

WHY MUNICIPAL BONDS, WHY MANAGED MONEY

An investment in any municipal portfolio should be made with an understanding of the market risks involved with owning municipal bonds. Municipal bonds and other fixed income debt securities are subject to credit risk and interest rate risk. The value of, and income generated by debt securities will decrease or increase based on changes in market interest rates. Credit risk refers to an issuer's ability to make interest and principal payments when due. Principal loss is possible.

Are Not FDIC Insured

May Lose Value

Are Not Bank Guaranteed

TODAY'S AGENDA

- Municipal bond basics
- Why invest in municipal bonds?
- Different ways to invest
- Why hire a professional manager?

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WHAT ARE MUNICIPAL BONDS?

- Debt instruments
- Issued by cities, counties, states and political sub-divisions
- Monies used to finance capital improvements or to refinance existing debt
- Federal, and in some cases state tax-exempt*

*Income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains will be subject to tax. Neither Nuveen Asset Management, LLC nor its employees provide legal or tax advice. You must consult with your personal legal or tax advisor regarding your personal circumstances.

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THE PREMISE OF MUNICIPAL BONDS

Municipal bonds are debt securities, which in turn are contracts between issuers and investors. Under the terms of a contract, the issuer agrees to pay back to the investor a set amount on a set date and further, to pay interest as scheduled for the remainder of the contract.

Example:

ABC issues a 7% bond maturing in 20 years with a face value of \$1,000: ABC agrees to pay the investor \$1,000 in 20 years plus an annual interest payment of \$70 for each of those 20 years.

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MUNICIPAL BOND TERMINOLOGY

- Issuer
- Par value
- Maturity
- Coupon
- Call date
- Price
- Yield
- Ratings
- Insurance

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TYPES OF MUNICIPAL BONDS

- General obligation bonds
- Revenue bonds

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BUILD AMERICA BONDS

- Created by the American Recovery and Reinvestment Act of 2009
- Interest is taxable
- Tax credits and/or federal subsidies for bondholders and state and local government bond issuers
- Program expired in 2010; it is unknown if it will be restarted

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CREDIT QUALITY

- Ratings
- Risk vs. Reward
- Municipal defaults have been rare

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CHARACTERISTICS OF MUNICIPAL BONDS

- Tax Exemption
- Attractive After-Tax Returns
- Diversification
- Income Stream

Investing in municipal bonds involves interest rate risk, the risk that interest rates will rise; causing bond prices to fall; and credit risk, the risk that an issuer of a municipal bond will be unable to make interest and principal payments. Neither Nuveen Asset Management, LLC nor its employees provide legal or tax advice. You must consult with your personal legal or tax advisor regarding your personal circumstances.

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TAX EXEMPTION

- Interest income exempt from federal taxation*
- Interest income often exempt from state taxation
- Interest income occasionally exempt from local taxation

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ATTRACTIVE AFTER-TAX RETURNS

To make a fair comparison between a tax-exempt investment (such as a municipal bond) and a taxable investment, you need to adjust the tax-exempt investment's yield to account for money you save because you won't be paying regular federal income taxes.

**Taxable Equivalent Yields vs. Tax-Exempt Yields
(Hypothetical Example)**

Federal Tax Rate*	28%	33%	35%
Tax-Exempt Yield	Taxable Equivalent Yield		
3.5%	4.86%	5.22%	5.38%
4.0%	5.56%	5.97%	6.15%
4.5%	6.25%	6.72%	6.92%
5.0%	6.94%	7.46%	7.69%
5.5%	7.64%	8.21%	8.46%

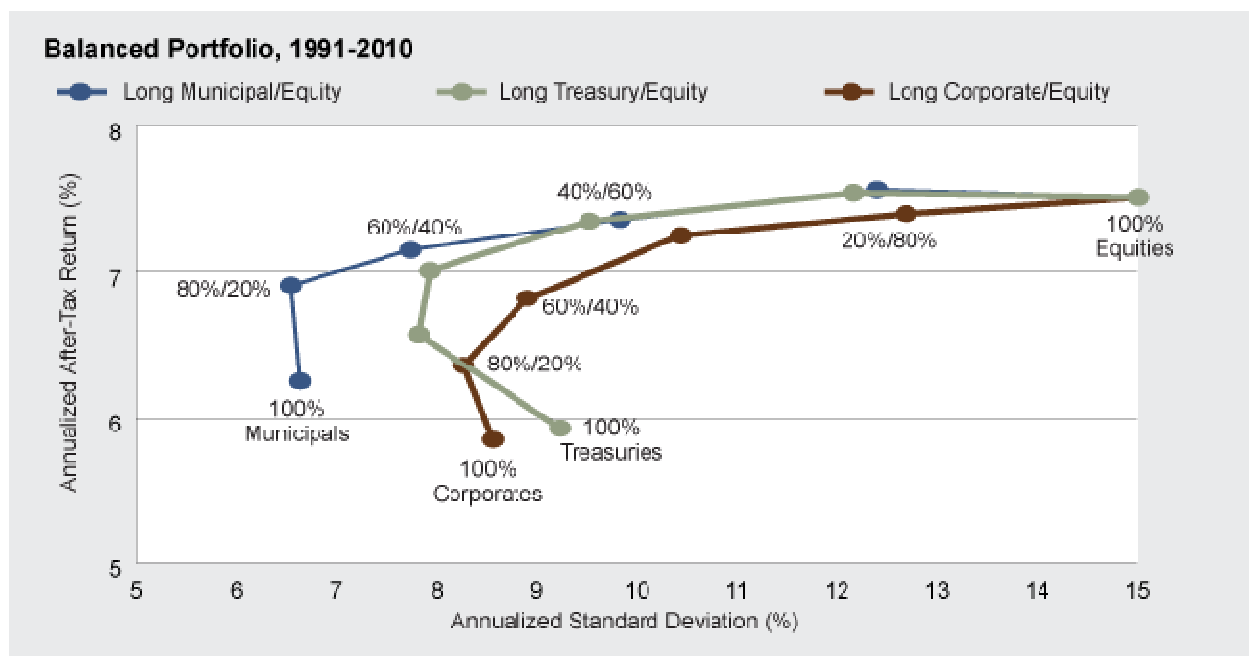
The taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield on a municipal investment on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable equivalent yield is lower.

The tax-exempt yields presented are for illustration purposes only and do not represent or predict the tax-exempt yield of any Nuveen investment. The yields do not take into account certain items such as the effects of the federal alternative minimum tax or capital gains taxes. In addition, some income may be subject to state and local taxes. Neither Nuveen Asset Management, LLC nor its employees provide legal or tax advice. You must consult with your personal legal or tax advisor regarding your personal circumstances.

*Source: IRS 2010 Federal Tax Code.

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DIVERSIFICATION



These conclusions are derived from the following portfolio assumptions: All investment income generated by the portfolio is reinvested annually, along with the after-tax proceeds of an arbitrarily assumed 20% annualized turnover rate. The allocation between the two assets was allowed to roam within a 5% band around its target before rebalancing. No provision was made for investment fees or commissions. Investment income was taxed at the historically appropriate rate for an individual with \$100,000 in taxable income in year 2010 dollars; net capital gains taxes, if any, were deducted at the rate appropriate for the period. At the end of 2010, the portfolios were fully liquidated to recognize the existing tax liability. The asset class returns were proxied by the returns of representative indices. MUNICIPAL BONDS: Barclays Capital Long Municipal Index. TREASURY BONDS: Barclays Capital Long Treasury Index. CORPORATE BONDS: Barclays Capital Long Credit Index. EQUITIES: S&P 500 Index Indices are unmanaged and unavailable for direct investment.

This study is based on historical data gathered from sources we consider to be reliable and consistent. The Methodology applied and results produced by this study indicate past investment performance of market indices over the 1991-2010 time period exclusively and in no way should be considered representative of the past performance of any Nuveen investment product or predictive of future investment expectations and performance for the municipal market or Nuveen investment products.

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INCOME STREAM

- Fixed rate of return
- Interest payment structure – coupon
- Individual bond
 - \$1,000 face value
 - 8% coupon
 - 10-year maturity
- Investor receives
 - \$80 of interest per year for 10 years
 - \$1,000 back at maturity

This hypothetical example applies to an individual bond, rather than a mutual fund, managed account, or other structured investment product. Please see the end of this presentation for additional disclosures.

INDIVIDUAL BONDS

- Over-the-counter through brokers, dealers and banks
- Less diversification
- More difficult due diligence
- Institutionally dominated market

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MUNICIPAL BOND INVESTMENT VEHICLES

- Closed-end funds
- Mutual funds
- Managed accounts

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CLOSED-END FUNDS

- Closed-end IPO
- Active management
- Diversification
- Access and liquidity
- Monthly dividends
- Upfront sales charge on IPO
- Can trade at a discount or premium to NAV

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MUTUAL FUNDS

- Active management
- Diversification
- Liquidity
- Shares can be used as collateral
- Variety of maturities and states represented
- Flexible sales charges
- Potential loss of principal

Borrowing using securities as collateral entails risk and may not be appropriate for your investment needs. Neither Nuveen Asset Management, LLC nor its employees provide legal or tax advice, clients should consult their legal and tax advisors regarding the tax implications of borrowing using securities as collateral for a loan.

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MANAGED ACCOUNTS

- Active management
- Seeks income, capital preservation and appreciation
- Institutional market access and buying power
- Short, Intermediate and Long
- Quarterly fee based on a percentage of assets

For managed accounts, institutional trade execution applies primarily to municipal bond trading as part of ongoing account management and generally does not include sales of legacy securities contributed to new or existing accounts or in connection with termination and liquidation instructions.

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THINGS TO CONSIDER

- Objective
- Time Horizon
- Risk Profile
- Asset Size

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FIVE POTENTIAL BENEFITS OF ACTIVE MANAGEMENT

- Institutional access to bonds and market places
- Credit research
- Institutional trade execution
- Tax-aware investing
- Active management

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INSTITUTIONAL ACCESS

- Municipal market is very fragmented and inefficient.
- Nuveen has relationships with over 100 national and regional dealers.

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INSTITUTIONAL TRADE EXECUTION

- Nuveen has a significant presence in the municipal bond market
- Nuveen has increased ability to find bonds in appropriate sizes at attractive prices.
- Many dealers call Nuveen first to trade bonds.
- We seek to aggregate trades where appropriate in order to pass along institutional execution prices.

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CREDIT RESEARCH

- Experienced team of analysts dedicated to analyzing bonds.
- We evaluate bonds that we believe may be out of favor or find value the general public may have overlooked.
- We can sell bonds when we feel other bonds provide better prospects.

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TAX-AWARE INVESTING

- Sometimes it makes sense to sell a bond at a loss.
- Unrealized losses may provide a limited window of opportunity.
- Take advantage of the window to offset potential future realized gains.
- We replace the bond so as not to dramatically alter the composition of the portfolio.

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ACTIVE MANAGEMENT CAN ADD VALUE

- We work to help grow the portfolios' principal value over time.
- We seek to sell appreciated bonds, capture gains and replace them with bonds having equivalent or greater yields to maturity.

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SUMMARY

- Municipal bonds offer distinctive features that may be appropriate for certain investors.
- Professional fixed income managers may provide a number of advantages.
- Active management of fixed income has the potential to help grow principal.
- The municipal market can be very inefficient.

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INDEX DESCRIPTIONS

- **Barclays Capital Long Municipal Bond Index** is an unmanaged index composed of general obligation bonds, insured bonds and pre-funded bonds, all in the maturity range of more than 22 years.
- **Barclays Capital Long Treasury Index** measures the performance of public obligations of the U.S. Treasury that have a remaining maturity of 10 or more years.
- **Barclays Capital Long Credit Index** is the credit component of the U.S. Aggregate index. The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **Standard & Poor's 500 Index** is an unmanaged index of 500 large capitalization publicly traded common stocks representing various industries.

Indices are unmanaged and unavailable for direct investment

DISCLOSURES

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An investment in any municipal portfolio should be made with an understanding of the risks involved in investing in municipal bonds which include but are not limited to, interest rate risk, credit risk, market risk and the possible loss of principal. The value of the portfolio will fluctuate based on the value of the underlying securities. Since no one manager is suitable for all types of investors, it is important to review your investment objectives, risk tolerance and liquidity needs before choosing a suitable investment style or manager. Past performance is no guarantee of future results. Individual investor results will vary.

The examples presented are hypothetical and provided for illustrative purposes only, and do not represent past performance nor predict future performance of any Nuveen sponsored portfolio or managed account.

This information should not be construed as specific tax advice. Please contact a tax advisor regarding the suitability of tax-exempt investments in your portfolio. If sold prior to maturity, municipal securities are subject to gain/losses based on the level of interest rates, market conditions and the credit quality of the issuer. Income may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the investor’s state of residence.

For managed accounts portfolios, Nuveen seeks to expeditiously and efficiently effect sales of legacy securities contributed to new or existing accounts or in connection with termination and liquidation instructions, generally by directing the execution of sale to the relevant broker-dealer/custodian designated by the client’s managed account program, subject to program limitations. Primarily due to the time constraints and lot sizes applicable to these transactions, and because the full range of trading techniques is generally not available (including aggregation), the prices received in these transactions may be less favorable than the prices that could be attained for sales of securities selected by Nuveen as part of ongoing management. Clients always reserve the right to fund accounts with cash as opposed to legacy securities and to keep any securities in their accounts if terminating Nuveen’s services.

Funds are distributed by Nuveen Securities, LLC.

More Information

Not FDIC Insured	No bank guarantee	May lose value
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An investor should carefully consider the objectives, risks, charges and expenses before investing. For a prospectus containing this and other important information about the Funds, please contact your financial advisor or Nuveen Investments at 800.257.8787. Read the prospectus carefully before you invest.

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