NUVEEN SENIOR INCOME FUND
Form N-30D
July 03, 2002

PORTFOLIO OF INVESTMENTS (UNAUDITED)
NUVEEN SENIOR INCOME FUND (NSL)
April 30, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	RATINGS* MOODY'S	RATINGS* S&
	VARIABLE RATE SENIOR LOAN INTERESTS(1) and INTEREST BEARING SECURITIES - 149.6%		
	AEROSPACE/DEFENSE - 7.9% (4.7% OF TOTAL ASSETS)		
$ 4,949	DeCrane Aircraft Holdings, Inc., Term Loan D	B2	B+
10,802	The Fairchild Corporation, Term Loan B	B1	B+
2,137	United Defense Industries, Inc., Term Loan B	Ba3	BB-
1,145	Vought Aircraft Industries, Inc., Term Loan A	NR	NR
	AUTOMOTIVE - 9.7% (5.9% OF TOTAL ASSETS)		
1,224	Federal-Mogul Corporation, Term Loan A	NR	D
3,551	Federal-Mogul Corporation, Term Loan B	NR	D
5,649	Metaldyne Company/Metalync Company, LLC, Term Loan B	B1	BB-
1,848	Metaldyne Company/Metalync Company, LLC, Term Loan C2	B1	BB-
9,366	MetalForming Technologies, Inc., Term Loan B	NR	NR
404	Tenneco Auto, Inc., Revolver	B2	B
4,120	Tenneco Auto, Inc., Term Loan A	B2	B
997	Tenneco Auto, Inc., Term Loan B	B2	B
997	Tenneco Auto, Inc., Term Loan C	B2	B
	BEVERAGE, FOOD & TOBACCO - 12.8% (7.7% OF TOTAL ASSETS)		
1,717	Cott Corporation, Purchase Money Term Loan	NR	BB
192	Cott Corporation, Working Capital Term Loan	NR	BB
9,168	Dr. Pepper/Seven Up Bottling Group, Inc., Term Loan B	NR	NR
1,902	Eagle Family Foods, Inc., Term Loan	B1	B
3,157	Flowers Foods, Inc., Term Loan B	Ba2	BBB-
1,985	Interstate Brands Corporation, Term Loan B	Ba1	BBB-
3,464	Merisant Company, Term Loan B	Ba3	BB-
5,500	Pinnacle Foods Corporation, Term Loan	Ba3	BB-
1,998	Suiza Foods Corporation, Term Loan B	Ba2	BB+
	BROADCASTING/CABLE - 3.5% (2.1% OF TOTAL ASSETS)		
2,000	Century Cable Holdings, LLC, Term Loan B	Ba2	B-
3,333	Charter Communications Operating, LLC, Incremental Term Loan	Ba3	BBB-
3,000	Charter Communications Operating, LLC, Term Loan B	Ba3	BBB-
	BROADCASTING/RADIO - 2.1% (1.2% OF TOTAL ASSETS)		
4,667	Citadel Broadcasting Company, Term Loan B	NR	NR
	BUILDINGS & REAL ESTATE - 2.0% (1.2% OF TOTAL ASSETS)		
3,000	Washington Group International, Inc., Bond (a)	NR	NR

4,000	Williams Scotsman, Inc., Term Loan	B1	BB-
	CARGO TRANSPORTATION - 3.5% (2.1% OF TOTAL ASSETS)		
8,190	North American Van Lines, Term Loan B	B1	B+
	CHEMICALS, PLASTICS & RUBBER - 5.1% (3.1% OF TOTAL ASSETS)		
4,965	Buckeye Technologies, Inc., Revolver	NR	NR
1,934	Ineos US Finance, LLC, Term Loan C	Ba3	BB
1,963	OM Group, Inc., Term Loan B	Ba3	BB
3,107	Resolution Performance Products, LLC, Term Loan B	B1	BB-
	CONSTRUCTION MATERIALS - 3.4% (2.0% OF TOTAL ASSETS)		
16,667	California Pollution Control Financing Authority, CanFibre of Riverside Project, Bonds (a)(b)(c)	NR	NR
9,000	California Pollution Control Financing Authority, CanFibre of Riverside Project, Bonds (a)(b)(c)	NR	NR
7,000	CanFibre of Lackawana, LLC, Construction Loan (a)(b)(c)	NR	NR
1,200	CanFibre of Lackawana, LLC, Letter of Credit (a)(b)(c)	NR	NR
10,000	CanFibre of Riverside, Inc., Letter of Credit (a)(b)(c)	NR	NR
533	CanFibre of Riverside, Inc., Working Capital Loan (a)(b)(c)	NR	NR
856	Mueller Group, Inc., Term Loan B	B1	B+
3,510	Mueller Group, Inc., Term Loan C	B1	B+
490	Mueller Group, Inc., Term Loan D	B1	B+
	CONTAINERS, PACKAGING & GLASS - 9.6% (5.8% OF TOTAL ASSETS)		
3,669	Graham Packaging Company, Term Loan B	B2	B
3,040	Graham Packaging Company, Term Loan C	B2	B
3,547	Greif Bros. Corporation, Term Loan B	Ba3	BB
2,346	Stone Container Corporation, Term Loan C	Ba3	B+
2,910	Stone Container Corporation, Term Loan D	Ba3	B+
2,598	Stone Container Corporation, Term Loan E	Ba3	B+
3,972	United States Can Company, Term Loan B	B2	B
	DIVERSIFIED MANUFACTURING - 8.2% (4.9% OF TOTAL ASSETS)		
2,358	Blount, Inc., Term Loan B	B3	B
3,013	Dayco Products, LLC, Term Loan B	Ba3	BB-
2,947	GenTek, Inc., Term Loan C	Caa2	B-
7,169	UCAR Finance, Inc., Term Loan B	Ba3	NR
5,432	Western Industries Holding, Inc., Term Loan B	NR	NR
	ECOLOGICAL - 0.4% (0.2% OF TOTAL ASSETS)		
882	Stericycle, Inc., Term Loan B	B1	BB-
	ELECTRONICS/ELECTRONIC SERVICES - 1.7% (1.0% OF TOTAL ASSETS)		
3,940	Seagate Technology Holdings, Inc., Term Loan B	Ba1	BB+
	FARMING & AGRICULTURAL - 1.7% (1.0% OF TOTAL ASSETS)		
3,908	Shemin Holdings Corporation, Term Loan B	NR	NR
	FINANCE & BANKING - 0.4% (0.2% OF TOTAL ASSETS)		
2,368	Finova Group, Inc., Bond	NR	NR

	HEALTHCARE - 3.8% (2.3% OF TOTAL ASSETS)		
1,885	Advance PCS, Term Loan B	Ba1	BB+
1,700	Community Health Systems, Inc., Term Loan B	NR	B+
1,700	Community Health Systems, Inc., Term Loan C	NR	B+
1,250	Community Health Systems, Inc., Term Loan D	NR	B+
1,989	Triad Hospitals, Inc., Term Loan B	Ba3	B+
	HOTELS, MOTELS, INNS & GAMING - 16.0% (9.6% OF TOTAL ASSETS)		
4,000	Alliance Gaming Corporation, LLC, Term Loan	B1	B+
2,250	Boyd Gaming Corp., Bond	Ba3	BB-
1,928	Extended Stay America, Inc., Term Loan B	Ba3	BB-
1,800	Harrahs Entertainment, Inc., Bond	Ba1	BB+
3,000	Isle of Capri Casinos, Inc., Term Loan	Ba2	BB-
3,200	Mandalay Resort Group, Bond	Ba3	BB-
10,000	Mandalay Resort Group, Term Loan	NR	NR
2,726	Wyndham International, Inc., Increasing Rate Loan	NR	NR
7,470	Wyndham International, Inc., Term Loan B	NR	NR
	INSURANCE - 5.8% (3.5% OF TOTAL ASSETS)		
9,957	Conseco, Inc., Term Loan	NR	NR
4,850	GAB Robbins North America, Inc., Term Loan B	NR	NR
	LEISURE & ENTERTAINMENT - 6.1% (3.7% OF TOTAL ASSETS)		
3,385	Fitness Holdings Worldwide, Inc., Term Loan B	NR	B
6,435	Fitness Holdings Worldwide, Inc., Term Loan C	NR	B
4,975	Six Flags Theme Parks, Inc., Term Loan B	Ba2	BB-
	NATURAL RESOURCES/OIL & GAS - 3.1% (1.9% OF TOTAL ASSETS)		
6,983	Tesoro Petroleum Corp., Term Loan B	Ba2	BB+
	NON-DURABLE CONSUMER PRODUCTS - 2.4% (1.4% OF TOTAL ASSETS)		
5,074	Norwood Promotional Products, Inc., Term Loan A	NR	NR
3,406	Norwood Promotional Products, Inc., Term Loan B	NR	NR
972	Norwood Promotional Products, Inc., Term Loan C	NR	NR
	PERSONAL & MISCELLANEOUS SERVICES - 4.0% (2.4% OF TOTAL ASSETS)		
3,990	Adams Outdoor Advertising Limited Partnership, Term Loan B	B1	B+
2,000	Lamar Media Corp., Incremental Term Loan C	Ba2	BB-
2,958	Weight Watchers International, Inc., Transferable Loan Certificate Facility	Ba1	BB-
	PRINTING & PUBLISHING - 7.2% (4.4% OF TOTAL ASSETS)		
6,930	American Media Operations, Inc., Term Loan B-1	Ba3	B+
5,000	Media News Group, Term Loan	NR	NR
4,975	PRIMEDIA, Inc., Term Loan B	NR	B

	RESTAURANTS & FOOD SERVICE - 2.8% (1.7% OF TOTAL ASSETS)		
3,145	Dominos Pizza, Inc., Term Loan B	B1	B+
3,156	Dominos Pizza, Inc., Term Loan C	B1	B+
	RETAIL/CATALOG - 1.4% (0.8% OF TOTAL ASSETS)		
4,599	Micro Warehouse, Inc., Term Loan B	B1	NR
	RETAIL/SPECIALTY - 1.7% (1.0% OF TOTAL ASSETS)		
3,985	Rite Aid Corporation, Term Loan	B2	BB-
	RETAIL/STORES - 4.0% (2.4% OF TOTAL ASSETS)		
2,808	HMV Media Group PLC, Term Loan C	B1	B+
1,935	HMV Media Group PLC, Term Loan D	B1	B+
2,182	SDM Corporation, Term Loan C	Ba1	BB
2,182	SDM Corporation, Term Loan E	Ba1	BB
	TELECOMMUNICATIONS/CELLULAR/PCS - 5.4% (3.3% OF TOTAL ASSETS)		
484	Airgate PCS, Inc., Tranche I Loan	NR	NR
4,121	Airgate PCS, Inc., Tranche II Loan	NR	NR
9,750	Centennial Cellular Operating Company, LLC, Term Loan A	B1	B+
	TELECOMMUNICATIONS/COMPETITIVE LOCAL EXCHANGE CARRIER (CLEC) - 1.4% (0.9% OF TOTAL ASSETS)		
3,750	RCN Corporation, Term Loan B	Caa1	CCC+
4,688	Teligent, Inc., Delayed Term Loan (a)(b)	NR	NR
5,000	WCI Capital Corporation, Term Loan B (a)(b)	NR	NR
	TELECOMMUNICATIONS/HYBRID - 1.9% (1.1% OF TOTAL ASSETS)		
2,500	Nextel Communications, Inc., Term Loan B	Ba2	BB-
2,500	Nextel Communications, Inc., Term Loan C	Ba2	BB-
	TELECOMMUNICATIONS/SATELLITE - 0.6% (0.4% OF TOTAL ASSETS)		
1,675	Satelites Mexicanos, SA de CV, Loan	B1	B+
	TELECOMMUNICATIONS/WIRELESS MESSAGING - 0.5% (0.3% OF TOTAL ASSETS)		
6,896	Arch Wireless Holding, Inc., Term Loan C (a)(b)(d)	NR	D
	TEXTILES & LEATHER - 1.6% (0.9% OF TOTAL ASSETS)		
3,658	Norcross Safety Products, LLC, Term Loan	NR	NR
	TRANSPORTATION/RAIL MANUFACTURING - 1.7% (1.0% OF TOTAL ASSETS)		
3,950	Kansas City Southern Railway Company, Term Loan B	Ba1	BB+
	UTILITIES - 6.2% (3.7% OF TOTAL ASSETS)		
7,000	AES EDC Funding II, LLC, Term Loan	NR	NR
3,920	TNP Enterprises, Inc., Term Loan	Ba2	BB+
3,647	Western Resources, Inc., Term Loan B	NR	NR
	Total Variable Rate Senior Loan Interests and Interest Bearing		

Securities (cost $374,654,817)

Shares (000)	Description
	EQUITIES - 1.9%
	BUILDINGS & REAL ESTATE - 1.9% (1.1% OF TOTAL ASSETS)
218	Washington Group International, Inc., Equity Shares (a)
	CONSTRUCTION MATERIALS - 0.0% (0.0% OF TOTAL ASSETS)
	CanFibre of Lackawana, LLC, Income Participation Certificates, 13 units (a)(b)(c)
	CanFibre of Riverside, Inc., Income Participation Certificates, 17 units (a)(b)(c)
	Total Equities (cost $6,115,399)

PRINCIPAL AMOUNT/ SHARES (000)	DESCRIPTION
	SHORT-TERM INVESTMENTS - 13.8%
$ 150	JP Morgan Chase, Commercial Paper, 1.32%
31,264	JPMorgan Prime Funding Account, Money Market Fund, 1.47%
	Total Short-Term Investments (cost $31,414,295)
	Total Investments (cost $412,184,511) - 165.3%
	Other Assets Less Liabilities - 0.1%
	Borrowings Payable - (45.2)%+
	Taxable Auctioned Preferred Shares, at Liquidation Value - (20.2)%
	Net Assets Applicable to Common Shares - 100%

NR Not rated.

* Bank loans rated below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

** 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. The Fund estimates that the actual average maturity of the Senior Loans held in its portfolio will be approximately 18-24 months.

(1) Senior Loans in which the Fund invests generally pay

interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally (i) the lending rate offered by one or more major European banks, such as the London Inter-Bank Offered Rate ("LIBOR"), (ii) the prime rate offered by one or more major United States banks, and (iii) the certificate of deposit rate. Senior loans are generally considered to be 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.

(a) At or subsequent to April 30, 2002, this issue was non-income producing.

(b) At April 30, 2002, this issue was under the protection of the federal bankruptcy court.

(c) Position has a zero cost basis and was acquired as part of a workout program.

(d) At May 29, 2002, this issue emerged from bankruptcy proceedings.

+ Borrowings payable as a percentage of total gross assets is 27.2%.

See accompanying notes to financial statements.

Statement of Assets and Liabilities April 30, 2002 (Unaudited)

ASSETS	
Investments, at market value (cost $412,184,511)	$376,751,179
Interest receivable	2,347,677
Other assets	226,321
Total assets	379,325,177
LIABILITIES	
Borrowings payable	103,000,000
Cash overdraft	150,936
Management fees	123,258
Taxable Auctioned Preferred Share dividends payable	60,945
Common Share dividends payable	1,456,877
Other liabilities	536,696
Total liabilities	105,328,712
Taxable Auctioned Preferred Shares, at liquidation value	$ 46,000,000
Net assets applicable to Common Shares	$227,996,465
Common Shares outstanding	29,739,802
Net asset value per Common Share outstanding (net assets applicable to Common Shares, divided by Common Shares outstanding)	$ 7.67

NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:

Common shares, $.01 par value per share	$ 297,398
Paid-in surplus	282,569,989
Undistributed (over-distribution of) net investment income	(368,618)
Accumulated net realized gain (loss) from investment transactions	(19,068,972)
Net unrealized appreciation (depreciation) of investments	(35,433,332)
Net assets applicable to Common Shares	$227,996,465
Authorized shares:	
Common	Unlimited
Taxable Auctioned Preferred	Unlimited

See accompanying notes to financial statements.

Statement of Operations Nine Months Ended April 30, 2002 (Unaudited)

INVESTMENT INCOME	
Interest	$ 18,710,133
Fees	315,953
Total investment income	19,026,086
EXPENSES	
Management fees	2,380,943
Taxable Auctioned Preferred Shares - auction fees	86,014
Taxable Auctioned Preferred Shares - dividend disbursing agent fees	7,480
Shareholders' servicing agent fees and expenses	8,985
Interest expense	1,945,613
Custodian's fees and expenses	236,646
Trustees' fees and expenses	26,164
Professional fees	233,765
Shareholders' reports - printing and mailing expenses	31,656
Stock exchange listing fees	23,710
Investor relations expense	45,545
Other expenses	374,981
Total expenses	5,401,502
Expense waivers from the Adviser	(1,260,500)
Net expenses	4,141,002
Net investment income	14,885,084
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS	
Net realized gain (loss) from investment transactions	(1,573,450)
Change in net unrealized appreciation (depreciation) of investments	(10,351,775)
Net gain (loss) from investments	(11,925,225)
DISTRIBUTIONS TO TAXABLE AUCTIONED PREFERRED SHAREHOLDERS	
From and in excess of net investment income	(838,346)
From accumulated net realized gains from investment transactions	--

Decrease in net assets applicable to Common Shares from distributions to Taxable Auctioned Preferred Shareholders	(838,346)
Net increase in net assets applicable to Common Shares from operations	$ 2,121,513

See accompanying notes to financial statements.

Statement of Changes in Net Assets (Unaudited)

OPERATIONS	
Net investment income	$ 1
Net realized gain (loss) from investment transactions	(
Change in net unrealized appreciation (depreciation) of investments	(1
Distributions to Taxable Auctioned Preferred Shareholders:	
From and in excess of net investment income	
From accumulated net realized gains from investment transactions	
Net increase (decrease) in net assets applicable to Common Shares from operations	
DISTRIBUTIONS TO COMMON SHAREHOLDERS	
From and in excess of net investment income	(1
From accumulated net realized gains from investment transactions	
Decrease in net assets applicable to Common Shares from distributions to Common Shareholders	(1
CAPITAL SHARE TRANSACTIONS	
Net proceeds from Common Shares issued to shareholders due to reinvestment of distributions	
Net increase (decrease) in net assets applicable to Common Shares	(1
Net assets applicable to Common Shares at the beginning of period	24
Net assets applicable to Common Shares at the end of period	$22
Undistributed (over-distribution of) net investment income at the end of period	$

See accompanying notes t

Statement of Cash Flows Nine Months Ended April 30, 2002 (Unaudited)

CHANGE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS	$ 2,121,513

Adjustments to Reconcile the Change in Net Assets applicable to Common Shares from Operations to Net Cash provided by Operating Activities:

Decrease in investments at value	13,671,941
Decrease in interest receivable	1,033,592
Increase in other assets	(153,489)
Decrease in management fees	(8,968)
Increase in Taxable Auctioned Perferred Share dividends payable	37,321
Decrease in other liabilities	(207,927)
Net cash provided by operating activities	16,493,983
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase in cash overdraft	150,936
Cash distributions paid to Common Shareholders	(16,656,271)
Net cash used for financing activities	(16,505,335)
NET DECREASE IN CASH	(11,352)
Cash at the beginning of period	11,352
CASH AT THE END OF PERIOD	$ --

See accompanying notes to financial statements.

Notes to Financial Statements (Unaudited)

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Nuveen Senior Income Fund (the "Fund") is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund is listed on the New York Stock Exchange and trades under the ticker symbol "NSL". The Fund was organized as a Massachusetts business trust on August 13, 1999.

The Fund seeks to provide a high level of current income, consistent with preservation of capital by investing primarily in senior secured loans whose interest rates float or adjust periodically based on a benchmark interest rate index. The Fund seeks to increase the income available for distribution to Common Shareholders by utilizing financial leverage.

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

Investment Valuation

The prices of senior loans and bonds in the Fund's investment portfolio are provided by an independent pricing service approved by the Fund's Board of Trustees. The pricing service provider typically values senior loans and bonds at the mean of the highest bona fide bid and lowest bona fide ask prices when current quotations are readily available. Senior loans and bonds for which current quotations are not readily available are valued at fair value using a wide range of market data and other information and analysis, including credit characteristics considered relevant by such pricing service providers to determine valuations. The Board of Trustees of the Fund has approved procedures which permit Nuveen Senior Loan Asset Management Inc. (the "Adviser"), a wholly owned subsidiary of The John Nuveen Company, to override the price provided by the independent pricing service. There were no price overrides during the nine months ended April 30, 2002. Short-term investments which mature within 60 days are valued at amortized cost, which approximates market value.

The senior loans in which the Fund invests are generally not listed on any exchange and the secondary market for those senior loans is comparatively illiquid relative to markets for other fixed income securities. Because of the comparatively illiquid markets, the value of a senior loan may differ significantly from the value that would have been used had there been an active market for that senior loan.

Investment Transactions

Investment transactions are recorded on a trade date basis.

Investment Income

Interest income is determined on the basis of interest accrued, adjusted for amortization of premiums and accretion of discounts. Facility fees on senior loans purchased are treated as market discounts. Market premiums and discounts are amortized over the expected life of each respective borrowing. Fees consist primarily of amendment fees. Amendment fees are earned as compensation for evaluating and accepting changes to the original credit agreement.

Income Taxes

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

Dividends and Distributions to Shareholders

The Fund intends to declare and pay monthly distributions to Common Shareholders. Generally, payment is made or reinvestment is credited to shareholder accounts on the first business day after month-end. Net realized capital gains from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Notes to Financial Statements (Unaudited) (continued)

Distributions to shareholders of net investment income, and net realized capital gains 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 accounting principles generally accepted in the United States. Accordingly, temporary over-distributions as a result of these differences may occur and will be classified as either distributions in excess of net investment income and/or distributions in excess of net realized gains from investment transactions, where applicable. Permanent differences between financial and tax basis reporting have been identified and appropriately reclassified. During the nine months ended April 30, 2002, permanent differences relating to expenses which are not deductible for tax purposes totaling $11,773 were reclassified from undistributed net investment income to capital.

Taxable Auctioned Preferred Shares

The Fund has issued and outstanding 1,840 Series TH $25,000 stated value Taxable Auctioned Preferred Shares. The dividend rate paid on the Taxable Auctioned Preferred Shares may change every 28 days, as set by the auction agent.

Derivative Financial Instruments
The Fund may invest in certain derivative financial instruments including futures, forward, swap and option contracts, and other financial instruments with similar characteristics. Although the Fund is authorized to invest in such financial instruments, and may do so in the future, it did not make any such investments during the nine months ended April 30, 2002.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Change in Accounting Policy
Effective August 1, 2001, the Fund adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies (the "Guide"). As required by the Guide, the Fund began presenting paydown gains and losses on mortgage and asset-backed securities as interest income. Prior to adopting the new Guide, the Fund presented paydown gains and losses on mortgage and asset-backed securities together with realized gain/loss from investment transactions. This change in accounting has no effect on the total net assets applicable to Common Shares or the Common Share net asset value of the Fund. Interest income increased by $54,783 and realized gain/loss decreased by the same amount for the nine months ended April 30, 2002.

The Statement of Changes in Net Assets and Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

Classification and Measurement of Redeemable Securities
Effective August 1, 2001, the Fund adopted the classification requirement of EITF D-98, Classification and Measurement of Redeemable Securities. EITF D-98 requires that Preferred shares, at liquidation value, be presented separately in the Statement of Assets and Liabilities. Accordingly, certain reclassifications have been made to the financial statements and financial highlights for all prior periods presented. The adoption of EITF D-98 had no impact on the Fund's Common share net asset value.

2. FUND SHARES
During the nine months ended April 30, 2002, 30,737 Common Shares were issued to shareholders due to reinvestment of distributions.

During the fiscal year ended July 31, 2001, 81,022 Common Shares were issued to shareholders due to reinvestment of distributions.

3. DISTRIBUTIONS TO COMMON SHAREHOLDERS
The Fund declared a dividend distribution of $.0490 per Common Share from its net investment income which was paid on June 3, 2002, to shareholders of record on May 15, 2002.

4. INVESTMENT TRANSACTIONS
Purchases and sales of investments (excluding short-term investments) during the nine months ended April 30, 2002, aggregated $116,062,654 and $144,984,067, respectively.

At April 30, 2002, the cost of investments owned for federal income tax purposes was $429,747,127.

5. UNREALIZED APPRECIATION (DEPRECIATION)
At April 30, 2002, net unrealized depreciation of investments for federal income tax purposes aggregated $52,995,948 of which $4,058,959 related to appreciated investments and $57,054,907 related to depreciated investments.

6. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES
Under the Fund's investment management agreement with the Adviser, the Fund pays an annual management fee, payable monthly, of .8500 of 1%, which is based upon the average daily managed assets of the Fund. "Managed assets" shall mean the average daily gross asset value of the Fund, minus the sum of the Fund's accrued and unpaid dividends on any outstanding Taxable Auctioned Preferred Shares and accrued liabilities (other than the principal amount of any borrowings incurred, commercial paper or notes issued by the Fund and the liquidation preference of any outstanding Taxable Auctioned Preferred Shares).

The Adviser has agreed to waive part of its management fees or reimburse certain expenses of the Fund in an amount equal to .45% of the average daily managed assets for the period October 29, 1999 (commencement of operations) through October 31, 2004, .35% of the average daily managed assets for the year ended October 31, 2005, .25% of the average daily managed assets for the year ended October 31, 2006, .15% of the average daily managed assets for the year ended October 31, 2007, .10% of the average daily managed assets for the year ended October 31, 2008, and .05% of the average daily managed assets for the year ended October 31, 2009. The Adviser has not agreed to reimburse the Fund for any portion of its fees and expenses beyond October 31, 2009.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Fund pays no compensation directly to those of its Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Fund from the Adviser.

7. COMMITMENTS
Pursuant to the terms of certain of the Variable Rate Senior Loan agreements, the Fund had unfunded loan commitments of approximately $2 million as of April 30, 2002. The Fund generally will maintain with its custodian short-term investments and/or cash having an aggregate value at least equal to the amount of unfunded loan commitments.

8. SENIOR LOAN PARTICIPATION COMMITMENTS
The Fund invests primarily in assignments, participations, or acts as a party to the primary lending syndicate of a Variable Rate Senior Loan interest to corporations, partnerships, and other entities. 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, but not with the borrower directly. As such, the Fund assumes the credit risk of the Borrower, Selling Participant or other persons interpositioned between the Fund and the Borrower. There were no such participation commitments as of April 30, 2002.

9. BORROWINGS
In accordance with its current investment policies, the Fund may utilize financial leverage for investment purposes in an amount currently anticipated to represent approximately 40% of the Fund's total assets, and in no event exceeding 50% of the Fund's total assets.

On May 23, 2000, the Fund entered into a $150 million commercial paper program with Nuveen Funding, L.L.C., a Delaware limited liability company whose sole purpose is the issuance of commercial paper. Nuveen Funding, L.L.C. has the authority to issue a maximum of $150 million of commercial paper, at a discount, with maturities of up to 180 days, the proceeds of which are used to make advances to the Fund. This line of credit is secured by the assets of the Fund. For the nine months ended April 30, 2002, the average daily balance of borrowings under the commercial paper program agreement was approximately $103 million with an average interest rate of 2.52%.

The Fund has entered into a $155 million revolving credit agreement with Deutsche Bank AG which expires May 2003. Interest on borrowings is charged at a rate of either the Fed Funds rate plus .50%, LIBOR plus .50% or the Prime Rate. An unused commitment fee of .125% is charged on the unused portion of the facility. During the nine months ended April 30, 2002, there were no borrowings under the revolving credit agreement and, therefore, there was no outstanding revolving credit balance at April 30, 2002.

Cash paid for interest during the nine months ended April 30, 2002, was $2,112,172.

Financial Highlights (Unaudited)
Selected data for a Common Share outstanding throughout each period:

		Investment Operations					
	Beginning Common Share Net Asset Value	Net Investment Income	Net Realized/ Unrealized Investment Gain (Loss)	Distributions from and in Excess of Net Investment Income to Preferred Share-holders+	Distributions from Capital Gains to Preferred Share-holders+	Total	F i o I I C S h
Year Ended 7/31:							
2002(b)	$8.13	$ .50	$ (.39)	$(.03)	$ --	$ .08	
2001	9.47	1.09	(1.29)	(.09)	--	(.29)	
2000(a)	9.55	.75	(.12)	(.02)	--	.61	

				Total Ret
	Offering Costs	Ending Common Share Net Asset Value	Ending Market Value	Based on Market Value**
Year Ended 7/31:				

2002(b)	$--	$7.67	$7.7000	(17.31)%
2001	--	8.13	9.9600	15.35
2000(a)	(.03)	9.47	9.6250	3.21

	Ratios/Supplemental Data		
		Before Waiver	
	Ending Net Assets Applicable to Common Shares (000)	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++
Year Ended 7/31:			
2002(b)	$227,996	3.21%*	8.09%*
2001	241,641	4.32	11.74
2000(a)	280,479	3.81*	9.82*

	Ratios/Supplemental Data		
	After Waiver***		
	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Portfolio Turnover Rate
Year Ended 7/31:			
2002(b)	2.46%*	8.84%*	33%
2001	3.62	12.44	52
2000(a)	3.21*	10.42*	40

* Annualized.

** Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gain distributions, if any, and changes in stock price per share. Total Return on Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital gain distributions, if any, and changes in Common Share net asset value per share. Total returns are not annualized.

*** After expense waivers from the investment adviser.

\+ The amounts shown are based on Common Share equivalents.

++ Ratios do not reflect the effect of dividend payments to Taxable Auctioned Preferred Shareholders; income ratios reflect income earned on assets attributable to Taxable Auctioned Preferred Shares. 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 bank borrowings of:

	Ratio of Interest Expense to Average Net Assets Applicable to Common Shares
2002(b)	1.15%*
2001	2.19
2000(a)	2.04*

(a) For the period October 29, 1999 (commencement of operations) through July 31, 2000.

(b) For the nine months ended April 30, 2002.

See accompanying notes to financial statements.