

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
Form N-Q  
September 29, 2009

**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: 7/31/09

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 Dvidend Advantage Municipal Fund  
3 (NZF)**

*July 31, 2009*

<b>Principal</b>		<b>Optional Call</b>		
<b>Amount (000)</b>	<b>Description (1)</b>	<b>Provisions (2)</b>	<b>Ratings (3)</b>	<b>Value</b>
	<b>Municipal Bonds – 154.6% (99.5% of Total Investments)</b>			
	<b>Alabama – 1.8% (1.1% of Total Investments)</b>			
\$ 3,500	Alabama Special Care Facilities Financing Authority, Revenue Bonds, Ascension Health, Series 2006, 5.000%, 11/15/36 (UB)	11/16 at 100.00	AA	\$ 3,393,320
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	A (4)	6,137,598
9,155	Total Alabama			9,530,918
	<b>Alaska – 0.1% (0.1% of Total Investments)</b>			
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	547,070
	<b>Arizona – 1.0% (0.6% of Total Investments)</b>			
3,390	Arizona State Transportation Board, Highway Revenue Bonds, Series 2006, 13.026%, 7/01/33 (IF)	7/18 at 100.00	AAA	3,642,792
2,200	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Series 2007, 5.000%, 12/01/37	No Opt. Call	A	1,682,626
5,590	Total Arizona			5,325,418
	<b>Arkansas – 0.6% (0.4% of Total Investments)</b>			
	Sebastian County Health Facilities Board, Arkansas, Hospital Revenue Improvement Bonds, Sparks Regional Medical Center, Series 2001A:			
1,805	5.500%, 11/01/13	11/11 at 101.00	Caa1	1,638,507
1,900	5.500%, 11/01/14	11/11 at 101.00	Caa1	1,672,950
3,705	Total Arkansas			3,311,457
	<b>California – 13.6% (8.7% of Total Investments)</b>			
	California Health Facilities Financing Authority, Health Facility Revenue Bonds,			

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Adventist				
Health System/West, Series 2003A:				
855	5.000%, 3/01/28	3/13 at 100.00	A	740,977
140	5.000%, 3/01/33	3/13 at 100.00	A	116,004
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	3,335,910
2,900	California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007, 5.000%, 11/15/42 (UB)	11/16 at 100.00	A+	2,411,959
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+	4,968,600
5,355	California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 11.971%, 11/15/48 (IF)	5/18 at 100.00	A+	5,231,125
18,850	California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 – MBIA Insured (Alternative Minimum Tax)	12/09 at 100.00	AA–	18,273,001
11,865	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47	6/17 at 100.00	BBB	6,415,880
13,955	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–	14,298,293
5,000	5.375%, 1/01/21 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A–	4,968,200
1,500	5.250%, 1/01/23 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A–	1,445,385
10,000	5.500%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A–	9,283,100

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10,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue	No Opt. Call	A	1,340,200
	Refunding Bonds, Series 1997A, 0.000%, 1/15/35 – MBIA Insured			
3,000	San Mateo County Community College District, California, General Obligation Bonds, Series	No Opt. Call	Aa1	846,540
	2006C, 0.000%, 9/01/30 – MBIA Insured			
91,820	Total California			73,675,174
	<b>Colorado – 6.9% (4.4% of Total Investments)</b>			
2,250	Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General	12/12 at 100.00	N/R (4)	2,631,263
	Obligation Bonds, Series 2002, 7.375%, 12/01/32 (Pre-refunded 12/01/12)			
1,565	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle	3/13 at 100.00	N/R (4)	1,841,395
	Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13)			
3,085	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Montessori Peaks Building Foundation, Series	3/10 at 102.00	N/R (4)	3,270,995
	2002A, 8.000%, 5/01/32 (Pre-refunded 3/01/10)			
1,775	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Weld	6/11 at 100.00	Ba1 (4)	1,984,113
	County School District 6 – Frontier Academy, Series 2001, 7.375%, 6/01/31 (Pre-refunded 6/01/11)			
3,345	Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Montessori Peaks Academy, Series 2006, 5.400%, 5/01/26	5/16 at 102.00	N/R	2,404,787
3,380	Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1,	10/11 at 100.00	AAA	3,371,246
	5.500%, 4/01/31 (Alternative Minimum Tax)			
5,000	Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds,	12/17 at 100.00	BBB–	4,236,900
	Series 2007, 5.600%, 12/01/34 – RAAI Insured			
3,300	Denver City and County, Colorado, Airport Revenue Bonds, Series 2006, 5.000%, 11/15/24	11/16 at 100.00	A+	3,382,797
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	FGIC Insured			
	Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A,			
2,000		11/11 at 100.00	A+	2,054,900
	5.500%, 11/15/16 – FGIC Insured (Alternative Minimum Tax)			
	Denver, Colorado, Airport Revenue Bonds, Series 2006:			
		11/16 at 100.00	A+	5,462,965
5,365	5.000%, 11/15/23 – FGIC Insured (UB)			
		11/16 at 100.00	A+	4,416,845
4,335	5.000%, 11/15/25 – FGIC Insured (UB)			
	Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007, 5.250%, 12/01/36 – RAAI Insured			
2,000		12/17 at 100.00	BBB–	1,592,320
	Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003,			
1,000		6/14 at 101.00	N/R	876,200
	8.000%, 12/01/25			
38,400	Total Colorado			37,526,726
	<b>Delaware – 0.3% (0.2% of Total Investments)</b>			
	Delaware Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A,			
1,535		7/12 at 100.00	Aa3	1,580,375
	5.400%, 7/01/24			
	<b>District of Columbia – 1.0% (0.6% of Total Investments)</b>			
	District of Columbia, Revenue Bonds, Catholic University of America, Series 1999, 5.625%, 10/01/29 – AMBAC Insured			
1,375		10/09 at 101.00	A	1,390,084
	Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007, Residuals 1606, 11.216%, 10/01/30 – AMBAC Insured (IF)			
1,335		10/16 at 100.00	AAA	1,140,944
	Washington DC Convention Center Authority, Dedicated Tax Revenue Bonds, Residual Series 1730, 1731, 1736, 11.216%, 10/01/30 – AMBAC Insured (IF)			
3,335		10/16 at 100.00	AAA	2,850,224
6,045	Total District of Columbia			5,381,252
	<b>Florida – 2.4% (1.5% of Total Investments)</b>			
	Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:			
1,105			AAA	1,084,790
	5.400%, 12/01/32 – FSA Insured			

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		12/11 at 100.00		
2,195	5.450%, 12/01/41 – FSA Insured Pace Property Finance Authority Inc., Florida,	12/11 at 100.00	AAA	2,117,626
4,175	Utility System Improvement and Revenue Refunding Bonds, Series 1997, 5.250%, 9/01/17 – AMBAC Insured	9/09 at 100.00	N/R	4,185,187
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–	4,897,008
1,000	Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40	5/18 at 100.00	N/R	686,610
13,930	Total Florida			12,971,221
	<b>Georgia – 2.5% (1.6% of Total Investments)</b>			
5,000	Atlanta, Georgia, Airport General Revenue Bonds, Series 2000B, 5.625%, 1/01/30 – FGIC Insured (Alternative Minimum Tax)	1/10 at 101.00	A+	4,713,400
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	3,169,017
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	1,225,260
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)	4,044,548
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	260,645
13,940	Total Georgia			13,412,870
	<b>Illinois – 15.9% (10.2% of Total Investments)</b>			
8,375	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 – FSA	1/11 at 101.00	AAA	8,446,104

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Insured (Alternative Minimum Tax)				
1,600	Chicago, Illinois, Sales Tax Revenue Bonds, Series 1998, 5.250%, 1/01/28 – FGIC Insured	1/10 at 100.50	AAA	1,614,320
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)	1/11 at 101.00	A1	4,409,312
2,220	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 – MBIA Insured	No Opt. Call	A+	2,509,888
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	Aa3 (4)	10,930,100
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	1,118,377
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	A3	2,444,125
3,385	Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37	8/17 at 100.00	Baa1	2,567,082
1,130	Illinois Health Facilities Authority, Revenue Bonds, Condell Medical Center, Series 2000, 6.500%, 5/15/30 (Pre-refunded 5/15/10)	5/10 at 101.00	Aaa	1,194,150
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–	7,240,140
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)	16,316,100
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	2,555,600
7,000	Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel	1/16 at 100.00	N/R	5,662,790

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	Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36			
16,900	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A, 5.250%, 12/15/28 – FGIC Insured	12/09 at 101.00	AAA	17,100,602
2,200	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	2,361,370
90,340	Total Illinois			86,470,060
	<b>Indiana – 6.2% (4.0% of Total Investments)</b>			
	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)	1,378,392
1,000	5.000%, 1/15/26 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	AA+ (4)	1,098,320
	Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001:			
2,000	5.750%, 7/15/18 (Pre-refunded 1/15/12) – MBIA Insured	1/12 at 100.00	A+ (4)	2,232,960
2,750	5.125%, 1/15/24 (Pre-refunded 1/15/12) – MBIA Insured	1/12 at 100.00	A+ (4)	3,028,713
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)	1,376,688
9,500	Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 – MBIA Insured	2/11 at 100.00	A	9,533,820
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	4,304,617
2,800	Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 – AMBAC	5/15 at 100.00	A	2,171,428



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	Insured			
3,500	University of Southern Indiana, Student Fee Bonds, Series 2001H, 5.000%, 10/01/21 – AMBAC Insured	10/11 at 100.00	A2	3,546,865
2,500	Vigo County, Indiana, Hospital Authority, Union Hospital, Revenue Bonds, Series 2007: 5.750%, 9/01/42	9/17 at 100.00	N/R	1,782,775
2,500	5.800%, 9/01/47	9/17 at 100.00	N/R	1,769,125
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	A3 (4)	1,253,293
34,375	Total Indiana			33,476,996
	<b>Iowa – 6.5% (4.2% of Total Investments)</b>			
2,000	Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 – FSA Insured	5/11 at 100.00	Aa3	1,905,100
1,000	Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C, 5.625%, 6/01/46	6/15 at 100.00	BBB	602,600
26,855	Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B: 5.300%, 6/01/25 (Pre-refunded 6/01/11)	6/11 at 101.00	AAA	28,766,265
3,950	5.600%, 6/01/35 (Pre-refunded 6/01/11)	6/11 at 101.00	AAA	4,294,322
33,805	Total Iowa			35,568,287
	<b>Kansas – 0.3% (0.2% of Total Investments)</b>			
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	706,870
1,000	5.125%, 5/15/42	5/14 at 103.00	N/R	689,600
2,000	Total Kansas			1,396,470
	<b>Kentucky – 3.6% (2.4% of Total Investments)</b>			
1,000	Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue	6/18 at 100.00	AAA	1,028,190

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	Bonds,			
	Louisville Arena Authority, Inc., Series 2008A-1, 6.000%, 12/01/42 – AGC Insured			
18,500	Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 2001A, 5.125%, 5/15/27 – MBIA Insured	11/11 at 101.00	AA–	18,764,919
19,500	Total Kentucky			19,793,109
	<b>Louisiana – 4.0% (2.6% of Total Investments)</b>			
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	BB	2,515,260
3,700	Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47	5/17 at 100.00	A3	3,005,029
19,890	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39	5/11 at 101.00	BBB	15,961,924
26,590	Total Louisiana			21,482,213
	<b>Maine – 1.1% (0.7% of Total Investments)</b>			
4,610	Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B: 5.400%, 11/15/21 (Alternative Minimum Tax)	11/10 at 100.00	AA+	4,634,664
1,610	5.500%, 11/15/32 (Alternative Minimum Tax)	11/10 at 100.00	AA+	1,601,483
6,220	Total Maine			6,236,147
	<b>Maryland – 2.4% (1.6% of Total Investments)</b>			
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	616,940
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	1,579,294
2,000	Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference	12/16 at 100.00	N/R	1,044,860

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	Center, Series 2006A, 5.000%, 12/01/31			
10,600	Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax)	9/09 at 100.00	N/R	9,558,020
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-	442,246
15,725	Total Maryland			13,241,360
	<b>Massachusetts – 2.4% (1.6% of Total Investments)</b>			
1,375	Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26	10/12 at 102.00	N/R	944,295
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-	612,700
4,860	Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust 3145, 15.050%, 6/01/39 (IF)	6/18 at 100.00	Aa2	4,809,213
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)	1/11 at 101.00	N/R	3,816,050
3,465	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2007A, 4.500%, 8/01/46 – FSA Insured (UB)	2/17 at 100.00	AAA	3,043,760
15,700	Total Massachusetts			13,226,018
	<b>Michigan – 9.8% (6.3% of Total Investments)</b>			
15,000	Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and Site Improvement Bonds, Series 2001A, 6.000%, 5/01/29 – FSA Insured (UB)	No Opt. Call	AAA	15,050,100
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	1,020,560
11,000	Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A,	7/11 at 101.00	AA (4)	12,096,480

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	5.500%, 1/15/31 (Pre-refunded 7/15/11)			
1,235	Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18	10/11 at 100.00	A+	1,267,431
1,355	Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.250%, 8/15/23	8/09 at 100.00	Ba3	923,080
3,485	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 – MBIA Insured (ETM)	No Opt. Call	A (4)	3,806,944
	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sparrow Obligated Group, Series 2001:			
1,400	5.500%, 11/15/21 (Pre-refunded 11/15/11)	11/11 at 101.00	A+ (4)	1,561,826
2,500	5.625%, 11/15/31 (Pre-refunded 11/15/11)	11/11 at 101.00	A+ (4)	2,796,025
3,500	Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2006A, 5.000%, 12/01/31 (UB)	12/16 at 100.00	Aa2	3,381,000
12,640	Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 – MBIA Insured	11/11 at 100.00	A1	11,212,565
54,115	Total Michigan			53,116,011
	<b>Minnesota – 0.6% (0.4% of Total Investments)</b>			
2,260	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	Aaa	2,294,962
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	891,770
3,635	Total Minnesota			3,186,732

**Mississippi – 1.0% (0.6% of Total Investments)**

2,155	Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage	11/09 at 103.00	AAA	2,148,988
	Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34			
3,000	Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004, 5.000%, 9/01/24 (UB)	9/14 at 100.00	AA	3,030,690
5,155	Total Mississippi			5,179,678

**Missouri – 3.1% (2.0% of Total Investments)**

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	1,160,374
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	615,420
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)	2,091,450
3,335	Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A: 5.250%, 12/01/19 – MBIA Insured	12/11 at 100.00	AA–	3,515,090
3,510	5.250%, 12/01/20 – MBIA Insured	12/11 at 100.00	AA–	3,699,540
3,695	5.250%, 12/01/21 – MBIA Insured	12/11 at 100.00	AA–	3,894,530
2,040	5.250%, 12/01/22 – MBIA Insured	12/11 at 100.00	AA–	2,122,702
16,900	Total Missouri			17,099,106

**Montana – 0.6% (0.4% of Total Investments)**

5,000	Montana Board of Investments, Exempt Facility Revenue Bonds, Stillwater Mining Company, Series	7/10 at 101.00	B–	3,483,950
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	2000, 8.000%, 7/01/20 (Alternative Minimum Tax)			
	<b>Nebraska – 0.9% (0.6% of Total Investments)</b>			
	Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2001D:			
		9/11 at		
1,625	5.250%, 9/01/21 (Alternative Minimum Tax)	100.00	AAA	1,607,743
		9/11 at		
2,160	5.375%, 9/01/32 (Alternative Minimum Tax)	100.00	AAA	2,161,123
	Omaha Public Power District, Nebraska, Separate Electric System Revenue Bonds, Nebraska	2/17 at		
1,005		100.00	AAA	1,397,148
	City 2, Series 2006A, 19.151%, 2/01/49 – AMBAC Insured (IF)			
4,790	Total Nebraska			5,166,014
	<b>Nevada – 1.0% (0.6% of Total Investments)</b>			
	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas	1/10 at		
2,000		100.00	Caa2	401,120
	Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 – AMBAC Insured			
	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas	1/10 at		
4,000		102.00	N/R	40,000
	Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 (5)			
	Nevada Housing Division, Single Family Mortgage Bonds, Senior Series 1998A-1, 5.300%, 4/01/18	10/09 at		
190		100.75	Aaa	192,780
	(Alternative Minimum Tax)			
	University of Nevada, Revenue Bonds, Community College System, Series 2001A, 5.250%, 7/01/26	1/12 at		
4,290		100.00	AA– (4)	4,730,197
	(Pre-refunded 1/01/12) – FGIC Insured			
10,480	Total Nevada			5,364,097
	<b>New Hampshire – 0.4% (0.2% of Total Investments)</b>			
	New Hampshire Health and Education Authority, Hospital Revenue Bonds, Concord Hospital, Series 2001, 5.500%, 10/01/21 – FSA Insured	10/11 at		
2,000		101.00	Aa3	2,039,440
	<b>New Jersey – 3.8% (2.5% of Total Investments)</b>			
10,000	New Jersey Economic Development Authority,	11/12 at	A2	8,660,800

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	Water Facilities Revenue Bonds, American Water	101.00		
	Company, Series 2002A, 5.250%, 11/01/32 – AMBAC Insured (Alternative Minimum Tax)			
495	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	272,572
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	A1	4,537,046
20,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/28 – AMBAC Insured	No Opt. Call	AA–	6,232,600
2,045	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 4.750%, 6/01/34	6/17 at 100.00	BBB	1,192,869
36,665	Total New Jersey			20,895,887
	<b>New York – 4.0% (2.6% of Total Investments)</b>			
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	612,756
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	AAA	1,787,850
5,010	Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 4.500%, 2/15/47 – MBIA Insured	2/17 at 100.00	A	3,999,784
4,155	Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester International Airport, Series 1999, 5.750%, 1/01/13 – MBIA Insured (Alternative Minimum Tax)	No Opt. Call	A	4,288,417
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–	6,167,840
1,715	New York City, New York, General Obligation	8/12 at	AA	1,789,946

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	Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 – MBIA Insured	100.00		
785	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 (Pre-refunded 8/01/12) – MBIA Insured	8/12 at 100.00	Aa3 (4)	895,418
2,000	New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and	6/11 at 100.00	AA–	2,075,740
	State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/16			
24,345	Total New York			21,617,751
	<b>North Carolina – 1.2% (0.8% of Total Investments)</b>			
1,710	Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue	1/18 at 100.00	AA–	1,434,314
	Bonds, Series 2008, Trust 1149, 14.459%, 1/15/47 (IF)			
1,200	Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds,	1/17 at 100.00	AA–	1,198,404
	Carolinas Health Care, Series 2007A, 5.000%, 1/15/31			
1,750	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA	1/15 at 100.00	AAA	2,012,028
	Carolinas Healthcare System, Series 2005A, 4.875%, 1/15/32 (Pre-refunded 1/15/15)			
1,600	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A,	No Opt. Call	A2	1,755,664
	5.500%, 1/01/13			
6,260	Total North Carolina			6,400,410
	<b>Ohio – 2.2% (1.4% of Total Investments)</b>			
	Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:			
3,170	5.125%, 6/01/24	6/17 at 100.00	BBB	2,611,288
710	5.875%, 6/01/30	6/17 at 100.00	BBB	500,209
685	5.750%, 6/01/34	6/17 at 100.00	BBB	442,859
1,570	5.875%, 6/01/47		BBB	901,384



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		6/17 at 100.00		
1,345	Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program Residential Mortgage Revenue Bonds, Series 1998A-1, 5.300%, 9/01/19 – FSA Insured (Alternative Minimum Tax)	9/09 at 100.75	Aaa	1,339,338
6,900	Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax)	9/09 at 102.00	N/R	5,944,557
14,380	Total Ohio			11,739,635
	<b>Oklahoma – 1.9% (1.2% of Total Investments)</b>			
	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	3,853,859
955	5.000%, 2/15/42	2/17 at 100.00	A	820,269
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	5,712,708
88	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, Trust 3500, 8.243%, 12/15/36 (IF)	12/16 at 100.00	AA	72,961
11,718	Total Oklahoma			10,459,797
	<b>Oregon – 2.7% (1.8% of Total Investments)</b>			
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	AA–	4,819,474
10,000	Oregon Housing and Community Services Department, Multifamily Housing Revenue Bonds, Series 2000A, 6.050%, 7/01/42 (Alternative Minimum Tax) (UB)	7/10 at 100.00	AAA	10,025,800
14,700	Total Oregon			14,845,274
	<b>Pennsylvania – 2.1% (1.3% of Total Investments)</b>			

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Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn				
Allegheny Health System, Series 2000B:				
2,000	9.250%, 11/15/22 (Pre-refunded 11/15/10)	11/10 at 102.00	AAA	2,259,900
2,000	9.250%, 11/15/30 (Pre-refunded 11/15/10)	11/10 at 102.00	AAA	2,259,900
Bucks County Industrial Development Authority, Pennsylvania, Charter School				
500	Revenue Bonds, School Lane Charter School, Series 2007A, 5.000%, 3/15/37	3/17 at 100.00	BBB	342,780
Pennsylvania Economic Development Financing Authority, Senior Lien Resource				
3,500	Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax)	1/10 at 100.00	B-	2,647,365
Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B,				
3,205	5.625%, 8/01/16 (Pre-refunded 8/01/12) – FGIC Insured	8/12 at 100.00	Aa3 (4)	3,648,957
11,205	Total Pennsylvania			11,158,902
<b>Puerto Rico – 0.4% (0.3% of Total Investments)</b>				
2,500	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 5.250%, 8/01/57	8/17 at 100.00	AA-	2,431,775
<b>South Carolina – 1.4% (0.9% of Total Investments)</b>				
6,850	South Carolina Transportation Infrastructure Bank, Revenue Bonds, Series 2001A, 5.500%, 10/01/22 (Pre-refunded 10/01/11) – AMBAC Insured	10/11 at 100.00	A1 (4)	7,536,165
<b>Tennessee – 1.6% (1.0% of Total Investments)</b>				
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-	379,666
5,210	Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001A, 5.500%, 3/01/14 – FSA Insured (Alternative Minimum Tax)	3/11 at 100.00	AAA	5,331,862

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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+	188,705
800	Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007: 5.500%, 11/01/37	11/17 at 100.00	N/R	303,360
2,800	5.500%, 11/01/46	11/17 at 100.00	N/R	1,061,760
745	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 1998-2, 5.350%, 7/01/23 (Alternative Minimum Tax)	1/10 at 100.00	AA+	745,752
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+	763,260
14,270	Total Tennessee			8,774,365
	<b>Texas – 20.5% (13.2% of Total Investments)</b>			
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	4,964,805
1,125	Brushy Creek Municipal Utility District, Williamson County, Texas, Combination Unlimited Tax and Revenue Refunding Bonds, Series 2001, 5.125%, 6/01/26 – FSA Insured	12/09 at 100.00	Aa3	1,125,596
1,910	Collins and Denton Counties, Frisco, Texas, General Obligation Bonds, Series 2001: 5.000%, 2/15/20 – FGIC Insured	2/11 at 100.00	AA	1,951,084
2,005	5.000%, 2/15/21 – FGIC Insured	2/11 at 100.00	AA	2,042,433
3,850	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 – FGIC Insured (Alternative Minimum Tax)	11/11 at 100.00	A+	3,630,666
5,000	Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series	9/14 at 100.00	N/R	4,362,250

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	2004A, 7.000%, 9/01/25 Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27	8/11 at 100.00	AAA	4,104,802
4,040	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 – MBIA Insured (ETM)	No Opt. Call	AA (4)	7,025,640
6,000	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)	1/10 at 100.00	A	7,005,530
7,000	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	2,621,127
2,525	5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00	A	2,990,494
2,905	Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007A, 4.750%, 8/01/43 (UB)	8/16 at 100.00	AAA	13,467,138
14,200	Jefferson County Health Facilities Development Corporation, Texas, FHA-Insured Mortgage Revenue Bonds, Baptist Hospital of Southeast Texas, Series 2001: 5.400%, 8/15/31 – AMBAC Insured	8/11 at 100.00	N/R	8,456,395
8,500	5.500%, 8/15/41 – AMBAC Insured	8/11 at 100.00	N/R	7,776,735
8,500	Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25	8/11 at 100.00	AAA	10,906,617
10,700	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	BBB+	2,045,800
2,500	North Texas Thruway Authority, Second Tier System Revenue Refunding Bonds, Series 2008,	1/18 at 100.00	A3	3,018,204
3,150				

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	5.750%, 1/01/38			
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	3,125,144
7,700	Tarrant County, Texas, Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Series 2007A, 5.000%, 2/15/36 (UB)	2/17 at 100.00	AA–	7,299,292
9,780	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	AAA	9,058,138
	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	1,803,780
9,110	0.000%, 8/15/40	8/15 at 27.11	AAA	1,521,461
7,110	0.000%, 8/15/44	8/15 at 21.88	AAA	934,538
135,210	Total Texas			111,237,669
	<b>Utah – 0.5% (0.3% of Total Investments)</b>			
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:			
935	5.200%, 1/01/18 (Alternative Minimum Tax)	7/11 at 100.00	AA–	905,015
265	5.500%, 1/01/23 (Alternative Minimum Tax)	7/11 at 100.00	Aaa	265,090
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:			
1,345	4.950%, 7/01/18 (Alternative Minimum Tax)	7/11 at 100.00	AA–	1,351,389
375	5.300%, 7/01/23 (Alternative Minimum Tax)	7/11 at 100.00	Aaa	372,105
2,920	Total Utah			2,893,599
	<b>Virginia – 0.1% (0.1% of Total Investments)</b>			
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	738,670

**Washington – 17.3% (11.2% of Total Investments)**

	Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A:	12/11 at		
1,000	5.500%, 12/01/27 – MBIA Insured	100.00	A1	1,017,860
		12/11 at		
2,000	5.600%, 12/01/36 – MBIA Insured	100.00	A1	2,012,840
	King County, Washington, Sewer Revenue	1/19 at		
2,500	Bonds, Series 2009, 5.250%, 1/01/42 (WI/DD, Settling 8/12/09)	100.00	AA+	2,518,350
	Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998A,	12/09 at		
12,955	5.300%, 12/01/16 – AMBAC Insured (Alternative Minimum Tax)	100.50	A	13,013,557
	Port of Seattle, Washington, Revenue Bonds, Series 2001:			
	5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax) (UB)	10/11 at		
2,535		100.00	AA–	2,565,141
	5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB)	10/09 at		
16,000		100.00	AA–	15,469,600
	Public Utility District 1, Benton County, Washington, Electric Revenue Refunding	11/11 at		
2,090	Bonds, Series 2001A, 5.625%, 11/01/15 – FSA Insured	100.00	AAA	2,270,618
	Seattle, Washington, Municipal Light and Power Revenue Refunding and Improvement	3/11 at		
5,680	Bonds, Series 2001, 5.500%, 3/01/18 – FSA Insured	100.00	AAA	5,959,456
	Tacoma, Washington, Solid Waste Utility Revenue Refunding Bonds, Series 2001,	12/11 at		
4,530	5.250%, 12/01/21 (Pre-refunded 12/01/11) – AMBAC Insured	100.00	AA (4)	4,995,911
	Washington State Healthcare Facilities Authority, Revenue Bonds, Children’s Hospital	10/11 at		
3,720	and Regional Medical Center, Series 2001, 5.375%, 10/01/18 (Pre-refunded 10/01/11) – AMBAC Insured	100.00	Aa3 (4)	4,087,759
	Washington State Healthcare Facilities Authority, Revenue Bonds, Good Samaritan Hospital, Series 2001:			

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5,480	5.500%, 10/01/21 (Pre-refunded 10/01/11) – RAAI Insured	10/11 at 101.00	BBB– (4)	6,090,362
25,435	5.625%, 10/01/31 (Pre-refunded 10/01/11) – RAAI Insured	10/11 at 101.00	BBB– (4)	28,336,115
	Washington State Healthcare Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001:			
3,005	5.375%, 12/01/17 – AMBAC Insured	12/11 at 101.00	BBB+	3,009,748
2,915	5.375%, 12/01/18 – AMBAC Insured	12/11 at 101.00	BBB+	2,896,840
89,845	Total Washington			94,244,157
	<b>Wisconsin – 4.9% (3.1% of Total Investments)</b>			
	Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001:			
3,705	5.375%, 1/01/20 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	N/R (4)	4,094,321
1,850	5.000%, 1/01/21 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	N/R (4)	2,027,878
12,250	La Crosse, Wisconsin, Pollution Control Revenue Refunding Bonds, Dairyland Power Cooperative, Series 1997B, 5.550%, 2/01/15 – AMBAC Insured	12/09 at 101.00	A2	12,597,778
1,000	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Franciscan Sisters of Christian Charity HealthCare Ministry, Series 2007, 5.000%, 9/01/33	9/17 at 100.00	BBB+	763,030
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–	352,247
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)	4,033,360
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+	2,482,475
50	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton	8/13 at 100.00	BBB+	37,040

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Franciscan

Services Inc., Series 2003A, 5.125%, 8/15/33

25,355 Total Wisconsin 26,388,129

\$ 928,673 Total Municipal Bonds (cost \$875,034,599) 840,150,354

**Shares Description (1) Value**

**Investment Companies – 0.4% (0.2% of Total Investments)**

29,401 BlackRock MuniHoldings Fund Inc. 398,972

26,880 Dreyfus Strategic Municipal Fund 197,299

27,920 PIMCO Municipal Income Fund II 282,550

42,020 Van Kampen Investment Grade Municipal Trust 530,713

30,000 Van Kampen Municipal Opportunity Trust 371,100

19,260 Van Kampen Municipal Trust 249,224

Total Investment Companies (cost \$2,205,198) 2,029,858

Total Long-Term Investments (cost \$877,239,797) – 155.0% 842,180,212

**Short-Term Investments – 0.4% (0.3% of Total Investments)**

**Maryland – 0.4% (0.3% of Total Investments)**

2,325 Maryland Transportation Authority, Revenue Bonds, Transportation Facilities Projects, 7/17 at Variable Rate 100.00 VMIG-1 2,325,000

Demand Obligations, Series 2008, Trust R-11436, 0.410%, 7/01/34 – FSA Insured (6)  
Total Short-Term Investments (cost \$2,325,000) 2,325,000

Total Investments (cost \$879,564,797) – 155.4% 844,505,212

Floating Rate Obligations – (14.0)% (75,908,650)

Other Assets Less Liabilities – 2.2% 11,819,391

Auction Rate Preferred Shares, at Liquidation Value – (43.6)% (7) (236,950,000)

Net Assets Applicable to Common Shares – 100% \$ 543,465,953

**Fair Value Measurements**

During the current fiscal period, the Fund adopted the provisions of Statement of Financial Accounting Standards No. 157 (SFAS No.157) "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. In determining the 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.).



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

The inputs or methodology 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, 2009:

	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$840,150,354	\$ —	\$ —\$840,150,354
Investment Companies	2,029,858	—	—	2,029,858
Short-Term Investments	—	2,325,000	—	2,325,000
Total	\$2,029,858	\$842,475,354	\$ —	\$ —\$844,505,212

**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 transactions subject to Statement of Financial Accounting Standards No. 140 (SFAS No. 140), 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, 2009, the cost of investments was \$803,696,357.

Gross unrealized appreciation and gross unrealized depreciation of investments at July 31, 2009, were as follows:

Gross unrealized:

Appreciation	\$ 27,575,765
Depreciation	(62,620,558)

Net unrealized appreciation (depreciation) of investments	\$(35,044,793)
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All percentages shown in the Portfolio of Investments are based on net assets

(1) 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 higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

Backed by an escrow or trust containing sufficient U.S. Government or U.S.

(4) Government agency securities

which ensure the timely payment of principal and interest. Such investments are normally considered to

be equivalent to AAA rated securities.

The Fund's Adviser has concluded this issue is not likely to meet its future interest

(5) payment obligations

and has directed the Fund's custodian to cease accruing additional income on the Fund's records.

Investment has a maturity of more than one year, but has variable rate and demand

(6) 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.

Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total

(7) Investments is 28.1%.

N/R Not rated.

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

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

Underlying bond of an inverse floating rate trust reflected as a financing transaction

(UB) pursuant to the

provisions of SFAS No. 140.

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**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, 2009

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, 2009

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

Date September 29, 2009