517,850
2,500	Vigo County Hospital Authority, Indiana, Revenue Bonds, Union Hospital, Series 2007:	9/17 at 100.00	N/R	2,052,925
2,500	5.750%, 9/01/42	9/17 at 100.00	N/R	2,037,300
1,090	Wayne County Jail Holding Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.500%, 7/15/22 (Pre-refunded 1/15/13) – AMBAC Insured	1/13 at 101.00	A1 (4)	1,200,831
34,175	Total Indiana			33,483,679
	Iowa – 5.7% (3.8% of Total Investments)			
2,000	Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 – AGM Insured	5/11 at 100.00	Aa3	1,870,740
1,000	Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C, 5.625%, 6/01/46	6/15 at 100.00	BBB	657,030
23,665	Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B:	6/11 at 101.00	AAA	24,259,228
3,950	5.300%, 6/01/25 (Pre-refunded 6/01/11)	6/11 at 101.00	AAA	4,057,480
30,615	Total Iowa			30,844,478
	Kansas – 0.3% (0.2% of Total Investments)			
1,000	Manhattan Health Care Facility Revenue Bonds, Kansas, Meadowlarks Hills Retirement, Series 2007B:	5/14 at 103.00	N/R	744,860
1,000	5.125%, 5/15/37	5/14 at 103.00	N/R	728,330
2,000	Total Kansas			1,473,190
	Kentucky – 3.6% (2.4% of Total Investments)			

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1,000	Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue Bonds, Louisville Arena Authority, Inc., Series 2008-A1, 6.000%, 12/01/42 – AGC Insured	6/18 at 100.00	AA+	1,015,650
18,500	Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 2001A, 5.125%, 5/15/27 – NPF Insured	11/11 at 101.00	AA-	18,620,250
19,500	Total Kentucky			19,635,900
	Louisiana – 4.6% (3.0% of Total Investments)			
3,000	Louisiana Local Government Environmental Facilities & Community Development Authority, Revenue Bonds, Westlake Chemical Corporation Project, Series 2007, 6.750%, 11/01/32	11/17 at 100.00	BBB-	3,030,600
3,700	Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47	5/17 at 100.00	Baa1	2,966,771
20,890	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39	5/11 at 101.00	A-	19,057,529
27,590	Total Louisiana			25,054,900
	Maine – 0.3% (0.2% of Total Investments)			
1,440	Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B, 5.500%, 11/15/32 (Alternative Minimum Tax)	5/11 at 100.00	AA+	1,421,870
	Maryland – 2.7% (1.8% of Total Investments)			
1,000	Howard County, Maryland, Retirement Community Revenue Bonds, Vantage House, Series 2007B, 5.250%, 4/01/37	4/17 at 100.00	N/R	704,430
1,570	Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Alternative Minimum Tax)	7/11 at 100.00	Aa2	1,573,234
2,000	Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference Center, Series 2006A, 5.000%, 12/01/31	12/16 at 100.00	N/R	1,252,880
10,600	Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax)	3/11 at 100.00	N/R	10,598,092
555	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Ridge Retirement Community, Series 2007, 4.750%, 7/01/34	7/17 at 100.00	A-	485,336
15,725	Total Maryland			14,613,972
	Massachusetts – 2.9% (1.9% of Total Investments)			
1,375	Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26	10/12 at 102.00	N/R	1,098,446
1,000	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital Project, Series 2005D, 5.250%, 7/01/30	7/15 at 100.00	BB-	713,470
1,600			BBB	1,542,496

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	Massachusetts Health and Educational Facilities Authority, Revenue Refunding Bonds, Suffolk University Issue, Series 2009A, 5.750%, 7/01/39	7/19 at 100.00		
4,860	Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust 3145, 15.199%, 6/01/16 (IF)	No Opt. Call	AA	4,794,244
5,000	Massachusetts Port Authority, Special Facilities Revenue Bonds, Delta Air Lines Inc., Series 2001A, 5.500%, 1/01/18 – AMBAC Insured (Alternative Minimum Tax)	7/11 at 101.00	N/R	4,517,600
3,465	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2007A, 4.500%, 8/01/46 – AGM Insured (UB) (5)	2/17 at 100.00	AA+	3,039,117
17,300	Total Massachusetts Michigan – 9.4% (6.2% of Total Investments)			15,705,373
15,000	Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and Site Improvement Bonds, Series 2001A, 6.000%, 5/01/29 – AGM Insured (UB)	No Opt. Call	AA+	14,889,900
2,000	Garden City Hospital Finance Authority, Michigan, Revenue Bonds, Garden City Hospital Obligated Group, Series 2007A, 5.000%, 8/15/38	8/17 at 100.00	N/R	1,247,960
11,000	Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A, 5.500%, 1/15/31 (Pre-refunded 7/15/11)	7/11 at 101.00	AA (4)	11,363,440
1,165	Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18	10/11 at 100.00	Aa3	1,193,368
70	Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18 (Pre-refunded 10/15/11)	10/11 at 100.00	A+ (4)	72,471
3,210	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 – NPFG Insured (ETM)	No Opt. Call	AAA	3,437,910
1,400	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sparrow Obligated Group, Series 2001: 5.500%, 11/15/21 (Pre-refunded 11/15/11)	11/11 at 101.00	A+ (4)	1,469,034
2,500	Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2006A, 5.000%, 12/01/31 (UB)	11/11 at 101.00	A+ (4)	2,625,725
3,500	Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 – NPFG Insured	12/16 at 100.00	AA	3,199,210
12,640	Total Michigan Minnesota – 1.3% (0.8% of Total Investments)	11/11 at 100.00	A1	11,355,144
52,485				50,854,162
2,215			Aaa	2,236,884

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	Dakota County Community Development Agency, Minnesota, GNMA Collateralized Multifamily Housing Revenue Bonds, Rose Apartments Project, Series 2001, 6.350%, 10/20/37 (Alternative Minimum Tax)	10/11 at 105.00		
3,000	Minnesota State, General Obligation Bonds, Various Purpose, Refunding Series 2010D, 5.000%, 8/01/18	No Opt. Call	AAA	3,482,640
1,375	Saint Paul Port Authority, Minnesota, Lease Revenue Bonds, Regions Hospital Parking Ramp Project, Series 2007-1, 5.000%, 8/01/36	8/16 at 100.00	N/R	1,118,329
6,590	Total Minnesota Mississippi – 0.9% (0.6% of Total Investments)			6,837,853
2,155	Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34	5/11 at 101.00	AAA	2,095,263
3,000	Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004B-1, 5.000%, 9/01/24 (UB)	9/14 at 100.00	AA	3,012,570
5,155	Total Mississippi Missouri – 3.1% (2.1% of Total Investments)			5,107,833
1,495	Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Southeast Missouri Hospital Association, Series 2007, 5.000%, 6/01/36	6/17 at 100.00	N/R	1,230,908
1,000	Clinton County Industrial Development Authority, Missouri, Revenue Bonds, Cameron Regional Medical Center, Series 2007, 5.000%, 12/01/32	12/17 at 100.00	N/R	689,420
1,825	Fenton, Missouri, Tax Increment Refunding and Improvement Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2002, 6.125%, 10/01/21 (Pre-refunded 10/01/12)	10/12 at 100.00	N/R (4)	1,979,651
3,335	Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A: 5.250%, 12/01/19 (Pre-refunded 12/01/11) – NPMFG Insured	12/11 at 100.00	AA– (4)	3,470,034
3,510	5.250%, 12/01/20 (Pre-refunded 12/01/11) – NPMFG Insured	12/11 at 100.00	AA– (4)	3,652,120
3,695	5.250%, 12/01/21 (Pre-refunded 12/01/11) – NPMFG Insured	12/11 at 100.00	AA– (4)	3,844,611
2,040	5.250%, 12/01/22 (Pre-refunded 12/01/11) – NPMFG Insured	12/11 at 100.00	AA– (4)	2,122,600
16,900	Total Missouri Montana – 0.9% (0.6% of Total Investments)			16,989,344
5,000	Montana Board of Investments, Exempt Facility Revenue Bonds, Stillwater Mining Company, Series 2000, 8.000%, 7/01/20 (Alternative Minimum Tax)	7/11 at 100.50	B+	5,003,600
	Nebraska – 1.6% (1.0% of Total Investments)			

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Nebraska Investment Finance Authority, Single Family Housing
Revenue Bonds, Series 2001D:

		3/11 at		
1,000	5.250%, 9/01/21 (Pre-refunded 3/01/11) (Alternative Minimum Tax)	100.00	AAA	1,002,130
		3/11 at		
1,315	5.375%, 9/01/32 (Pre-refunded 3/01/11) (Alternative Minimum Tax)	100.00	AAA	1,341,063
	Nebraska Investment Finance Authority, Single Family Housing	9/20 at		
5,000	Revenue Bonds, Series 2010A,	100.00	AAA	5,043,100
	6.050%, 9/01/41			
	Omaha Public Power District, Nebraska, Separate Electric System	2/17 at		
1,005	Revenue Bonds, Nebraska	100.00	AA+	1,154,232
	City 2, Series 2006A, 19.388%, 8/01/40 – AMBAC Insured (IF)			
8,320	Total Nebraska			8,540,525
	Nevada – 3.8% (2.5% of Total Investments)			
	Clark County, Nevada, Airport Revenue Bonds, Subordinte Lien	1/20 at		
10,000	Series 2010B, 5.750%, 7/01/42	100.00	Aa3	9,913,200
	Clark County, Nevada, Passenger Facility Charge Revenue Bonds,	1/20 at		
6,000	Las Vegas-McCarran	100.00	Aa3	5,437,140
	International Airport, Series 2010A, 5.250%, 7/01/42			
	Director of Nevada State Department of Business and Industry,	7/11 at		
2,000	Revenue Bonds, Las Vegas	100.00	N/R	447,540
	Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 – AMBAC			
	Insured (6)			
	Director of Nevada State Department of Business and Industry,	1/12 at		
4,000	Revenue Bonds, Las Vegas	100.00	N/R	8,000
	Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 (6)			
	Nevada Housing Division, Single Family Mortgage Bonds, Senior	4/11 at		
155	Series 1998A-1, 5.300%, 4/01/18	100.00	Aaa	158,061
	(Alternative Minimum Tax)			
	University of Nevada, Revenue Bonds, Community College System,	1/12 at		
4,290	Series 2001A, 5.250%, 7/01/26	100.00	Aa2 (4)	4,479,146
	(Pre-refunded 1/01/12) – FGIC Insured			
26,445	Total Nevada			20,443,087
	New Hampshire – 0.4% (0.2% of Total Investments)			
	New Hampshire Health and Education Authority, Hospital Revenue	10/11 at		
2,000	Bonds, Concord Hospital, Series	101.00	Aa3	2,028,940
	2001, 5.500%, 10/01/21 – AGM Insured			
	New Jersey – 5.1% (3.4% of Total Investments)			
	New Jersey Economic Development Authority, Water Facilities	11/12 at		
10,000	Revenue Bonds, American Water	101.00	A2	9,289,300
	Company, Series 2002A, 5.250%, 11/01/32 – AMBAC Insured			
	(Alternative Minimum Tax)			
	New Jersey Health Care Facilities Financing Authority, Revenue	7/13 at		
620	Bonds, Somerset Medical Center,	100.00	Ba2	464,244
	Series 2003, 5.500%, 7/01/33			
	New Jersey Transit Corporation, Certificates of Participation, Federal	No Opt.		
4,125	Transit Administration	Call	Aa3	4,456,403
	Grants, Series 2002A, 5.500%, 9/15/13 – AMBAC Insured			
	New Jersey Transportation Trust Fund Authority, Transportation	No Opt.		
12,970	System Bonds, Capital	Call	Aa3	2,828,757
	Appreciation Series 2010A, 0.000%, 12/15/33			

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20,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/28 – AMBAC Insured	No Opt. Call	Aa3	6,277,400
7,045	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 4.750%, 6/01/34	6/17 at 100.00	Baa3	4,208,401
54,760	Total New Jersey			27,524,505
	New York – 5.2% (3.5% of Total Investments)			
900	Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter Schools, Series 2007A, 5.000%, 4/01/32	4/17 at 100.00	N/R	689,652
	Brooklyn Areba Local Development Corporation, New York, Payment in Lieu of Taxes Revenue Bonds, Barclays Center Project, Series 2009:			
1,275	6.000%, 7/15/30	1/20 at 100.00	BBB–	1,242,156
3,400	0.000%, 7/15/44	No Opt. Call	BBB–	313,854
1,780	East Rochester Housing Authority, New York, GNMA Secured Revenue Bonds, Gates Senior Housing Inc., Series 2001, 5.300%, 4/20/31	10/11 at 101.00	N/R	1,772,204
5,010	Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 4.500%, 2/15/47 – NPMFG Insured	2/17 at 100.00	A	3,799,835
4,155	Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester International Airport, Series 1999, 5.750%, 1/01/13 – NPMFG Insured (Alternative Minimum Tax)	No Opt. Call	Baa1	4,363,373
8,000	New York City Industrial Development Agency, New York, American Airlines-JFK International Airport Special Facility Revenue Bonds, Series 2005, 7.750%, 8/01/31 (Alternative Minimum Tax)	8/16 at 101.00	B–	8,343,360
3,125	New York City Municipal Water Finance Authority, New York, Water and Sewer System Revenue Bonds, Second Generation Resolution, Fiscal 2011 Series EE, 5.375%, 6/15/43	12/20 at 100.00	AA+	3,141,438
910	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 – NPMFG Insured	8/12 at 100.00	AA	962,480
1,590	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 (Pre-refunded 8/01/12) – NPMFG Insured	8/12 at 100.00	AA (4)	1,711,094
2,000	New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/16	6/11 at 100.00	AA–	2,026,720
32,145	Total New York			28,366,166
	North Carolina – 1.1% (0.7% of Total Investments)			
1,710	Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008, Trust 1149, 14.813%, 7/15/32 (IF)	1/18 at 100.00	AA–	1,092,810

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1,200	Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds, Carolinas Health Care, Series 2007A, 5.000%, 1/15/31	1/17 at 100.00	AA-	1,105,980
1,750	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 4.875%, 1/15/32 (Pre-refunded 1/15/15)	1/15 at 100.00	AAA	1,976,853
515	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 (ETM)	No Opt. Call	N/R (4)	560,892
1,085	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13	No Opt. Call	A	1,171,409
6,260	Total North Carolina Ohio – 0.8% (0.5% of Total Investments) Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:			5,907,944
3,135	5.125%, 6/01/24	6/17 at 100.00	Baa3	2,363,759
710	5.875%, 6/01/30	6/17 at 100.00	Baa3	495,452
685	5.750%, 6/01/34	6/17 at 100.00	Baa3	454,306
1,570	5.875%, 6/01/47	6/17 at 100.00	Baa3	1,034,159
6,100	Total Ohio Oklahoma – 2.0% (1.3% of Total Investments) Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007:			4,347,676
4,370	5.000%, 2/15/37	2/17 at 100.00	A	3,985,003
955	5.000%, 2/15/42	2/17 at 100.00	A	858,192
6,305	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, 5.000%, 12/15/36 (UB)	12/16 at 100.00	AA+	5,896,940
88	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, Trust 3500, 8.331%, 6/15/30 (IF)	12/16 at 100.00	AA+	77,634
11,718	Total Oklahoma Oregon – 0.9% (0.6% of Total Investments)			10,817,769
4,700	Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 – AMBAC Insured	11/11 at 101.00	A+	4,749,115
500	Pennsylvania – 1.3% (0.9% of Total Investments) Bucks County Industrial Development Authority, Pennsylvania, Charter School Revenue Bonds, School Lane Charter School, Series 2007A, 5.000%, 3/15/37	3/17 at 100.00	BBB	383,220
3,500			CC	1,912,750

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	Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax)	7/11 at 100.00		
1,400	Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, St. Joseph's University, Series 2010A, 5.000%, 11/01/40	11/20 at 100.00	A-	1,282,666
3,205	Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) – FGIC Insured	8/12 at 100.00	Aa2 (4)	3,447,394
8,605	Total Pennsylvania Puerto Rico – 0.4% (0.3% of Total Investments)			7,026,030
2,500	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 5.250%, 8/01/57	8/17 at 100.00	Aa2	2,405,200
	Tennessee – 1.3% (0.8% of Total Investments)			
3,680	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2006A, 0.000%, 1/01/41	1/17 at 30.07	A-	508,245
5,210	Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001A, 5.500%, 3/01/14 – AGM Insured (Alternative Minimum Tax)	3/11 at 100.00	AA+	5,225,161
275	Sullivan County Health Educational and Housing Facilities Board, Tennessee, Revenue Bonds, Wellmont Health System, Series 2006C, 5.250%, 9/01/36	9/16 at 100.00	BBB+	233,299
	Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007:			
100	5.500%, 11/01/37 (6), (7)	11/17 at 100.00	N/R	40,000
350	5.500%, 11/01/46 (6), (7)	11/17 at 100.00	N/R	140,000
760	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative Minimum Tax)	7/11 at 100.00	AA+	760,927
10,375	Total Tennessee Texas – 21.7% (14.4% of Total Investments)			6,907,632
5,445	Board of Regents, University of Texas System, Financing System Revenue Bonds, Series 2006F, 4.250%, 8/15/36 (UB)	2/17 at 100.00	AAA	4,892,115
3,850	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 – NPMFG Insured (Alternative Minimum Tax)	11/11 at 100.00	A+	3,662,505
5,000	Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25	9/14 at 100.00	N/R	4,848,900
4,040	Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27 (Pre-refunded 8/15/11)	8/11 at 100.00	AAA	4,141,929
6,000			N/R (4)	6,626,100

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	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 – NPFQ Insured (ETM)	No Opt. Call		
7,000	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 – NPFQ Insured (Alternative Minimum Tax)	7/11 at 100.00	A	7,015,820
2,525	Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A: 5.500%, 7/01/13 – FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00	A	2,617,289
2,905	5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00	A	3,011,178
14,200	Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007A, 4.750%, 8/01/43 (UB)	8/16 at 100.00	AAA	13,382,932
	Jefferson County Health Facilities Development Corporation, Texas, FHA-Insured Mortgage Revenue Bonds, Baptist Hospital of Southeast Texas, Series 2001:			
8,500	5.400%, 8/15/31 (Pre-refunded 8/15/11) – AMBAC Insured	8/11 at 100.00	N/R (4)	8,707,910
8,500	5.500%, 8/15/41 (Pre-refunded 8/15/11) – AMBAC Insured	8/11 at 100.00	N/R (4)	8,712,500
3,090	Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25	8/11 at 100.00	AAA	3,125,473
7,610	Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25 (Pre-refunded 8/01/11)	8/11 at 100.00	Aaa	7,788,226
8,000	Lower Colorado River Authority, Texas, Transmission Contract Refunding Revenue Bonds, LCRA Transmission Services Corporation Project, Refunding & Improvement Series 2010, 5.000%, 5/15/40	5/20 at 100.00	A	7,442,480
2,500	Matagorda County Navigation District 1, Texas, Collateralized Revenue Refunding Bonds, Houston Light and Power Company, Series 1997, 5.125%, 11/01/28 – AMBAC Insured (Alternative Minimum Tax)	No Opt. Call	A3	2,176,475
3,150	North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38	1/18 at 100.00	A3	2,942,006
3,045	Port of Houston Authority, Harris County, Texas, General Obligation Port Improvement Bonds, Series 2001B, 5.500%, 10/01/17 – FGIC Insured (Alternative Minimum Tax)	10/11 at 100.00	AAA	3,090,249
3,500	Southwest Higher Education Authority Inc, Texas, Revenue Bonds, Southern Methodist University, Series 2010, 5.000%, 10/01/41	No Opt. Call	AA–	3,323,705
7,700	Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Texas Health Resources, Series 2007A, 5.000%, 2/15/36 (UB)	2/17 at 100.00	AA–	7,189,644
8,980			AAA	8,609,755

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Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, Series 2001A, 5.350%, 7/01/33 (Alternative Minimum Tax)	7/11 at 100.00		
White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006:			
9,110 0.000%, 8/15/37	8/15 at 31.98	AAA	2,034,172
9,110 0.000%, 8/15/40	8/15 at 27.11	AAA	1,698,833
7,110 0.000%, 8/15/44	8/15 at 21.88	AAA	1,036,069
140,870 Total Texas			118,076,265
Utah – 0.4% (0.3% of Total Investments)			
Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:			
665 5.200%, 1/01/18 (Alternative Minimum Tax)	7/11 at 100.00	AA–	669,223
240 5.500%, 1/01/23 (Alternative Minimum Tax)	7/11 at 100.00	Aaa	242,801
Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:			
1,075 4.950%, 7/01/18 (Alternative Minimum Tax)	7/11 at 100.00	AA–	1,088,545
360 5.300%, 7/01/23 (Alternative Minimum Tax)	7/11 at 100.00	Aaa	361,440
2,340 Total Utah			2,362,009
Virginia – 0.1% (0.1% of Total Investments)			
Chesterfield County Health Center Commission, Virginia, Mortgage Revenue Bonds, Lucy Corr Village, Series 2005, 5.375%, 12/01/28	12/15 at 100.00	N/R	845,710
Washington – 14.4% (9.6% of Total Investments)			
Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A:			
1,000 5.500%, 12/01/27 – NPFG Insured	12/11 at 100.00	Aa3	1,005,500
2,000 5.600%, 12/01/36 – NPFG Insured	12/11 at 100.00	Aa3	2,005,640
King County, Washington, Sewer Revenue Bonds, Series 2009,	1/19 at		
2,500 5.250%, 1/01/42	100.00	AA+	2,510,325
Port of Seattle, Washington, Revenue Bonds, Series 2001B:			
2,535 5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax) (UB)	10/11 at 100.00	Aa2	2,600,302
16,000 5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB)	4/11 at 100.00	Aa2	15,653,760
Public Utility District 1, Benton County, Washington, Electric Revenue Refunding Bonds, Series 2001A, 5.625%, 11/01/15 (Pre-refunded 11/01/11) – AGM Insured	11/11 at 100.00	AA+ (4)	1,496,174
Public Utility District 1, Benton County, Washington, Electric	11/11 at		
650 Revenue Refunding Bonds, Series	100.00	AA+	671,515

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2001A, 5.625%, 11/01/15 – AGM Insured Seattle, Washington, Municipal Light and Power Revenue Refunding 4,235 and Improvement Bonds, Series	3/11 at 100.00	AA+ (4)	4,253,380
2001, 5.500%, 3/01/18 (Pre-refunded 3/01/11) – AGM Insured Seattle, Washington, Municipal Light and Power Revenue Refunding 1,445 and Improvement Bonds, Series	3/11 at 100.00	AA+ (4)	1,453,135
2001, 5.500%, 3/01/18 (Pre-refunded 3/10/11) – AGM Insured Tacoma, Washington, Solid Waste Utility Revenue Refunding Bonds, 4,530 Series 2001, 5.250%, 12/01/21 (Pre-refunded 12/01/11) – AMBAC Insured	12/11 at 100.00	AA (4)	4,711,698
Washington State Health Care Facilities Authority, Revenue Bonds, 3,720 Children’s Hospital and Regional Medical Center, Series 2001, 5.375%, 10/01/18 (Pre-refunded 10/01/11) – AMBAC Insured	10/11 at 100.00	Aa3 (4)	3,841,160
Washington State Health Care Facilities Authority, Revenue Bonds, Good Samaritan Hospital, Series 2001:			
5,480 5.500%, 10/01/21 (Pre-refunded 10/01/11) – RAAI Insured	10/11 at 101.00	BBB– (4)	5,717,668
25,435 5.625%, 10/01/31 (Pre-refunded 10/01/11) – RAAI Insured Washington State Health Care Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001:	10/11 at 101.00	BBB– (4)	26,559,227
3,005 5.375%, 12/01/17 – AMBAC Insured	12/11 at 101.00	BBB	3,040,068
2,915 5.375%, 12/01/18 – AMBAC Insured	12/11 at 101.00	BBB	2,939,282
76,890 Total Washington Wisconsin – 2.5% (1.6% of Total Investments) Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001:			78,458,834
3,705 5.375%, 1/01/20 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	N/R (4)	3,870,834
1,850 5.000%, 1/01/21 (Pre-refunded 1/01/12) – FGIC Insured Wisconsin Health and Educational Facilities Authority, Revenue 1,000 Bonds, Franciscan Sisters of Christian Charity HealthCare Ministry, Series 2007, 5.000%, 9/01/33	1/12 at 100.00	N/R (4)	1,926,477
Wisconsin Health and Educational Facilities Authority, Revenue 350 Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30	9/17 at 100.00	BBB+	830,810
Wisconsin Health and Educational Facilities Authority, Revenue 3,650 Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30 (Pre-refunded 10/01/11)	10/11 at 101.00	AA–	342,696
Wisconsin Health and Educational Facilities Authority, Revenue 2,500 Bonds, Marshfield Clinic, Series 2001B, 6.000%, 2/15/25	10/11 at 101.00	AA– (4)	3,805,271
330	2/12 at 100.00	BBB+	2,500,375
		BBB+	274,989

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Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33	8/13 at 100.00	
13,385 Total Wisconsin		13,551,452
\$ 974,493 Total Municipal Bonds (cost \$856,804,878)		818,290,095

Shares	Description (1)	Value
	Investment Companies – 0.6% (0.4% of Total Investments)	
6,266	BlackRock MuniHoldings Fund Inc.	\$ 92,486
26,880	Dreyfus Strategic Municipal Fund	202,406
131,278	DWS Municipal Income Trust	1,446,684
43,020	Invesco Van Kampen Investment Grade Municipal Trust	562,272
30,000	Invesco Van Kampen Municipal Opportunity Trust	379,200
43,420	PIMCO Municipal Income Fund II	432,029
	Total Investment Companies (cost \$3,325,133)	3,115,077
	Total Investments (cost \$860,130,011) – 151.2%	821,405,172
	Floating Rate Obligations – (12.6)%	(68,408,650)
	MuniFund Term Preferred Shares, at Liquidation Value – (12.9)% (8)	(70,000,000)
	Other Assets Less Liabilities – 5.3%	28,671,276
	Auction Rate Preferred Shares, at Liquidation Value – (31.0)% (8)	(168,400,000)
		\$
	Net Assets Applicable to Common Shares – 100%	543,267,798

Fair Value Measurements

In determining the fair value of the Fund's investments, various inputs are used. These inputs are summarized in the three broad levels listed below:

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

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

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

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of January 31, 2011:

	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$ 818,110,095	\$ 180,000	\$ 818,290,095
Investment Companies	3,115,077	—	—	3,115,077
Total	\$ 3,115,077	\$ 818,110,095	\$ 180,000	\$ 821,405,172

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

	Level 3 Municipal Bonds
Balance at the beginning of period	\$ 187,349
Gains (losses):	
Net realized gains (losses)	—
Net change in unrealized appreciation (depreciation)	(7,349)
Purchases at cost	—
Sales at proceeds	—
Net discounts (premiums)	—
Transfers into	—
Transfers out of	—
Balance at the end of period	\$ 180,000

During the period ended January 31, 2011, the Fund recognized no significant transfers to/from Level 1, Level 2 or Level 3.

Income Tax Information

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

require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At January 31, 2011, the cost of investments was \$794,633,839.

Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2011, were as follows:

Gross unrealized:	
Appreciation	\$ 15,088,807
Depreciation	(56,674,565)
Net unrealized appreciation (depreciation) of investments	\$(41,585,758)

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for inverse floating rate transactions.
- (6) The Fund's Adviser has concluded this issue is not likely to meet its future interest payment obligations and has directed the Fund's custodian to cease accruing additional income on the Fund's records.
- (7) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Directors/Trustees. For fair value measurement disclosure purposes, investment categorized as Level 3.
- (8) MuniFund Term Preferred Shares and Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments are 8.5% and 20.5%, respectively.
 N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction.

Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

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

SIGNATURES

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

(Registrant) Nuveen Dividend Advantage Municipal Fund 3

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

Date April 1, 2011

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

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

Date April 1, 2011

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

Date April 1, 2011