

KAMAN CORP
Form 10-Q
July 29, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 2013

Or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-35419

KAMAN CORPORATION

(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction of incorporation or organization)

06-0613548
(I.R.S. Employer Identification No.)

1332 Blue Hills Avenue
Bloomfield, Connecticut 06002
(Address of principal executive offices) (Zip Code)
(860) 243-7100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter)

during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At July 19, 2013, there were 27,067,195 shares of Common Stock outstanding.

PART I

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except share and per share amounts) (Unaudited)

	June 28, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$8,707	\$16,593
Accounts receivable, net	224,989	180,798
Inventories	383,977	367,385
Deferred income taxes	29,400	25,835
Other current assets	26,929	27,434
Total current assets	674,002	618,045
Property, plant and equipment, net of accumulated depreciation of \$158,142 and \$149,696, respectively	137,286	128,669
Goodwill	192,487	192,046
Other intangible assets, net	88,072	92,913
Deferred income taxes	37,264	42,905
Other assets	22,067	22,415
Total assets	\$1,151,178	\$1,096,993
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	\$—	\$21
Current portion of long-term debt	10,000	10,000
Accounts payable – trade	120,653	113,143
Accrued salaries and wages	32,398	35,869
Current portion of amount due to Commonwealth of Australia	—	6,659
Advances on contracts	12,787	1,900
Other accruals and payables	56,324	53,468
Income taxes payable	97	2,892
Total current liabilities	232,259	223,952
Long-term debt, excluding current portion	285,129	249,585
Deferred income taxes	4,627	5,150
Underfunded pension	143,100	148,703
Other long-term liabilities	46,044	49,410
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Preferred stock, \$1 par value, 200,000 shares authorized; none outstanding	—	—
Common stock, \$1 par value, 50,000,000 shares authorized; voting; 27,054,613 and 26,881,257 shares issued, respectively	27,055	26,881
Additional paid-in capital	128,039	122,522
Retained earnings	415,969	399,473
Accumulated other comprehensive income (loss)	(123,336)	(121,590)
Less 303,163 and 277,473 shares of common stock, respectively, held in treasury, at cost	(7,708)	(7,093)
Total shareholders' equity	440,019	420,193
Total liabilities and shareholders' equity	\$1,151,178	\$1,096,993

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except per share amounts) (Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
Net sales	\$431,725	\$400,226	\$819,800	\$783,945
Cost of sales	310,468	286,394	588,277	565,513
Gross profit	121,257	113,832	231,523	218,432
Selling, general and administrative expenses	90,219	85,820	186,639	173,730
Net loss/(gain) on sale of assets	21	(8	) 100	(32
Operating income	31,017	28,020	44,784	44,734
Interest expense, net	3,163	2,827	6,231	5,700
Other expense (income), net	58	79	389	(224
Earnings from continuing operations before income taxes	27,796	25,114	38,164	39,258
Income tax expense	9,904	8,996	13,118	14,048
Earnings from continuing operations	17,892	16,118	25,046	25,210
Earnings from discontinued operations, net of taxes	—	361	—	672
Net earnings	\$17,892	\$16,479	\$25,046	\$25,882
Earnings per share:				
Basic earnings per share from continuing operations	\$0.67	\$0.61	\$0.94	\$0.96
Basic earnings per share from discontinued operations	—	0.01	—	0.02
Basic earnings per share	\$0.67	\$0.62	\$0.94	\$0.98
Diluted earnings per share from continuing operations	\$0.67	\$0.61	\$0.93	\$0.96
Diluted earnings per share from discontinued operations	—	0.01	—	0.02
Diluted earnings per share	\$0.67	\$0.62	\$0.93	\$0.98
Average shares outstanding:				
Basic	26,734	26,390	26,696	26,342
Diluted	26,899	26,534	26,977	26,498
Dividends declared per share	\$0.16	\$0.16	\$0.32	\$0.32

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

KAMAN CORPORATION AND SUBSIDIARIES

(In thousands) (Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
Net earnings	\$17,892	\$16,479	\$25,046	\$25,882
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(244	) (3,171	) (4,758	) 526
Unrealized gain on derivative instruments, net of tax expense of \$105 and \$0, and \$38 and \$0, respectively	172	—	61	—
Change in pension and post-retirement benefit plan liabilities, net of tax expense of \$904 and \$834 and \$1,810 and \$1,669, respectively	1,476	1,362	2,951	2,723
Other comprehensive income (loss)	1,404	(1,809	) (1,746	) 3,249
Comprehensive income	\$19,296	\$14,670	\$23,300	\$29,131

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
KAMAN CORPORATION AND SUBSIDIARIES
(In thousands) (Unaudited)

	For the Six Months Ended	
	June 28, 2013	June 29, 2012
Cash flows from operating activities:		
Earnings from continuing operations	\$25,046	\$25,210
Adjustments to reconcile earnings from continuing operations to net cash provided by (used in) operating activities of continuing operations:		
Depreciation and amortization	15,528	13,341
Accretion of convertible notes discount	905	858
Provision for doubtful accounts	734	267
Net loss (gain) on sale of assets	100	(32)
Change in amount Due to Commonwealth of Australia, net of loss (gain) on derivative instruments	203	(206)
Stock compensation expense	3,065	3,581
Excess tax (benefit) from share-based compensation arrangements	(293)	(381)
Deferred income taxes	68	1,045
Changes in assets and liabilities, excluding effects of acquisitions/divestitures:		
Accounts receivable	(45,274)	(21,748)
Inventories	(16,165)	(11,590)
Other current assets	25	8,458
Accounts payable - trade	3,800	(3,215)
Accrued contract losses	228	(725)
Advances on contracts	10,887	(949)
Other accruals and payables	(5,595)	(19,922)
Income taxes payable	(2,768)	341
Pension liabilities	(2,252)	438
Other long-term liabilities	(1,649)	221
Net cash used in operating activities of continuing operations	(13,407)	(5,008)
Net cash provided by operating activities of discontinued operations	—	507
Net cash used in operating activities	(13,407)	(4,501)
Cash flows from investing activities:		
Proceeds from sale of assets	83	239
Expenditures for property, plant & equipment	(21,267)	(10,963)
Acquisition of businesses	(5,178)	(7,938)
Other, net	(598)	(116)
Cash used in investing activities of continuing operations	(26,960)	(18,778)
Cash used in investing activities of discontinued operations	—	(4)
Cash used in investing activities	(26,960)	(18,782)
Cash flows from financing activities:		
Net borrowings under revolving credit agreements	39,753	27,073
Debt repayment	(5,000)	(2,500)
Net change in book overdraft	4,093	5,365
Proceeds from exercise of employee stock awards	2,654	2,651
Purchase of treasury shares	(644)	(659)
Dividends paid	(8,526)	(8,411)
Other	(51)	—
Windfall tax benefit	293	381

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Cash provided by financing activities of continuing operations	32,572	23,900	
Cash used in financing activities of discontinued operations	—	(371)
Cash provided by financing activities	32,572	23,529	
Net increase (decrease) in cash and cash equivalents	(7,795	)	246
Effect of exchange rate changes on cash and cash equivalents	(91	)	(132
Cash and cash equivalents at beginning of period	16,593	14,985	
Cash and cash equivalents at end of period	\$8,707	\$15,099	

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended June 28, 2013 and June 29, 2012

(Unaudited)

1. BASIS OF PRESENTATION

The December 31, 2012, Condensed Consolidated Balance Sheet amounts have been derived from the previously audited Consolidated Balance Sheet of Kaman Corporation and subsidiaries (collectively, the "Company"), but do not include all disclosures required by accounting principles generally accepted in the United States of America ("US GAAP"). In the opinion of management, the remainder of the condensed financial information reflects all adjustments necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature, unless otherwise disclosed in this report. Certain amounts in the prior period condensed consolidated financial statements have been reclassified to conform to current presentation. The statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The results of operations for the interim periods presented are not necessarily indicative of trends or of results to be expected for the entire year.

The Company has a calendar year-end; however, its first three fiscal quarters follow a 13-week convention, with each quarter ending on a Friday. The second quarter for 2013 and 2012 ended on June 28, 2013 and June 29, 2012, respectively.

2. RECENT ACCOUNTING STANDARDS

In January 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-01, Balance Sheet (ASC Topic 210) - Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. ASU No. 2013-01 applies to derivatives accounted for in accordance with Accounting Standards Codification ("ASC") Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with ASC Section 210-20-45 or ASC Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. The standard became effective on January 1, 2013. These changes had no impact on the Company's condensed consolidated financial statements.

In January 2013, the FASB also issued ASU No. 2013-02, Comprehensive Income (ASC Topic 220) - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. ASU No. 2013-02 requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The Company adopted this standard beginning January 1, 2013. (See Note 16, Shareholders' Equity and Accumulated Other Comprehensive Income.)

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (ASC Topic 830) - Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. The objective is to resolve the diversity in practice about whether ASC Subtopic 810-10, Consolidation - Overall or ASC Subtopic 830-30 Foreign Currency Matters - Translation of Financial Statements, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. The update is effective for

financial statement periods beginning after December 15, 2013 with early adoption permitted. The Company will adopt this standard beginning January 1, 2014. The Company does not expect these changes to have an impact on its consolidated financial statements.

In July 2013, the FASB issued ASU No. 2013-10, Derivatives and Hedging (ASC Topic 815) - Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes. The amendments in this update permit the Fed Funds Effective Swap Rate (OIS) to be used as a U.S. benchmark interest rate for hedge accounting purposes under ASC Topic 815, in addition to U.S. Treasury ("UST") and London Interbank Offered Rate ("LIBOR"). The amendments also remove the restriction on using different benchmark rates for similar hedges. The amendments are effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The Company has not entered into any new hedging relationships since July 17, 2013.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the three months and six months ended June 28, 2013 and June 29, 2012

(Unaudited)

2. RECENT ACCOUNTING STANDARDS (CONTINUED)

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (ASC Topic 740) - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The objective is to end some inconsistent practices with regard to the presentation on the balance sheet of unrecognized tax benefits. The update is effective for financial statement periods beginning after December 15, 2013, with early adoption permitted. The Company will adopt this standard beginning January 1, 2014. The Company does not expect these changes to have a material impact on its consolidated financial statements.

3. DISCONTINUED OPERATIONS

On December 31, 2012, the Company sold substantially all of the assets and liabilities of the Distribution segment's Canadian operations. As a result, the Company has reported the results of operations and financial position of this component as discontinued operations within the condensed consolidated financial statements for all periods presented.

The following tables provide information regarding the results of discontinued operations:

	For the Three Months Ended		For the Six Months Ended	
	June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
In thousands				
Net sales of discontinued operations	\$—	\$5,254	\$—	\$10,257
Income from discontinued operations	—	479	—	945
Other income (expense), net, from discontinued operations	—	(9	) —	(71
Earnings from discontinued operations before income taxes	—	470	—	874
Income tax expense	—	109	—	202
Earnings from discontinued operations	\$—	\$361	\$—	\$672

4. ACQUISITIONS

On June 14, 2013, the Company acquired substantially all of the assets of Northwest Hose & Fittings, Inc. ("Northwest Hose"). Northwest Hose, formed in 1995, is an authorized Parker distributor of hydraulic hose, fittings and adapters as well as couplers and industrial hose to a diverse group of industries such as the metals, agricultural, industrial machinery and equipment industries. Northwest Hose is headquartered in Spokane, WA. This acquisition is individually immaterial to the Company's results of operations and financial position.

5. RESTRUCTURING COSTS

During 2013, the Company initiated restructuring activities primarily at its Distribution segment to align the cost structure of the organization with its revenue levels. This included workforce reductions and the consolidation of field operations where its Distribution segment had multiple facilities in the same geographic area. The Distribution segment restructuring resulted in net workforce reductions of 118 employees and the exiting of five facilities. The Company intends to settle all liabilities associated with these restructuring activities during 2013.

The following table summarizes the accrual balances by cost type for the 2013 restructuring actions:

Severance	Other ^(a)	Total
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Restructuring accrual balance at December 31, 2012	\$—	\$—	\$—
Provision	2,846	250	3,096
Cash payments	(1,282	) (208	) (1,490
Restructuring accrual balance at June 28, 2013	\$1,564	\$42	\$1,606

(a) Includes costs associated with the consolidation of facilities.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
 For the three months and six months ended June 28, 2013 and June 29, 2012
 (Unaudited)

6. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	June 28, 2013	December 31, 2012
In thousands		
Trade receivables	\$ 138,262	\$ 117,426
U.S. Government contracts:		
Billed	34,056	18,261
Costs and accrued profit – not billed	2,557	2,568
Commercial and other government contracts:		
Billed	53,264	45,547
Costs and accrued profit – not billed	227	144
Less allowance for doubtful accounts	(3,377)	(3,148)
Accounts receivable, net	\$ 224,989	\$ 180,798

Accounts receivable, net includes amounts for matters such as contract changes, negotiated settlements and claims for unanticipated contract costs. These amounts are as follows:

	June 28, 2013	December 31, 2012
In thousands		
Contract changes, negotiated settlements and claims for unanticipated contract costs	\$—	\$ 397
Total	\$—	\$ 397

7. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following table presents the carrying value and fair value of financial instruments that are not carried at fair value:

In thousands	June 28, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt:				
Level 1	\$ 106,165	\$ 138,907	\$ 105,260	\$ 144,460

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Level 2	188,964	175,280	154,325	143,135
Total	\$295,129	\$314,187	\$259,585	\$287,595

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
 For the three months and six months ended June 28, 2013 and June 29, 2012
 (Unaudited)

7. FAIR VALUE MEASUREMENTS (CONTINUED)

The above fair values were computed based on quoted market prices (Level 1) and discounted future cash flows (Level 2 observable inputs), as applicable. Differences from carrying values are attributable to interest rate changes subsequent to when the transaction occurred. The increase in fair value of the long-term debt is driven by increased borrowings under the Company's Revolving Credit Facility, partially offset by a lower quoted market price for the Company's convertible notes.

The fair values of Cash and cash equivalents, Accounts receivable, net, Notes payable, and Accounts payable - trade approximate their carrying amounts due to the short-term maturities of these instruments.

Recurring Fair Value Measurements

The table below segregates all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine their fair value at the measurement date:

	Total Carrying Value at	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
In thousands	June 28, 2013			
Derivative instruments	\$93	\$—	\$93	\$—
Total liabilities	\$93	\$—	\$93	\$—
	Total Carrying Value at	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
In thousands	December 31, 2012			
Derivative instruments	\$1,506	\$—	\$1,506	\$—
Total assets	\$1,506	\$—	\$1,506	\$—

The Company's derivative instruments are foreign exchange contracts and interest rate swaps that are measured at fair value using observable market inputs such as forward rates and our counterparties' credit risks. Based on these inputs, the derivative instruments are classified within Level 2 of the valuation hierarchy and have been included in other current assets, other assets and other long-term liabilities on the Condensed Consolidated Balance Sheets at June 28, 2013 and December 31, 2012. Based on the continued ability to trade and enter into forward contracts, we consider the markets for our fair value instruments to be active.

The Company evaluated the credit risk associated with the counterparties to these derivative instruments and determined that as of June 28, 2013, such credit risks have not had an adverse impact on the fair value of these instruments.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives Overview

The Company is exposed to certain risks relating to its ongoing business operations, including market risks relating to fluctuations in foreign currency exchange rates and interest rates. Derivative financial instruments are recognized on the Condensed Consolidated Balance Sheets as either assets or liabilities and are measured at fair value. Changes in

the fair values of derivatives are recorded each period in earnings or accumulated other comprehensive income, depending on whether a derivative is effective as part of a hedged transaction. Gains and losses on derivative instruments reported in accumulated other comprehensive income are subsequently included in earnings in the periods in which earnings are affected by the hedged item. The Company does not use derivative instruments for speculative purposes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
 For the three months and six months ended June 28, 2013 and June 29, 2012
 (Unaudited)

8. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives Overview (continued)

The Company holds forward exchange contracts designed to hedge forecasted transactions denominated in foreign currencies and to minimize the impact of foreign currency fluctuations on the Company's earnings and cash flows. Some of these contracts were designated as cash flow hedges. The Company will include in earnings amounts currently included in accumulated other comprehensive income upon recognition of cost of sales related to the underlying transaction. No material amounts were reclassified to income from other comprehensive income for derivative instruments formerly designated as cash flow hedges during the three or six months ended June 28, 2013, or June 29, 2012. Over the next twelve months, the income related to cash flow hedges expected to be reclassified from other comprehensive income is \$0.2 million.

Derivatives Designated as Cash Flow Hedges

The Company's Term Loan Facility ("Term Loan") contains floating rate obligations and is subject to interest rate fluctuations. During 2013, the Company entered into interest rate swap agreements for the purposes of hedging the eight quarterly variable-rate interest payments under its Term Loan due in 2014 and 2015. These interest rate swap agreements were designated as cash flow hedges and are intended to manage interest rate risk associated with the Company's variable rate borrowings and minimize the impact of interest rate fluctuations attributable to changes in LIBOR rates on the Company's earnings and cash flows.

The following table shows the fair value of derivative instruments designated as cash flow hedging instruments:

	Balance Sheet Location	Fair Value		Notional Amount
		June 28, 2013	December 31, 2012	
In thousands				
Derivative Assets				
Interest rate swap contracts	Other long-term assets	\$71	\$—	\$90,000- \$70,000
Total		\$71	\$—	

The following table shows the gain or (loss) recognized in other comprehensive income for derivatives designated as cash flow hedges:

	For the Three Months Ended		For the Six Months Ended	
	June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
In thousands				
Derivative Assets				
Interest rate swap contracts	\$250	\$—	\$71	\$—
Total	\$250	\$—	\$71	\$—

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
 For the three months and six months ended June 28, 2013 and June 29, 2012
 (Unaudited)

8. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives Not Designated as Hedging Instruments

The following table shows the fair value of derivative instruments not designated as hedging instruments:

In thousands	Balance Sheet Location	Fair Value		Notional Amount
		June 28, 2013	December 31, 2012	
Derivative Assets				
Foreign exchange contracts	Other current assets	\$—	\$1,345	\$0 / \$3,408 Australian Dollars
Foreign exchange contracts	Other current assets	—	161	\$0 / \$4,110
Total		\$—	\$1,506	
Derivative Liabilities				
Foreign exchange contracts	Other current liabilities	\$22	\$—	\$3,309 / \$0
Total		\$22	\$—	

On February 12, 2009, the Company dedesignated the forward contract it had entered into to hedge \$36.5 million (AUD) of its \$39.5 million (AUD) minimum required payments to the Commonwealth of Australia. The Company settled its final minimum required payment with the Commonwealth of Australia on April 2, 2013.

The following table shows the location and amount of the gain or (loss) recognized on the Condensed Consolidated Statements of Operations for derivatives not designated as hedge instruments:

In thousands	Income Statement Location	For the Three Months Ended		For the Six Months Ended	
		June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
Derivative Assets					
Foreign exchange contracts	Other (income) expense, net	\$—	\$15	\$20	\$283
Foreign exchange contracts	Other (income) expense, net	—	(78)	) —	72
Total		\$—	\$(63)	) \$20	\$355
Derivative Liabilities					
Foreign exchange contracts	Other (income) expense, net	\$(2)	) \$—	\$183	\$—
Total		\$(2)	) \$—	\$183	\$—

9. INVENTORIES

Inventories consist of the following:

In thousands	June 28, 2013	December 31, 2012
Merchandise for resale	\$139,243	\$137,426
Contracts and other work in process	231,753	216,233
Finished goods (including certain general stock materials)	12,981	13,726

Total	\$383,977	\$367,385
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the three months and six months ended June 28, 2013 and June 29, 2012

(Unaudited)

9. INVENTORIES (CONTINUED)

Inventories include amounts associated with matters such as contract changes, negotiated settlements and claims for unanticipated contract costs. These amounts are as follows:

	June 28, 2013	December 31, 2012
In thousands		
Contract changes, negotiated settlements and claims for unanticipated contract costs	\$6,754	\$6,861
Total	\$6,754	\$6,861

K-MAX® inventory of \$17.9 million and \$18.0 million as of June 28, 2013, and December 31, 2012, respectively, is included in contracts and other work in process inventory and finished goods. Management believes that a significant portion of this K-MAX® inventory will be sold after June 28, 2014, based upon the anticipation of supporting the fleet for the foreseeable future.

At December 31, 2012, \$52.6 million of SH-2G(I), formerly SH-2G(A), inventory was included on the Company's balance sheet in contracts and other work in process inventory. On May 8, 2013, the Company announced that it had entered into a \$120.6 million contract with the New Zealand Ministry of Defence for the sale of ten SH-2G(I) Super Seasprite aircraft, spare parts, a full mission flight simulator, and related logistics support. Although a substantial portion of the SH-2G(I) inventory will be used in the performance of this new contract, management believes that \$30.2 million of the SH-2G(I) inventory will be sold after June 28, 2014, based upon the time needed to prepare the aircraft for sale and the requirements of our customer. For more information on the SH-2G(I) inventory, see Note 12, Commitments and Contingencies.

Long-term Contracts

For long-term aerospace contracts, the Company generally recognizes revenue and cost based on the percentage-of-completion method of accounting, which allows for recognition of revenue as work on a contract progresses. The Company recognizes revenues and cost based on either (1) the cost-to-cost method, in which sales and profit are recorded based upon the ratio of costs incurred to estimated total costs to complete the contract, or (2) the units-of-delivery method, in which sales are recognized as deliveries are made and cost of sales is computed on the basis of the estimated ratio of total cost to total sales.

Revenue and cost estimates for all significant long-term contracts for which revenue is recognized using the percentage-of-completion method of accounting are reviewed and reassessed quarterly. Based upon these reviews, the Company records the effects of adjustments in profit estimates each period. If at any time the Company determines that in the case of a particular contract total costs will exceed total contract revenue, the Company will record a provision for the entire anticipated contract loss at that time. There was a net decrease to the Company's operating income from changes in contract estimates of \$2.7 million and \$0.1 million for the three-month periods ended June 28, 2013, and June 29, 2012, respectively. There was a net decrease in operating income of \$2.7 million and \$1.6 million for the six-month periods ended June 28, 2013, and June 29, 2012, respectively, attributable to changes in contract estimates. The decreases for the three months and six months ended June 28, 2013, were a result of cost growth due to revised estimates in various programs, including the Sikorsky BLACK HAWK helicopter program, Bell helicopter offload program and a fuze program. The decrease for the six months ended June 29, 2012, was due to additional cost for one of the Company's fuze programs and production issues encountered during the first half of 2012.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
 For the three months and six months ended June 28, 2013 and June 29, 2012
 (Unaudited)

10. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

The following table sets forth the change in the carrying amount of goodwill for each reportable segment and for the Company:

	Distribution	Aerospace	Total
In thousands			
Gross balance at December 31, 2012	\$96,155	\$110,072	\$206,227
Accumulated impairment	—	(14,181)	(14,181)
Net balance at December 31, 2012	96,155	95,891	192,046
Additions	1,476	1,128	2,604
Impairments	—	—	—
Foreign currency translation	(3)	(2,160)	(2,163)
Ending balance at June 28, 2013	\$97,628	\$94,859	\$192,487

Additions to Goodwill at the Company's Distribution segment relate to the acquisition of Northwest Hose. Additions to the Goodwill for our Aerospace segment relate to an earnout payment from a previous acquisition.

Other intangible assets consisted of:

	Amortization Period	At June 28, 2013		At December 31, 2012	
		Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
In thousands					
Customer lists / relationships	6-21 years	\$103,143	\$(18,969)	\$103,894	\$(15,541)
Trademarks / trade names	3-7 years	2,655	(1,374)	2,655	(1,128)
Non-compete agreements and other	1-9 years	6,015	(3,535)	5,979	(3,091)
Patents	17 years	636	(499)	636	(491)
Total		\$112,449	\$(24,377)	\$113,164	\$(20,251)

The changes in other intangible assets are attributable to changes in foreign currency exchange rates and the acquisition of Northwest Hose.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
 For the three months and six months ended June 28, 2013 and June 29, 2012
 (Unaudited)

11. PENSION PLANS

Components of net pension cost for the Qualified Pension Plan and Supplemental Employees' Retirement Plan ("SERP") are as follows:

	For the Three Months Ended		SERP	
	Qualified Pension Plan June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
In thousands				
Service cost for benefits earned during the year	\$3,587	\$3,519	\$85	\$95
Interest cost on projected benefit obligation	6,399	6,578	83	105
Expected return on plan assets	(10,337	) (9,469) —	—
Amortization of prior service cost	25	25	—	—
Amortization of net loss	2,304	1,960	53	40
Additional amount recognized due to curtailment/settlement	—	—	277	—
Net pension benefit cost	\$1,978	\$2,613	\$498	\$240

	For the Six Months Ended		SERP	
	Qualified Pension Plan June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
In thousands				
Service cost for benefits earned during the year	\$7,174	\$7,038	\$170	\$191
Interest cost on projected benefit obligation	12,798	13,156	155	210
Expected return on plan assets	(20,674	) (18,939) —	—
Amortization of prior service cost	50	50	—	—
Amortization of net loss	4,581	3,921	130	79
Additional amount recognized due to curtailment/settlement	—	—	277	—
Net pension benefit cost	\$3,929	\$5,226	\$732	\$480

The following tables show the amount of the contributions made to the Qualified Pension Plan and SERP during each period and the amount of contributions the Company expects to make during 2013:

Year-to-date contributions:

	Qualified Pension Plan		SERP	
	Through June 28, 2013	Through December 31, 2012	Through June 28, 2013	Through December 31, 2012
In thousands				
Year-to-date contributions	\$5,000	\$10,000	\$2,024	\$1,550

Expected Additional Contributions in 2013:

Qualified Pension Plan SERP

In thousands

Expected additional contributions

\$5,000

\$267

The Company contributed the additional \$5.0 million to the qualified pension plan in July 2013, no further contributions are expected for the current year.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
For the three months and six months ended June 28, 2013 and June 29, 2012
(Unaudited)

12. COMMITMENTS AND CONTINGENCIES

Legal Matters

Wichita Matter

As previously disclosed, the U.S. District Court for the District of Kansas issued a grand jury subpoena in 2011 to Plastic Fabricating Company, Inc. ("PlasticFab"), an indirect wholly owned subsidiary of the Company now known as Kaman Composites - Wichita, Inc., regarding a government investigation of record keeping associated with the manufacture of certain composite parts at PlasticFab's facility located in Wichita, Kansas. The subpoena required information related to the period January 1, 2006, through June 30, 2008. In March 2013, the U.S. Attorney's Office for the District of Kansas notified PlasticFab that it may seek to commence a criminal proceeding against PlasticFab but it expressed a willingness to explore a pre-charge disposition of the matter. PlasticFab believes it has cooperated fully with the investigation and intends to continue to do so as it engages in further discussions with the U.S. Attorney's Office about this matter. Under present U.S. Government procurement laws and regulations, if indicted or adjudged to be in violation of procurement or other Federal laws, a contractor, such as PlasticFab, could be subject to fines, penalties, repayments, or compensatory or treble damages, or suspension or debarment on U.S. Government contract awards if warranted. Thus, as with any government contractor, an adverse outcome in a proceeding such as this could have a material adverse effect on our business, financial condition, results of operations or cash flows. Management continues to cooperate with the government's investigation; however, we are unable to predict the outcome of any proceeding that may be brought or to estimate the amounts of resulting claims or other actions that could be instituted against PlasticFab, its officers, employees, or affiliates. Sales for PlasticFab represented 1.2% of the Company's consolidated sales for the year ended December 31, 2012. At June 28, 2013, the Company had no amount accrued for this matter, as it is unable to estimate the amount of costs that might be incurred in connection with the resolution of this matter at this time.

40 mm

The Orlando facility is one of five defendants in a qui tam suit under the False Claims Act brought by John D. King, a former employee of one of the other defendants. The case, United States ex rel. King v. DSE, Inc., et al., No. 8:08-cv-02416 (M.D. Fla.), is currently pending in the U.S. District Court for the Middle District of Florida. The United States Department of Justice has declined to intervene in the suit, and the case is being brought by Mr. King. The suit alleges that the Orlando facility knowingly submitted false claims or made false statements in connection with its work on 40 mm grenade programs. Management believes that it has fully complied with its legal obligations in connection with this program. On February 19, 2013, the Court issued an order dismissing the case with prejudice as to Mr. King. A judgment on the order was entered by the Court on February 20, 2013. Mr. King has filed a notice of appeal, to which the defendants have filed a motion to dismiss that is pending before the Court. At June 28, 2013, the Company had no amount accrued for this matter, as it is unable to estimate the amount of costs, if any, that might be incurred in connection with the resolution of this matter at this time. The Company believes that the likelihood of an adverse outcome to this matter is remote.

Other Matters

Revenue Sharing Agreement with the Commonwealth of Australia

During the second quarter of 2013, the Company signed a \$120.6 million contract to resell ten of the Australia SH-2G(A) (now designated the SH-2G(I)) aircraft, spare parts, a full mission flight simulator, and related logistics support to the New Zealand Ministry of Defence. Pursuant to the terms of its revenue sharing agreement with the Commonwealth of Australia, the Company will share proceeds from the resale with the Commonwealth on a predetermined basis. Through June 28, 2013, the Company has paid \$39.5 million (AUD) to the Commonwealth of Australia, the required minimum amount of payments pursuant to the revenue sharing agreement. Additional revenue sharing payments, if any, will be calculated pursuant to the terms of the revenue sharing agreement and recorded when they are due to the Commonwealth of Australia.

To secure the required minimum payments, the Company provided the Commonwealth of Australia with an unconditional letter of credit, which was reduced as such payments were made. The final required minimum payment of \$6.7 million was made on April 2, 2013, which eliminates the Company's requirement to provide the Commonwealth of Australia with a letter of credit.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the three months and six months ended June 28, 2013 and June 29, 2012

(Unaudited)

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other Matters (continued)

Moosup

This facility is currently being held for disposal. Site characterization of the environmental condition of the property, which began in 2008, is continuing. The total anticipated cost of the environmental remediation activities associated with the Moosup property is \$4.4 million, unchanged from the previously reported estimate, all of which has been accrued. The total amount paid to date in connection with environmental remediation activities at this location is \$2.5 million. A portion (\$0.1 million) of the accrual related to this property is included in other accruals and payables and the balance is included in other long-term liabilities. The remaining balance of the accrual reflects the total anticipated cost of completing these environmental remediation activities. Although it is reasonably possible that additional costs will be paid in connection with the resolution of this matter, the Company is unable to estimate the amount of such additional costs, if any, at this time.

New Hartford

In connection with the sale of the Company's Music segment in 2007, the Company assumed responsibility for meeting certain requirements of the Connecticut Transfer Act (the "Transfer Act") that applied to our transfer of the New Hartford, Connecticut, facility leased by that segment for guitar manufacturing purposes ("Ovation"). Under the Transfer Act, those responsibilities essentially consist of assessing the site's environmental conditions and remediating environmental impairments, if any, caused by Ovation's operations prior to the sale. The site is a multi-tenant industrial park, in which Ovation and other unrelated entities lease space. The environmental assessment process, which began in 2008, has recently been completed.

The Company's estimate of its portion of the cost to assess the environmental conditions and remediate this site is \$2.2 million, unchanged from the previously reported estimate, all of which has been accrued. The total amount paid to date in connection with these environmental remediation activities is \$0.5 million. A portion (\$0.3 million) of the accrual related to this property is included in other accruals and payables and the balance is included in other long-term liabilities. The remaining balance of the accrual reflects the total anticipated cost of completing these environmental remediation activities. Although it is reasonably possible that additional costs will be paid in connection with the resolution of this matter, the Company is unable to estimate the amount of such additional costs, if any, at this time.

Bloomfield

In connection with the Company's 2008 purchase of the portion of the Bloomfield campus that a Company subsidiary had leased from the Naval Air Systems Command (NAVAIR), the Company assumed responsibility for environmental remediation at the facility as may be required under the Transfer Act and continues the effort to define the scope of the remediation that will be required by the Connecticut Department of Energy & Environmental Protection. The assumed environmental liability of \$10.3 million, all of which has been accrued, was determined by taking the undiscounted estimated remediation liability of \$20.8 million and discounting it at a rate of 8%. This remediation process will take many years to complete. The total amount paid to date in connection with these environmental remediation activities is \$6.1 million. A portion (\$1.7 million) of the accrual related to this property is included in other accruals and payables, and the balance is included in other long-term liabilities. Although it is reasonably possible that additional costs will be paid in connection with the resolution of this matter, the Company is

unable to estimate the amount of such additional costs, if any, at this time.

United Kingdom

In connection with the purchase of U.K. Composites, the Company accrued £1.6 million for environmental compliance at the acquired facilities. The remaining balance of the accrual at June 28, 2013, was £0.4 million, with £1.0 million having been paid to date in connection with these environmental remediation activities and £0.2 million released to income in 2011. The U.S. dollar equivalent of the remaining environmental compliance liability as of June 28, 2013, is \$0.6 million, which is included in other accruals and payables. The Company continues to assess the work that may be required, which may result in a change to this accrual. Although it is reasonably possible that additional costs will be paid in connection with the resolution of this matter, the Company is unable to estimate the amount of such additional costs, if any, at this time.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
 For the three months and six months ended June 28, 2013 and June 29, 2012
 (Unaudited)

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other Matters (continued)

Other Environmental Matters

The Company was notified by the Environmental Protection Agency that it is a potentially responsible party ("PRP") at a Superfund Site. At June 28, 2013, the Company had no amount accrued for this matter, as it is unable to estimate the amount of costs, if any, that might be incurred in connection with the remediation of this site. In making this determination, the Company considered the availability of the information related to the site; specifically, the continued identification of PRPs and the inability to determine the proportion of total responsibility attributable to each PRP. As more information is received, the Company will reassess its ability to estimate its portion of the cost for remediation, taking into consideration the financial resources of other PRPs involved in the site, their proportionate share of the total responsibility of waste at the site, the existence of insurance and the financial viability of the insurer.

13. COMPUTATION OF EARNINGS PER SHARE

The computation of basic earnings per share is based on net earnings divided by the weighted average number of shares of common stock outstanding for each period. The computation of diluted earnings per share reflects the common stock equivalency of dilutive options granted to employees under the Stock Incentive Plan and shares issuable on redemption of Convertible Notes.

	For the Three Months Ended		For the Six Months Ended	
	June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
In thousands, except per share amounts				
Earnings from continuing operations	\$17,892	\$16,118	\$25,046	\$25,210
Earnings from discontinued operations, net of tax	—	361	—	672
Net earnings	\$17,892	\$16,479	\$25,046	\$25,882
Basic:				
Weighted average number of shares outstanding	26,734	26,390	26,696	26,342
Earnings per share from continuing operations	\$0.67	\$0.61	\$0.94	\$0.96
Earnings per share from discontinued operations	—	0.01	—	0.02
Basic earnings per share	\$0.67	\$0.62	\$0.94	\$0.98
Diluted:				
Weighted average number of shares outstanding	26,734	26,390	26,696	26,342
Weighted average shares issuable on exercise of dilutive stock options	140	144	152	156
Weighted average shares issuable on redemption of convertible notes	25	—	129	—
Total	26,899	26,534	26,977	26,498
Earnings per share from continuing operations	\$0.67	\$0.61	\$0.93	\$0.96
Earnings per share from discontinued operations	—	0.01	—	0.02
Diluted earnings per share	\$0.67	\$0.62	\$0.93	\$0.98

Excluded from the diluted earnings per share calculation for the three and six months ended June 28, 2013, respectively, are 437,646 and 441,559 shares associated with equity awards granted to employees that are anti-dilutive based on the average stock price during those periods. Excluded from the diluted earnings per share calculation for the three and six months ended June 29, 2012, respectively, are 372,486 and 358,208 shares associated with equity awards granted to employees that are anti-dilutive based on the average stock price during those periods.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the three months and six months ended June 28, 2013 and June 29, 2012

(Unaudited)

13. COMPUTATION OF EARNINGS PER SHARE (CONTINUED)

In November 2010, the Company issued Convertible Notes due on November 15, 2017, in the aggregate principal amount of \$115.0 million. The Convertible Notes will mature on November 15, 2017, unless earlier redeemed, repurchased by the Company or converted. Upon conversion, the Convertible Notes require net share settlement, where the aggregate principal amount of the notes will be paid in cash and remaining amounts due, if any, will be settled in cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election.

For the three-month and six-month periods ended June 28, 2013, shares issuable under the Convertible Notes that were dilutive during the period were included in the calculation of earnings per share as the conversion price for the Convertible Notes was less than the average share price. Shares issuable under the Convertible Notes were excluded from the diluted earnings per share calculation for the three-month and six-month periods ended June 29, 2012, because the conversion price was greater than the average market price of our stock during those periods. Excluded from the diluted earnings per share calculation for the three and six months ended June 28, 2013, are 3,403,787 and 3,402,772 shares, respectively, issuable under the warrants sold in connection with the Company's convertible note offering as they would be anti-dilutive. Excluded from the diluted earnings per share calculation for the three and six months ended June 29, 2012, are 3,396,016 and 3,394,841 shares, respectively, issuable under the warrants sold in connection with the Company's convertible note offering as they would be anti-dilutive.

14. SHARE-BASED ARRANGEMENTS

2013 Management Incentive Plan

On April 17, 2013, the shareholders of the Company approved the 2013 Management Incentive Plan ("2013 Plan"), which replaced the 2003 Stock Incentive Plan. The 2013 Plan provides the Company with the ability to use equity-based awards of up to 2,250,000 authorized shares and is designed as a flexible share authorization plan, such that the Company's share authorization is based on the least costly type of award (stock options). Shares issued pursuant to "Full Value Awards" as defined in the 2013 Plan (awards other than stock options or stock appreciation rights which are settled by the issuance of shares, e.g., restricted stock, restricted stock units, performance shares, performance units if settled with stock, or other stock-based awards) count against the 2013 Plan's share authorization at a rate of 3 to 1, while shares issued upon exercise of stock options or stock appreciation rights count against the share authorization at a rate of 1 to 1. This means that every time an option is granted, the authorized pool of shares is reduced by one (1) share and every time a Full Value Award is granted, the authorized pool of shares is reduced by 3 shares. In deriving the valuation ratio used in the 2013 Plan, the Company used the Black Scholes Fair Value model as the basis for determining the approximate value of an option as compared to a "full value share." No stock-based awards have been granted under the 2013 Plan as of June 28, 2013.

General

The Company accounts for stock options and restricted stock as equity awards whereas the employee stock purchase plan is accounted for as a liability award. Compensation expense for stock options and restricted stock awards is recognized on a straight-line basis over the vesting period of the awards.

The following table summarizes share-based compensation expense recorded during each period presented:

For the Three Months Ended	For the Six Months Ended
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	June 28, 2013		June 29, 2012	June 28, 2013	June 29, 2012	
In thousands						
Stock options	\$418		\$417	\$850	\$1,071	
Restricted stock awards	1,338		1,357	1,984	2,297	
Employee stock purchase plan	122		110	231	213	
Total share-based compensation	\$1,878		\$1,884	\$3,065	\$ ^{3,5D} VALIGN="bottom">	Clear Channel Communications, Inc.
	2,872	Clear Channel Communications, Inc.	9.000%	12/15/19		Caa1
	6,404	Clear Channel Communications, Inc.	14.000%	2/01/21		CC
	3,050	Clear Channel Communications, Inc.	9.000%	3/01/21		Caa1
	500	McGraw-Hill Global Education Holdings	9.750%	4/01/21		BB
	14,450	Total Media				
		Real Estate Investment Trust	0.3%	(0.2%		
		of Total Investments)				
	750	iStar Inc.	4.000%	11/01/17		B+
		Semiconductors & Semiconductor Equipment	0.6%	(0.4%		
		Investments)				
	1,075	Advanced Micro Devices, Inc.	7.750%	8/01/20		B
	1,200	Advanced Micro Devices, Inc.	7.500%	8/15/22		B
	2,275	Total Semiconductors & Semiconductor Equipment				
		Software	0.5%	(0.3%		
		Investments)				
	1,330	BMC Software Finance Inc., 144A	8.125%	7/15/21		CCC+
	700	Boxer Parent Company Inc./BMC Software, 144A	9.000%	10/15/19		CCC+
	2,030	Total Software				

Wireless Telecommunication Services
2.0% (1.2% of Total Investments)

500	FairPoint Communications Inc., 144A	8.750%	8/15/19	B	
1,000	Sprint Capital Corporation	6.900%	5/01/19	B+	
500	Sprint Corporation	7.875%	9/15/23	B+	
2,000	Sprint Corporation	7.125%	6/15/24	B+	
1,750	T-Mobile USA Inc.	6.250%	4/01/21	BB	
75	T-Mobile USA Inc.	6.731%	4/28/22	BB	
75	T-Mobile USA Inc.	6.836%	4/28/23	BB	
5,900	Total Wireless Telecommunication Services				
\$ 56,834	Total Corporate Bonds (cost \$54,961,342)				37
	Total Long-Term Investments (cost \$415,274,461)				37

Principal Amount (000)	Description (1)	Coupon	Maturity		
	SHORT-TERM INVESTMENTS		14.4% (8.6% of Total Investments)		
	REPURCHASE AGREEMENTS		14.4% (8.6% of Total Investments)		
\$ 35,258	Repurchase Agreement with Fixed Income Clearing Corporation, dated 1/29/16, repurchase price \$35,257,898, collateralized by \$35,800,000 U.S. Treasury Notes, 1.000%, due 5/15/18, value \$35,966,076	0.030%	2/01/16		\$ 3
	Total Short-Term Investments (cost \$35,257,810)				3
	Total Investments (cost \$450,532,271)				40
	166.9%				
	Borrowings (38.2%) (9), (10)				(9)

Variable Rate Term Preferred Shares, at Liquidation Preference (23.7)% (11)	(5)
Other Assets Less Liabilities (5.0)%	(1)
Net Assets Applicable to Common Shares 100%	\$ 24

Nuveen Investments 31

NSL Nuveen Senior Income Fund
Portfolio of Investments (continued)

January 31, 2016 (Unaudited)

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to common shares unless otherwise noted.
- (2) Senior loans generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a borrower to prepay, prepayments of senior loans may occur. As a result, the actual remaining maturity of senior loans held may be substantially less than the stated maturities shown.
- (3) Ratings: Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Senior loans generally pay interest at rates which are periodically adjusted by reference to a base short-term, floating lending rate plus an assigned fixed rate. These floating lending rates are generally (i) the lending rate referenced by the London Inter-Bank Offered Rate (LIBOR), or (ii) the prime rate offered by one or more major United States banks. Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan. The rate shown is the coupon as of the end of the reporting period.
- (5) As of, or subsequent to, the end of the reporting period, this security is non-income producing. Non-income producing, in the case of a fixed-income security, generally denotes that the issuer has (1) defaulted on the payment of principal or interest, (2) is under the protection of the Federal Bankruptcy Court or (3) the Fund's Adviser has concluded that the issue is not likely meet its future interest payment obligations and has ceased accruing additional income on the Fund's records.
- (6) Non-income producing; issuer has not declared a dividend within the past twelve months.
- (7) For fair value measurement disclosure purposes, investment classified as Level 2. See Notes to Financial Statements, Note 2 Investment Valuation and Fair Value Measurements for more information.

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- (8) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board. For fair value measurement disclosure purposes, investment classified as Level 3. See Notes to Financial Statements, Note 2 Investment Valuation and Fair Value Measurements for more information.
- (9) Borrowings as a percentage of Total Investments is 22.9%.
- (10) The Fund segregates 100% of its eligible investments (excluding any investments separately pledged as collateral for specific investments in derivatives, when applicable) as collateral for borrowings.
- (11) Variable Rate Term Preferred Shares, at Liquidation Preference as a percentage of Total Investments is 14.2%.
- (DD1) Portion of investment purchased on a delayed delivery basis.
- (WI/DD) Purchased on a when-issued or delayed delivery basis.
- 144A Investment is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These investments may only be resold in transactions exempt from registration, which are normally those transactions with qualified institutional buyers.
- TBD Senior loan purchased on a when-issued or delayed-delivery basis. Certain details associated with this purchase are not known prior to the settlement date of the transaction. In addition, senior loans typically trade without accrued interest and therefore a coupon rate is not available prior to settlement. At settlement, if still unknown, the borrower or counterparty will provide the Fund with the final coupon rate and maturity date.

See accompanying notes to financial statements.

JFR

Nuveen Floating Rate Income Fund
Portfolio of Investments

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
LONG-TERM INVESTMENTS 153.0% (92.0% of Total Investments)					
VARIABLE RATE SENIOR LOAN INTERESTS 129.5% (77.9% of Total Investments) (4)					
Aerospace & Defense 1.8% (1.1% of Total Investments)					
\$ 4,269	B/E Aerospace, Inc., Term Loan B, First Lien	4.000%	12/16/21	BB+	\$ 4,275,643
5,504	Sequa Corporation, Term Loan B	5.250%	6/19/17	CCC+	3,701,172
2,979	Transdigm, Inc., Term Loan E, First Lien	3.500%	5/16/22	Ba3	2,862,852
12,752	Total Aerospace & Defense				10,839,667
Air Freight & Logistics 0.5% (0.3% of Total Investments)					
3,000	XPO Logistics, Inc., Term Loan B	5.500%	10/27/21	Ba1	2,973,750
Airlines 2.2% (1.3% of Total Investments)					
3,431	American Airlines, Inc., Term Loan B, First Lien	3.250%	6/29/20	BB+	3,376,280
2,970	American Airlines, Inc., Term Loan B, First Lien	3.500%	10/08/21	BB+	2,939,240
1,940	Delta Air Lines, Inc., Term Loan B2	2.677%	4/18/16	BBB	1,939,567
4,410	US Airways, Inc., Term Loan B1	3.500%	5/23/19	BB+	4,377,613
12,751	Total Airlines				12,632,700
Automobiles 2.9% (1.7% of Total Investments)					
7,830	Chrysler Group LLC, Tranche B, Term Loan	3.250%	12/31/18	BB+	7,782,117
7,795	Formula One Group, Term Loan, First Lien	4.750%	7/30/21	B	7,374,827
2,000	Formula One Group, Term Loan, Second Lien	7.750%	7/29/22	CCC+	1,676,666
17,625	Total Automobiles				16,833,610
Building Products 0.8% (0.5% of Total Investments)					
2,765	Gates Global LLC, Term Loan	4.250%	7/06/21	B+	2,497,716
2,115	Quikrete Holdings, Inc., Term Loan, First Lien	4.000%	9/28/20	BB	2,100,940
4,880	Total Building Products				4,598,656
Capital Markets 1.0% (0.6% of Total Investments)					

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2,794	Citco III Limited, Term Loan B	4.250%	6/29/18	N/R	2,784,251
2,932	Guggenheim Partners LLC, Initial Term Loan	4.250%	7/22/20	N/R	2,914,172
5,726	Total Capital Markets				5,698,423
Chemicals 2.2% (1.3% of Total Investments)					
2,734	Ineos US Finance LLC, Cash Dollar, Term Loan	3.750%	5/04/18	BB	2,662,087
594	Ineos US Finance LLC, Term Loan B, First Lien	4.250%	3/31/22	BB	569,918
2,319	Mineral Technologies, Inc., Term Loan B2	4.750%	5/07/21	BB	2,278,277
2,000	OM Group, Inc., Term Loan, First Lien	7.000%	11/17/21	B	1,850,000
2,425	PQ Corporation, Term Loan B	4.000%	8/07/17	B+	2,407,002
3,498	Univar, Inc., Term Loan B, First Lien	4.250%	7/01/22	BB	3,398,258
13,570	Total Chemicals				13,165,542
Commercial Services & Supplies 2.8% (1.7% of Total Investments)					
1,497	Acosta, Inc., Term Loan B	4.250%	9/26/21	B1	1,430,066
934	ADS Waste Holdings, Inc., Initial Term Loan, Tranche B2	3.750%	10/09/19	B+	909,518
3,423	CCS Income Trust, Term Loan, First Lien	6.250%	5/15/18	B	2,661,402
824	Education Management LLC, Tranche A, Term Loan	5.500%	7/02/20	N/R	229,768
1,467	Education Management LLC, Tranche B, Term Loan	8.500%	7/02/20	N/R	124,708
4,567	iQor US, Inc., Term Loan, First Lien	6.000%	4/01/21	B	3,623,593
500	iQor US, Inc., Term Loan, Second Lien	9.750%	4/01/22	CCC+	376,250
3,865	Protection One, Inc., Term Loan, First Lien	5.000%	7/01/21	B1	3,809,749
2,000	Universal Services of America, Term Loan, First Lien	4.750%	7/28/22	B	1,920,000
1,750	Universal Services of America, Term Loan, Second Lien	9.500%	7/28/23	CCC+	1,627,500
20,827	Total Commercial Services & Supplies				16,712,554

JFR Nuveen Floating Rate Income Fund
Portfolio of Investments (continued)

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
Communications Equipment 1.4% (0.9% of Total Investments)					
\$ 6,723	Avaya, Inc., Term Loan B3	5.121%	10/26/17	B1	\$ 5,309,226
1,060	Avaya, Inc., Term Loan B6	6.500%	3/31/18	B1	807,622
2,314	Riverbed Technology, Inc., Term Loan B, First Lien	6.000%	4/25/22	B1	2,299,091
10,097	Total Communications Equipment				8,415,939
Consumer Finance 2.1% (1.2% of Total Investments)					
9,750	First Data Corporation, Term Loan	3.927%	3/23/18	BB	9,636,832
2,500	First Data Corporation, Term Loan B	4.177%	7/08/22	BB	2,461,160
12,250	Total Consumer Finance				12,097,992
Containers & Packaging 1.5% (0.9% of Total Investments)					
1,947	Berry Plastics Holding Corporation, Term Loan F	4.000%	10/03/22	BB	1,941,782
4,308	BWAY Holding Company, Term Loan B, First Lien	5.500%	8/14/20	B2	4,071,636
2,826	Reynolds Group Holdings, Inc., Incremental US Term Loan, First Lien	4.500%	12/01/18	B+	2,817,863
9,081	Total Containers & Packaging				8,831,281
Diversified Consumer Services 5.8% (3.5% of Total Investments)					
1,746	AlixPartners LLP, Term Loan B, First Lien	4.500%	7/28/22	B+	1,734,715
7,952	Cengage Learning Acquisitions, Inc., Exit Term Loan	7.000%	3/31/20	B+	7,758,883
422	Harland Clarke Holdings Corporation, Extended Term Loan	5.857%	6/30/17	BB	403,511
3,260	Harland Clarke Holdings Corporation, Term Loan B3	7.000%	5/22/18	BB	3,116,255
1,425	Harland Clarke Holdings Corporation, Term Loan B4	6.000%	8/04/19	BB	1,339,500
8,568	Hilton Hotels Corporation, Term Loan B2	3.500%	10/25/20	BBB	8,564,238
2,985	Houghton Mifflin, Term Loan B, First Lien	4.000%	5/28/21	BB	2,921,569
217	Laureate Education, Inc., Term Loan B	5.000%	6/15/18	B	171,414
7,772	ServiceMaster Company, Term Loan	4.250%	7/01/21	BB	7,727,844

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34,347	Total Diversified Consumer Services					33,737,929
	Diversified Financial Services	0.8%	(0.5% of Total Investments)			
1,492	MJ Acquisition Corp., Term Loan, First Lien	4.001%	6/01/22	BB		1,471,978
1,980	Transdigm, Inc., Term Loan, Second Lien	4.750%	11/12/21	N/R		1,980,520
1,000	TransFirst, Inc., Term Loan, Second Lien	9.000%	11/11/22	CCC+		1,011,250
4,472	Total Diversified Financial Services					4,463,748
	Diversified Telecommunication Services	5.4%	(3.3% of Total Investments)			
1,708	Greeneden U.S. Holdings II LLC, Term Loan B	4.000%	2/08/20	B		1,673,542
2,010	Intelsat Jackson Holdings, S.A., Tranche B2, Term Loan, (DD1)	3.750%	6/30/19	BB		1,929,239
2,435	Level 3 Financing, Inc., Term Loan B2	3.500%	5/31/22	Ba1		2,403,065
3,667	Level 3 Financing, Inc., Term Loan, Tranche B3	4.000%	8/01/19	Ba1		3,666,208
10,798	WideOpenWest Finance LLC, Term Loan B	4.500%	4/01/19	Ba3		10,529,507
4,437	Ziggo N.V., Term Loan B1	3.500%	1/15/22	BB		4,313,682
2,860	Ziggo N.V., Term Loan B2	3.508%	1/15/22	BB		2,779,818
4,703	Ziggo N.V., Term Loan B3, Delayed Draw	3.601%	1/15/22	BB		4,571,808
32,618	Total Diversified Telecommunication Services					31,866,869
	Electric Utilities	0.4%	(0.3% of Total Investments)			
2,500	Energy Future Intermediate Holding Company, Term Loan	4.250%	12/19/16	N/R		2,496,875
	Electronic Equipment, Instruments & Components	1.0%	(0.6% of Total Investments)			
4,057	SMART Modular Technologies, Inc., Term Loan B	8.250%	8/31/17	B		3,012,627
3,096	TTM Technologies, Term Loan B	6.000%	5/31/21	B+		2,584,789
7,153	Total Electronic Equipment, Instruments & Components					5,597,416
	Energy Equipment & Services	0.4%	(0.3% of Total Investments)			
5,214	Drill Rigs Holdings, Inc., Tranche B1, Term Loan	6.000%	3/31/21	B		1,642,296
638	Dynamic Energy Services International LLC, Term Loan	9.500%	3/06/18	B3		583,928
1,574	Offshore Group Investment Limited, Term Loan B, (5)	0.000%	10/25/17	D		292,058
7,426	Total Energy Equipment & Services					2,518,282

34 Nuveen Investments

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
	Food & Staples Retailing (8.4% (5.1% of Total Investments))				
\$ 4,923	Albertson's LLC, Term Loan B2	5.500%	3/21/19	BB	\$ 4,880,147
27,789	Albertson's LLC, Term Loan B4	5.500%	8/25/21	BB	27,251,569
3,000	Albertson's LLC, Term Loan B5	5.500%	12/10/22	BB	2,942,499
3,220	BJ's Wholesale Club, Inc., Replacement Loan, First Lien	4.500%	9/26/19	B	3,065,702
4,000	BJ's Wholesale Club, Inc., Replacement Loan, Second Lien	8.500%	3/26/20	CCC	3,370,000
735	Del Monte Foods Company, Term Loan, First Lien	4.252%	2/18/21	B2	705,600
1,500	Rite Aid Corporation, Tranche 1, Term Loan, Second Lien	5.750%	8/21/20	BB	1,503,750
2,675	Rite Aid Corporation, Tranche 2, Term Loan, Second Lien	4.875%	6/21/21	BB	2,674,583
3,114	Supervalu, Inc., New Term Loan	4.500%	3/21/19	BB	3,008,909
50,956	Total Food & Staples Retailing				49,402,759
	Food Products (5.7% (3.4% of Total Investments))				
1,970	Hearthside Group Holdings, Term Loan, First Lien	4.500%	6/02/21	B1	1,901,050
6,790	Jacobs Douwe Egberts, Term Loan B	4.250%	7/02/22	BB	6,764,549
3,866	Pinnacle Foods Finance LLC, Term Loan G	3.000%	4/29/20	BB+	3,827,480
16,749	US Foods, Inc., Incremental Term Loan	4.500%	3/31/19	B2	16,539,835
4,620	Wilton Products, Inc., Tranche B, Term Loan	8.500%	8/30/18	N/R	4,358,198
33,995	Total Food Products				33,391,112
	Health Care Equipment & Supplies (3.7% (2.2% of Total Investments))				
581	Ardent Medical Services, Inc., Term Loan B, First Lien	6.500%	8/04/21	B1	579,050
1,975	CareCore National LLC, Term Loan	5.500%	3/05/21	B	1,698,392
2,420	ConvaTec Healthcare, Term Loan B	4.250%	6/15/20	Ba2	2,393,231
2,000	Greatbatch, Inc., Term Loan B	5.250%	10/14/22	B+	1,985,000
6,738	Kinetic Concepts, Inc., Incremental Term Loan E1	4.500%	5/04/18	BB	6,571,879
4,948	Onex Carestream Finance LP, Term Loan, First Lien	5.000%	6/07/19	B+	4,329,556
2,553	Onex Carestream Finance LP, Term Loan, Second Lien	9.500%	12/09/19	B	2,217,017

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1,995	Sterigenics International, Inc., Term Loan B	4.250%	5/16/22	B1	1,940,138
23,210	Total Health Care Equipment & Supplies				21,714,263
	Health Care Providers & Services	6.3% (3.8%			
	of Total Investments)				
1,980	Acadia Healthcare, Inc., Term Loan B, First Lien	4.250%	2/11/22	Ba2	1,969,274
1,730	Community Health Systems, Inc., Term Loan G	3.750%	12/31/19	BB	1,667,037
3,461	Community Health Systems, Inc., Term Loan H	4.000%	1/27/21	BB	3,337,962
3,607	DaVita HealthCare Partners, Inc., Tranche B, Term Loan	3.500%	6/24/21	Ba1	3,605,062
7,465	Drumm Investors LLC, Term Loan	6.750%	5/04/18	B	7,436,524
1,425	Genesis Healthcare LLC, Term Loan	10.000%	12/04/17	B	1,417,570
1,295	HCA, Inc., Tranche B5, Term Loan	3.178%	3/31/17	BBB	1,295,354
2,475	Healogics, Inc., Term Loan, First Lien	5.250%	7/01/21	B	2,091,322
3,653	Heartland Dental Care, Inc., Term Loan, First Lien	5.500%	12/21/18	B1	3,415,723
2,000	Heartland Dental Care, Inc., Term Loan, Second Lien	9.750%	6/21/19	CCC	1,870,000
1,533	LHP Operations Co. LLC, Term Loan B	9.000%	7/03/18	B2	1,502,548
3,886	Millennium Laboratories, Inc., Term Loan B, First Lien	7.500%	12/21/20	N/R	3,531,122
2,370	National Mentor Holdings, Inc., Term Loan B	4.250%	1/31/21	B+	2,336,351
1,500	Select Medical Corporation, Term Loan E, First Lien, (WI/DD)	TBD	TBD	Ba2	1,485,000
38,380	Total Health Care Providers & Services				36,960,849
	Health Care Technology	0.9% (0.5% of Total			
	Investments)				
5,115	Catalent Pharma Solutions, Inc., Term Loan	4.250%	5/20/21	BB	5,098,984
	Hotels, Restaurants & Leisure	6.4% (3.9% of			
	Total Investments)				
7,817	Burger King Corporation, Term Loan B	3.750%	12/10/21	Ba3	7,779,254
3,003	CCM Merger, Inc., Term Loan B	4.500%	8/08/21	BB	2,997,032
4,435	CityCenter Holdings LLC, Term Loan	4.250%	10/16/20	BB	4,417,700
586	Extended Stay America, Inc., Term Loan	5.000%	6/24/19	BB+	589,638
2,715		4.750%	12/09/20	CCC	2,669,615

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Intrawest Resorts Holdings, Inc., Term Loan B, First Lien					
2,239	Life Time Fitness, Inc., Term Loan B	4.250%	6/10/22	BB	2,184,180
2,910	MGM Resorts International, Term Loan B	3.500%	12/20/19	BB+	2,888,478
3,920	Scientific Games Corporation, Term Loan	6.000%	10/18/20	BB	3,524,499
4,459	Scientific Games Corporation, Term Loan B2	6.000%	10/01/21	BB	3,984,184
3,265	Seaworld Parks and Entertainment, Inc., Term Loan B2	3.000%	5/14/20	BB	3,083,300

Nuveen Investments 35

JFR Nuveen Floating Rate Income Fund
Portfolio of Investments (continued)

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
Hotels, Restaurants & Leisure (continued)					
\$ 3,615	Station Casino LLC, Term Loan B	4.250%	3/02/20	B+	\$ 3,557,811
38,964	Total Hotels, Restaurants & Leisure				37,675,691
Household Durables 0.5% (0.3% of Total Investments)					
2,435	Serta Simmons Holdings LLC, Term Loan	4.250%	10/01/19	BB	2,425,379
245	Tempur-Pedic International, Inc., New Term Loan B	3.500%	3/18/20	BB+	244,941
2,680	Total Household Durables				2,670,320
Industrial Conglomerates 0.4% (0.2% of Total Investments)					
2,279	Brand Energy & Infrastructure Services, Inc., Initial Term Loan	4.750%	11/26/20	B1	2,125,572
Insurance 2.3% (1.4% of Total Investments)					
5,313	Alliant Holdings I LLC, Initial Term Loan B, First Lien	4.500%	8/12/22	B	5,185,060
2,500	AssuredPartners Capital, Inc., Term Loan, First Lien	5.750%	10/21/22	B1	2,459,375
5,870	Hub International Holdings, Inc., Initial Term Loan	4.000%	10/02/20	Ba3	5,648,453
13,683	Total Insurance				13,292,888
Internet & Catalog Retail 1.4% (0.8% of Total Investments)					
8,417	Travelport LLC, Term Loan B, First Lien	5.750%	9/02/21	B	8,164,957
Internet Software & Services 2.1% (1.2% of Total Investments)					
997	Ancestry.com, Inc., Term Loan B	5.000%	8/29/22	Ba3	990,954
3,395	Sabre Inc., Term Loan	4.000%	2/19/19	Ba3	3,362,113
733	Sabre Inc., Term Loan B2	4.000%	2/19/19	Ba3	726,252
290	Sabre Inc., Term Loan C	3.500%	2/19/18	Ba3	288,019
7,856	Tibco Software, Inc., Term Loan B	6.500%	12/04/20	B1	6,809,655
13,271	Total Internet Software & Services				12,176,993
IT Services 1.0% (0.6% of Total Investments)					
3,775	EIG Investors Corp., Term Loan	5.000%	11/09/19	B1	3,670,287
450	Mitchell International, Inc., Initial Term Loan B, First Lien, (WI/DD)	TBD	TBD	B1	399,750

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567	VFH Parent LLC, New Term Loan	5.250%	11/08/19	N/R	565,692
1,250	Zayo Group LLC, Term Loan B2	4.500%	5/06/21	Ba2	1,252,149
6,042	Total IT Services				5,887,878
Leisure Products 2.0% (1.2% of Total Investments)					
3,746	24 Hour Fitness Worldwide, Inc., Term Loan B	4.750%	5/28/21	Ba3	3,464,850
3,134	Academy, Ltd., Term Loan B	5.000%	7/01/22	B	3,017,878
938	Bombardier Recreational Products, Inc., Term Loan B	3.750%	1/30/19	BB	926,511
3,161	Equinox Holdings, Inc., New Initial Term Loan, First Lien	5.000%	1/31/20	B1	3,128,207
1,000	Four Seasons Holdings, Inc., Term Loan, Second Lien	6.250%	12/27/20	B	995,833
11,979	Total Leisure Products				11,533,279
Machinery 0.3% (0.2% of Total Investments)					
1,823	Rexnord LLC, Term Loan B	4.000%	8/21/20	BB	1,744,806
Marine 0.2% (0.1% of Total Investments)					
1,500	American Commercial Lines LLC, Term Loan B, First Lien	9.750%	11/06/20	B	1,335,000
Media 13.5% (8.1% of Total Investments)					
2,116	Advantage Sales & Marketing, Inc., Term Loan, First Lien	4.250%	7/23/21	B1	2,030,596
2,200	Advantage Sales & Marketing, Inc., Term Loan, Second Lien	7.500%	7/25/22	CCC+	1,945,167
1,743	Affinion Group Holdings, Inc., Initial Term Loan, Second Lien	8.500%	10/31/18	Caa1	1,471,892
997	Affinion Group Holdings, Inc., Term Loan, First Lien	6.750%	4/30/18	B1	907,379
1,970	Catalina Marketing Corporation, Term Loan, First Lien	4.500%	4/09/21	B1	1,562,866
2,000	Catalina Marketing Corporation, Term Loan, Second Lien	7.750%	4/11/22	Caa1	1,146,666
7,480	Cequel Communications LLC, Extended Term Loan	4.250%	12/14/22	BB	7,358,595
5,000	Charter Communications Operating Holdings LLC, Term Loan I	3.500%	1/24/23	BBB	5,003,645
1,038	Clear Channel Communications, Inc., Tranche D, Term Loan	7.178%	1/30/19	Caa1	691,482
2,718	Clear Channel Communications, Inc., Term Loan E	7.928%	7/30/19	Caa1	1,808,503

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
Media (continued)					
\$ 13,535	Cumulus Media, Inc., Term Loan B	4.250%	12/23/20	B2	\$ 9,994,458
3,751	Emerald Expositions Holdings, Inc., Term Loan, First Lien	4.750%	6/17/20	BB	3,708,544
641	EMI Music Publishing LLC, Term Loan B3	4.000%	8/19/22	BB	634,557
890	Gray Television, Inc., Initial Term Loan	3.750%	6/13/21	BB	882,927
2,955	IMG Worldwide, Inc., First Lien	5.250%	5/06/21	B1	2,909,753
1,500	Lions Gate Entertainment Corporation, Term Loan B, Second Lien	5.000%	3/17/22	BB	1,492,500
3,330	McGraw-Hill Education Holdings LLC, Term Loan B	4.750%	3/22/19	B+	3,294,160
2,500	Numericable Group S.A., Term Loan	4.750%	1/20/23	B+	2,402,455
3,185	Numericable Group S.A., Term Loan B1	4.500%	5/21/20	B+	3,069,670
2,755	Numericable Group S.A., Term Loan B2	4.500%	5/21/20	B+	2,655,683
3,291	Springer Science & Business Media, Inc., Term Loan B9, First Lien	4.750%	8/14/20	B1	3,159,645
17,481	Univision Communications, Inc., Replacement Term Loan, First Lien	4.000%	3/01/20	B+	17,101,767
673	Virgin Media Investment Holdings, Term Loan F, First Lien	3.500%	6/30/23	BB	660,369
1,989	WGM Acquisition Corporation, Tranche B, Refinancing Term Loan	3.750%	7/01/20	B1	1,914,753
475	Yell Group PLC, Term Loan A2	5.586%	3/01/19	N/R	978,977
17	Yell Group PLC, Term Loan A2, (8)	1.500%	3/03/19	N/R	
1,925	Yell Group PLC, Term Loan B2, PIK, (8)	0.000%	3/03/24	N/R	
88,155	Total Media				78,787,009
Multiline Retail 2.2% (1.3% of Total Investments)					
2,233	Bass Pro Group LLC, Term Loan B, First Lien	4.000%	6/05/20	BB	2,147,987
3,000	Belk, Inc., Term Loan B, First Lien	5.750%	12/12/22	B+	2,657,499
4,449	Dollar Tree, Inc., Term Loan B1	3.500%	7/06/22	BBB	4,444,996
2,010	Dollar Tree, Inc., Term Loan B2	4.250%	7/06/22	BBB	2,002,462
1,382	Hudson's Bay Company, Term Loan B, First Lien	4.750%	9/30/22	BB	1,382,273
13,074	Total Multiline Retail				12,635,217

Oil, Gas & Consumable Fuels 1.1% (0.7% of Total Investments)

683	Crestwood Holdings LLC, Term Loan B	7.000%	6/19/19	B2	334,867
5,480	Energy and Exploration Partners, Term Loan	7.750%	1/22/19	N/R	575,358
867	EP Energy LLC, Term Loan B3, Second Lien	3.500%	5/24/18	Ba2	563,333
745	Fieldwood Energy LLC, Term Loan, Second Lien	8.375%	9/30/20	B	123,807
4,248	Harvey Gulf International Marine, Inc., Term Loan B	5.500%	6/18/20	B	2,088,787
3,833	Seadrill Partners LLC, Initial Term Loan	4.000%	2/21/21	B	1,528,333
426	Southcross Holdings Borrower L.P., Holdco Term Loan	6.000%	8/04/21	CCC	90,576
1,118	Western Refining, Inc., Term Loan B	4.250%	11/12/20	BB	1,053,920
17,400	Total Oil, Gas & Consumable Fuels				6,358,981

Pharmaceuticals 4.9% (2.9% of Total Investments)

6,000	Endo Health Solutions, Inc., Term Loan B	3.750%	9/26/22	Ba1	5,932,500
5,625	Graceway Pharmaceuticals LLC, Second Lien Term Loan, (5)	0.000%	5/03/13	N/R	35,156
3,940	Patheon, Inc., Term Loan B	4.250%	3/11/21	B1	3,787,325
5,569	Pharmaceutical Product Development, Inc., Term Loan B, First Lien	4.250%	8/18/22	B1	5,473,260
4,451	Pharmaceutical Research Associates, Inc., Term Loan	4.500%	9/23/20	BB	4,435,825
2,639	Valeant Pharmaceuticals International, Inc., Term Loan E	3.750%	8/05/20	BB	2,536,262
6,502	Valeant Pharmaceuticals International, Inc., Term Loan F	4.000%	4/01/22	Ba1	6,257,966
34,726	Total Pharmaceuticals				28,458,294

Professional Services 0.2% (0.1% of Total Investments)

1,624	Ceridian Corporation, Term Loan B2	4.500%	9/15/20	Ba3	1,425,448
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Real Estate Investment Trust 4.4% (2.6% of Total Investments)

15,222	Communications Sales & Leasing, Inc., Term Loan B, First Lien	5.000%	10/24/22	BBB	14,335,466
4,863	Realogy Corporation, Initial Term Loan B	3.750%	3/05/20	BB	4,839,945
2,280	Starwood Property Trust, Inc., Term Loan B	3.500%	4/17/20	BB	2,250,274
5,466		4.750%	12/18/20	BB	4,270,146

Walter Investment Management
 Corporation, Tranche B, Term
 Loan, First Lien

27,831	Total Real Estate Investment Trust				25,695,831
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Real Estate Management & Development 1.4% (0.8% of Total Investments)

3,723	Capital Automotive LP, Term Loan, Second Lien	6.000%	4/30/20	B1	3,653,087
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Nuveen Investments 37

JFR Nuveen Floating Rate Income Fund
Portfolio of Investments (continued)

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
Real Estate Management & Development (continued)					
\$ 4,569	Capital Automotive LP, Term Loan, Tranche B1	4.000%	4/10/19	Ba2	\$ 4,565,740
8,292	Total Real Estate Management & Development				8,218,827
Road & Rail 0.3% (0.2% of Total Investments)					
2,000	Quality Distribution, Term Loan, First Lien	5.750%	8/18/22	B1	1,880,000
Semiconductors & Semiconductor Equipment 6.2% (3.7% of Total Investments)					
22,000	Avago Technologies, Term Loan B, First Lien, (WI/DD)	TBD	TBD	BBB	21,679,174
6,000	Microsemi Corporation, Term Loan B, First Lien	5.250%	12/17/22	Ba2	5,965,002
6,000	NXP Semiconductor LLC, Term Loan B, First Lien	3.750%	12/07/20	BBB	5,993,034
2,891	NXP Semiconductor LLC, Term Loan D	3.250%	1/11/20	BBB	2,872,225
36,891	Total Semiconductors & Semiconductor Equipment				36,509,435
Software 10.4% (6.3% of Total Investments)					
3,074	Blackboard, Inc., Term Loan B3	4.750%	10/04/18	B+	2,937,917
5,625	BMC Software, Inc., Initial Term Loan	5.000%	9/10/20	B1	4,507,385
2,500	Computer Sciences Government Services, Term Loan B, First Lien	3.750%	10/06/22	BB+	2,500,783
5,362	Compuware Corporation, Tranche B2, Term Loan, First Lien	6.250%	12/15/21	B	4,917,280
3,997	Ellucian, Term Loan B, First Lien	4.750%	9/30/22	B	3,912,091
4,660	Emdeon Business Services LLC, Term Loan B2	3.750%	11/02/18	Ba3	4,592,302
12,814	Infor Global Solutions Intermediate Holdings, Ltd., Term Loan B5	3.750%	6/03/20	B+	12,085,807
1,746	Informatica Corp., Term Loan B	4.500%	8/05/22	B	1,671,000
2,800	Micro Focus International PLC, Term Loan B	5.250%	11/19/21	BB	2,770,367
3,052	Micro Focus International PLC, Term Loan C	4.500%	11/20/19	BB	3,013,581

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6,289	Misys PLC, Term Loan B, First Lien	5.000%	12/12/18	B+	6,286,566
2,320	MSC Software Corporation, Initial Term Loan, First Lien, (WI/DD)	TBD	TBD	B1	2,146,000
3,857	SS&C Technologies, Inc./ Sunshine Acquisition II, Inc., Term Loan B1	4.007%	7/08/22	BB	3,842,731
554	SS&C Technologies, Inc./ Sunshine Acquisition II, Inc., Term Loan B2	4.018%	7/08/22	BB	552,113
5,189	Zebra Technologies Corporation, Term Loan B, First Lien	4.750%	10/27/21	BB+	5,196,232
63,839	Total Software				60,932,155
	Specialty Retail 2.2% (1.3% of Total Investments)				
3,589	Jo-Ann Stores, Inc., Term Loan, First Lien	4.000%	3/16/18	Ba3	3,362,099
7,000	Petco Animal Supplies, Inc., Term Loan B1, (WI/DD)	TBD	TBD	B1	6,866,804
2,687	Petsmart, Inc., Term Loan B	4.250%	3/11/22	BB	2,600,475
13,276	Total Specialty Retail				12,829,378
	Technology Hardware, Storage & Peripherals 3.0% (1.8% of Total Investments)				
17,642	Dell, Inc., Term Loan B2	4.000%	4/29/20	BBB	17,611,062
	Trading Companies & Distributors 1.6% (1.0% of Total Investments)				
8,125	HD Supply, Inc., Term Loan B	3.750%	8/13/21	BB	8,014,648
1,666	Neff Rental/Neff Finance Closing Date Loan, Second Lien	7.250%	6/09/21	B	1,339,117
9,791	Total Trading Companies & Distributors				9,353,765
	Transportation Infrastructure 0.4% (0.3% of Total Investments)				
151	Ceva Group PLC, Canadian Term Loan	6.500%	3/19/21	B2	126,267
877	Ceva Group PLC, Dutch B.V., Term Loan	6.500%	3/19/21	B2	732,346
846	Ceva Group PLC, Synthetic Letter of Credit Term Loan	6.500%	3/19/21	B2	706,817
1,210	Ceva Group PLC, US Term Loan	6.500%	3/19/21	B2	1,010,132
3,084	Total Transportation Infrastructure				2,575,562
	Wireless Telecommunication Services 3.1% (1.9% of Total Investments)				
4,612	Asurion LLC, Term Loan B1	5.000%	5/24/19	Ba3	4,353,433
4,757	Asurion LLC, Term Loan B4, First Lien	5.000%	8/04/22	Ba3	4,382,619
4,862	Fairpoint Communications, Inc., Term Loan B	7.500%	2/14/19	B	4,804,150
2,700	T-Mobile USA, Term Loan B	3.500%	11/09/22	BBB	2,704,501

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2,000	UPC Broadband Holding BV, Term Loan AH	3.344%	6/30/21	BB	1,964,108
18,931	Total Wireless Telecommunication Services				18,208,811
\$ 819,925	Total Variable Rate Senior Loan Interests (cost \$818,417,940)				758,136,359

38 Nuveen Investments

Shares	Description (1)		Value
COMMON STOCKS 1.5% (0.9% of Total Investments)			
Diversified Consumer Services 0.3% (0.2% of Total Investments)			
78,490	Cengage Learning Holdings II LP, (6)		\$ 1,530,555
9,876,769	Education Management Corporation, (6), (7)		988
	Total Diversified Consumer Services		1,531,543
Health Care Providers & Services 0.2% (0.1% of Total Investments)			
113,515	Millennium Health LLC, (6), (7)		1,475,695
Hotels, Restaurants & Leisure 0.3% (0.2% of Total Investments)			
37,535	BLB Worldwide Holdings Inc., (6), (7)		1,832,958
2,670	Buffets Term Loan, (6), (7)		
	Total Hotels, Restaurants & Leisure		1,832,958
Media 0.7% (0.4% of Total Investments)			
6,597	Cumulus Media, Inc., (6)		1,730
26,045	Metro-Goldwyn-Mayer, (6), (7)		1,927,330
57,088	Tribune Media Company		1,881,050
45,942	Tribune Media Company, (8)		
14,272	Tribune Publishing Company		133,300
	Total Media		3,943,410
Professional Services 0.0% (0.0% of Total Investments)			
47,152	Vertrue, Inc., (6), (7)		101,377
Software 0.0% (0.0% of Total Investments)			
743,286	Eagle Topco LP, (6), (8)		1
	Total Common Stocks (cost \$9,958,357)		8,884,984

Shares	Description (1)	Coupon	Ratings (3)	Value
\$25 PAR (OR SIMILAR) RETAIL PREFERRED 0.0% (0.0% of Total Investments)				
Diversified Consumer Services 0.0% (0.0% of Total Investments)				
10,989	Education Management Corporation, (7)	7.500%	N/R	\$ 21,978
	Total \$25 Par (or similar) Retail Preferred (cost \$26,686)			21,978

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value
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CONVERTIBLE BONDS 0.1% (0.1% of Total Investments)						
Communications Equipment 0.1% (0.1% of Total Investments)						
Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value	
\$ 850	Nortel Networks Corp., (5)	1.750%	4/15/12	N/R	\$ 717,187	
\$ 850	Total Convertible Bonds (cost \$696,250)				717,187	
CORPORATE BONDS 14.2% (8.5% of Total Investments)						
Commercial Services & Supplies 0.1% (0.1% of Total Investments)						
\$ 1,034	NES Rental Holdings Inc., 144A	7.875%	5/01/18	B	\$ 796,180	
Communications Equipment 0.2% (0.1% of Total Investments)						
5,565	Avaya, Inc., 144A	10.500%	3/01/21	CCC+	1,359,947	
Containers & Packaging 0.3% (0.2% of Total Investments)						
1,715	Reynolds Group	9.875%	8/15/19	CCC+	1,676,413	
Diversified Telecommunication Services 1.6% (1.0% of Total Investments)						
2,560	Frontier Communications Corporation	6.250%	9/15/21	BB	2,156,006	

Nuveen Investments 39

JFR Nuveen Floating Rate Income Fund
Portfolio of Investments (continued)

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value
Diversified Telecommunication Services (continued)					
\$ 2,200	Frontier Communications Corporation	6.875%	1/15/25	BB	\$ 1,749,000
1,500	IntelSat Limited	6.750%	6/01/18	CCC+	1,098,750
5,750	IntelSat Limited	7.750%	6/01/21	CCC+	2,501,250
4,550	IntelSat Limited	8.125%	6/01/23	CCC+	1,876,875
16,560	Total Diversified Telecommunication Services				9,381,881
Health Care Equipment & Supplies 2.6% (1.5% of Total Investments)					
3,250	Kinetic Concepts	10.500%	11/01/18	B	3,152,500
2,000	Kinetic Concepts	12.500%	11/01/19	CCC+	1,790,000
1,000	Tenet Healthcare Corporation	6.750%	2/01/20	B3	960,000
4,000	Tenet Healthcare Corporation	6.000%	10/01/20	Ba2	4,240,000
1,650	Tenet Healthcare Corporation	8.125%	4/01/22	B3	1,658,250
3,335	Tenet Healthcare Corporation	6.750%	6/15/23	B3	3,064,031
15,235	Total Health Care Equipment & Supplies				14,864,781
Health Care Providers & Services 2.1% (1.3% of Total Investments)					
4,000	Community Health Systems, Inc.	5.125%	8/01/21	BB	3,970,000
6,400	Community Health Systems, Inc.	6.875%	2/01/22	B+	5,815,200
1,200	IASIS Healthcare Capital Corporation	8.375%	5/15/19	CCC+	1,125,000
600	Select Medical Corporation	6.375%	6/01/21	B	510,000
1,000	Truven Health Analytics Inc.	10.625%	6/01/20	CCC+	980,000
13,200	Total Health Care Providers & Services				12,400,200
Hotels, Restaurants & Leisure 0.4% (0.2% of Total Investments)					
275	Scientific Games Corporation	8.125%	9/15/18	B	195,250
3,200	Scientific Games International Inc.	10.000%	12/01/22	B	2,224,000
3,475	Total Hotels, Restaurants & Leisure				2,419,250
Media 3.6% (2.2% of Total Investments)					
1,000	CCO Holdings LLC Finance Corporation	5.750%	9/01/23	BB	1,022,390
200	CCO Safari II LLC, 144A	3.579%	7/23/20	BBB	201,141
1,762	Clear Channel Communications, Inc.	10.000%	1/15/18	CC	726,825
6,562	Clear Channel Communications, Inc.	9.000%	12/15/19	Caa1	4,503,172
10,842	Clear Channel Communications, Inc.	14.000%	2/01/21	CC	2,721,219
10,350	Clear Channel Communications, Inc.	9.000%	3/01/21	Caa1	6,727,500
2,000	Dish DBS Corporation	5.875%	7/15/22	BB	1,882,500
1,500	Dish DBS Corporation	5.875%	11/15/24	BB	1,335,000

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1,875	McGraw-Hill Global Education Holdings	9.750%	4/01/21	BB	1,992,188
36,091	Total Media				21,111,935
	Real Estate Investment Trust 0.3% (0.1% of Total Investments)				
1,500	iStar Inc.	4.000%	11/01/17	B+	1,413,750
	Semiconductors & Semiconductor Equipment 0.7% (0.4% of Total Investments)				
500	Advanced Micro Devices, Inc.	6.750%	3/01/19	B	341,250
2,800	Advanced Micro Devices, Inc.	7.750%	8/01/20	B	1,778,000
2,468	Advanced Micro Devices, Inc.	7.500%	8/15/22	B	1,530,160
1,000	Advanced Micro Devices, Inc.	7.000%	7/01/24	B	620,000
6,768	Total Semiconductors & Semiconductor Equipment				4,269,410
	Software 0.4% (0.2% of Total Investments)				
2,500	BMC Software Finance Inc., 144A	8.125%	7/15/21	CCC+	1,531,250
1,500	Boxer Parent Company Inc./BMC Software, 144A	9.000%	10/15/19	CCC+	855,000
4,000	Total Software				2,386,250
	Wireless Telecommunication Services 1.9% (1.2% of Total Investments)				
750	FairPoint Communications Inc., 144A	8.750%	8/15/19	B	723,750
7,750	Sprint Corporation	7.875%	9/15/23	B+	5,541,250
1,750	Sprint Corporation	7.125%	6/15/24	B+	1,181,250

40 Nuveen Investments

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value
	Wireless Telecommunication Services (continued)				
\$ 3,750	T-Mobile USA Inc.	6.250%	4/01/21	BB	\$ 3,825,000
14,000	Total Wireless Telecommunication Services				11,271,250
\$ 119,143	Total Corporate Bonds (cost \$115,556,859)				83,351,247

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value
	ASSET-BACKED SECURITIES 6.0% (3.6% of Total Investments)				
\$ 1,200	Bluemountain Collateralized Loan Obligation, Series 2012 2A E14	5.462%	11/20/24	BB	\$ 997,834
2,500	Bluemountain Collateralized Loan Obligations Limited 2012-1A, 144A	6.120%	7/20/23	BB	2,171,943
500	Carlyle Global Market Strategies Collateralized Loan Obligations, Series 2013-2A	5.620%	4/18/25	BB	397,174
1,750	Carlyle Global Market Strategies, Collateralized Loan Obligations, Series 2013-3A, 144A	5.222%	7/15/25	BB	1,343,904
1,000	Finn Square Collateralized Loan Obligations Limited, Series 2012-1A, 144A	5.644%	12/24/23	BB	767,305
1,500	Flatiron Collateralized Loan Obligation Limited, Series 2011-1A	5.020%	1/15/23	BB	1,165,277
500	ING Investment Management, Collateralized Loan Obligation, 2013-1A D, 144A	5.620%	4/15/24	BB	360,320
2,700	LCM Limited Partnership, Collateralized Loan Obligation 2012A, 144A	6.370%	10/19/22	BB	2,622,707
6,000	LCM Limited Partnership, Collateralized Loan Obligation, 2015A	5.393%	2/25/17	BB	4,602,713
3,000	LCM Limited Partnership, Collateralized Loan Obligation, Series 10AR, 144A	6.120%	4/15/22	BB	2,846,331
1,500	LCM Limited Partnership, Collateralized Loan Obligation, Series 11A	5.770%	4/19/22	BB+	1,260,824
1,500	Madison Park Funding Limited, Collateralized Loan Obligations, Series 2012-8A, 144A	5.670%	4/22/22	BB	1,461,885
2,750	Madison Park Funding Limited,	6.120%	4/20/26	Ba3	2,096,014

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	Collateralized Loan Obligations, Series 2015-16A				
1,500	Madison Park Funding Limited, Series 2012-10A	5.870%	1/20/25	BB	1,254,050
500	North End CLO Limited, Loan Pool, 144A	5.220%	7/17/25	BB	307,165
750	Northwoods Capital Corporation, Collateralized Loan Obligations 2012-9A	5.720%	1/18/24	BB	524,626
800	Oak Hill Credit Partners Series 2013-9A	5.630%	10/20/25	BB	603,678
3,360	Oak Hill Credit Partners, Series 2012-7A	5.370%	11/20/23	BB	2,583,743
3,000	Octagon Investment Partners, Series 2015-1A	6.470%	10/20/26	Ba3	2,260,410
3,000	Race Point Collateralized Loan Obligation Series 2012-7A, 144A	5.344%	11/08/24	BB	2,111,877
1,000	Race Point Collateralized Loan Obligation Limited 2011-5AR, 144A	6.337%	12/15/22	BB	966,497
3,000	Race Point Collateralized Loan Obligations, Series 2012-6A, 144A	6.132%	5/24/23	BB	2,637,051
\$ 43,310	Total Asset-Backed Securities (cost \$40,414,387)				35,343,328

Shares	Description (1), (9)	Value
	INVESTMENT COMPANIES 1.7% (1.0% of Total Investments)	
353,668	Eaton Vance Floating-Rate Income Trust Fund	\$ 4,304,140
968,586	Eaton Vance Senior Income Trust	5,288,479
	Total Investment Companies (cost \$11,981,509)	9,592,619
	Total Long-Term Investments (cost \$997,051,988)	896,047,702

Nuveen Investments 41

JFR Nuveen Floating Rate Income Fund
Portfolio of Investments (continued)

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon	Maturity	Value
	SHORT-TERM INVESTMENTS	13.2%	(8.0% of Total Investments)	
	REPURCHASE AGREEMENTS	13.2%	(8.0% of Total Investments)	
\$ 77,432	Repurchase Agreement with Fixed Income Clearing Corporation, dated 1/29/16, repurchase price \$77,431,983, collateralized by \$76,220,000 U.S. Treasury Notes, 2.375%, due 7/31/17, value \$78,982,975	0.030%	2/01/16	\$ 77,431,789
	Total Short-Term Investments (cost \$77,431,789)			77,431,789
	Total Investments (cost \$1,074,483,777)			973,479,491
	166.2%			
	Borrowings (38.5%) (10), (11)			(225,300,000)
	Variable Rate Term Preferred Shares, at Liquidation Preference (23.7%) (12)			(139,000,000)
	Other Assets Less Liabilities (4.0%)			(23,597,408)
	Net Assets Applicable to Common Shares 100%			\$ 585,582,083

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to common shares unless otherwise noted.
- (2) Senior loans generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a borrower to prepay, prepayments of senior loans may occur. As a result, the actual remaining maturity of senior loans held may be substantially less than the stated maturities shown.
- (3) Ratings: Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

- (4) Senior loans generally pay interest at rates which are periodically adjusted by reference to a base short-term, floating lending rate plus an assigned fixed rate. These floating lending rates are generally (i) the lending rate referenced by the London Inter-Bank Offered Rate (LIBOR), or (ii) the prime rate offered by one or more major United States banks. Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan. The rate shown is the coupon as of the end of the reporting period.
- (5) As of, or subsequent to, the end of the reporting period, this security is non-income producing. Non-income producing, in the case of a fixed-income security, generally denotes that the issuer has (1) defaulted on the payment of principal or interest, (2) is under the protection of the Federal Bankruptcy Court or (3) the Fund's Adviser has concluded that the issue is not likely to meet its future interest payment obligations and has ceased accruing additional income on the Fund's records.
- (6) Non-income producing; issuer has not declared a dividend within the past twelve months.
- (7) For fair value measurement disclosure purposes, investment classified as Level 2. See Notes to Financial Statements, Note 2 Investment Valuation and Fair Value Measurements for more information.
- (8) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board. For fair value measurement disclosure purposes, investment classified as Level 3. See Notes to Financial Statements, Note 2 Investment Valuation and Fair Value Measurements for more information.
- (9) A copy of the most recent financial statements for these investment companies can be obtained directly from the Securities and Exchange Commission (SEC) on its website at <http://www.sec.gov>.
- (10) Borrowings as a percentage of Total Investments is 23.1%.
- (11) The Fund segregates 100% of its eligible investments (excluding any investments separately pledged as collateral for specific investments in derivatives, when applicable) as collateral for borrowings.
- (12) Variable Rate Term Preferred Shares, at Liquidation Preference as a percentage of Total Investments is 14.3%.
- (DD1) Portion of investment purchased on a delayed delivery basis.
- (WI/DD) Purchased on a when-issued or delayed delivery basis.

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Investment is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These investments may only be resold in transactions exempt from registration, which are normally those transactions with qualified institutional buyers.

TBD Senior loan purchased on a when-issued or delayed-delivery basis. Certain details associated with this purchase are not known prior to the settlement date of the transaction. In addition, senior loans typically trade without accrued interest and therefore a coupon rate is not available prior to settlement. At settlement, if still unknown, the borrower or counterparty will provide the Fund with the final coupon rate and maturity date.

See accompanying notes to financial statements.

42 Nuveen Investments

JRO

Nuveen Floating Rate Income Opportunity Fund
Portfolio of Investments

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
LONG-TERM INVESTMENTS 154.5% (93.0% of Total Investments)					
VARIABLE RATE SENIOR LOAN INTERESTS 130.5% (78.5% of Total Investments) (4)					
Aerospace & Defense 2.3% (1.4% of Total Investments)					
\$ 3,049	B/E Aerospace, Inc., Term Loan B, First Lien	4.000%	12/16/21	BB+	\$ 3,054,030
4,551	Sequa Corporation, Term Loan B	5.250%	6/19/17	CCC+	3,061,295
3,390	Transdigm, Inc., Term Loan E, First Lien	3.500%	5/16/22	Ba3	3,258,316
10,990	Total Aerospace & Defense				9,373,641
Air Freight & Logistics 0.5% (0.3% of Total Investments)					
2,000	XPO Logistics, Inc., Term Loan B	5.500%	10/27/21	Ba1	1,982,500
Airlines 2.5% (1.5% of Total Investments)					
2,449	American Airlines, Inc., Term Loan B, First Lien	3.250%	6/29/20	BB+	2,409,542
1,980	American Airlines, Inc., Term Loan B, First Lien	3.500%	10/08/21	BB+	1,959,493
2,910	Delta Air Lines, Inc., Term Loan B2	2.677%	4/18/16	BBB	2,909,351
2,940	US Airways, Inc., Term Loan B1	3.500%	5/23/19	BB+	2,918,409
10,279	Total Airlines				10,196,795
Automobiles 3.5% (2.1% of Total Investments)					
7,829	Chrysler Group LLC, Tranche B, Term Loan	3.250%	12/31/18	BB+	7,782,117
5,567	Formula One Group, Term Loan, First Lien	4.750%	7/30/21	B	5,267,734
1,500	Formula One Group, Term Loan, Second Lien	7.750%	7/29/22	CCC+	1,257,500
14,896	Total Automobiles				14,307,351
Building Products 0.7% (0.4% of Total Investments)					
1,975	Gates Global LLC, Term Loan	4.250%	7/06/21	B+	1,784,083
1,170		4.000%	9/28/20	BB	1,161,946

	Quikrete Holdings, Inc., Term Loan, First Lien				
3,145	Total Building Products				2,946,029
	Capital Markets 1.2% (0.7% of Total Investments)				
2,794	Citco III Limited, Term Loan B	4.250%	6/29/18	N/R	2,784,251
1,955	Guggenheim Partners LLC, Initial Term Loan	4.250%	7/22/20	N/R	1,942,781
4,749	Total Capital Markets				4,727,032
	Chemicals 1.7% (1.0% of Total Investments)				
2,014	Ineos US Finance LLC, Cash Dollar, Term Loan	3.750%	5/04/18	BB	1,960,986
438	Ineos US Finance LLC, Term Loan B, First Lien	4.250%	3/31/22	BB	419,821
1,521	Mineral Technologies, Inc., Term Loan B2	4.750%	5/07/21	BB	1,494,749
1,500	OM Group, Inc., Term Loan, First Lien	7.000%	11/17/21	B	1,387,500
1,455	PQ Corporation, Term Loan B	4.000%	8/07/17	B+	1,444,201
6,928	Total Chemicals				6,707,257
	Commercial Services & Supplies 3.0% (1.8% of Total Investments)				
998	Acosta, Inc., Term Loan B	4.250%	9/26/21	B1	953,377
936	ADS Waste Holdings, Inc., Initial Term Loan, Tranche B2	3.750%	10/09/19	B+	911,809
2,196	CCS Income Trust, Term Loan, First Lien	6.250%	5/15/18	B	1,707,499
261	Education Management LLC, Tranche A, Term Loan	5.500%	7/02/20	N/R	72,685
464	Education Management LLC, Tranche B, Term Loan	8.500%	7/02/20	N/R	39,450
3,196	iQor US, Inc., Term Loan, First Lien	6.000%	4/01/21	B	2,536,515
333	iQor US, Inc., Term Loan, Second Lien	9.750%	4/01/22	CCC+	250,833
2,868	Protection One, Inc., Term Loan, First Lien	5.000%	7/01/21	B1	2,826,588
1,500	Universal Services of America, Term Loan, First Lien	4.750%	7/28/22	B	1,440,000
1,750	Universal Services of America, Term Loan, Second Lien	9.500%	7/28/23	CCC+	1,627,500
14,502	Total Commercial Services & Supplies				12,366,256

JRO Nuveen Floating Rate Income Opportunity Fund
Portfolio of Investments (continued)

January 31, 2016 (Unaudited)

Principal Amount (000)	Description (1)	Coupon (4)	Maturity (2)	Ratings (3)	Value
	Communications Equipment 1.6% (1.0% of Total Investments)				
\$ 5,417	Avaya, Inc., Term Loan B3	5.121%	10/26/17	B1	\$ 4,278,029
1,060	Avaya, Inc., Term Loan B6	6.500%	3/31/18	B1	807,622
1,322	Riverbed Technology, Inc., Term Loan B, First Lien	6.000%	4/25/22	B1	1,313,060
7,799	Total Communications Equipment				6,398,711
	Consumer Finance 2.6% (1.6% of Total Investments)				
8,690	First Data Corporation, Term Loan	3.927%	3/23/18	BB	8,590,447
2,000	First Data Corporation, Term Loan B	4.177%	7/08/22	BB	1,968,928
10,690	Total Consumer Finance				10,559,375
	Containers & Packaging 1.1% (0.7% of Total Investments)				
1,461	Berry Plastics Holding Corporation, Term Loan F	4.000%	10/03/22	BB	1,456,337
3,272	BWAY Holding Company, Term Loan B, First Lien	5.500%	8/14/20	B2	3,092,512
4,733	Total Containers & Packaging				4,548,849
	Diversified Consumer Services 6.7% (4.0% of Total Investments)				
1,247	AlixPartners LLP, Term Loan B, First Lien	4.500%	7/28/22	B+	1,239,082
6,794	Cengage Learning Acquisitions, Inc., Exit Term Loan	7.000%	3/31/20	B+	6,629,622
2,329	Harland Clarke Holdings Corporation, Term Loan B3	7.000%	5/22/18	BB	2,225,896
1,425	Harland Clarke Holdings Corporation, Term Loan B4	6.000%	8/04/19	BB	1,339,500
5,312	Hilton Hotels Corporation, Term Loan B2	3.500%	10/25/20	BBB	5,309,656
2,488	Houghton Mifflin, Term Loan B, First Lien	4.000%	5/28/21	BB	2,434,641
156	Laureate Education, Inc., Term Loan B	5.000%	6/15/18	B	123,041
7,945	ServiceMaster Company, Term Loan	4.250%	7/01/21	BB	7,900,426
27,696	Total Diversified Consumer Services				27,201,864
	Diversified Financial Services 1.3% (0.8% of Total Investments)				
1,492	MJ Acquisition Corp., Term Loan, First Lien	4.001%	6/01/22	BB	1,471,978
1,500	Protection One, Inc., Term Loan, Second Lien	9.750%	7/01/22	CCC+	1,428,750
1,485	Transdigm, Inc., Term Loan, Second Lien	4.750%	11/12/21	N/R	1,485,390

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1,000	TransFirst, Inc., Term Loan, Second Lien	9.000%	11/11/22	CCC+	1,011,250
5,477	Total Diversified Financial Services				5,397,368
	Diversified Telecommunication Services	5.4% (3.2% of Total Investments)			
1,067	Greeneden U.S. Holdings II LLC, Term Loan B	4.000%	2/08/20	B	1,045,964
1,257	Intelsat Jackson Holdings, S.A., Tranche B2, Term Loan, (DD1)	3.750%	6/30/19	BB	1,206,168
761	Level 3 Financing, Inc., Term Loan B2	3.500%	5/31/22	Ba1	751,390
2,667	Level 3 Financing, Inc., Term Loan, Tranche B3	4.000%	8/01/19	Ba1	2,666,333
7,517	WideOpenWest Finance LLC, Term Loan B	4.500%	4/01/19	Ba3	7,329,858
3,328	Ziggo N.V., Term Loan B1	3.500%	1/15/22	BB	3,235,261
2,145	Ziggo N.V., Term Loan B2	3.508%	1/15/22	BB	2,084,864
3,527	Ziggo N.V., Term Loan B3, Delayed Draw	3.601%	1/15/22	BB	3,428,856
22,269	Total Diversified Telecommunication Services				21,748,694
	Electric Utilities	0.4% (0.2% of Total Investments)			
1,500	Energy Future Intermediate Holding Company, Term Loan	4.250%	12/19/16	N/R	1,498,125
	Electronic Equipment, Instruments & Components	0.9% (0.5% of Total Investments)			
2,332	SMART Modular Technologies, Inc., Term Loan B	8.250%	8/31/17	B	1,731,815
2,211	TTM Technologies, Term Loan B	6.000%	5/31/21	B+	1,846,278
4,543	Total Electronic Equipment, Instruments & Components				3,578,093
	Energy Equipment & Services	0.5% (0.3% of Total Investments)			
4,012	Drill Rigs Holdings, Inc., Tranche B1, Term Loan	6.000%	3/31/21	B	1,263,670
638	Dynamic Energy Services International LLC, Term Loan	9.500%	3/06/18	B3	583,928
1,471	Offshore Group Investment Limited, Term Loan B, (5)	0.000%	10/25/17	D	272,797
6,121	Total Energy Equipment & Services				