

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-Q
September 29, 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: 7/31/11

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.

Item 1. Schedule of Investments

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

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Municipal Bonds – 138.9% (99.0% of Total Investments)			
	Alabama – 1.6% (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	AA+	\$ 3,523,205
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)	5,699,788
9,155	Total Alabama			9,222,993
	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	663,350
	Arizona – 1.0% (0.7% of Total Investments)			
3,390	Arizona State Transportation Board, Highway Revenue Bonds, Series 2006, 13.455%, 7/01/16 (IF)	7/18 at 100.00	AAA	3,838,395
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	1,977,338
5,590	Total Arizona			5,815,733
	Arkansas – 0.7% (0.5% of Total Investments)			
1,805	Sebastian County Health Facilities Board, Arkansas, Hospital Revenue Improvement Bonds, Sparks Regional Medical Center, Series 2001A: 5.500%, 11/01/13 (Pre-refunded 11/01/11)	11/11 at 101.00	N/R (4)	1,846,984
1,900	5.500%, 11/01/14 (Pre-refunded 11/01/11)	11/11 at 101.00	N/R (4)	1,944,194
3,705	Total Arkansas			3,791,178
	California – 13.0% (9.3% of Total Investments)			
	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A:			
2,220	5.000%, 3/01/28	3/13 at 100.00	A	2,209,988
140	5.000%, 3/01/33	3/13 at 100.00	A	132,394

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1,670	California Health Facilities Financing Authority, Refunding Revenue Bonds, Stanford Hospital and Clinics, Series 2008A-2. RMKT, 5.250%, 11/15/40	No Opt. Call	Aa3	1,680,421
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	3,489,692
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-	2,700,712
5,355	California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 13.616%, 5/15/14 (IF)	No Opt. Call	AA-	5,974,252
20	California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 – NPFG Insured (Alternative Minimum Tax)	12/11 at 100.00	AA	20,016
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+	532,618
3,300	0.000%, 8/01/32 – FGIC Insured	8/12 at 30.97	A+	746,856
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	7,995,705
7,150	Grossmont Healthcare District, California, General Obligation Bonds, Series 2011B, 6.125%, 7/15/40	7/21 at 100.00	Aa2	7,786,636
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-	10,622,562
5,000	5.375%, 1/01/21 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A-	5,013,050
1,500	5.250%, 1/01/23 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A-	1,500,525
10,000	5.500%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A-	9,309,700
12,000	Palomar Pomerado Health, California, General Obligation Bonds, Convertible Capital Appreciation, Election 2004 Series 2010A, 0.000%, 8/01/40	8/12 at 100.00	AA	6,957,120
3,850	Placentia-Yorba Linda Unified School District, Orange County, California, Certificates of Participation, Series 2011, 0.000%, 10/01/28 – AGM Insured	10/21 at 100.00	AA+	2,881,533
3,000	San Diego Community College District, California, General Obligation Bonds, Tender Option Bond Trust 1005, 7.796%, 8/01/41 (IF)	8/21 at 100.00	AA+	3,166,770
10,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue	No Opt. Call	Baa1	1,282,000

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	Refunding Bonds, Series 1997A, 0.000%, 1/15/35 – NPFG Insured San Mateo County Community College District, California, General	No Opt.		
3,000	Obligation Bonds, Series 2006C, 0.000%, 9/01/30 – NPFG Insured	Call	Aaa	1,002,930
99,060	Total California			75,005,480
	Colorado – 5.9% (4.2% of Total Investments)			
2,250	Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General	12/12 at 100.00	N/R (4)	2,431,575
	Obligation Bonds, Series 2002, 7.375%, 12/01/32 (Pre-refunded 12/01/12)			
1,535	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13)	3/13 at 100.00	N/R (4)	1,691,846
3,090	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	2,624,090
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	3,381,589
5,000	Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds, Series 2007A, 5.600%, 12/01/34 – RAAI Insured	12/17 at 100.00	N/R	3,992,350
	Denver City and County, Colorado, Airport Revenue Bonds, Series 2006:			
5,365	5.000%, 11/15/23 – FGIC Insured	11/16 at 100.00	A+	5,653,744
3,300	5.000%, 11/15/24 – FGIC Insured	11/16 at 100.00	A+	3,453,120
4,335	5.000%, 11/15/25 – FGIC Insured	11/16 at 100.00	A+	4,513,515
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+	2,021,500
	Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007:			
950	5.125%, 12/01/27 – RAAI Insured	12/17 at 100.00	N/R	821,342
2,000	5.250%, 12/01/36 – RAAI Insured	12/17 at 100.00	N/R	1,613,360
1,000	Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25	6/14 at 101.00	N/R	1,003,150
630	Regional Transportation District, Colorado, Certificates of Participation, Series 2010A, 5.375%, 6/01/31	6/20 at 100.00	Aa3	656,951
34,835	Total Colorado			33,858,132
	Delaware – 0.1% (0.1% of Total Investments)			
520	Delaware State Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A,	7/12 at 100.00	Aa3	537,904

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	5.400%, 7/01/24			
	District of Columbia – 0.8% (0.6% of Total Investments)			
	Washington Convention Center Authority, District of Columbia,	10/16 at		
1,335	Dedicated Tax Revenue Bonds,	100.00	AA+	1,337,523
	Tender Option Bond Trust 1606, 11.736%, 10/01/30 – AMBAC Insured (IF)			
	Washington Convention Center Authority, District of Columbia,	10/16 at		
3,335	Dedicated Tax Revenue Bonds,	100.00	AA+	3,341,303
	Tender Option Bond Trust 1730, 11.711%, 10/01/30 – AMBAC Insured (IF)			
4,670	Total District of Columbia			4,678,826
	Florida – 1.6% (1.1% of Total Investments)			
	Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:			
		12/11 at		
1,105	5.400%, 12/01/32 – AGM Insured	100.00	AA+	1,105,884
		12/11 at		
2,195	5.450%, 12/01/41 – AGM Insured	100.00	AA+	2,195,395
	South Miami Health Facilities Authority, Florida, Hospital Revenue,	8/17 at		
5,455	Baptist Health System	100.00	AA	5,279,513
	Obligation Group, Series 2007, 5.000%, 8/15/42 (UB)			
	Tolomato Community Development District, Florida, Special	5/18 at		
1,000	Assessment Bonds, Series 2007,	100.00	N/R	610,610
	6.650%, 5/01/40			
9,755	Total Florida			9,191,402
	Georgia – 4.0% (2.9% of Total Investments)			
	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series	1/21 at		
15,000	2010C, 5.250%, 1/01/30	100.00	A1	15,534,900
	Atlanta, Georgia, Tax Allocation Bonds, Atlantic Station Project,	12/11 at		
2,700	Series 2001, 7.900%,	101.00	AAA	2,797,794
	12/01/24 (Pre-refunded 12/01/11)			
	Franklin County Industrial Building Authority, Georgia, Revenue	12/20 at		
3,000	Bonds, Ty Cobb Regional	100.00	N/R	3,026,370
	Medical Center Project, Series 2010, 8.125%, 12/01/45			
	Fulton County Residential Care Facilities Authority, Georgia,	7/17 at		
2,000	Revenue Bonds, Elderly Care,	100.00	N/R	1,315,060
	Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42			
	Gainesville Redevelopment Authority, Georgia, Educational	3/17 at		
500	Facilities Revenue Bonds, Riverside	100.00	N/R	364,805
	Military Academy Project, Series 2007, 5.125%, 3/01/37			
23,200	Total Georgia			23,038,929
	Illinois – 13.8% (9.8% of Total Investments)			
	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A,	1/12 at		
8,375	5.500%, 1/01/19 – AGM Insured	100.00	AA+	8,434,798
	(Alternative Minimum Tax)			
	Chicago, Illinois, Second Lien Passenger Facility Charge Revenue	1/12 at		
4,950	Bonds, O’Hare International	100.00	A2	4,847,684
	Airport, Series 2001A, 5.375%, 1/01/32 – AMBAC Insured			
	(Alternative Minimum Tax)			
2,220			Aa3	2,497,633

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	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 – NPFQ Insured	No Opt. Call		
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)	10,122,900
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	1,146,150
8,875	Cook County, Illinois, General Obligation Bonds, Refunding Series 2010A, 5.250%, 11/15/33	11/20 at 100.00	AA	9,235,148
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	2,448,907
3,465	Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37	8/17 at 100.00	BBB	3,225,395
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–	8,920,170
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	2,612,350
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	4,755,870
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	12,020,040
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	6,115,500
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	2,998,748
122,255	Total Illinois Indiana – 5.9% (4.2% of Total Investments)			79,381,293
	Clark-Pleasant Community School Building Corporation, Indiana, First Mortgage Bonds, Series 2001:			
1,255	5.000%, 7/15/21 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	AA+ (4)	1,282,547
1,000	5.000%, 1/15/26 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	AA+ (4)	1,021,950
	Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001:			
2,000	5.750%, 7/15/18 (Pre-refunded 1/15/12) – NPFQ Insured	1/12 at 100.00	A+ (4)	2,050,800

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2,750	5.125%, 1/15/24 (Pre-refunded 1/15/12) – NPMG Insured Hamilton Southeastern Cumberland Campus School Building	1/12 at 100.00	A+ (4)	2,811,930
1,250	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)	1,278,738
9,500	Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 – NPMG Insured	2/12 at 100.00	Baa1	9,523,085
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	4,395,435
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	2,441,660
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	3,509,380
2,500	Vigo County Hospital Authority, Indiana, Revenue Bonds, Union Hospital, Series 2007: 5.750%, 9/01/42	9/17 at 100.00	N/R	2,108,725
2,500	Wayne County Jail Holding Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.500%, 7/15/22 (Pre-refunded 1/15/13) – AMBAC Insured	9/17 at 100.00	N/R	2,110,425
1,090		1/13 at 101.00	A1 (4)	1,183,457
34,175	Total Indiana Iowa – 0.5% (0.3% of Total Investments)			33,718,132
2,000	Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 – AGM Insured	11/11 at 100.00	Aa3	1,981,620
1,000	Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C, 5.625%, 6/01/46	6/15 at 100.00	BBB	748,840
3,000	Total Iowa Kansas – 0.3% (0.2% of Total Investments)			2,730,460
1,000	Manhattan Health Care Facility Revenue Bonds, Kansas, Meadowlarks Hills Retirement, Series 2007B: 5.125%, 5/15/37	5/14 at 103.00	N/R	795,130
1,000	5.125%, 5/15/42	5/14 at 103.00	N/R	779,400
2,000	Total Kansas Kentucky – 4.4% (3.1% of Total Investments)			1,574,530
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+	1,033,560
5,400			Aa3	5,609,898

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	Lexington-Fayette Urban County Government Public Facilities Corporation, Kentucky State Lease	6/21 at 100.00		
	Revenue Bonds, Eastern State Hospital Project, Series 2011A, 5.250%, 6/01/29			
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–	18,739,760
24,900	Total Kentucky			25,383,218
	Louisiana – 5.6% (4.0% 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–	3,141,000
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	3,442,295
4,425	Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2011, 6.750%, 5/15/41	5/21 at 100.00	Baa1	4,718,245
20,890	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39	11/11 at 101.00	A–	20,760,482
32,015	Total Louisiana			32,062,022
	Maine – 0.2% (0.1% of Total Investments)			
1,075	Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B, 5.500%, 11/15/32 (Alternative Minimum Tax)	11/11 at 100.00	AA+	1,075,226
	Maryland – 2.5% (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	691,030
1,570	Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Alternative Minimum Tax)	1/12 at 100.00	Aa2	1,571,083
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	1,226,400
10,600	Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax)	10/11 at 100.00	N/R	10,623,002
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–	497,785
15,725	Total Maryland			14,609,300
	Massachusetts – 3.6% (2.6% 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	1,148,744
1,000			BB–	828,900

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	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital Project, Series 2005D, 5.250%, 7/01/30	7/15 at 100.00		
1,600	Massachusetts Health and Educational Facilities Authority, Revenue Refunding Bonds, Suffolk University Issue, Series 2009A, 5.750%, 7/01/39	7/19 at 100.00	BBB	1,602,944
1,505	Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust 3145, 15.435%, 6/01/16 (IF)	6/18 at 100.00	AA	1,808,258
400	Massachusetts Port Authority, Special Facilities Revenue Bonds, ConRac Project, Series 2011A, 5.125%, 7/01/41	7/21 at 100.00	A	394,560
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)	1/12 at 100.00	N/R	4,638,950
3,465	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2007A, 4.500%, 8/01/46 – AGM Insured (UB) (6)	2/17 at 100.00	AA+	3,288,458
7,165	Metropolitan Boston Transit Parking Corporation, Massachusetts, Systemwide Parking Revenue Bonds, Senior Lien Series 2011, 5.000%, 7/01/41	7/21 at 100.00	A+	7,093,350
21,510	Total Massachusetts Michigan – 8.1% (5.7% of Total Investments)			20,804,164
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+	15,852,300
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	1,404,980
2,750	Lansing Board of Water and Light, Michigan, Utility System Revenue Bonds Series 2011A, 5.500%, 7/01/41	7/21 at 100.00	AA–	2,919,400
1,165	Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18	10/11 at 100.00	Aa3	1,174,250
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)	70,785
2,250	Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 2011-I-A, 5.375%, 10/15/41	No Opt. Call	Aa3	2,272,703
2,395	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	2,541,430
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)		A+ (4)	1,435,546

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		11/11 at 101.00		
2,500	5.625%, 11/15/31 (Pre-refunded 11/15/11) Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2006A:	11/11 at 101.00	A+ (4)	2,564,375
635	5.000%, 12/01/31 (Pre-refunded 12/01/16) (UB)	12/16 at 100.00	N/R (4)	756,152
2,865	5.000%, 12/01/31 (UB) Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue	12/16 at 100.00	AA	2,876,804
12,640	Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 – NPFG Insured	11/11 at 100.00	A1	12,499,064
45,670	Total Michigan Minnesota – 1.2% (0.9% of Total Investments)			46,367,789
2,200	Dakota County Community Development Agency, Minnesota, GNMA Collateralized Multifamily Housing	10/11 at 105.00	Aaa	2,265,604
3,000	Revenue Bonds, Rose Apartments Project, Series 2001, 6.350%, 10/20/37 (Alternative Minimum Tax) Minnesota State, General Obligation Bonds, Various Purpose, Refunding Series 2010D, 5.000%, 8/01/18	No Opt. Call	AAA	3,612,120
1,375	Saint Paul Port Authority, Minnesota, Lease Revenue Bonds, Regions Hospital Parking Ramp	8/16 at 100.00	N/R	1,209,368
6,575	Project, Series 2007-1, 5.000%, 8/01/36 Total Minnesota Mississippi – 0.9% (0.6% of Total Investments)			7,087,092
2,155	Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage	11/11 at 101.00	AAA	2,162,004
3,000	Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34			
5,155	Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial	9/14 at 100.00	AA	3,082,740
1,495	Healthcare, Series 2004B-1, 5.000%, 9/01/24 (UB) Total Mississippi Missouri – 3.4% (2.4% of Total Investments)			5,244,744
1,000	Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue	6/17 at 100.00	N/R	1,294,446
1,825	Bonds, Southeast Missouri Hospital Association, Series 2007, 5.000%, 6/01/36 Clinton County Industrial Development Authority, Missouri, Revenue Bonds, Cameron Regional	12/17 at 100.00	N/R	794,000
1,000	Medical Center, Series 2007, 5.000%, 12/01/32 Fenton, Missouri, Tax Increment Refunding and Improvement	10/12 at 100.00	N/R (4)	1,941,800
3,335	Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2002, 6.125%, 10/01/21 (Pre-refunded 10/01/12) Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A: 5.250%, 12/01/19 (Pre-refunded 12/01/11) – NPFG Insured		AA– (4)	3,391,695

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		12/11 at		
		100.00		
		12/11 at		
3,510	5.250%, 12/01/20 (Pre-refunded 12/01/11) – NPPFG Insured	100.00	AA– (4)	3,569,670
		12/11 at		
3,695	5.250%, 12/01/21 (Pre-refunded 12/01/11) – NPPFG Insured	100.00	AA– (4)	3,757,815
		12/11 at		
2,040	5.250%, 12/01/22 (Pre-refunded 12/01/11) – NPPFG Insured	100.00	AA– (4)	2,074,680
	Missouri Health and Educational Facilities Authority, Revenue			
	Bonds, Washington University,	11/21 at		
2,500	Series 2011B, 5.000%, 11/15/37	100.00	AAA	2,634,600
19,400	Total Missouri			19,458,706
	Montana – 0.9% (0.6% of Total Investments)			
	Montana Board of Investments, Exempt Facility Revenue Bonds,	7/12 at		
5,000	Stillwater Mining Company, Series	100.00	B+	5,020,200
	2000, 8.000%, 7/01/20 (Alternative Minimum Tax)			
	Nebraska – 1.1% (0.8% of Total Investments)			
	Nebraska Investment Finance Authority, Single Family Housing	9/20 at		
4,475	Revenue Bonds, Series 2010A,	100.00	AAA	4,775,183
	6.050%, 9/01/41			
	Omaha Public Power District, Nebraska, Separate Electric System	2/17 at		
1,005	Revenue Bonds, Nebraska	100.00	AA+	1,506,465
	City 2, Series 2006A, 20.264%, 8/01/40 – AMBAC Insured (IF)			
5,480	Total Nebraska			6,281,648
	Nevada – 3.7% (2.6% 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	10,401,900
	Clark County, Nevada, Passenger Facility Charge Revenue Bonds,	1/20 at		
6,000	Las Vegas-McCarran	100.00	Aa3	5,922,900
	International Airport, Series 2010A, 5.250%, 7/01/42			
	Director of Nevada State Department of Business and Industry,	1/12 at		
2,000	Revenue Bonds, Las Vegas	100.00	N/R	479,940
	Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 – AMBAC			
	Insured (5)			
	Director of Nevada State Department of Business and Industry,	1/12 at		
4,000	Revenue Bonds, Las Vegas	100.00	N/R	6,400
	Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 (5)			
	Nevada Housing Division, Single Family Mortgage Bonds, Senior	10/11 at		
145	Series 1998A-1, 5.300%, 4/01/18	100.00	Aaa	148,551
	(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)	4,382,578
	(Pre-refunded 1/01/12) – FGIC Insured			
26,435	Total Nevada			21,342,269
	New Hampshire – 0.4% (0.3% of Total Investments)			
	New Hampshire Health and Education Authority, Hospital Revenue	10/11 at		
2,000	Bonds, Concord Hospital,	101.00	Aa3	2,025,720
	Series 2001, 5.500%, 10/01/21 – AGM Insured			
	New Jersey – 4.9% (3.5% of Total Investments)			
	New Jersey Economic Development Authority, Water Facilities	11/12 at		
10,000	Revenue Bonds, American Water	101.00	A2	10,013,900

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Company, Series 2002A, 5.250%, 11/01/32 – AMBAC Insured (Alternative Minimum Tax)				
620	New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Somerset Medical Center, Series 2003, 5.500%, 7/01/33	7/13 at 100.00	Ba2	476,086
4,125	New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2002A, 5.500%, 9/15/13 – AMBAC Insured	No Opt. Call	Aa3	4,463,415
12,970	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Capital Appreciation Series 2010A, 0.000%, 12/15/33	No Opt. Call	A+	3,293,472
20,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/33 – AGM Insured	No Opt. Call	AA+	5,032,600
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	4,860,205
54,760	Total New Jersey New York – 5.7% (4.0% of Total Investments)			28,139,678
900	Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter Schools, Series 2007A, 5.000%, 4/01/32 Brooklyn Areba Local Development Corporation, New York, Payment in Lieu of Taxes Revenue Bonds, Barclays Center Project, Series 2009:	4/17 at 100.00	N/R	751,158
1,275	6.000%, 7/15/30	1/20 at 100.00	BBB–	1,305,077
3,400	0.000%, 7/15/44	No Opt. Call	BBB–	405,042
4,675	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, General Purpose Series 2011C, 5.000%, 3/15/41	3/21 at 100.00	AAA	4,835,446
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	1,747,390
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	4,253,290
750	Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series 2011A, 5.000%, 11/15/41	11/21 at 100.00	A	743,580
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	4,352,861
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–	8,270,560
3,125	New York City Municipal Water Finance Authority, New York, Water and Sewer System Revenue	12/20 at 100.00	AA+	3,321,094

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	Bonds, Second Generation Resolution, Fiscal 2011 Series EE, 5.375%, 6/15/43			
910	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 – NPFPG Insured	8/12 at 100.00	AA	949,585
1,590	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 (Pre-refunded 8/01/12) – NPFPG Insured	8/12 at 100.00	AA (4)	1,677,196
35,570	Total New York			32,612,279
	North Carolina – 1.1% (0.8% of Total Investments)			
1,710	Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008, Trust 1149, 15.059%, 7/15/32 (IF) (6)	1/18 at 100.00	AA–	1,659,418
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–	1,218,876
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	1,994,948
515	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 (ETM)	No Opt. Call	NR (4)	552,631
1,085	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13	No Opt. Call	A	1,157,521
6,260	Total North Carolina			6,583,394
	Ohio – 1.8% (1.3% of Total Investments)			
	Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:			
3,135	5.125%, 6/01/24	6/17 at 100.00	Baa3	2,570,387
710	5.875%, 6/01/30	6/17 at 100.00	Baa3	558,578
685	5.750%, 6/01/34	6/17 at 100.00	Baa3	518,018
1,570	5.875%, 6/01/47	6/17 at 100.00	Baa3	1,162,177
5,800	Franklin County, Ohio, Hospital Revenue Bonds, OhioHealth Corporation, Series 2011A, 5.000%, 11/15/41	11/21 at 100.00	AA	5,754,818
11,900	Total Ohio			10,563,978
	Oklahoma – 2.0% (1.4% of Total Investments)			
	Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007:			
4,370	5.000%, 2/15/37	2/17 at 100.00	A	4,363,620
955	5.000%, 2/15/42	2/17 at 100.00	A	944,648
6,305			AA+	6,319,375

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	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		
88	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2008, Trust 3500, 8.489%, 6/15/30 (IF)	12/16 at 100.00	AA+	88,364
11,718	Total Oklahoma			11,716,007
	Oregon – 0.8% (0.6% of Total Investments)			
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+	4,768,573
	Pennsylvania – 1.2% (0.9% of Total Investments)			
500	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	410,730
3,500	Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax)	1/12 at 100.00	CC	1,966,510
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–	1,357,006
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)	3,378,967
8,605	Total Pennsylvania			7,113,213
	Puerto Rico – 0.4% (0.3% of Total Investments)			
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	2,506,250
	Tennessee – 0.3% (0.2% of Total Investments)			
3,680	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2006, 0.000%, 1/01/41	1/17 at 30.07	A–	546,517
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+	249,068
	Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007:			
800	5.500%, 11/01/37 (5), (7)	11/17 at 100.00	N/R	59,912
2,800	5.500%, 11/01/46 (5), (7)	11/17 at 100.00	N/R	209,692
680	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative Minimum Tax)	10/11 at 100.00	AA+	680,367
8,235	Total Tennessee			1,745,556
5,445	Texas – 19.5% (13.9% of Total Investments)		AAA	5,285,462

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	Board of Regents, University of Texas System, Financing System Revenue Bonds, Series 2006F, 4.250%, 8/15/36 (UB)	2/17 at 100.00		
2,700	Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds, Series 2011, 6.250%, 1/01/46	1/21 at 100.00	BBB-	2,704,590
4,500	Colorado River Municipal Water District, Texas, Water System Revenue Bonds, Series 2011, 5.000%, 1/01/36 (WI/DD, Settling 8/16/11)	1/21 at 100.00	AA-	4,541,895
3,850	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 – NPFG Insured (Alternative Minimum Tax)	11/11 at 100.00	A+	3,806,457
5,000	Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25	9/14 at 100.00	N/R	5,009,150
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	4,048,726
10,000	Houston, Texas, First Lien Combined Utility System Revenue Bonds, Series 2011D, 5.000%, 11/15/40	11/21 at 100.00	AA	10,131,900
6,000	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 – NPFG Insured (ETM)	No Opt. Call	AA+	7,407,540
7,000	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 – NPFG Insured (Alternative Minimum Tax)	7/11 at 100.00	A2	7,022,330
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	2,571,864
2,905	Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A: 5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00	A	2,958,917
14,200	Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007A, 4.750%, 8/01/43 (UB)	8/16 at 100.00	AAA	14,240,754
8,000	Lower Colorado River Authority, Texas, Transmission Contract Refunding Revenue Bonds, LCRA Transmission Services Corporation Project, Refunding & Improvement Series 2010, 5.000%, 5/15/40	5/20 at 100.00	A	8,013,520
1,750	Martin County Hospital District, Texas, Combination Limited Tax and Revenue Bonds, Series 2011A, 7.250%, 4/01/36	4/21 at 100.00	N/R	1,794,940
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	2,526,975
3,150	North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38	1/18 at 100.00	A3	3,163,230

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North Texas Tollway Authority, Special Projects System Revenue Bonds, Series 2011A:

4,370	0.000%, 9/01/43	9/31 at 100.00	AA	2,260,994
9,130	0.000%, 9/01/45	9/31 at 100.00	AA	5,282,070
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	3,061,656
3,500	Southwest Higher Education Authority Inc, Texas, Revenue Bonds, Southern Methodist University, Series 2010, 5.000%, 10/01/41	No Opt. Call	AA–	3,562,930
7,700	Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Texas Health Resources, Series 2007A, 5.000%, 2/15/36 (UB) White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006:	2/17 at 100.00	AA–	7,539,917
9,110	0.000%, 8/15/37	8/15 at 31.98	AAA	2,297,360
9,110	0.000%, 8/15/40	8/15 at 27.11	AAA	1,934,417
7,110	0.000%, 8/15/44	8/15 at 21.88	AAA	1,192,845
136,640	Total Texas Utah – 0.4% (0.3% of Total Investments) Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:			112,360,439
630	5.200%, 1/01/18 (Alternative Minimum Tax)	1/12 at 100.00	AA–	631,638
240	5.500%, 1/01/23 (Alternative Minimum Tax) Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:	1/12 at 100.00	Aaa	249,257
965	4.950%, 7/01/18 (Alternative Minimum Tax)	1/12 at 100.00	AA–	982,978
355	5.300%, 7/01/23 (Alternative Minimum Tax)	1/12 at 100.00	Aaa	366,211
2,190	Total Utah Virginia – 0.1% (0.1% of Total Investments)			2,230,084
1,000	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	862,460
1,000	Washington – 13.1% (9.4% of Total Investments) Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A:	12/11 at 100.00	Aaa	1,004,690
2,000	5.500%, 12/01/27 – NPFG Insured 5.600%, 12/01/36 – NPFG Insured		Aaa	2,006,320

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		12/11 at		
		100.00		
2,500	King County, Washington, Sewer Revenue Bonds, Series 2009, 5.250%, 1/01/42	1/19 at	AA+	2,611,500
	Port of Seattle, Washington, Revenue Bonds, Series 2001B:	10/11 at		
2,535	5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax)	100.00	Aa2	2,552,796
16,000	5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB)	10/11 at	AA	16,006,880
	Public Utility District 1, Benton County, Washington, Electric	11/11 at		
1,440	Revenue Refunding Bonds, Series	100.00	AA+ (4)	1,459,858
	2001A, 5.625%, 11/01/15 (Pre-refunded 11/01/11) – AGM Insured			
	Public Utility District 1, Benton County, Washington, Electric	11/11 at		
650	Revenue Refunding Bonds, Series	100.00	AA+	657,742
	2001A, 5.625%, 11/01/15 – AGM Insured			
	Tacoma, Washington, Solid Waste Utility Revenue Refunding	12/11 at		
4,530	Bonds, Series 2001, 5.250%, 12/01/21	100.00	AA (4)	4,607,010
	(Pre-refunded 12/01/11) – AMBAC Insured			
	Washington State Health Care Facilities Authority, Revenue Bonds,	10/11 at		
3,720	Children’s Hospital and	100.00	Aa3 (4)	3,752,513
	Regional Medical Center, Series 2001, 5.375%, 10/01/18			
	(Pre-refunded 10/01/11) – AMBAC Insured			
	Washington State Health Care Facilities Authority, Revenue Bonds,	1/21 at		
3,410	Fred Hutchinson Cancer	100.00	A	3,403,214
	Research Center, Series 2011A, 5.625%, 1/01/35			
	Washington State Health Care Facilities Authority, Revenue Bonds,			
	Good Samaritan Hospital,			
	Series 2001:			
		10/11 at		
5,480	5.500%, 10/01/21 (Pre-refunded 10/01/11) – RAAI Insured	101.00	BBB– (4)	5,583,846
		10/11 at		
25,435	5.625%, 10/01/31 (Pre-refunded 10/01/11) – RAAI Insured	101.00	BBB– (4)	25,922,326
	Washington State Health Care Facilities Authority, Revenue Bonds,			
	Group Health Cooperative of			
	Puget Sound, Series 2001:			
		12/11 at		
3,005	5.375%, 12/01/17 – AMBAC Insured	101.00	BBB	3,047,220
		12/11 at		
2,915	5.375%, 12/01/18 – AMBAC Insured	101.00	BBB	2,952,982
74,620	Total Washington			75,568,897
	Wisconsin – 2.3% (1.7% of Total Investments)			
	Appleton, Wisconsin, Waterworks Revenue Refunding Bonds,			
	Series 2001:			
		1/12 at		
3,705	5.375%, 1/01/20 (Pre-refunded 1/01/12) – FGIC Insured	100.00	N/R (4)	3,786,102
		1/12 at		
1,850	5.000%, 1/01/21 (Pre-refunded 1/01/12) – FGIC Insured	100.00	N/R (4)	1,887,574
	Wisconsin Health and Educational Facilities Authority, Revenue	9/17 at		
1,000	Bonds, Franciscan Sisters of	100.00	BBB+	901,030
	Christian Charity HealthCare Ministry, Series 2007, 5.000%,			
	9/01/33			

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350	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30	10/11 at 101.00	AA-	352,363
3,650	Wisconsin Health and Educational Facilities Authority, Revenue 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- (4)	3,719,277
2,500	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Marshfield Clinic, Series 2001B, 6.000%, 2/15/25	2/12 at 100.00	BBB+	2,508,700
330	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33	8/13 at 100.00	BBB+	291,634
13,385	Total Wisconsin			13,446,680
				\$
\$ 935,943	Total Municipal Bonds (cost \$805,644,038)			800,187,928
Shares	Description (1)			Value
	Investment Companies – 0.6% (0.4% of Total Investments)			
6,266	BlackRock MuniHoldings Fund Inc.			\$ 92,737
26,880	Dreyfus Strategic Municipal Fund			213,696
131,278	DWS Municipal Income Trust			1,559,583
43,020	Invesco Van Kampen Investment Grade Municipal Trust			574,747
30,000	Invesco Van Kampen Municipal Opportunity Trust			390,000
43,420	PIMCO Municipal Income Fund II			446,792
	Total Investment Companies (cost \$3,325,133)			3,277,555
	Short-Term Investments – 0.8% (0.6% of Total Investments)			
	South Carolina – 0.8% (0.6% of Total Investments)			
\$ 4,730	South Carolina Educational Facilities Authority, Charleston Southern University Education Facilities Revenue Bond, Variable Rate Demand Series 2003, 0.240%, 4/01/28 (8)	9/11 at 100.00	VMIG-1	4,730,000
\$ 4,730	Total Short-Term Investments (cost \$4,730,000)			4,730,000
	Total Investments (cost \$813,699,171) – 140.3%			808,195,483
	Floating Rate Obligations – (10.3%)			(59,362,000)
	MuniTerm Preferred Shares, at Liquidation Value – (12.2)% (9)			(70,000,000)
	Other Assets Less Liabilities – 11.4%			65,460,694
	Auction Rate Preferred Shares, at Liquidation Value – (29.2)% (9)			(168,400,000)
				\$
	Net Assets Applicable to Common Shares – 100%			575,894,177

Fair Value Measurements

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$799,918,324	\$269,604	\$800,187,928
Investment Companies	3,277,555	—	—	3,277,555
Short-Term Investments	—	4,730,000	—	4,730,000
Total	\$3,277,555	\$804,648,324	\$269,604	\$808,195,483

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

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	\$187,350
Gains (losses):	
Net realized gains (losses)	(17,141)
Net change in unrealized appreciation (depreciation)	99,395
Purchases at cost	—
Sales at proceeds	—
Net discounts (premiums)	—
Transfers in to	—

Transfers out of	—
Balance at the end of period	\$269,604

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

Income Tax Information

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

At July 31, 2011, the cost of investments was \$757,234,579.

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

Gross unrealized:	
Appreciation	\$ 22,050,817
Depreciation	(30,395,987)
Net unrealized appreciation (depreciation) of investments	\$ (8,345,170)

- (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.
Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities,
- (4) which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) At or subsequent to the end of the reporting period, this security is non-income producing. Non-income producing security, in the case of a bond, generally denotes that the issuer has (1) defaulted on the payment of principal or interest, (2) is under the protection of the Federal Bankruptcy Court or (3) the Fund's Adviser has concluded that the issue is not likely to meet its future interest payment obligations and has directed the Fund's custodian to cease accruing additional income on the Fund's records.
- (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations of investments in inverse floating rate transactions.
- (7) For fair value measurement disclosure purposes, investment categorized as Level 3.
- (8) Investment has a maturity of more than one year, but has a variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period.

This rate changes periodically based on market conditions or a specified market index.
MuniFund Term Preferred Shares and Auction Rate Preferred Shares, at Liquidation Value as a
(9) percentage

of Total Investments are 8.7% and 20.8%, respectively.

N/R Not rated.

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

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction.

Item 2. Controls and Procedures.

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

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

Item 3. Exhibits.

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

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 September 29, 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 September 29, 2011

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

Date September 29, 2011