

NUVEEN TAX ADVANTAGED TOTAL RETURN STRATEGY FUND  
Form N-CSR  
March 09, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21471  
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Nuveen Tax-Advantaged Total Return Strategy Fund  
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(Exact name of registrant as specified in charter)

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

Jessica R. Droeger  
Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
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(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: December 31  
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Date of reporting period: December 31, 2005  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT December 31, 2005

Nuveen Investments  
Exchange-Traded  
Closed-End  
Funds

NUVEEN  
TAX-ADVANTAGED  
TOTAL RETURN  
STRATEGY FUND  
JTA

Photo of: Man, woman and child at the beach.  
Photo of: A child.

OPPORTUNITIES FOR CAPITAL APPRECIATION AND TAX-ADVANTAGED DISTRIBUTIONS FROM A  
PORTFOLIO OF VALUE EQUITIES AND SENIOR LOANS

Logo: NUVEEN Investments

Photo of: Woman  
Photo of: Man and child  
Photo of: Woman

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DELIVERY DIRECT TO  
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WWW.INVESTORDELIVERY.COM  
if you get your Nuveen Fund dividends  
and statements from your financial  
advisor or brokerage account.

OR

WWW.NUVEEN.COM/ACCOUNTACCESS  
if you get your Nuveen Fund dividends  
and statements directly from Nuveen.

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(Be sure to have the address sheet that accompanied this report handy. You'll need it to complete the enrollment process.)

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

Chairman's  
LETTER TO SHAREHOLDERS

I am very pleased to report that for the year ended December 31, 2005, your Fund continued to provide you with attractive tax-advantaged income and capital appreciation potential. For more information on your Fund's performance, please read the Portfolio Managers' Comments, the Distribution and Share Price Information, and the Performance Overview sections of this report.

"IN ADDITION TO PROVIDING REGULAR MONTHLY CASH FLOW, AN INVESTMENT LIKE YOUR FUND THAT FEATURES DIVIDEND-PAYING COMMON STOCKS ALONG WITH OTHER ASSET CLASSES MAY HELP YOU ACHIEVE AND BENEFIT FROM GREATER PORTFOLIO DIVERSIFICATION."

Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing. Since one part of your portfolio may be going up when another is going down, portfolio diversification may help smooth your investment returns over time. In addition to providing regular monthly cash flow, an investment like your Fund that features dividend-paying common stocks along with other asset classes may help you achieve and benefit from greater portfolio diversification. Your financial advisor can explain these potential advantages in more detail. I urge you to contact him or her soon for more information on this important investment strategy.

As you look through this report, be sure to review the inside front cover. This contains information on how you can receive future Fund reports and other Fund information faster by using e-mails and the Internet. Sign up is quick and easy - just follow the step-by-step instructions.

As we noted in our last shareholder report, The St. Paul Travelers Companies, Inc., which had owned 79% of Nuveen Investments, Inc. (the parent of your Fund's investment adviser), had sold a substantial portion of its stake in Nuveen. Since then, St. Paul has sold the balance of its shares to Nuveen Investments or to others. Please be assured that these transactions only affected Nuveen's corporate structure, and they do not have any impact on the investment objectives or management of your Fund.

At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering investment services and products that can help you to secure your financial objectives. We are grateful that you have chosen us as a partner as you pursue your financial goals, and we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

February 15, 2006

Nuveen Tax-Advantaged Total Return Strategy Fund  
(JTA)

Portfolio Managers'  
COMMENTS

The Fund features management by two affiliates of Nuveen Investments. The Fund's investments in dividend-paying common or preferred stocks are managed by NWQ Investment Management Company, LLC (NWQ), while the Fund's investments in senior corporate loans and other debt instruments are managed by Symphony Asset Management, LLC (Symphony). Jon Bosse, Chief Investment Officer of NWQ, leads the Fund's management team at that firm. He has more than 22 years of corporate finance and investment management experience. The Symphony team is led by Gunther Stein and Lenny Mason, who have more than 25 years of combined investment management experience, much of it in evaluating and purchasing senior corporate loans and other high-yield debt. Here Jon, Gunther and Lenny talk about general market conditions, their management strategies and the performance of the Fund for the 12-month period ended December 31, 2005.

WHAT WERE THE GENERAL ECONOMIC CONDITIONS AND MARKET TRENDS OVER THE COURSE OF 2005?

Looking back on 2005, performance for the major U.S. equity indices would make one believe that it was a relatively quiet year. Returns for the various U.S. indices generally ranged between 1% and 7% despite a year-end rally that took the Standard & Poor's 500 Index to levels last seen in 2001. Under the surface, equity performance was much more varied than was obvious. For instance, energy and many resource stocks soared along with the prices of the commodities they produce. A number of other industries, including electric utilities and real estate investment trusts, also produced double-digit returns. In contrast, performance for the very largest stocks was barely positive as measured by the Standard & Poor's 100 Index at just 1.2%. Bond returns were also disappointing, as the headwind of eight fed funds rate increases negatively impacted bond prices, particularly for intermediate maturities.

The fourth quarter capped another impressive year in the leveraged loan market. Highlights in 2005 included record leveraged merger financing, near historic low default rates, narrow credit spreads (the interest rate difference between higher quality and lower quality loans), and record inflows into the leveraged loan asset class. Throughout 2005, the loan market had to digest escalating energy prices, rising interest rates, record merger and acquisition activity and equity markets that were relatively stagnant. Despite these many issues, conditions in the loan market remained robust. The CSFB Leveraged Loan Index returned 5.69% for the year. As of the end of December, the Index had registered 38 consecutive months of positive returns.

Total loan volume for the year stood at \$294 billion, up 11% percent from 2004's amount of \$265 billion. Mergers and acquisitions were an important driver of overall loan-volume growth during the year. The U.S. saw a record \$173 billion of leveraged merger financing, a level that set a 15-year record. Increasingly large deals are being financed in the leveraged loan market, surpassing previous estimates of the maximum deal size thought possible. Recent blockbuster deals include SunGard's \$5 billion LBO loan, Hertz's \$2 billion LBO loan and the \$7.5 billion financing package backing Koch Industries' acquisition of Georgia-Pacific. At \$79 billion, U.S. LBO lending posted the highest volumes since the late 1980s - the years of RJRNabisco.

WHAT STRATEGIES OR TACTICS DID YOU USE TO MANAGE YOUR PORTION OF THE FUND'S ASSETS?

For the equity portion of the Fund's portfolio, we continued to employ an opportunistic, bottom-up strategy that focused on identifying undervalued companies that possessed favorable risk/reward characteristics as well as emerging catalysts that could unlock value or improve profitability. These catalysts included management changes, restructuring efforts, recognition of hidden assets, or a positive change in the underlying fundamentals. We also focused on downside protection, and paid a great deal of attention to a company's balance sheet and cash flow statement, not just the income statement. We believe that cash flow analysis offers a more objective and truer picture of a company's financial position than an evaluation based on earnings alone.

During the course of the year, we took new common stock positions in POSCO, Merck & Co Inc., and Energias de Portugal S.A. Our analysis indicated that these companies possessed solid fundamentals, compelling valuations, and an attractive risk/reward relationship. We maintained a large position in energy stocks based on our analysis of global supply conditions for crude oil and its impact on industry fundamentals, the outlook on company cash flow growth, and valuations. The Fund's energy holdings include ChevronTexaco Corporation, ConocoPhillips, ENI S.p.A., Kerr-McGee Corporation, and Total S.A. We eliminated Tate & Lyle PLC, Weyerhaeuser Company, and DSM NV from the portfolio based on valuation concerns, and Delphi Corporation in early-April (prior to its bankruptcy) because of deteriorating fundamentals and management credibility.

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We viewed the leveraged loan market favorably but, given the current credit environment, we continued to take a defensive stance in positioning our loan portfolio by generally avoiding loans with the lowest credit quality. In 2005 the loan market continued to demonstrate many positive characteristics that we think make the asset class attractive. Market liquidity was better than it had ever been, investor appetite remained strong and many high quality deals came to market. Strong investor demand, however, also allowed many deals to be structured with aggressive leverage levels. It is this environment and market dynamic that led us to avoid credits we felt were too aggressively leveraged or did not have a sound credit profile. We did not feel that 2005 was the appropriate time to be reaching for yield or become involved with what we considered to be marginal credits.

We continued to avoid most automotive related companies, even though many are trading at distressed (and some might say attractive) levels. We also avoided many small loans that were supporting leveraged buyouts as we felt that market liquidity could be challenged if the credit experienced any negative events. Instead, we focused on adding higher quality new-issue loans at par.

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We also continued to avoid the vast majority of second lien loans. At current trading levels, we did not believe that most second lien loans compensated investors for the risk these credits pose over a credit cycle. Should the economy weaken, we believe that second lien loans could see significant downside from year-end levels.

### HOW DID THE FUND PERFORM?

Fund performance results, as well as the performance of a comparative benchmark, are shown in the accompanying table.

#### TOTAL RETURNS ON NET ASSET VALUE

For the 12-months ended December 31, 2005

JTA	11.93%
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Comparative Benchmark <sup>1</sup>	7.11%
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Past performance does not guarantee future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that a shareholder may have to pay on Fund distributions or upon the sale of Fund shares.

See the Performance Overview Page for additional information.

- 1 The comparative benchmark designed to reflect the portfolio composition of JTA is calculated by combining: 1) 56% of the return of the Russell 3000 Value Index, which measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values, 2) 16% of the return of the MSCI EAFE ex-Japan Value Index, a capitalization-weighted index that selects the lower 50% of the price-to-book ranked value stocks traded in the developed markets of Europe, Asia and the Far East, excluding Japan, 3) 8% of the return of the Merrill Lynch DRD (dividends received deduction) Preferred Index, which consists of investment-grade, DRD-eligible, exchange-traded preferred stocks with one year or more to maturity, and 4) 20% of the return of the CSFB Leveraged Loan Index, which consists of approximately \$150 billion of tradable term loans with at least one year to maturity and rated BBB or lower. Index returns are not leveraged, and do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

A major contributor to the Fund's strong performance relative to its comparative benchmark was the strong showing of our energy sector common stock investments, which performed well in 2005 due to strong fundamentals, attractive valuations, and the rise in crude prices during the year (and the expectation that the higher-than-historical prices would be sustainable). Crude prices surged because of ongoing uncertainties as to whether or not global supply will be able to meet increased demand. Corporate activity also contributed to sector returns as portfolio common stock holding Kerr-McGee Corp. began a major restructuring initiative to increase shareholder value through the monetization of assets, paying down debt, and buying back stock. We tendered approximately one-third of our Kerr McGee shares back to the company during the year.

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Our tobacco industry common stock holdings of Altria Group Inc. (parent of Philip Morris) and Loews Corp.-Carolina Group also contributed to our positive returns. Tobacco stocks continue to benefit from an improving litigation environment, including the reversal of a \$10.1 billion class-action judgment against Altria Group by the Illinois Supreme Court related to the marketing of "Lights" cigarettes.

Another strong common stock performer was our stake in Rio Tinto Plc, an Australian-based mining firm. The stock outperformed due to strength in copper prices and the positive outlook for iron-ore prices in 2006. These two segments account for roughly 70% of Rio Tinto's earnings. Strong global economic growth, especially in China, has led to an increase in the demand for most industrial commodities, including aluminum, copper, steel, and iron ore.

In the insurance industry, our common stock investment in Hartford Financial Services appreciated on strong sales of the company's annuity products, particularly in Japan, because of their favorable tax treatment and the lack of attractive retirement savings alternatives. Insurance broker, Aon Corporation, also appreciated strongly as new management and structural changes have yielded improvements in top-line growth and operating margins. The company is also poised to benefit as one of its competitors struggles to repair its reputation following a recent settlement with the government related to bid rigging and overcharging its customers. Lastly, Korea Electric Power Corporation posted a strong gain due to its very attractive valuation and the favorable performance of Korean stocks in 2005.

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At the same time, several of our common stock investments in financial services underperformed as rising short-term interest rates and a persistently flat yield curve for much of the year put pressure on net interest margins and the outlook for company fundamentals. Shares of Fannie Mae were also impacted as the company was forced to reduce its retained portfolio in order to meet new surplus capital requirements mandated by their government regulator. Our investments in International Paper Company and Packaging Corp. of America declined as rising containerboard inventories put pressure on earnings and margins, although industry fundamentals have improved more recently due to a combination of stronger demand, higher operating rates, and shuttered capacity in North America. Albertson's, Inc. disappointed investors because management was unable to complete a much-anticipated sale of the company, and telecommunication stocks declined due to concerns of increased competition from cable operators and VoIP (Voice over Internet Protocol), as well as pricing pressures in wireless services. Our position in Telecom Italia S.p.A. was also negatively impacted by weakness of the Italian lira relative to the dollar.

The DRD (dividends received deduction) preferred market finished the year on a strong note, and the Fund benefited from holding floating rate issues as short-term interest rates continued to rise. In addition, the portfolio benefited from having relatively small holdings of U.S. government agency securities such as Fannie Mae and Freddie Mac, whose values declined as questions were raised about their accounting practices.

Given the relatively conservative nature of our senior loan portfolio, the positions we held during the course of 2005 delivered returns generally consistent with their coupons.

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Distribution and Share Price  
INFORMATION

In addition to owning preferred stocks, the Fund has issued its own preferred shares, called FundPreferredTM, and entered into a series of short-term borrowing arrangements. This FundPreferred and borrowing provides a degree of financial leverage that can enhance the Fund's returns and supplement the income available to pay common shareholder distributions, but also can increase share price volatility. This leveraging strategy provided incremental income and helped enhance shareholder distributions over this reporting period.

The Fund has a managed distribution policy designed to provide relatively stable monthly cash flow to investors. The Fund raised its monthly distribution once to \$0.105 per share over the course of 2005. (In January 2006, after the close of this reporting period, the Fund announced another increase in its monthly distribution to \$0.125 per share.)

Under its managed distribution policy, the Fund pays monthly distributions that are derived from a variety of sources for income tax reporting purposes. These include ordinary income, net realized capital gains, and, under certain circumstances, a return of capital. Every month, the Fund prepares an estimate of the sources for tax purposes of that month's distribution, and then posts that estimate on the Nuveen Funds' website at [www.nuveen.com/etf](http://www.nuveen.com/etf). The final determination of the tax characteristics of all of a calendar year's distributions are made after December 31 each year, and this information is then reported on Form 1099-DIV early in the following year. The final tax characterization of distributions may vary from the estimates provided monthly throughout the course of the year. At the end of 2005, 50.71% of the Fund's distributions to Common shareholders represented ordinary income and 49.29% represented net realized long-term capital gains. In addition, these final tax characteristics of distributions likely will vary from the sources identified in the Fund's financial statements, because the rules governing determination of tax characteristics of distributions differ in many respects from generally accepted accounting principles.

As of December 31, 2005, the Fund was trading at a -4.30% discount to its net asset value. This was less than the average -8.55% discount the Fund exhibited over the course of the entire 12-month reporting period.

Nuveen Tax-Advantaged Total Return Strategy Fund  
JTA

Performance

OVERVIEW As of December 31, 2005

Pie Chart:

PORTFOLIO ALLOCATION<sup>1</sup>

(as a % of total investments)

Common Stocks	71.3%
Variable Rate Senior Loan Interests	15.1%
\$25 Par (or similar) Securities	8.0%
Short-Term Investments	3.0%
Corporate Bonds	1.9%
Capital Preferred Securities	0.7%



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Bar Chart:

2005 MONTHLY DISTRIBUTIONS PER SHARE

Jan	0.1
Feb	0.1
Mar	0.1
Apr	0.1
May	0.1
Jun	0.1
Jul	0.1
Aug	0.1
Sep	0.105
Oct	0.105
Nov	0.105
Dec	0.105

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

1/01/05	19.54
	19.41
	19.53
	19.43
	19.52
	19.46
	19.43
	19.37
	19.38
	19.49
	19.47
	19.35
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	20.86
	21.09
	21
	20.79
	20.9
	20.86
	21.17
	20.95
	21.21
	21.21
	21.37
12/31/05	21.37

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FUND SNAPSHOT

Common Share Price	21.37
Common Share Net Asset Value	22.33
Premium/(Discount) to NAV	-4.30%
Market Yield <sup>1</sup>	5.90%
Net Assets Applicable to Common Shares (\$000)	\$309,452

AVERAGE ANNUAL TOTAL RETURN  
(Inception 1/27/04)

	ON SHARE PRICE	ON NAV
1-Year	20.00%	11.93%
Since Inception	10.43%	15.10%

INDUSTRIES  
(as a % of total investments)

Diversified Telecommunication Services	8.8%
Tobacco	7.4%
Oil, Gas & Consumable Fuels	6.7%

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Metals & Mining	6.7%
Diversified Financial Services	5.9%
Aerospace & Defense	5.5%
Insurance	5.4%
Commercial Banks	5.1%
Electric Utilities	4.8%
Thrifts & Mortgage Finance	4.8%
Commercial Services & Supplies	3.4%
Hotels, Restaurants & Leisure	3.1%
Household Durables	2.9%
Multi-Utilities	2.9%
Household Products	2.9%
Containers & Packaging	2.2%
Media	2.2%
Food & Staples Retailing	2.1%
Short-Term Investments	3.0%
Other	14.2%

COUNTRIES

(as a % of total investments)

United States	79.4%
United Kingdom	6.2%
South Korea	4.2%
Italy	3.1%
Australia	2.0%
Other	5.1%

- 1 Market yield is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

Shareholder  
MEETING REPORT

Approval of the new investment management agreement and sub-advisory agreements were the proposals voted upon at the July 26, 2005, shareholder meeting held at The Northern Trust Bank.

Approval of the Board Members was the proposal voted upon at the November 15, 2005, shareholder meeting held at the offices of Nuveen Investments.

JTA

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APPROVAL OF THE NEW INVESTMENT  
MANAGEMENT AGREEMENT WAS  
REACHED AS FOLLOWS:

	Common and FundPreferred shares voting together as a class
For	13,339,452
Against	77,081
Abstain	116,501
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Total	13,533,034
=====	

APPROVAL OF THE NEW SUB-ADVISORY  
AGREEMENT BETWEEN NUVEEN ASSET  
MANAGEMENT AND NWQ INVESTMENT  
MANAGEMENT COMPANY, LLC WAS  
REACHED AS FOLLOWS:

	Common and FundPreferred shares voting together as a class
For	13,343,785
Against	76,494
Abstain	112,755
-----	
Total	13,533,034
=====	

APPROVAL OF THE NEW SUB-ADVISORY  
AGREEMENT BETWEEN NUVEEN ASSET  
MANAGEMENT AND SYMPHONY ASSET  
MANAGEMENT, LLC WAS REACHED  
AS FOLLOWS:

	Common and FundPreferred shares voting together as a class
For	13,337,300
Against	74,650
Abstain	121,084

Total	13,533,034
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Report of  
INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

THE BOARD OF TRUSTEES AND SHAREHOLDERS  
NUVEEN TAX-ADVANTAGED TOTAL RETURN STRATEGY FUND

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Nuveen Tax-Advantaged Total Return Strategy Fund as of December 31, 2005, and the related statement of operations for the year then ended, the statements of changes in net assets for the periods indicated therein, the statement of cash flows for the year then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2005, by correspondence with the custodian, selling or agent banks and brokers or other appropriate auditing procedures where replies from selling or agent banks or brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Nuveen Tax-Advantaged Total Return Strategy Fund at December 31, 2005, and the results of its operations for the year then ended, changes in its net assets for the periods indicated therein, cash flows for the year then ended, and its financial highlights for the periods indicated therein in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Chicago, Illinois  
February 14, 2006



Nuveen Tax-Advantaged Total Return Strategy Fund (JTA)  
 Portfolio of  
 INVESTMENTS December 31, 2005

SHARES	DESCRIPTION(1)
-----	
	COMMON STOCKS - 99.3% (71.3% OF TOTAL INVESTMENTS)
	AEROSPACE & DEFENSE - 5.9%
140,000	Lockheed Martin Corporation
235,000	Raytheon Company
-----	
	Total Aerospace & Defense
-----	
	COMMERCIAL BANKS -5.0%
150,000	Wachovia Corporation
120,000	Wells Fargo & Company
-----	
	Total Commercial Banks
-----	
	COMMERCIAL SERVICES & SUPPLIES - 3.9%
285,000	Pitney Bowes Inc.
-----	
	CONTAINERS & PACKAGING - 2.2%
300,000	Packaging Corp. of America
-----	
	DIVERSIFIED FINANCIAL SERVICES - 6.9%
275,000	Citigroup Inc.
205,000	JPMorgan Chase & Co.
-----	
	Total Diversified Financial Services
-----	
	DIVERSIFIED TELECOMMUNICATION SERVICES - 11.6%
385,000	AT&T Inc.
343,000	KT Corporation, Sponsored ADR

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330,000	Sprint Nextel Corporation
235,000	Telecom Italia S.p.A., Sponsored ADR
190,000	Verizon Communications Inc.

---

Total Diversified Telecommunication Services

---

ELECTRIC UTILITIES - 4.6%

254,000	EDP - Energias de Portugal, S.A., Sponsored ADR
323,000	Korea Electric Power Corporation (KEPCO), Sponsored ADR

---

Total Electric Utilities

---

FOOD & STAPLES RETAILING - 2.9%

181,500	Albertson's, Inc.
240,625	J. Sainsbury plc, Sponsored ADR

---

Total Food & Staples Retailing

---

HOUSEHOLD DURABLES - 2.4%

307,000	Newell Rubbermaid Inc.
---------	------------------------

HOUSEHOLD PRODUCTS - 3.1%

160,000	Kimberly-Clark Corporation
---------	----------------------------

INSURANCE - 4.6%

204,500	Aon Corporation
80,000	Hartford Financial Services Group, Inc.

---

Total Insurance

---

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Nuveen Tax-Advantaged Total Return Strategy Fund (JTA) (continued)  
 Portfolio of INVESTMENTS December 31, 2005

SHARES	DESCRIPTION(1)
--------	----------------

---

METALS & MINING - 8.5%

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404,000	Alumina Limited, Sponsored ADR
90,000	POSCO, ADR
71,000	Rio Tinto plc, Sponsored ADR

---

Total Metals & Mining

---

MULTI-UTILITIES - 4.1%

110,000	Dominion Resources, Inc.
180,000	United Utilities plc, Sponsored ADR

---

Total Multi-Utilities

---

OIL, GAS & CONSUMABLE FUELS - 9.4%

80,000	ChevronTexaco Corporation
113,400	ConocoPhillips
53,000	Eni S.p.A., Sponsored ADR
39,669	Kerr-McGee Corporation
55,000	Total SA, Sponsored ADR

---

Total Oil, Gas & Consumable Fuels

---

PAPER & FOREST PRODUCTS - 2.4%

220,000	International Paper Company
---------	-----------------------------

---

PHARMACEUTICALS - 2.4%

230,000	Merck & Co. Inc.
---------	------------------

---

ROAD & RAIL - 2.3%

90,000	Union Pacific Corporation
--------	---------------------------

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THRIFTS & MORTGAGE FINANCE - 6.7%

212,000	Fannie Mae
265,000	IndyMac Bancorp, Inc.

---

Total Thrifts & Mortgage Finance

---

TOBACCO - 10.4%

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235,000 Altria Group, Inc.  
 330,000 Loews Corp - Carolina Group

Total Tobacco

Total Common Stocks (cost \$260,523,694)

SHARES	DESCRIPTION(1)	COUPON
\$25 PAR (OR SIMILAR) SECURITIES - 11.2% (8.0% OF TOTAL INVESTMENTS)		
CAPITAL MARKETS - 1.5%		
15,500	Bear Stearns Companies Inc., Series E, (5)	6.150%
25,000	Goldman Sachs Group Inc., (5)	4.966%
20,000	Goldman Sachs Group Inc., (5)	6.200%
77,700	Lehman Brothers Holdings Inc., Series F, (5)	6.500%
25,000	Merrill Lynch & Company, (5)	5.011%

Total Capital Markets

COMMERCIAL BANKS - 2.2%		
23,500	Abbey National plc, Series B	7.375%
41,100	Abbey National plc, Series C	7.375%
40,000	ABN AMRO Capital Trust Fund VII	6.080%
25,000	Banco Santander	6.410%
50,000	HSBC USA Inc., Series G	4.931%
40,000	Royal Bank of Scotland Group plc, Series M	6.400%
40,000	Royal Bank of Scotland Group plc, Series N	6.350%

Total Commercial Banks

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SHARES	DESCRIPTION(1)	COUPON
CONSUMER FINANCE - 1.0%		
45,000	HSBC Finance Corporation	6.360%
36,100	SLM Corporation, Series A, (5)	6.970%

Total Consumer Finance

DIVERSIFIED FINANCIAL SERVICES - 1.3%

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10,000	CIT Group Inc., Series A, (5)	6.350%
19,500	Citigroup Inc., Series F, (5)	6.365%
28,900	Citigroup Inc., Series H, (5)	6.231%
5,000	ING Group N.V.	7.050%
48,400	ING Group N.V.	7.200%

-----  
 Total Diversified Financial Services  
 -----

ELECTRIC UTILITIES - 1.8%

39,500	Alabama Power Company, Series A, (5)	5.300%
12,400	Consolidated Edison Company of New York Inc.	5.000%
41,500	Interstate Power and Light Company, (5)	7.100%
40,000	Mississippi Power Company	5.250%
40,000	Savannah Electric and Power Company	6.000%
5,000	Southern California Edison Company	6.125%

-----  
 Total Electric Utilities  
 -----

INSURANCE - 1.8%

50,300	Ace Ltd., Series C	7.800%
40,000	Aegon N.V.	6.375%
25,000	Aegon N.V., Series 1	5.265%
50,000	Endurance Specialty Holdings Limited	7.750%
30,000	Prudential plc	6.750%
30,000	Prudential plc	6.500%

-----  
 Total Insurance  
 -----

U.S. AGENCY - 1.6%

20,000	Fannie Mae, (5)	5.500%
24,300	Fannie Mae, (5)	5.125%
18,400	Federal Home Loan Mortgage Corporation, (5)	6.000%
20,000	Federal Home Loan Mortgage Corporation, (5)	5.700%
21,900	Federal Home Loan Mortgage Corporation, (5)	5.000%

-----  
 Total U.S. Agency  
 -----

Total \$25 Par (or similar) Securities (cost \$35,022,239)  
 =====

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	WEIGHTED AVERAGE COUPON	MATURIT
---------------------------	----------------	-------------------------------	---------

-----  
 VARIABLE RATE SENIOR LOAN INTERESTS(2) - 21.0% (15.1% OF TOTAL INVESTMENTS)

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AEROSPACE & DEFENSE - 1.8%				
\$	1,644	Hexcel Corporation, Term Loan B	5.926%	3/0
	1,879	K&F Industries, Inc., Term Loan B	6.570%	11/1
	1,621	Vought Aircraft Industries, Inc., Term Loan	6.890%	12/2
	364	Vought Aircraft Industries, Inc., Tranche B, Letter of Credit	6.364%	12/2

---

5,508 Total Aerospace & Defense

---

AUTO COMPONENTS - 0.6%				
	2,000	Federal-Mogul Corporation, Term Loan A, (6)	6.640%	2/2

BUILDING PRODUCTS - 0.6%				
	1,774	PP Holding Corporation, Term Loan	7.530%	11/1

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Nuveen Tax-Advantaged Total Return Strategy Fund (JTA) (continued)  
Portfolio of INVESTMENTS December 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	WEIGHTED AVERAGE COUPON	MATURIT
CHEMICALS - 1.0%			
\$	1,000	Brenntag Holdings, Term Loan, WI/DD	TBD
	1,990	Rockwood Specialties Group, Inc., Term Loan E	6.466% 12/1
	2,990	Total Chemicals	

COMMERCIAL SERVICES & SUPPLIES - 0.8%				
	696	Allied Waste North America, Inc., Letter of Credit	3.340%	1/1
	1,792	Allied Waste North America, Inc., Term Loan B	6.180%	1/1
	2,488	Total Commercial Services & Supplies		

CONTAINERS & PACKAGING - 0.9%				
	788	Owens-Illinois Group, Inc., Term Loan B	6.150%	4/0
	175	Smurfit-Stone Container Corporation, Deposit-Funded Commitment	2.100%	11/0
	1,257	Smurfit-Stone Container Corporation, Term Loan B	6.444%	11/0
	426	Smurfit-Stone Container Corporation, Term Loan C	6.438%	11/0

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133	Smurfit-Stone Container Corporation, Tranche C-1, WI/DD		TBD
-----			
2,779	Total Containers & Packaging		
-----			
	DIVERSIFIED CONSUMER SERVICES - 0.3%		
879	Alderwoods Group Inc., Term Loan B-2	6.245%	9/2
-----			
	DIVERSIFIED TELECOMMUNICATION SERVICES - 0.7%		
2,000	Madison River Term Loan	6.590%	7/2
-----			
	ELECTRICAL EQUIPMENT - 0.6%		
1,626	Sensus Metering Systems Inc., Term Loan B-1	6.448%	12/1
254	Sensus Metering Systems Inc., Term Loan B-2	6.444%	12/1
-----			
1,880	Total Electrical Equipment		
-----			
	HEALTH CARE PROVIDERS & SERVICES - 1.3%		
1,995	Davita Inc., Term Loan B	6.737%	10/0
1,970	IASIS Healthcare LLC, Term Loan B	6.307%	6/2
-----			
3,965	Total Health Care Providers & Services		
-----			
	HOTELS, RESTAURANTS & LEISURE - 2.8%		
2,000	24 Hour Fitness Worldwide, Inc., Term Loan B	6.780%	6/0
1,965	Jack in the Box Inc., Term Loan	5.689%	1/0
1,995	Penn National Gaming, Inc., Term Loan B	6.049%	10/0
1,000	Pinnacle Entertainment Inc., Term Loan	6.370%	12/1
342	Venetian Casino Resort, LLC, Delayed Draw, Term Loan	6.280%	6/1
1,658	Venetian Casino Resort, LLC, Term Loan	6.280%	6/1
-----			
8,960	Total Hotels, Restaurants & Leisure		
-----			
	HOUSEHOLD DURABLES - 0.4%		
1,323	Sealy Mattress Company, Term Loan D	6.132%	4/0
-----			
	HOUSEHOLD PRODUCTS - 1.0%		
2,948	Solo Cup Company, Term Loan	7.027%	2/2

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INSURANCE - 0.4%				
1,294	Conseco, Inc., Term Loan		6.370%	6/2
<hr/>				
IT SERVICES - 1.2%				
1,760	Fidelity National Information Services, Term Loan B		6.110%	3/0
1,990	SunGard Data Systems Inc., Term Loan B		6.810%	2/1
<hr/>				
3,750	Total IT Services			

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)		WEIGHTED AVERAGE COUPON	MATURIT
<hr/>				
MACHINERY - 0.4%				
\$ 1,099	Dresser-Rand Group Inc., Term Loan		6.226%	10/2
<hr/>				
MEDIA - 3.1%				
1,968	Charter Communications Operating, LLC, Term Loan B		7.500%	4/0
1,336	Emmis Operating Company, Term Loan		6.120%	11/1
2,000	Metro-Goldwyn-Mayer Studios, Inc., Term Loan B		6.780%	4/0
1,905	Regal Cinemas Corporation, Term Loan		6.527%	11/1
2,206	WGM Acquisition Corp., Term Loan		6.263%	2/2
<hr/>				
9,415	Total Media			
<hr/>				
METALS & MINING - 0.8%				
2,532	Amsted Industries Incorporated, Term Loan B		6.677%	10/1
<hr/>				
REAL ESTATE - 1.6%				
1,000	Capital Automotive LP., Term Loan B, WI/DD		TBD	
1,983	General Growth Properties, Inc., Term Loan B		6.390%	11/1
1,960	LNR Property Corporation, Term Loan		7.268%	2/0
<hr/>				
4,943	Total Real Estate			

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TRADING COMPANIES & DISTRIBUTORS - 0.7%				
	337	United Rentals Inc., Credit Linked Deposit	5.590%	2/1
	1,659	United Rentals Inc., Term Loan B	6.630%	2/1
-----				
	1,996	Total Trading Companies & Distributors		
-----				
\$	64,523	Total Variable Rate Senior Loan Interests (cost \$64,515,027)		
=====				

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	COUPON	MATUR
-----			
CORPORATE BONDS - 2.7% (1.9% OF TOTAL INVESTMENTS)			
HOTELS, RESTAURANTS & LEISURE - 1.4%			
\$	2,000	MGM Mirage, Inc.	6.750% 8/0
	2,000	Park Place Entertainment	8.875% 9/1
-----			
	4,000	Total Hotels, Restaurants & Leisure	
-----			
HOUSEHOLD DURABLES - 1.3%			
	2,000	D.R. Horton, Inc.	7.500% 12/0
	2,000	Standard Pacific Corporation	6.500% 10/0
-----			
	4,000	Total Household Durables	
-----			
\$	8,000	Total Corporate Bonds (cost \$8,393,251)	
=====			

SHARES	DESCRIPTION(1)	COUPON	MATUR
-----			
CAPITAL PREFERRED SECURITIES - 1.0% (0.7% OF TOTAL INVESTMENTS)			
ELECTRIC UTILITIES - 0.3%			
	9,000	Southern California Edison Company, Series A	5.349% 4/2
-----			
INSURANCE - 0.7%			
	40,000	Genworth Financial Inc., Series A	5.250% 5/2
-----			
Total Capital Preferred Securities (cost \$2,904,500)			
-----			

Nuveen Tax-Advantaged Total Return Strategy Fund (JTA) (continued)  
 Portfolio of INVESTMENTS December 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	COUPON	MATUR
-----			
	SHORT-TERM INVESTMENTS - 4.2% (3.0% OF TOTAL INVESTMENTS)		
	Repurchase Agreement with State Street Bank, dated 12/30/05, repurchase price \$13,145,127, collateralized by \$13,900,000		
\$ 13,140	U.S. Treasury Notes, 2.625%, due 5/15/08 valued at \$13,404,562	3.250%	1/0
=====			
	Total Short-Term Investments (cost \$13,140,382)		
=====			
	Total Investments (cost \$384,499,093) - 139.4%		
=====			
	FundNotes - (25.2)%		
=====			
	Other Assets Less Liabilities - 0.3%		
=====			
	FundPreferred Shares, at Liquidation Value - (14.5)%		
=====			
	Net Assets Applicable to Common Shares - 100%		
=====			

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Senior Loans in which the Fund invests 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.
- (3) Senior Loans in the Fund's portfolio 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 in the Fund's portfolio may occur. As a result, the actual remaining maturity of Senior Loans held in the Fund's portfolio may be substantially less than the stated maturities shown.
- (4) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment

grade.

- (5) Security is eligible for the Dividends Received Deduction.
- (6) At or subsequent to December 31, 2005, this issue was under the protection of the Federal Bankruptcy Court.

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

N/R Investment is not rated.

ADR American Depositary Receipt.

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 weighted average coupon rate is not available prior to settlement. At settlement, if still unknown, the borrower or counterparty will provide the Fund with the final weighted average coupon rate and maturity date.

See accompanying notes to financial statements.

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Statement of  
ASSETS AND LIABILITIES December 31, 2005

-----  
ASSETS

Investments, at value (cost \$384,499,093)

Receivables:

Dividends

Interest

Investments sold

Reclaims

Deferred FundNotes offering costs

Other assets

-----  
Total assets

-----  
LIABILITIES

Payable for investments purchased

FundNotes

Accrued expenses:

Management fees

Other

FundNotes interest payable

FundPreferred share dividends payable

-----  
Total liabilities

-----  
FundPreferred shares, at liquidation value

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-----  
Net assets applicable to Common shares  
=====

Common shares outstanding  
=====

Net asset value per Common share outstanding (net assets applicable to  
Common shares, divided by Common shares outstanding)  
=====

NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:  
-----

Common shares, \$.01 par value per share

Paid-in surplus

Undistributed (Over-distribution of) net investment income

Accumulated net realized gain (loss) from investments

Net unrealized appreciation (depreciation) of investments  
-----

Net assets applicable to Common shares  
=====

Authorized shares:

Common

FundPreferred shares  
=====

See accompanying notes to financial statements.

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Statement of  
OPERATIONS Year Ended December 31, 2005

-----  
INVESTMENT INCOME

Dividends (net of foreign taxes withheld of \$422,383)

Interest

Fees  
-----

Total investment income  
-----

EXPENSES

Management fees

FundNotes interest expense and amortization of offering costs

FundNotes and FundPreferred shares - auction fees

FundNotes and FundPreferred shares - dividend disbursing agent fees

Shareholders' servicing agent fees and expenses

Custodian's fees and expenses

Trustees' fees and expenses

Professional fees

Shareholders' reports - printing and mailing expenses

Stock exchange listing fees

Investor relations expense

Other expenses  
-----

Total expenses before custodian fee credit and expense reimbursement

Custodian fee credit

Expense reimbursement

-----  
Net expenses  
-----

Net investment income  
-----

REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from investments

Change in net unrealized appreciation (depreciation) of investments  
-----

Net realized and unrealized gain (loss)  
-----

DISTRIBUTIONS TO FUNDPREFERRED SHAREHOLDERS

From net investment income

From accumulated net realized gains  
-----

Decrease in net assets applicable to Common shareholders  
from distributions to FundPreferred shareholders  
-----

Net increase (decrease) in net assets applicable to Common shares from operations  
=====

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS

-----  
OPERATIONS

Net investment income

Net realized gain (loss) from investments

Change in net unrealized appreciation (depreciation) of investments

Distributions to FundPreferred shareholders:

From net investment income

From accumulated net realized gains  
-----

Net increase (decrease) in net assets applicable to Common shares  
from operations  
-----

DISTRIBUTIONS TO COMMON SHAREHOLDERS

From net investment income

From accumulated net realized gains  
-----

Decrease in net assets applicable to Common shares from  
distributions to Common shareholders  
-----

CAPITAL SHARE TRANSACTIONS

Net proceeds from sale of Common shares

FundPreferred shares offering costs and adjustments

-----  
 Net increase (decrease) in net assets applicable to Common shares from  
 capital share transactions  
 -----

Net increase (decrease) in net assets applicable to Common shares  
 Net assets applicable to Common shares at the beginning of year  
 -----

Net assets applicable to Common shares at the end of year  
 =====

Undistributed (Over-distribution of) net investment income at the end of year  
 =====

See accompanying notes to financial statements.

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Statement of  
 CASH FLOWS Year Ended December 31, 2005

-----  
 CASH FLOWS FROM OPERATING ACTIVITIES:  
 NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS

Adjustments to reconcile the net increase (decrease) in  
 net assets applicable to Common shares from operations  
 to net cash provided by (used in) operating activities:  
 Purchases of investment securities  
 Proceeds from sales of investment securities  
 Proceeds from (Purchases of) short-term investment securities, net  
 Amortization/ (Accretion) of premiums and discounts, net  
 (Increase) Decrease in receivable for dividends  
 (Increase) Decrease in receivable for interest  
 (Increase) Decrease in receivable for investments sold  
 (Increase) Decrease in receivable for reclaims  
 (Increase) Decrease in other assets  
 Increase (Decrease) in payable for investments purchased  
 Increase (Decrease) in accrued management fees  
 Increase (Decrease) in accrued other liabilities  
 Increase (Decrease) in FundPreferred share dividends payable  
 Net realized (gain) loss from investments  
 Net realized (gain) loss from paydowns  
 Change in net unrealized (appreciation) depreciation of investments

-----  
 Net cash provided by (used in) operating activities  
 -----

CASH FLOWS FROM FINANCING ACTIVITIES:  
 Cash distributions paid to Common shareholders

FundNotes:  
 (Increase) Decrease in deferred FundNotes offering costs  
 Increase (Decrease) in FundNotes interest payable\*  
 FundPreferred shares offering costs and adjustments

-----  
 Net cash provided by (used in) financing activities  
 -----

NET INCREASE (DECREASE) IN CASH  
 Cash at the beginning of year  
 -----

CASH AT THE END OF YEAR  
 =====

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- \* Cash paid for interest on FundNotes (excluding amortization of FundNotes offering costs) during the fiscal year ended December 31, 2005, was \$2,341,965.

See accompanying notes to financial statements.

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### Notes to FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Nuveen Tax-Advantaged Total Return Strategy Fund (the "Fund") is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's Common shares are listed on the New York Stock Exchange and trade under the ticker symbol "JTA." The Fund was organized as a Massachusetts business trust on October 1, 2003.

The Fund seeks to provide a high level of after-tax total return consisting primarily of tax-advantaged dividend income and capital appreciation by investing primarily in a portfolio of dividend-paying common stocks that the Fund believes at the time of investment are eligible to pay dividends that qualify for favorable federal income taxation at rates applicable to long-term capital gains ("tax-advantaged dividends"). The Fund will also invest to a more limited extent in preferred securities that are eligible to pay tax-advantaged dividends, as well as senior loans (both secured and unsecured), domestic corporate bonds, notes and debentures, convertible debt securities, and other similar types of corporate instruments, including high yield debt securities, that are not eligible to pay tax-advantaged dividends.

Effective January 1, 2005, Nuveen Institutional Advisory Corp. ("NIAC"), the Fund's previous Adviser, and its affiliate, Nuveen Advisory Corp. ("NAC"), were merged into Nuveen Asset Management ("NAM"), each wholly owned subsidiaries of Nuveen Investments, Inc. ("Nuveen"). As a result of the merger, NAM is now the Adviser to all funds previously advised by either NIAC or NAC.

Prior to the commencement of operations, the Fund had no operations other than those related to organizational matters, the initial capital contribution of \$100,084 by the Adviser, and the recording of the organization expenses (\$11,500) and their reimbursement by Nuveen Investments, LLC, also a wholly owned subsidiary of Nuveen.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements in accordance with U.S. generally accepted accounting principles.

#### Investment Valuation

Exchange-listed securities are generally valued at the last sales price on the securities exchange on which such securities are primarily traded. Securities traded on a securities exchange for which there are no transactions on a given day or securities not listed on a securities exchange are valued at the mean of the closing bid and asked prices. Securities traded on Nasdaq are valued at the Nasdaq Official Closing Price. The prices of fixed-income securities and senior loans are generally provided by an independent pricing service approved by the Fund's Board of Trustees and based on the mean between the bid and asked prices. When price quotes are not readily available, the pricing service or, in the absence of a pricing service for a particular security, the Board of Trustees of the Fund, or its designee, may establish fair market value using a wide variety

of market data including yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant by the pricing service or the Board of Trustees' designee. Short-term investments are valued at amortized cost, which approximates market value.

The senior loans in which the Fund invests are not listed on an organized exchange and the secondary market for such investments may be less liquid relative to markets for other fixed income securities. Consequently, the value of senior loans, determined as described above, may differ significantly from the value that would have been determined had there been an active market for that senior loan.

Notes to  
FINANCIAL STATEMENTS (continued)

Investment Transactions

Investment transactions are recorded on a trade date basis. Trade date for senior loans purchased in the "primary market" is considered the date on which the loan allocations are determined. Trade date for senior loans purchased in the "secondary market" is the date on which the transaction is entered into. Realized gains and losses from investment transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Fund maintains liquid assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At December 31, 2005, the Fund had outstanding when-issued and/or delayed delivery purchase commitments of \$2,133,424.

Investment Income

Dividend income is recorded on the ex-dividend date or, for foreign securities, when information is available. Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Interest income also includes paydown gains and losses on senior loans. Fee income consists primarily of amendment fees. Amendment fees are earned as compensation for evaluating and accepting changes to the original loan agreement and are recognized when received.

Federal Income Taxes

The Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required.

Dividends and Distributions to Common Shareholders

Distributions to Common shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

Prior to December 1, 2004, the Fund declared monthly income distributions to Common shareholders. Commencing with the Fund's December 1, 2004 dividend



declaration, payable December 30, 2004, the Fund began to make monthly cash distributions to Common Shareholders of a stated dollar amount based on the Fund's net investment income, net realized capital gains and/or on net unrealized capital gains in the Fund's portfolio (stated in terms of a fixed cents per Common Share dividend rate) ("Managed Distribution Policy"). The Fund seeks to maintain a stable distribution level, subject to approval and oversight by the Fund's Board of Trustees. Distributions will be made only after paying any accrued dividends or making any redemption or liquidation payments to FundPreferred shares, if any, and interest and required principal payments on borrowings, if any. Under the Managed Distribution Policy, if, for any monthly distribution, net investment income and net realized capital gain were less than the amount of the distribution, the difference would be distributed from the Fund's assets and would be treated by shareholders as a return of capital for tax purposes. The final determination of the source of all distributions for the year are made after the end of the year and are reflected in the accompanying financial statements.

#### FundNotes

Effective April 23, 2004, the Fund issued 3,120 Series F FundNotes, \$25,000 stated value per share, that mature on April 24, 2034. The interest rate paid by the Fund is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. For the fiscal year ended December 31, 2005, the average daily balance of FundNotes was \$78 million with an average annualized interest rate (including amortization of FundNotes offering costs) of 3.10%.

#### FundPreferred Shares

Effective May 6, 2004, the Fund issued 1,800 Series W FundPreferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. The dividend rate paid by the Fund is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period.

#### Derivative Financial Instruments

The Fund may use derivatives or other transactions for the purpose of hedging the portfolio's exposure to common stock risk, high yield credit risk, foreign currency exchange risk and the risk of increases in interest rates. Although the Fund is authorized to invest in such financial instruments, and may do so in the future, it did not engage in any such investments during the fiscal year ended December 31, 2005.

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#### Repurchase Agreements

In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

#### Custodian Fee Credit

The Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on the Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments.

#### Organization and Offering Costs

Nuveen Investments, LLC has agreed to reimburse all organization expenses

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(approximately \$11,500) and pay all Common share offering costs (other than the sales load) that exceed \$.04 per Common share. The Fund's share of Common share offering costs of \$554,000 was recorded as a reduction of the proceeds from the sale of Common shares.

Costs incurred by the Fund in connection with its offering of FundNotes (\$1,751,669) were recorded as a deferred charge and are being amortized over the 30 year life of the FundNotes and included with FundNotes Interest Expense on the Statement of Operations.

Costs incurred by the Fund in connection with its offering of FundPreferred shares (\$1,162,512) were recorded as a reduction to paid-in surplus.

### Indemnifications

Under the Fund's organizational documents, its Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

### 2. FUND SHARES

The Fund did not engage in transactions in its own shares during the fiscal year ended December 31, 2005.

During the period January 27, 2004 (commencement of operations) through December 31, 2004, the Fund sold 13,850,000 Common shares, 3,120 FundNotes and 1,800 FundPreferred shares.

### 3. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short-term investments) during the fiscal year ended December 31, 2005, aggregated \$105,331,482 and \$116,697,476, respectively.

### 4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, recognition of premium amortization and timing differences in recognizing certain gains and losses on investment transactions.

At December 31, 2005, the cost of investments was \$384,797,117.

The net unrealized appreciation of investments at December 31, 2005, aggregated \$46,441,149 of which \$55,611,762 related to appreciated securities and \$9,170,613 related to depreciated securities.

The tax components of undistributed net ordinary income and net realized gains at December 31, 2005, were as follows:

-----  
Undistributed net ordinary income \* \$255,108

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Undistributed net long-term capital gains --  
 =====

\* Net ordinary income consists of net taxable income derived from dividends, interest, and net short-term capital gains, if any.

The tax character of distributions paid during the fiscal year ended December 31, 2005, was designated for purposes of the dividends paid deduction as follows:

2005

-----  
 Distributions from net ordinary income \* \$12,615,936  
 Distributions from net long-term capital gains \*\* 12,174,921  
 =====

\* Net ordinary income consists of net taxable income derived from dividends, interest, and net short-term capital gains, if any.

\*\* The Fund designated as a long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Fund related to net capital gain to zero for the tax period ended December 31, 2005.

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Notes to  
 FINANCIAL STATEMENTS (continued)

The tax character of distributions paid during the period January 27, 2004 (commencement of operations) through December 31, 2004, was designated for purposes of the dividends paid deduction as follows:

2004

-----  
 Distributions from net ordinary income \* \$11,048,843  
 Distributions from net long-term capital gains --  
 =====

\* Net ordinary income consists of net taxable income derived from dividends, interest, and net short-term capital gains, if any.

The Fund elected to defer net realized losses from investments incurred from November 1, 2005 through December 31, 2005 ("post-October losses") in accordance with Federal income tax regulations. Post-October losses of \$145,729 were treated as having arisen on the first day of the following fiscal year.

5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by the Adviser, and a specific fund-level component, based only on the amount of assets within the Fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, for the Fund is based upon the average daily Managed Assets of the Fund as follows:

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AVERAGE DAILY MANAGED ASSETS	FUND-LEVEL FEE RATE
For the first \$500 million	.7000%
For the next \$500 million	.6750
For the next \$500 million	.6500
For the next \$500 million	.6250
For Managed Assets over \$2 billion	.6000

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of December 31, 2005, the complex level fee rate was .1895%.

COMPLEX-LEVEL ASSETS (1)	COMPLEX-LEVEL FEE RATE
For the first \$55 billion	.2000%
For the next \$1 billion	.1800
For the next \$1 billion	.1600
For the next \$3 billion	.1425
For the next \$3 billion	.1325
For the next \$3 billion	.1250
For the next \$5 billion	.1200
For the next \$5 billion	.1175
For the next \$15 billion	.1150
For Managed Assets over \$91 billion (2)	.1400

- (1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.
- (2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into Sub-Advisory Agreements with NWQ Investment Management Company, LLC ("NWQ") and Symphony Asset Management, LLC ("Symphony"). Nuveen owns a controlling interest in NWQ while key management of NWQ owns a non-controlling minority interest. Symphony is an indirect wholly owned subsidiary of Nuveen. NWQ manages the portion of the Fund's investment portfolio allocated to dividend-paying common stocks including American Depositary Receipts ("ADRs"). Symphony manages the portion of the Fund's investment portfolio allocated to senior loans and other debt instruments. NWQ and Symphony are compensated for their services to the Fund from the management fee paid to the Adviser.

The Fund pays no compensation directly to those of its Trustees who are affiliated with the Adviser or to its officers, all of whom receive remuneration for their services to the Fund from the Adviser or its affiliates. The Board of

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Trustees has adopted a deferred compensation plan for independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised Funds.

For the first eight years of the Fund's operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

YEAR ENDING JANUARY 31,		YEAR ENDING JANUARY 31,	
2004*	.32%	2009	.32%
2005	.32	2010	.24
2006	.32	2011	.16
2007	.32	2012	.08
2008	.32		

\*From the commencement of operations.

The Adviser has not agreed to reimburse the Fund for any portion of its fees and expenses beyond January 31, 2012.

6. COMMITMENTS

Pursuant to the terms of certain of the variable rate senior loan agreements, the Fund may have unfunded senior loan commitments. The Fund will maintain with its custodian, cash, liquid securities and/or liquid senior loans having an aggregate value at least equal to the amount of unfunded senior loan commitments. At December 31, 2005, there were no such unfunded senior loan commitments.

7. SENIOR LOAN PARTICIPATION COMMITMENTS

With respect to the senior loans held in the Fund's portfolio, the Fund may: 1) invest in assignments; 2) act as a participant in primary lending syndicates; or 3) invest in participations. If the Fund purchases a participation of a senior loan interest, the Fund would typically enter into a contractual agreement with the lender or other third party selling the participation, rather than directly with the Borrower. As such, the Fund not only assumes the credit risk of the Borrower, but also that of the Selling Participant or other persons interpositioned between the Fund and the Borrower. At December 31, 2005, there were no such outstanding participation commitments.

8. ANNOUNCEMENT REGARDING PARENT COMPANY OF ADVISER

In early April, 2005, The St. Paul Travelers Companies, Inc. ("St. Paul Travelers"), which owned 79% of Nuveen, (A) completed a public offering of a substantial portion of its equity stake in Nuveen, (B) sold Nuveen \$200 million of its Nuveen shares, (C) entered into an agreement with Nuveen to sell an additional \$400 million of its Nuveen shares on a "forward" basis with payment for and settlement of these shares delayed for several months, and (D) entered into agreements with two unaffiliated investment banking firms to sell an amount equal to most or all of its remaining Nuveen shares for current payment but for future settlement. Transactions (C) and (D) above were settled in late July, which effectively reduced St. Paul Travelers' controlling stake in Nuveen and was deemed an "assignment" (as defined in the 1940 Act) of the investment management agreement between the Fund and the Adviser, which resulted in the automatic termination of the agreement under the 1940 Act. In anticipation of such deemed assignment, the Board of Trustees had approved a new ongoing investment management agreement for the Fund and the submission of the agreement for approval by the Fund's shareholders, which shareholder approval was received prior to the settlement of transactions (C) and (D). The new ongoing management agreement took effect upon such settlement.

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9. SUBSEQUENT EVENT -- DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Fund declared a distribution of \$.1250 per Common share which was paid on February 1, 2006, to shareholders of record on January 15, 2006.

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Financial  
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

	Beginning Common Share Net Asset Value	Investment Operations				Total
		Net Investment Income (a)	Net Realized/ Unrealized Gain (Loss)	Distributions from Net Investment Income to FundPreferred Share- holders+	Distributions from Capital Gains to FundPreferred Share- holders+	
Year Ended 12/31:						
2005	\$21.54	\$.83	\$1.76	\$ (.05)	\$ (.05)	\$2.49
2004 (b)	19.10	.67	2.69	(.03)	--	3.33

	Offering Costs and FundPreferred Share Underwriting Discounts	Ending Common Share Net Asset Value	Ending Market Value	Total Returns	
				Based on Market Value**	Based on Common Share Net Asset Value**
Year Ended 12/31:					
2005	\$ (.01)	\$22.33	\$21.37	20.00%	11.93%
2004 (b)	(.12)	21.54	19.35	.91	17.18

Ratios/Supplemental Data

	Before Credit/Reimbursement		After Credit/Reimbursement***	
	Ratio of Expenses to Average Net Assets Applicable to Common Shares (000)	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++
Ending Net Assets Applicable to Common Shares (000)				

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Year Ended 12/31:					
2005	\$309,452	2.26%	3.36%	1.81%	3.81%
2004 (b)	298,449	1.80*	3.30*	1.37*	3.73*

	FundNotes at End of Period			FundPreferred Shares at End of Period	
	Aggregate Amount Outstanding (000)	Average Market Value Per \$25,000 of Principal Amount	Asset Coverage Per \$1,000 of Principal Amount	Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share
Year Ended 12/31:					
2005	\$78,000	\$25,000	\$5,544	\$45,000	\$25,000
2004 (b)	78,000	25,000	5,403	45,000	25,000

\* Annualized.

\*\* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized.

\*\*\* After custodian fee credit and expense reimbursement.

+ The amounts shown are based on Common share equivalents.

++ o Ratios do not reflect the effect of dividend payments to FundPreferred shareholders.

o Income ratios reflect income earned on assets attributable to FundPreferred shares and FundNotes.

o Each Ratio of Expenses to Average Net Assets Applicable to Common Shares and each Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares includes the effect of the interest expense paid on FundNotes as follows:

Ratio of FundNotes Interest Expense and Amortization of FundNotes Offering Costs to Average Net Assets Applicable to Common Shares

2005	.80%
2004 (b)	.37*

(a) Per share Net Investment Income is calculated using the average daily shares method.

(b) For the period January 27, 2004 (commencement of operations) through December 31, 2004.

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See accompanying notes to financial statements.

28-29 SPREAD

## Board Members AND OFFICERS

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board Members of the Funds. The number of board members of the Fund is currently set at nine. None of the board members who are not "interested" persons of the Funds has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (2)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
-----			
BOARD MEMBER WHO IS AN INTERESTED PERSON OF THE FUNDS:			
-----	-----	-----	-----
Timothy R. Schwertfeger(1) 3/28/49 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Trustee	1994	Chairman (since 1996) and Director of N Inc., Nuveen Investments, LLC, Nuveen A Nuveen Institutional Advisory Corp.(3); of Institutional Capital Corporation; C (since 1997) of Nuveen Asset Management Director of Rittenhouse Asset Managemen Chairman of Nuveen Investments Advisers
BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:			
-----	-----	-----	-----
Robert P. Bremner 8/22/40 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Private Investor and Management Consult
-----	-----	-----	-----
Lawrence H. Brown 7/29/34 333 W. Wacker Drive Chicago, IL 60606	Board member	1993	Retired (since 1989) as Senior Vice Pre Northern Trust Company; Director (since Advisory Board for Highland Park and Hi Way of the North Shore.
-----	-----	-----	-----
Jack B. Evans 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board member	1999	President, The Hall-Perrine Foundation, corporation (since 1996); Director and Fire Group, a publicly held company; Ad University of Iowa; Director, Gazette C of Coe College and Iowa College Foundat Director, Alliant Energy; formerly, Dir Bank of Chicago; formerly, President an SCI Financial Group, Inc., a regional f
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William C. Hunter 3/6/48	Board member	2004	Dean and Distinguished Professor of Fin Business at the University of Connectic



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333 W. Wacker Drive  
Chicago, IL 60606

previously, Senior Vice President and Director at the Federal Reserve Bank of Chicago (since 1997), Credit Research Center at Director (since 2004) of Xerox Corporation and SS&C Technologies, Inc. (May 2005 - Oct

David J. Kundert 10/28/42 333 W. Wacker Drive Chicago, IL 60606	Board member	2005	Retired (since 2004) as Chairman, JPMorgan Chase & Co. Management, President and CEO, Banc One Advisors Corporation, and President, Open Capital Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Management Group; Board of Regents, Luttrell member of the Wisconsin Bar Association of Directors, Friends of Boerner Botani
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NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (2)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
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BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUNDS (CONTINUED):

William J. Schneider 9/24/44 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Chairman of Miller-Valentine Partners L investment company; formerly, Senior Pa Operating Officer (retired, December 20 Group; formerly, Vice President, Miller Board Member, Chair of the Finance Comm of the Audit Committee of Premier Health not-for-profit company of Miami Valley President, Dayton Philharmonic Orchest Member, Regional Leaders Forum, which p economic development issues; Director, Coalition; formerly, Member, Community National City Bank, Dayton, Ohio and Bu Council, Cleveland Federal Reserve Bank
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Judith M. Stockdale 12/29/47 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Executive Director, Gaylord and Dorothy Foundation (since 1994); prior thereto, Great Lakes Protection Fund (from 1990
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Eugene S. Sunshine 1/22/50 333 W. Wacker Drive Chicago, IL 60606	Board member	2005	Senior Vice President for Business and Northwestern University (since 1997); D Chicago Board Options Exchange; Directo National Mentor Holdings, a privately-h of home and community-based services; C 1997), Board of Directors, Rubicon, a p company owned by Northwestern Universit 1997), Evanston Chamber of Commerce and Inventure, a business development organ
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NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (4)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
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OFFICERS OF THE FUND:  
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Gifford R. Zimmerman 9/9/56 333 W. Wacker Drive Chicago, IL 60606	Chief Administrative Officer	1988	Managing Director (since 2002), Assistant Associate General Counsel, formerly, Vice Assistant General Counsel, of Nuveen In Managing Director (2002-2004), General and Assistant Secretary, formerly, Vice Advisory Corp. and Nuveen Institutional Managing Director (since 2002) and Assi Associate General Counsel, formerly, Vi 1997), of Nuveen Asset Management; Mana (since 2004) and Assistant Secretary (s Investments, Inc.; Assistant Secretary Management Company, LLC. (since 2002); Assistant Secretary of Nuveen Investmen (since 2002); Managing Director, Associ and Assistant Secretary of Rittenhouse Inc. (since 2003); Chartered Financial
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Board Members  
AND OFFICERS (CONTINUED)

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (4)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
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OFFICERS OF THE FUNDS (CONTINUED):  
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Julia L. Antonatos 9/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2004	Managing Director (since 2005), formerl (since 2002); formerly, Assistant Vice of Nuveen Investments, LLC; Chartered F
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Michael T. Atkinson 2/3/66 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	2000	Vice President (since 2002), formerly, President (since 2000) of Nuveen Invest
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Peter H. D'Arrigo 11/28/67 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	1999	Vice President of Nuveen Investments, L President and Treasurer (since 1999) of Inc.; Vice President and Treasurer (199 Advisory Corp. and Nuveen Institutional Vice President and Treasurer of Nuveen (since 2002) and of Nuveen Investments 2002); Assistant Treasurer of NWQ Inves Company, LLC. (since 2002); Vice Presid Nuveen Rittenhouse Asset Management, In Chartered Financial Analyst.
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John N. Desmond 8/24/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2005	Vice President, Director of Investment Investments, LLC (since January 2005); Business Manager, Deutsche Asset Manage Director, Business Development and Tran Trust Bank Japan (2002-2003); previousl President, Head of Investment Operation Scudder Investments Japan, (2000-2002), President, Head of Plan Administration Services, Scudder Investments (1995-200
Jessica R. Droeger 9/24/64 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	1998	Vice President (since 2002), Assistant Assistant General Counsel (since 1998) Vice President (since 1998) of Nuveen I Vice President (2002-2004) and Assistan formerly, Assistant Vice President of N and Nuveen Institutional Advisory Corp. Assistant Secretary (since 2005) of Nuv
Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Managing Director (since 2004), formerl Nuveen Investments, LLC, Managing Direc Vice President (1998-2004) of Nuveen Ad Nuveen Institutional Advisory Corp.(3); (since 2005) of Nuveen Asset Management
William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	1995	Managing Director (since 2002), formerl Nuveen Investments; Managing Director ( Nuveen Advisory Corp. and Nuveen Instit Corp.(3); Managing Director of Nuveen A (since 2001); Vice President of Nuveen Inc. (since 2002); Chartered Financial

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NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (4)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
OFFICERS OF THE FUNDS (CONTINUED):			
Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606	Vice President and Controller	1998	Vice President (since 1993) and Funds C of Nuveen Investments, LLC; formerly, V Funds Controller (1998-2004) of Nuveen Certified Public Accountant.
James D. Grassi 4/13/56 333 W. Wacker Drive Chicago, IL 60606	Vice President and Chief Compliance Officer	2004	Vice President and Deputy Director of C of Nuveen Investments, LLC, Nuveen Inve Nuveen Asset Management and Rittenhouse Inc.; previously, Vice President and De (2004) of Nuveen Advisory Corp. and Nuv Corp.(3); formerly, Senior Attorney (19 Trust Company.

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David J. Lamb 3/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2000	Vice President (since 2000) of Nuveen I LLC; Certified Public Accountant.
Tina M. Lazar 8/27/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President of Nuveen Investments, L
Larry W. Martin 7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1988	Vice President, Assistant Secretary and Counsel of Nuveen Investments, LLC; Vic Assistant Secretary of Nuveen Advisory Institutional Advisory Corp. (3); Vice P and Assistant Secretary of Nuveen Inves President (since 2005) and Assistant Se of Nuveen Asset Management; Vice Presid Assistant Secretary and Assistant Gener 1998) of Rittenhouse Asset Management, and Assistant Secretary of Nuveen Inves (since 2002); Assistant Secretary of NW Management Company, LLC (since 2002).

- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and board member of the Adviser.
- (2) Board members serve an indefinite term until his/her successor is elected. The year first elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Reinvest Automatically  
EASILY AND CONVENIENTLY

Sidebar text: NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

NUVEEN EXCHANGE-TRADED CLOSED-END FUNDS  
DIVIDEND REINVESTMENT PLAN

Your Nuveen Exchange-Traded Closed-End Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional fund shares

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding.

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It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

### EASY AND CONVENIENT

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

### HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

### FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

### CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

Other Useful  
INFORMATION

In April, 2005, The St. Paul Travelers Companies, Inc. ("St. Paul Travelers")

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sold the majority of its controlling equity interest in Nuveen Investments, Inc. ("Nuveen") to the general public. Nuveen is the parent of Nuveen Asset Management ("NAM"), which is each Fund's investment manager. This sale was deemed to be an "assignment" of the investment management agreement between each Fund and NAM and, if applicable, of the sub-advisory agreement between NAM and the Fund's sub-adviser. As required by law, the shareholders of each Fund were asked to approve a new investment management agreement and, if applicable, a new subadvisory agreement that reflected this change in ownership. The shareholders of each Fund voted this approval at a Shareholders' Meeting on July 26, 2005. There were no changes to the investment objectives or management of any Fund as a result of these actions.

### QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

The Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2005, and (iii) a description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 1-202-942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public Reference Section at 450 Fifth Street NW, Washington, D.C. 20549.

### DISTRIBUTION INFORMATION

The Fund designates 68.67% of dividends declared from net investment income as dividends qualifying for the 70% dividends received deduction for corporations and 99.24% as qualified dividend income for individuals under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

### CEO CERTIFICATION DISCLOSURE

Each Fund's Chief Executive Officer has submitted to the New York Stock Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the Securities and Exchange Commission the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

### BOARD OF TRUSTEES

Robert P. Bremner  
Lawrence H. Brown  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale  
Eugene S. Sunshine

### FUND MANAGER

Nuveen Asset Management

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333 West Wacker Drive  
Chicago, IL 60606

CUSTODIAN  
State Street Bank & Trust Company  
Boston, MA

TRANSFER AGENT AND  
SHAREHOLDER SERVICES  
State Street Bank & Trust Company  
Nuveen Funds  
P.O. Box 43071  
Providence, RI 02940-3071

(800) 257-8787

LEGAL COUNSEL  
Chapman and Cutler LLP  
Chicago, IL

INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM  
Ernst & Young LLP  
Chicago, IL

The Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period covered by this report. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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Nuveen Investments:  
SERVING Investors  
For GENERATIONS

Photo of: 2 women looking at a photo album.

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.

Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

WE OFFER MANY DIFFERENT INVESTING SOLUTIONS FOR OUR CLIENTS' DIFFERENT NEEDS.

Managing more than \$135 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative

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investment portfolios.

FIND OUT HOW WE CAN HELP YOU REACH YOUR FINANCIAL GOALS.

To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest.

Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more  
about Nuveen Funds at  
[WWW.NUVEEN.COM/ETF](http://WWW.NUVEEN.COM/ETF)

- o Share prices
- o Fund details
- o Daily financial news
- o Investor education
- o Interactive planning tools

Logo: NUVEEN Investments

EAN-C-1205D

### ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at [www.nuveen.com/etf](http://www.nuveen.com/etf). (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then click on Code of Conduct.)

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Jack B. Evans, Chairman of the Audit Committee, who is "independent" for purposes of Item 3 of Form N-CSR.

Mr. Evans was formerly President and Chief Operating Officer of SCI Financial Group, Inc., a full service registered broker-dealer and registered investment adviser ("SCI"). As part of his role as President and Chief Operating Officer, Mr. Evans actively supervised the Chief Financial Officer (the "CFO") and actively supervised the CFO's preparation of financial statements and other filings with various regulatory authorities. In such capacity, Mr. Evans was actively involved in the preparation of SCI's financial statements and the resolution of issues raised in connection therewith. Mr. Evans has also served on the audit committee of various reporting companies. At such companies, Mr. Evans was involved in the oversight of audits, audit plans, and the preparation of financial statements. Mr. Evans also formerly chaired the audit committee of the Federal Reserve Bank of Chicago.



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## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

### Nuveen Tax-Advantaged Total Return Strategy Fund

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the "pre-approval exception"). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

#### SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

FISCAL YEAR ENDED	AUDIT FEES BILLED TO FUND	AUDIT-RELATED FEES BILLED TO FUND	BIL
December 31, 2005	\$ 21,600	\$ 0	
Percentage approved pursuant to pre-approval exception	0%	0%	
December 31, 2004 (1)	\$ 39,500	\$ 0	
Percentage approved pursuant to pre-approval exception	0%	0%	

The above "All Other Fees" are fees paid to audit firms to perform agreed upon procedures required by the rating agencies to rate fund preferred shares. The above "Tax Fees" were billed for professional services for tax advice, tax compliance, and tax planning.

- (1) "Audit Fees" for 2004 have been revised to include fees paid for the audit of registration statements for common, preferred, note offerings.

#### SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Asset Management ("NAM" or the "Adviser"), and any entity controlling, controlled by or under common control with NAM ("Control Affiliate") that

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provides ongoing services to the Fund ("Affiliated Fund Service Provider"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

FISCAL YEAR ENDED	AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS	TAX FEES BILLED TO ADVISED AND AFFILIATED FUND SERVICE PROVIDERS	ALL BILLED AND AF SERVI
December 31, 2005	\$ 0	\$ 282,575	
Percentage approved pursuant to pre-approval exception	0%	0%	
December 31, 2004	\$ 0	\$ 0	
Percentage approved pursuant to pre-approval exception	0%	0%	

The above "Tax Fees" are primarily fees billed to the Adviser for Fund tax return preparation.

NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. For engagements entered into on or after May 6, 2003, the Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the de minimis exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

FISCAL YEAR ENDED	TOTAL NON-AUDIT FEES BILLED TO ADVISER AND
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	TOTAL NON-AUDIT FEES BILLED TO FUND	AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND)
December 31, 2005	\$ 1,722	\$ 282,575
December 31, 2004	\$ 15	\$ 0

The above "Non-Audit Fees billed to Adviser" for 2005 include "Tax-Fees" billed to Adviser in the amount of \$282,575 from previous table.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the Audit Committee if they are expected to be for amounts greater than \$10,000; (ii) reported to the Audit Committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under \$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board of Directors or Trustees has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Lawrence H. Brown, Jack B. Evans, William J. Schneider and Eugene S. Sunshine.

ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Adviser has engaged NWQ Investment Management Company, LLC ("NWQ") and Symphony Asset Management, LLC ("Symphony") (NWQ and Symphony are also collectively referred to as "Sub-Advisers") as Sub-Advisers to provide discretionary investment advisory services. As part of these services, the Adviser has also delegated to each Sub-Adviser the full responsibility for proxy voting and related duties in accordance with the Sub-Adviser's policy and procedures. The Adviser periodically will monitor each Sub-Adviser's voting to ensure that they are carrying out their duties. The Sub-Advisers' proxy voting policies and procedures are summarized as follows:

NWQ

The power to vote on proposals presented to shareholders through the proxy solicitation process is considered to be an integral part of the investment manager's investment responsibility, recognizing that certain proposals, if implemented, may have a substantial impact on the market valuation of portfolio securities and that in such situations the right to vote is considered an asset. This Proxy Voting Policy was developed to ensure that proxies for which NWQ has ultimate voting authority are voted consistently and solely in the best economic

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interests of the beneficiaries of these equity investments. Note that clients may otherwise reserve the right to vote their proxies. In addition, NWQ may determine not to vote proxies related to certain securities if NWQ determines it would be in its clients' overall best interest not to vote.

A senior member of the investment team is responsible for oversight of the proxy voting process. NWQ has engaged the services of Institutional Shareholder Services, Inc., ("ISS") to make recommendations to NWQ on the voting of proxies relating to securities held in our clients' accounts. NWQ reviews ISS recommendations and frequently follows the ISS recommendations. However, on selected issues, NWQ may not vote in accordance with the ISS recommendations when we believe that specific ISS recommendations are not in the best economic interest of our clients and their beneficiaries. If NWQ manages the assets of a company or its pension plan and any of NWQ's clients hold any securities of that company, NWQ will vote proxies relating to such company's securities in accordance with the ISS recommendations to avoid any conflict of interest. If a client requests NWQ to follow specific voting guidelines or additional guidelines, NWQ will review the request and inform the client only if NWQ is not able to follow the client's request.

NWQ has adopted ISS Proxy Voting Guidelines. While these guidelines are not intended to be all-inclusive, they do provide guidance on NWQ's general voting policies. A copy of NWQ's Proxy Voting Policies and Procedures will be provided upon written request to a requesting client. Also, clients may request from NWQ information on how NWQ voted with respect to their portfolios' securities. NWQ will provide such information through the most recently completed calendar quarter. Please forward such requests to:

Compliance Director  
NWQ Investment Management Company, LLC  
2049 Century Park East, 4th Floor  
Los Angeles, CA 90067

### SYMPHONY

Symphony uses the proxy voting services of Institutional Shareholder Services ("ISS"). The ISS Proxy Voting Services provide Symphony and its clients with an independent source of proxy voting research and services. The use of ISS is designed to offer client-centered proxy voting which minimizes conflicts of interests between Symphony's interests and those of its clients.

In order to monitor how ISS votes client proxies, Symphony has established a Proxy Voting Review Committee (the "Committee"). The Committee is composed of Symphony's Chief Operating Officer and its Chief Investment Officer. Each year, the Committee reviews ISS proxy voting policies and practices to determine whether such policies and practices are consistent with Symphony's fiduciary duty to the clients for whom Symphony is responsible for voting proxies. During the year, the Committee review how ISS votes on specific issues. From time to time, the Committee discusses the proxy voting process with representatives of ISS in order to ensure that Symphony's client interests are being protected. When Symphony disagrees with ISS' policies with respect to certain issues, Symphony will direct the voting of its clients' proxies according to what Symphony believes is the best interests of its clients.

Clients who have questions about how particular proxies are voted for their account may request such information from Symphony by calling (800) 847-6369.

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Adviser has engaged Symphony and NWQ (Symphony and NWQ are also collectively referred to as "Sub-Advisers") as Sub-Advisers to provide discretionary

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investment advisory services with respect to the registrant's investments in senior loans and other debt instruments and equity investments, respectively. The following section provides information on the portfolio managers at each Sub-Adviser.

### SYMPHONY

#### A. PORTFOLIO MANAGER BIOGRAPHIES

Gunther Stein, Director of Fixed Income Strategies, Portfolio Manager

Gunther Stein is the lead portfolio manager for High Yield strategies at Symphony Asset Management and is the lead portfolio manager of Nuveen's senior loan asset management team. Prior to joining Symphony in 1999, Stein was a high yield portfolio manager at Wells Fargo Bank, where he was responsible for investing in public high yield bonds and bank loans and also managed a team of credit analysts. Stein joined Wells Fargo in 1993 as an Associate in its Loan Syndications/Leveraged Finance Group. Previously, Stein worked for four years as a euro-currency deposit trader with First Interstate Bank. He has also worked for Standard Chartered Bank, Mexico City and Citibank Investment Bank, London. He completed Wells Fargo's Credit Management Training program and holds an M.B.A. from the University of Texas, Austin. He graduated from the University of California at Berkeley with a B.A. in Economics.

Lenny Mason, Portfolio Manager

Lenny Mason is a High Yield portfolio manager for Symphony Asset Management and is also a portfolio manager on the Nuveen's senior loan asset management team. Prior to joining Symphony in 2001, Mason was a Managing Director in FleetBoston's Technology & Communications Group, where he headed its five member Structuring and Advisory Team. He joined FleetBoston in 1995 as an Assistant Vice President in its Media & Communications Group. Previously, Mason worked for Wells Fargo Bank's Corporate Banking Group dealing primarily with leveraged transactions and for Coopers & Lybrand as an auditor. He holds an M.B.A. in Finance from the University of Chicago, a B.S. in Accounting from Babson College and is also a C.P.A.

#### B. OTHER ACCOUNTS MANAGED BY SYMPHONY

	GUNTHER STEIN	LENNY MASON
(a) RICS		
Number of accts	7	7
Assets (\$000s)	\$ 2,790,982	\$ 2,790,982
(b) Other pooled accts		
Non-performance fee accts		
Number of accts	2	2
Assets (\$000s)	\$ 520,932	\$ 520,932
Performance fee accts		
Number of accts	9	6
Assets (\$000s)	\$ 846,422	\$ 407,989
(c) Other		
Non-performance fee accts		
Number of accts	5	5
Assets (\$000s)	\$ 1,513	\$ 1,366
Performance fee accts		
Number of accts	3	0
Assets (\$000s)	\$ 262,097	

#### C. POTENTIAL MATERIAL CONFLICTS OF INTEREST

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As described above, the portfolio manager may manage other accounts with investment strategies similar to the Fund, including other investment companies and separately managed accounts. Fees earned by the sub-advisers may vary among these accounts and the portfolio managers may personally invest in some but not all of these accounts. These factors could create conflicts of interest because a portfolio manager may have incentives to favor certain accounts over others, resulting in other accounts outperforming the Fund. A conflict may also exist if a portfolio manager identified a limited investment opportunity that may be appropriate for more than one account, but the Fund is not able to take full advantage of that opportunity due to the need to allocate that opportunity among multiple accounts. In addition, the portfolio manager may execute transactions for another account that may adversely impact the value of securities held by the Fund. However, the sub-advisers believe that these risks are mitigated by the fact that accounts with like investment strategies managed by a particular portfolio manager are generally managed in a similar fashion, subject to exceptions to account for particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes, and other factors. In addition, each sub-adviser has adopted trade allocation procedures that require equitable allocation of trade orders for a particular security among participating accounts.

### D. FUND MANAGER COMPENSATION

Symphony investment professionals receive competitive base salaries and participate in a bonus pool which is tied directly to the firm's operating income with a disproportionate amount paid to the managers responsible for generating the alpha. The bonus paid to investment personnel is based on acumen, overall contribution and strategy performance. However, there is no fixed formula which guides bonus allocations. Bonuses are paid on an annual basis. In addition, investment professionals may participate in an equity-based compensation pool.

### E. OWNERSHIP OF JTA SECURITIES AS DECEMBER 31, 2005.

	None	\$1-\$10,000	\$10,001-\$50,000	\$50,001-\$100,000	\$100,001-\$500,000
Portfolio Manager					
Gunther Stein	X				
Lenny Mason	X				

### NWQ

#### A. PORTFOLIO MANAGER BIOGRAPHIES

Mr. David Iben, CFA, is Managing Director and Portfolio Manager of NWQ since joining the firm in November 2000, and is also Chief Investment Officer and Managing Director of NWQ's affiliate, Tradewinds NWQ Global Investors, LLC. He has co-managed the NWQ-subadvised segment of Nuveen Tax Advantaged Fund since the fund's inception. From October 1998 through November 2000, Mr. Iben was Founder, Chief Investment Officer and lead portfolio manager at Palladian Capital Management. Prior to founding Palladian he spent 14 years with Farmer's Group Inc. as Vice President and Portfolio Manager, and earned an MBA from University of Southern California.

Jon D. Bosse, CFA, co-managers the NWQ-subadvised segment of Nuveen Tax Advantaged Fund and has held such position since the fund's inception. Mr. Bosse

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is Chief Investment Officer and Portfolio Manager of NWQ and has been a Managing Director of NWQ since 1996. Mr. Bosse received his M.B.A. from the Wharton Business School, University of Pennsylvania.

Michael J. Carne, CFA, Managing Director since January 2006 and Fixed Income Portfolio Manager since joining NWQ in 2002. Mr. Carne co-manages the NWQ-subadvised segment of Nuveen Tax Advantaged Fund and has held such position since the fund's inception. Mr. Carne was Director of Global Fixed Income at ING Aeltus and Chief Investment Officer of a Phoenix Home Life affiliate. Mr. Carne received his M.B.A from Harvard University.

### B. OTHER ACCOUNTS MANAGED BY NWQ

(a)(1) Identify portfolio manager(s) of the Adviser to be named in the Fund prospectus

(a)(2) For each person identified in column (a)(1), provide number of accounts other than the Funds managed by the person within each category below and the total assets in the accounts managed within each category below

(a)(3) PERFORMANCE categories in column accounts and the to with respect to whi ON THE PERFORMANCE

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts		Registered Investment Companies		O I V
	Number of Accounts	Total Assets (\$mil)*	Number of Accounts	Total Assets (\$mil)*	Number of Accounts	Total Assets (\$mil)*	Number of Accounts	Total Assets Acc	
David Iben	3	\$172.9	0	-	6,405	\$3,263	-	-	
Jon Bosse	5	\$943.0	8	\$758.1	54,127	\$26,706	-	-	
Mike Carne	0	-	0	-	13,803	\$1,613	-	-	

### C. POTENTIAL MATERIAL CONFLICTS OF INTEREST

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one account. More specifically, portfolio managers who manage multiple accounts are presented with the following potential conflicts:

- o The management of multiple accounts may result in a portfolio manager devoting unequal time and attention to the management of each account. NWQ seeks to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most accounts managed by a portfolio manager in a particular investment strategy are managed using the same investment models.
- o If a portfolio manager identifies a limited investment opportunity

which may be suitable for more than one account, an account may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible accounts. To deal with these situations, NWQ has adopted procedures for allocating portfolio transactions across multiple accounts.

- o With respect to many of its clients' accounts, NWQ determines which broker to use to execute transaction orders, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts, NWQ may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, NWQ may place separate, non-simultaneous, transactions for a Fund and other accounts which may temporarily affect the market price of the security or the execution of the transactions, or both, to the detriment of the Fund or the other accounts.
- o The Fund is subject to different regulation than other pooled investment vehicles and other accounts managed by the portfolio managers. As a consequence of this difference in regulatory requirements, the Fund may not be permitted to engage in all the investment techniques or transactions or to engage in these transactions to the same extent as the other accounts managed by the portfolio managers. Finally, the appearance of a conflict of interest may arise where NWQ has an incentive, such as a performance-based management fee, which relates to the management of some accounts, with respect to which a portfolio manager has day-to-day management responsibilities.

NWQ has adopted certain compliance procedures which are designed to address these types of conflicts common among investment managers. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

#### D. FUND MANAGER COMPENSATION

NWQ's portfolio managers participate in a highly competitive compensation structure with the purpose of attracting and retaining the most talented investment professionals and rewarding them through a total compensation program as determined by the firm's executive committee. The total compensation program consists of both a base salary and an annual bonus that can be a multiple of the base salary. The portfolio manager's performance is formally evaluated annually and based on a variety of factors. Bonus compensation is primarily a function of the firm's overall investment performance of client portfolios in the strategy they manage relative to the strategy's general benchmark for one, three and five year periods (as applicable), as well as an objective review of stock recommendations and the quality of primary research, and subjective review of the professional's contributions to portfolio strategy, teamwork, collaboration and work ethic.

The total compensation package includes availability of equity-like incentive for purchase (whose value is determined by the increase in profitability of NWQ over time) made to most investment professionals. NWQ is a subsidiary of Nuveen Investments, Inc., which has augmented this incentive compensation annually through individual awards of a stock option pool, as determined through a collaborative process between Nuveen Investments and the NWQ executive committee.

#### E. OWNERSHIP OF JDD SECURITIES AS DECEMBER 31, 2005.



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Portfolio Manager	None	\$1-\$10,000	\$10,001-\$50,000	\$50,001-\$100,000	\$100,001-\$500,000
Dave Iben	X				
Jon Bosse	X				
Mike Carne	X				

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board during the reporting period and implemented after the registrant last provided disclosure in response to this Item.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at [www.nuveen.com/etf](http://www.nuveen.com/etf) and there were no amendments during the period covered by this report. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.)

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT

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Attached hereto.

(a) (3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Tax-Advantaged Total Return Strategy Fund  
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By (Signature and Title)\* /s/ Jessica R. Droeger  
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Jessica R. Droeger  
Vice President and Secretary

Date: March 9, 2006  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* /s/ Gifford R. Zimmerman  
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Gifford R. Zimmerman  
Chief Administrative Officer  
(principal executive officer)

Date: March 9, 2006  
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By (Signature and Title)\* /s/ Stephen D. Foy  
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Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: March 9, 2006  
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\* Print the name and title of each signing officer under his or her signature.