

Nuveen Multi-Strategy Income & Growth Fund 2  
Form N-CSR  
March 10, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21333

Nuveen Multi-Strategy Income and Growth Fund 2  
(Exact name of registrant as specified in charter)

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

Kevin J. McCarthy  
Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2009

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments

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concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to 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. ss. 3507.

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Closed-End Funds

## Nuveen Investments

### Closed-End Funds

*Attractive Distributions from a Portfolio of Preferred and Convertible Securities,  
Domestic and Foreign Equities, and Debt Instruments*

Annual Report

December 31, 2009

**Nuveen Multi-Strategy Income and Growth Fund**

**JPC**

**Nuveen Multi-Strategy Income and Growth Fund 2**

JQC

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## Chairman's Letter to Shareholders

**Dear Shareholder,**

The financial markets in which your Fund operates continue to reflect the larger economic crosscurrents. The illiquidity that infected global credit markets over the last year continues to recede but there is concern about the impact of a reduction in official liquidity support programs. The major institutions that are the linchpin of the international financial system have strengthened their capital structures, but many still struggle with losses in their various portfolios. Global trends include increasing trade and concern about the ability of the U.S. government to address its substantial budgetary deficits.

While the fixed-income and equity markets have recovered from the lows recorded in late 2008 and early 2009, identifying those developments that will define the future is never easy, and rarely is it more difficult than at present. A fundamental component of a successful investment program is a commitment to remain focused on long-term investment goals even during periods of heightened market uncertainty. Another component is to re-evaluate investment disciplines and tactics and to confirm their validity following periods of extreme volatility and market dislocation, such as we have recently experienced. Your Board carried out an intensive review of investment performance with these objectives in mind during April and May of 2009 as part of the annual management contract renewal process. I encourage you to read the description of this process in the Annual Investment Management Agreement Approval Process section of this report. Confirming the appropriateness of a long term investment strategy is as important for our shareholders as it is for our professional investment managers. For that reason, I again encourage you to remain in communication with your financial consultant on this subject.

In September 2009, Nuveen completed the refinancing at par of all the auction rate preferred shares (ARPS) issued by its taxable closed-end funds. On October 15, 2009, Nuveen announced the first successful offering of an issue of MuniFund Term Preferred Shares. This new form of preferred securities joins the Variable Rate Demand Preferred securities as vehicles for refinancing existing municipal fund ARPS. By the beginning of December 2009, six of the leveraged municipal closed-end funds had redeemed all of their outstanding ARPS. Nuveen remains committed to resolving the issues connected with outstanding auction rate preferred shares. Please consult the Nuveen web site for the most recent information on this issue and all recent developments on your Nuveen Funds at: [www.nuveen.com](http://www.nuveen.com).

On behalf of the other members of your Fund's Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner  
Chairman of the Board and Lead Independent Director  
February 22, 2010

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## Portfolio Managers' Comments

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Nuveen Multi-Strategy Income and Growth Fund (JPC)  
Nuveen Multi-Strategy Income and Growth Fund 2 (JQC)

*These Funds are advised by Nuveen Asset Management (NAM), which determines and oversees the Funds' asset allocations. NAM uses a team of sub-advisers with specialties in different asset classes to manage the Funds' portfolios. These sub-advisers include Spectrum Asset Management, Symphony Asset Management, LLC, and Tradewinds Global Investors, LLC. Symphony and Tradewinds are affiliates of Nuveen Investments.*

*Spectrum, an affiliate of Principal Global Investors, LLC, manages preferred securities positions within the income-oriented portion of each Fund's portfolio. Mark Lieb, Bernie Sussman and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities and other debt markets, led the team at Spectrum during the year. Bernie retired as of December 31, 2009.*

*Symphony has primary responsibility for investments in convertible, high yield and senior loan securities, and for domestic and international equity investments. The team at Symphony managing the convertible, high yield and senior loan portions of each portfolio is led by Gunther Stein, the firm's Chief Investment Officer, who has more than 20 years of investment management experience. The Symphony team responsible for managing domestic equity investments is led by David Wang, while the group overseeing the Funds' international equity exposure managed by Symphony is led by Eric Olson. Both David and Eric have more than 15 years of investment industry experience.*

*Tradewinds invests its portion of each Fund's assets in global equities. The Tradewinds team is led by Dave Iben, who has more than 25 years of investment management experience.*

*Here representatives from Spectrum, Symphony and Tradewinds talk about general economic and market conditions, their management strategies and the performance of both Funds for the twelve-month period ended December 31, 2009.*

### **What were the general market conditions for the twelve-month period ending December 31, 2009?**

The general market conditions during the past twelve months were among the most fluctuating and challenging on record. The financial crisis that began to accelerate in the last half of 2008 was in full force by the first quarter of 2009. For the first time since the 1930s, the United States, United Kingdom, Germany and Japan experienced recessions simultaneously.

In response, the U.S. government enacted a \$787 billion economic stimulus plan early in 2009, and provided additional funds for large financial institutions under the Troubled

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Asset Relief Program (TARP) started in 2008. The Federal Reserve maintained a fed funds target range of zero to 0.25%, its lowest level in history. In addition, the Fed announced in March that it would buy \$300 billion in long-term U.S. Treasury securities in an effort to support private credit markets and up to an additional \$750 billion (for a total of \$1.25 trillion) in agency mortgage-backed securities to bolster the housing market. The government also took steps to prevent the collapse of the American auto industry.

By the second quarter of 2009, some positive signals began to emerge. Most major banks were deemed to be adequately capitalized sufficient to withstand a deeper downturn. Domestic equity markets, as measured by the Standard & Poor's (S&P) 500 Stock Index, rocketed up from the lows experienced in March. Bond investors grew more willing to purchase municipal and corporate credit, causing the prices of oversold credit to be bid up and the prices of overbought U.S. Treasury securities to be bid down.

For the full year, the S&P 500 Index posted a return of 26.46% with most major bond indexes also showing positive performance. However, the unemployment rate at year end was over 10% and the general credit markets were still constricted, suggesting that the road to recovery would not be quick or easy.

In this generally stressful environment, the performance of preferred securities split into two distinct periods. The first quarter of 2009 was the worst on record, with the Merrill Lynch U.S. Preferred Stock Fixed Rate Index down 23%. This marked the fourth straight quarterly decline in preferred securities prices (also a record).

However, in early March, the CEOs of Citigroup, Bank of America and JPMorgan all proclaimed that their banks were making money. These statements, at a time when some financial equities were down as much as 80% from their pre-crisis highs, helped provide a bounce that prevailed over market fear and sparked a credit rally. For the full year, the Merrill Lynch U.S. Preferred Stock Fixed Rate Index closed up more than 20%.

This bounce benefited from two very powerful federal programs: 1) the U.S. Treasury's Capital Assistance Program and 2) the Public Private Investment Partnership. Both were designed to pump additional liquidity into the system and help thaw markets that essentially had been frozen. Additionally, the outcome of stress tests for systemically important banks in May reassured markets that further government capital assistance would probably be unnecessary or very limited. By mid-year, the private capital markets were sources of funding for financial entities seeking to raise fresh equity or repay some government assistance. By the end of December, Bank of America, Citigroup and Wells Fargo all had repaid their TARP funds through combinations of equity issuance and internal liquidity.

From a global perspective, central banks continued to pursue monetary policies aimed at providing liquidity to markets. Equity markets in the emerging markets and United States rallied on the prospects of continued growth in emerging economies and a re-emergence of growth in the United States. Commodities and commodity stocks rebounded significantly from their lows of earlier this year.

The senior loan market rallied in 2009, driven primarily by supply constraints. New issuance for the year was approximately \$56 billion, compared to \$282.9 billion on average for the previous four years (2005 through 2008). Incremental demand for senior

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loans was positive, even though fundamentals generally were negative. On the high yield side, new issuance was \$132.8 billion, but strong demand kept a firm tone to the market. Defaults rose during the period, and leverage increased across most industries. However, default rates proved to be lower than originally expected, and corporate results generally were stronger than initially anticipated.

Convertibles securities benefited from the rally in both the credit and equities markets, and yield spreads between investment grade and lower grade issues tightening rapidly. Additionally, convertibles benefited from the increased leverage available to convertible arbitrage managers because the market loosened considerably after a complete seizure in late 2008 and early 2009.

Internationally, many central banks continued to pursue monetary policies aimed at providing liquidity to the markets. Equities rallied in most countries over the last nine months of 2009, with many markets reporting composite returns of more than 15% for the year. Many of the riskier parts of the markets, including financial stocks, performed well.

**What key strategies were used to manage the Funds during this reporting period?**

During the first quarter of 2009, the Funds were under pressure to sell some securities into a weak market in order to raise capital to help redeem a portion of their outstanding auction rate preferred shares. Within the preferred securities portion of both Funds' portfolios, our strategy was to sell issues that we believed would be under continued credit pressure or were relatively overvalued. In practice, this often meant we looked to sell higher priced issues that we believed would have less upside potential in a market recovery.

In order to maintain their structural leverage ratios at desired levels, each Fund replaced its redeemed auction rate preferred shares with bank borrowings.

The institutional preferred securities market (i.e., \$1000 par issues traded over the counter) was extremely illiquid from January until April. Consequently, rather than pressure a market that was thinly traded and, in our view, grossly undervalued, we chose to sell retail-oriented, exchange-listed \$25 par issues, which remained relatively liquid throughout the period.

When purchasing preferred securities, we focused on assessing the structural elements of an issue, looking for elements that we believed would reduce income risk and improve the likelihood of being paid under stressful conditions. We also invested in some seasoned Eurodollar issues where we expected the securities to be well supported and where valuations were particularly cheap. In addition, we added some REIT debt and utility preferreds to maintain adequate diversity in this portion of the portfolios.

Over the course of the last several years, the preferred market has changed from an investment grade rated market, with more than 75% of all issues rated single A or higher, to a market where over 40% of all issues are rated below-investment grade. In addition, issuer concentration has increased even further, with the largest five issuers now representing 40% of the market value of the Merrill Lynch U.S. Preferred Stock Fixed Rate

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Index. In response to these changing conditions, the Funds' Board of Trustees adopted some changes in investment policies and procedures during the course of this reporting period. Previously, all of the Funds' investments in preferred securities had to be rated investment grade at the time of purchase. The new guidelines allow each Fund to have 20% of its net assets in preferred securities rated below investment grade when purchased. However, neither Fund may purchase issues rated Caa1/CCC+ or lower, and if a portfolio holding is downgraded to that rating or below, the manager is required to sell the security as soon as practicable.

Addressing the increase in issuer concentration within the preferred securities markets, the new guidelines allow for a slightly greater concentration of higher rated securities from the same preferred issuer within a portfolio, which allows managers more flexibility given the current market conditions.

For the Funds' convertible bond, high yield and senior loan investments managed by Symphony, we maintained an overweight exposure to the senior loan market early in the reporting period. We believed that senior loans represented a catalyst-driven return opportunity with high risk-adjusted return potential when compared with both high yield bonds and convertible securities. As senior loans rallied ahead of high yield and convertibles, which both performed in-line with our expectations, we began to rotate out of senior loans and into both convertibles and high yields. We sought to capture the relative value of these two asset classes as the market rally continued to push equities higher and tightened the yield spreads between higher and lower rated fixed-income securities.

In the core domestic and international equity portions of both Funds' portfolios that are managed by Symphony, we used both quantitative and qualitative methods to evaluate opportunities. The quantitative screening process served as the starting point for the decision-making process, with the qualitative process then providing a systematic way of researching companies from a broad perspective, as fundamental analysts actively sought catalysts that we believed would drive upside price movements. Symphony uses a "bottom-up" approach to stock picking, seeking to maximize return per unit of risk while obeying limits on position size, industry weights, beta, and other portfolio constraints. Quantitative tools provide the risk diagnostic measurements which guide these limits and keep forecasted risk within acceptable tolerances. The overall result is an investment process which is disciplined, repeatable, and we think blends the most effective elements of both quantitative and qualitative investing.

For the global equity portion of the Funds' portfolios managed by Tradewinds, our basic investment philosophy continued to focus on buying good or improving business franchises around the globe whose securities were selling below their intrinsic value. In 2009, we found that the best value opportunities were in the securities of those businesses that were the most leveraged to the growth of the global economy and that had been overly-punished in 2008. We continued to like the materials and energy sectors, which benefit from increased global demand, while we remained significantly underweight in the financials sector. During the period we decreased our exposure in fixed income, maintained both our long and short equity exposures, and continued to write

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Past performance does not guarantee future results. Current performance may be higher or lower than the data shown.

Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. For additional information, see the individual Performance Overview for your Fund in this report.

<sup>1</sup> Comparative benchmark performance is a blended return consisting of:

- 1) 27.5% of the Merrill Lynch Preferred Stock Hybrid Securities Index, an unmanaged index of investment-grade, exchange traded preferred issues with outstanding market values of at least \$30 million and at least one year to maturity.
- 2) 22.5% of the Barclays Capital Tier 1 Capital Securities Index, an unmanaged index that includes securities that can generally be viewed as hybrid fixed-income securities that either receive regulatory capital treatment or a degree of "equity credit" from a rating agency.
- 3) 10.0% of the Russell 3000 Index. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.
- 4) 10.0% of the MSCI EAFE Index. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.
- 5) 10.0% of the MSCI AC World Index. The MSCI ACWI (All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.
- 6) 6.7% of the Merrill Lynch All U.S. Convertibles Index consisting of approximately 575 securities with par values greater than \$50 million that were issued by U.S. companies or non-U.S. based issuers that have a significant business presence in the U.S.
- 7) 6.7% of the CSFB High Yield Index, which includes approximately \$375 billion of \$U.S.-denominated high yield debt with a minimum of \$75 million in par value and at least one rating below investment-grade.
- 8) 6.6% of the CSFB Leverage Loan Index, which includes approximately \$765 billion of \$U.S.-denominated Leveraged Loans at least one rating below investment-grade. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

<sup>2</sup> The Barclays Capital U.S. Aggregate Bond Index is an unmanaged index that includes all investment-grade, publicly issued, fixed-rate, dollar denominated, nonconvertible debt issues and commercial mortgage backed securities with maturities of at least one year and outstanding par values of \$150 million or more. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

covered calls on selected long equity positions to enhance yield and expected total return.

### How did the Funds perform over the reporting period?

The performance of JPC and JQC, as well as a comparative benchmark and a general fixed income index, is presented in the accompanying table.

### Average Annual Total Return on Common Share Net Asset Value

For periods ended 12/31/09

	1-Year	5-Year
JPC	67.37%	-2.49%
JQC	63.01%	-1.62%
Comparative Benchmark <sup>1</sup>	34.02%	2.14%
Barclays Capital U.S. Aggregate Bond Index <sup>2</sup>	5.93%	4.97%

For the twelve-month period ended December 31, 2009, the total return on common share net asset value for both Funds outperformed the comparative benchmark and general market index. The generally favorable market conditions during the last three quarters of 2009, augmented by the Fund's leveraged capital structure, provided the primary catalyst for the Funds' strong performance.

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In the preferred securities portions of both Funds, we made some purchases and sales between various \$25 par series and from \$25 par to \$1000 par capital securities of the same issuer in order to pick up income and reduce risk among the Funds' investment grade holdings. We also purchased non-financial and higher quality financial names that we believed were undervalued more due to liquidity risk factors rather than credit concerns in both the secondary and IPO markets.

We reduced the Funds' exposure to ING, Delphi Financial and Developers Diversified Realty in order to rebalance overall credit exposure. We eliminated exposure in Royal Bank of Scotland, SwedBank and KBC Bank out of concern that the companies might pass on paying the dividends of the securities we held.

Overall, we stayed highly focused on credit developments and sought securities with attractive structural nuances that we believed would add value over time. For example, we negotiated privately with Lloyds Bank to exchange their non-cumulative preference shares for cumulative upper tier 2 preference shares. We believed this would increase Fund income, help protect that income and increase the valuation of the holdings.

During the second half of the period, increased trading and tender activity improved the pricing for many preferred securities in the banking sector. This helped offset ratings changes on certain issues by Moody's, Standard & Poor's and Fitch that constrained us from doing relative value switches among below investment grade securities.

The core domestic equities portion of the Funds managed by Symphony was adversely affected by the relative outperformance of low-price, low-cap, and low-quality names in the Russell 1000 Index the largest such outperformance in over 20 years. For the year, the smallest quartile by market cap outperformed the largest by 30%, sub-\$5 shares outperformed over-\$10 shares by 100%, and the highest beta quartile outperformed the

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lowest by 43%. In particular during the second and third quarters, smaller cap and lower quality stocks that do not pass Symphony's screening process outperformed. Fortunately, we saw a reversal of this trend during the fourth quarter.

In the international equities portion of the portfolios managed by Symphony, the Funds benefited from a moderation of the outperformance of smaller, higher risk companies later in the year as investors appear to be refocusing on company specific fundamentals. Exposure to emerging markets and Canada continued to have a positive impact on performance, as did carrying an underweight exposure to Japanese stocks. Performance was negatively impacted by an underweight exposure to the United Kingdom and exposure to financial companies. Overall, correlations across equity markets appear to be coming down from abnormally high levels, indicating a return to an environment where company specific fundamentals carry more weight in determining stock returns an environment that we believe should benefit Symphony's bottom-up investment process.

Within the fixed-income sleeves of both portfolios that were managed by Symphony, the overweight exposure to senior loans early in the period benefited performance overall, as the senior loan market outperformed high yield and convertibles in the first quarter of 2009. Among senior loans, the higher-beta names like Tribune Company drove most of the performance. Higher beta names such as Nortel added to performance within the convertible securities markets. Both Tribune Company and Nortel benefited from improving credit markets, which enhanced the valuation of each Firm's assets. Conversely, performance was constrained by our better-quality holdings, many of which are critical to maintaining an acceptable risk profile within the Funds' convertible securities positions.

In the global equity sleeve of the Funds managed by Tradewinds, the top long equity performer was a position in NovaGold Resources Incorporated. In early January 2009, the Funds participated in a private placement of NovaGold Resources Incorporated units, which consisted of both equity shares and warrants to purchase additional equity shares. NovaGold, which focuses on gold exploration, development, and mining, benefited as the price of gold reached over \$1,200 per ounce during the year. The company's common equity share price appreciated more than 300% during the period.

Another significant contributor to performance was Lucent Technologies Capital Trust I, now Alcatel-Lucent. This company's product offerings enable its clients to deliver voice, data and video communication services to end users. Lucent Technologies' convertible preferred position appreciated due to management's guidance that Alcatel-Lucent would be at break-even on an adjusted operating basis by the end of 2009 as cost-cutting measures were on track and sales stabilized.

The worst detractor from the performance of the Tradewinds managed portions of the Funds was Nippon Telegraph & Telephone (NTT). NTT, Japan's largest telecom company, underperformed as operating profits declined 13% for its first fiscal half ended September 2009. A 5% decline in NTT's mobile division, DoCoMo, was mostly to blame, coupled with concerns about the upcoming revision of the NTT Law (Japanese government owns roughly one-third of NTT and regulates the company through the NTT Law). We remain optimistic on NTT and expect over the medium-term that capital

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investment (mainly in the form of a next-generation network upgrade) will diminish, the FTTH (fiber-to-the-home) business will turn profitable, and costs will decline from employee attrition. Moreover, management is anticipating the upcoming revision of the NTT Law will allow greater freedom to price its new services.

Although the positions were sold in early February 2009, Apex Silver Mines Limited also detracted from performance in both Funds for the period. Apex is a base metal mining company engaged in the exploration and development of silver and other mineral properties in Latin America. The company's underperformance leading up to its sale was due to several issues: zinc prices declined as a result of increased global supply, the company's production ramp-up was slower than expected due to water salinity problems, and the Bolivian government's threat to nationalize the nation's oil and gas reserves exacerbated the company's woes. In January 2009, Apex Silver filed for Chapter 11 bankruptcy.

The short equity positions managed by Tradewinds within both Funds detracted slightly from performance for the period. Among these positions, C.R. Bard, Inc. contributed most to absolute performance although its gains were more than offset by positions in AutoZone Incorporated.

The covered call writing strategy managed by Tradewinds also detracted from the Funds' performance as stock prices rallied in excess of the option strike prices, which limited the upside potential of the underlying holdings. However, given the uncertainty in the future direction of the global markets and the large market rebound, we continued to utilize this strategy throughout the period.

#### **IMPACT OF THE FUNDS' CAPITAL STRUCTURES AND LEVERAGE STRATEGIES ON PERFORMANCE**

One important factor impacting the returns of these Funds relative to the comparative index and benchmark was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total returns for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when bond prices generally are rising.

Leverage made a significant positive contribution to these Funds' returns during 2009.

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**RECENT DEVELOPMENTS REGARDING THE FUNDS' LEVERAGED CAPITAL STRUCTURES**

Shortly after their inceptions, both Funds issued auction rate preferred shares (FundPreferred) to create financial leverage. As noted in the last several shareholder reports, the auction rate preferred shares issued by many closed-end funds, including these Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more auction rate preferred shares have been submitted for sale in each of their regularly scheduled auctions than there have been offers to buy. This means that these auctions have "failed to clear," and that many, or all, of the auction rate preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction rate preferred shares did not lower the credit quality of these shares, and auction rate preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the auction rate preferred shares.

One continuing implication for common shareholders of these Funds from the auction failures is that the Funds' cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, the Funds' common share earnings likely have been incrementally lower at times than they otherwise might have been.

Beginning in the summer of 2008, the Funds announced their intention to redeem most or all of their auction rate preferred shares and retain their leveraged structure primarily through the use of bank borrowings. Leveraging using borrowings offers common shareholders most benefits and risks as leveraging with auction rate preferred shares.

As of December 31, 2009, these Funds had redeemed all of their outstanding auction rate preferred shares. For additional information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: <http://www.nuveen.com/arms>.

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## Common Share Distribution and Share Price Information

The following information regarding your Fund's distributions is current as of December 31, 2009, and likely will vary over time based on the Fund's investment activities and portfolio investment value changes.

Over the course of 2009, each Fund reduced its quarterly distribution to common shareholders during March and June and subsequently increased its quarterly distribution during September and again in December. Some of the important factors affecting the amount and composition of these distributions are summarized below.

During the twelve-month period, each Fund employed financial leverage through the use of FundPreferred shares and/or bank borrowings. As of December 31, 2009, the Funds had redeemed all of their outstanding FundPreferred shares. Financial leverage provides the potential for higher earnings (net investment income), total returns and distributions over time, but as noted earlier also increases the variability of common shareholders' net asset value per share in response to changing market conditions. During the current reporting period, each Fund's financial leverage contributed positively to common share income and common share net asset value price return.

Each Fund has a managed distribution program. The goal of this program is to provide common shareholders with relatively consistent and predictable cash flow by systematically converting the Fund's expected long-term return potential into regular distributions. As a result, regular common share distributions throughout the year are likely to include a portion of expected long-term gains (both realized and unrealized), along with net investment income.

Important points to understand about the managed distribution program are:

Each Fund seeks to establish a relatively stable common share distribution rate that roughly corresponds to the projected total return from its investment strategy over an extended period of time. However, you should not draw any conclusions about a Fund's past or future investment performance from its current distribution rate.

Actual common share returns will differ from projected long-term returns (and therefore a Fund's distribution rate), at least over shorter time periods. Over a specific timeframe, the difference between actual returns and total distributions will be reflected in an increasing (returns exceed distributions) or a decreasing (distributions exceed returns) Fund net asset value.

Each distribution is expected to be paid from some or all of the following sources:

net investment income (regular interest and dividends),

realized capital gains, and

unrealized gains, or, in certain cases, a return of principal (non-taxable distributions).

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A non-taxable distribution is a payment of a portion of a Fund's capital. When a Fund's returns exceed distributions, it may represent portfolio gains generated, but not realized as a taxable capital gain. In periods when a Fund's returns fall short of distributions, the shortfall will represent a portion of your original principal, unless the shortfall is offset during other time periods over the life of your investment (previous or subsequent) when a Fund's total return exceeds distributions.

Because distribution source estimates are updated during the year based on a Fund's performance and forecast for its current fiscal year (which is the calendar year for each Fund), estimates on the nature of your distributions provided at the time distributions are paid may differ from both the tax information reported to you in your Fund's IRS Form 1099 statement provided at year end, as well as the ultimate economic sources of distributions over the life of your investment.

The following table provides information regarding each Fund's common share distributions and total return performance for the fiscal year ended December 31, 2009. This information is intended to help you better understand whether the Fund's returns for the specified time period were sufficient to meet each Fund's distributions.

As of 12/31/09 (Common Shares)	JPC	JQC
Inception date	3/26/03	6/25/03
Calendar year ended December 31, 2009:		
Per share distribution:		
From net investment income	\$ 0.61	\$ 0.65
From long-term capital gains	0.00	0.00
From short-term capital gains	0.00	0.00
Tax return of capital	0.02	0.00*
Total per share distribution	\$ 0.63	\$ 0.65
Distribution rate on NAV	7.36%	7.22%
Average annual total returns:		
1-Year on NAV	67.37%	63.01%
5-Year on NAV	-2.49%	-1.62%
Since inception on NAV	1.38%	1.39%

\* Rounds to less than \$0.01 per share.

### Common Share Repurchases and Share Price Information

As of December 31, 2009, the aggregate amount of common shares repurchased by the Funds are shown in the accompanying table.

Fund	Common Shares Repurchased	% of Outstanding Common Shares
JPC	1,637,750	1.7%
JQC	2,419,575	1.8%

Nuveen Investments

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## Edgar Filing: Nuveen Multi-Strategy Income & Growth Fund 2 - Form N-CSR

During the twelve-month reporting period, the Funds' common shares were repurchased at a weighted average price and a weighted average discount per common share as shown in the accompanying table.

Fund	Common Shares Repurchased	Weighted Average Price Per Share Repurchased	Weighted Average Discount Per Share Repurchased
JPC	1,326,650	\$ 6.72	16.86%
JQC	1,655,075	\$ 7.03	17.24%

As of December 31, 2009, the Funds' common shares were trading at discounts to their common share NAVs as shown in the accompanying table.

Fund	12/31/09 Discount	Twelve-Month Average Discount
JPC	-12.50%	-18.86%
JQC	-14.56%	-19.22%

Nuveen Investments

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## JPC

Performance

## OVERVIEW

Nuveen Multi-Strategy Income and Growth Fund

as of December 31, 2009

Portfolio Allocation (as a % of total investments)<sup>2</sup>

2008-2009 Distributions Per Common Share

Common Share Price Performance Weekly Closing Price

<sup>1</sup> Current Distribution Rate is based on the Fund's current annualized quarterly distribution divided by the Fund's current market price. The Fund's quarterly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a return of capital for tax purposes.

## Edgar Filing: Nuveen Multi-Strategy Income & Growth Fund 2 - Form N-CSR

2 Excluding common stocks sold short and call options written.

3 Excluding short-term investments, common stocks sold short and call options written.

### Fund Snapshot

Common Share Price	\$ 7.49
Common Share Net Asset Value	\$ 8.56
Premium/(Discount) to NAV	-12.50%
Current Distribution Rate <sup>1</sup>	9.08%
Net Assets Applicable to Common Shares (\$000)	\$ 839,846

### Average Annual Total Return

(Inception 3/26/03)

	On Share Price	On NAV
1-Year	81.73%	67.37%
5-Year	-2.56%	-2.49%
Since Inception	-0.27%	1.38%

### Industries

(as a % of total investments)<sup>2</sup>

Commercial Banks	16.1%
Insurance	12.4%
Real Estate	8.7%
Media	6.0%
Oil, Gas & Consumable Fuels	4.6%
Metals & Mining	4.3%
Capital Markets	3.6%
Diversified Financial Services	3.0%
Diversified Telecommunication Services	2.7%
Health Care Providers & Services	2.5%
Pharmaceuticals	2.0%
Food Products	2.0%
Hotels, Restaurants & Leisure	1.6%
Energy Equipment & Services	1.5%
Electric Utilities	1.5%
Semiconductors & Equipment	1.4%
Multi-Utilities	1.3%
IT Services	1.3%
Chemicals	1.3%
Specialty Retail	1.2%
Health Care Equipment & Supplies	1.2%
Short-Term Investments	1.2%
Investment Companies	1.0%
Other	17.6%



**Top Five Issuers**

(as a % of total investments)<sup>3</sup>

Union Planters Corporation	2.0%
Delphi Financial Group, Inc.	1.9%
Deutsche Bank AG	1.8%
Wachovia Corporation	1.8%
Barclays Public Limited Corporation	1.5%

Nuveen Investments  
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**Fund Snapshot**

Common Share Price	\$	7.69
Common Share Net Asset Value	\$	9.00
Premium/(Discount) to NAV		-14.56%
Current Distribution Rate <sup>1</sup>		9.10%
Net Assets Applicable to Common		
Shares (\$000)	\$	1,242,799

**Average Annual Total Return**

(Inception 6/25/03)

	On Share Price	On NAV
1-Year	76.23%	63.01%
5-Year	-1.62%	-1.62%
Since Inception	-0.64%	1.39%

**Industries**

(as a % of total investments)<sup>2</sup>

Commercial Banks	14.7%
Insurance	13.3%