NUVEEN CALIFORNIA MUNICIPAL VALUE FUND INC
Form N-CSRS
November 07, 2018

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 811-05235

Nuveen California Municipal Value Fund, Inc.
(Exact name of registrant as specified in charter)

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

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

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

Date of fiscal year end: February 28

Date of reporting period: August 31, 2018

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.

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Chairman's Letter
to Shareholders

Dear Shareholders,

I am honored to serve as the new independent chairman of the Nuveen Fund Board, effective July 1, 2018. I'd like to gratefully acknowledge the stewardship of my predecessor William J. Schneider and, on behalf of my fellow Board members, reinforce our commitment to the legacy of strong, independent oversight of your Funds.

After growing in sync with the rest of the world in 2017, the U.S. economy has emerged as the leader in 2018. U.S. stock markets have largely shrugged off trade war risks and escalating tariffs, while China's manufacturing activity has weakened, European export sales have slowed and business outlooks around the world have dimmed. Within emerging markets, a stronger U.S. dollar and rising interest rates have negatively impacted financial markets for those countries most vulnerable to tightening global conditions. Additionally, global markets have remained watchful of geopolitical concerns, including the ongoing Brexit negotiations, North Korea relations and rising populism around the world, which pose a range of outcomes that are difficult to predict.

Despite these risks, global growth remains intact, although at a slower pace, providing support to corporate earnings. Fiscal stimulus, an easing regulatory environment and robust consumer spending has helped boost the U.S. economy's momentum. Economic growth in Europe, the U.K. and Japan stabilized after a sluggish start to 2018 and China's policy makers remain committed to supporting their domestic economy. Subdued inflation pressures have kept central bank policy in line with expectations, even as Europe moves closer to winding down its monetary stimulus and the Federal Reserve remains on a moderate tightening course.

Headlines and political turbulence will continue to obscure underlying fundamentals at times and cause temporary bouts of volatility. We encourage you to work with your financial advisor to evaluate your goals, timeline and risk tolerance. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Terence J. Toth
Chairman of the Board
October 22, 2018

Portfolio Manager’s Comments
Nuveen California Municipal Value Fund, Inc. (NCA)
Nuveen California Municipal Value Fund 2 (NCB)
Nuveen California AMT-Free Quality Municipal Income Fund (NKX)
Nuveen California Quality Municipal Income Fund (NAC)

These Funds feature portfolio management by Nuveen Asset Management, LLC (NAM), an affiliate of Nuveen, LLC. Portfolio manager Scott R. Romans, PhD, reviews key investment strategies and the six-month performance of these Nuveen California Municipal Funds. Scott has managed NCA, NKX and NAC since 2003 and NCB since its inception in 2009.

What key strategies were used to manage these California Funds during the six-month reporting period ended August 31, 2018?

Municipal bond performance, as measured by the S&P Municipal Bond Index, was positive during the six-month reporting period, bolstered by a benign credit backdrop and favorable supply-demand dynamics. Issuance has been shrinking after the Jobs and Tax Cut Act of 2017 revoked tax-exempt advance refunding, while demand has remained persistently strong. The mismatch has boosted the value of municipal bonds. Longer-term municipal yields fell (because yields move in the opposite direction of prices) amid strong demand, but shorter-term yields rose along with the Federal Reserve’s (Fed) policy rate hikes. Credit spreads continued to narrow, as economic data pointed to an upswing in growth while inflation remained relatively low. California’s municipal bond market modestly outperformed the national market in this reporting period.

We also note that California is among the states with the highest personal income and property taxes, which will be more meaningfully affected by the new limits on state and local tax (known as SALT) deductions. While individual taxpayers in California could see an increased tax burden, we also expect municipal bond demand to remain robust. In-state issues, which offer both state and federal tax advantages, are likely to be especially attractive to taxpayers in high income states. For state and local governments, the ability to raise taxes in the future may be more politically challenging. Bonds backed by tax revenues could face headwinds going forward, and state and local credit profiles could suffer if delays in tax increases hurt pension funding, capital investment or other government spending priorities.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor’s objectives and circumstances and in consultation with his or her advisors.

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

For financial reporting purposes, the ratings disclosed are the highest rating given by one of the following national rating agencies: Standard & Poor’s Group (S&P), Moody’s Investors Service, Inc. (Moody’s) or Fitch, Inc. (Fitch). This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings, while BB, B, CCC, CC, C and D are below investment grade ratings. Holdings designated N/R are not rated by these national rating agencies.

Bond insurance guarantees only the payment of principal and interest on the bond when due, and not the value of the bonds themselves, which will fluctuate with the bond market and the financial success of the issuer and the insurer. Insurance relates specifically to the bonds in the portfolio and not to the share prices of a Fund. No representation is made as to the insurers’ ability to meet their commitments.

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

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Portfolio Manager's Comments (continued)

We continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that we believed had the potential to perform well over the long term. Our trading activity continued to focus on pursuing the Funds' investment objectives. We were active in the California municipal market during this reporting period. As credit spreads have narrowed dramatically since the first quarter of 2017, the opportunity to find attractive value among medium and lower credit quality segments of the municipal market has diminished. We focused our buying on AAA and AA rated credits from large issuers that were primarily offering 5% coupons and maturities of 25 years and longer. These types of bonds offer better risk-reward profiles in an environment of rising interest rates and can be sold to fund future purchases when more attractive long-term opportunities present themselves. In pursuing this strategy, we selectively added some student housing and health care bonds. We also took advantage of the significant spread widening between 4% and 5% coupon bonds during this reporting period. This enabled us to trade lower quality 4% coupon bonds for higher quality 4% coupon bonds, which could also provide the Funds with a source of liquidity if the market environment shifts.

Refunding activity was elevated in the tobacco sector in this reporting period, which affected the Funds' tobacco holdings. We reinvested some of the proceeds from the called tobacco bonds into the new issues, which were issued with higher credit quality than the called bonds. For NCA, NCB and NAC, we also bought some airport credits subject to the alternative minimum tax (AMT), including bonds issued for Los Angeles International Airport and San Francisco International Airport. (NKX does not invest in AMT bonds.) For NCA, we took advantage of prevailing market conditions at the very short end of the yield curve by selectively buying variable rate demand notes (VRDNs), which have effectively zero duration. The opportunity cost of owning VRDNs has declined as short-term interest rates have risen, presenting an attractive strategy for keeping NCA fully invested while managing its duration. VRDNs were attractive to us for several reasons. First, because of their mere seven-day maturities and interest rate reset feature (rates on VRDNs automatically adjust along with Federal Reserve rate increases), they lack duration risk. Second, they include a put feature that allows us to sell back the securities at par value with seven days' notice. Third, after a few years of Federal Reserve rate hikes, VRDN yields have become increasingly competitive, so that the opportunity cost of holding this extremely short-term paper has declined. Finally, we saw these securities as liquid placeholders in the Fund, providing a place for us to temporarily leave money invested as we awaited attractive valued longer-term purchase opportunities.

The Funds' new purchases during the reporting period were funded mostly from the proceeds of called and maturing bonds. We also selectively sold bonds with shorter maturities (10 to 15 years) and shorter calls (6 to 8 years), which could be more likely to underperform as the yield curve flattened, to buy bonds with longer maturity and longer (10-year) call structures that offered enhanced income capability.

As of August 31, 2018, NCB, NKX and NAC continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform during the six-month reporting period ended August 31, 2018?

The tables in each Fund's Performance Overview and Holding Summaries section of this report provide the Funds' total returns for the six-month, one-year, five-year, ten-year and/or since inception periods ended August 31, 2018. Each Fund's returns on common share net asset value (NAV) are compared with the performance of corresponding market indexes.

For the six months ended August 31, 2018, the total returns at common share NAV for NCA, NKX and NAC outperformed the returns for both the S&P Municipal Bond California Index and the national S&P Municipal Bond Index, and NCB underperformed both indexes.

The main factor influencing the Funds’ performance during this reporting period was yield curve and duration positioning, while credit rating and sector allocations had a negligible impact on performance. In this reporting period, longer duration bonds outperformed those with shorter durations. All four Funds held overweight exposures to longer duration credits and underweight exposures to shorter duration credits. NKX had a slightly longer duration relative to the benchmark than NAC did, which helped it outperform the benchmark more than NAC did. Similarly, NCA’s duration was significantly longer relative to the benchmark compared to NCB’s duration relative to the benchmark, resulting in the stronger relative performance of NCA compared to NCB. Unlike the other three Funds, NCB’s yield curve and duration positioning was a modest detractor from relative performance. NCB’s inception in 2009 was during an environment of comparatively higher interest rates and wider yield spreads. As NCB’s duration has naturally drifted lower over time (although it remains longer than the duration of the overall municipal market), we have sought to boost the Fund’s income earning potential as a counterbalancing measure.

In addition, the use of regulatory leverage was a factor affecting the performance of NKX and NAC. NCA and NCB do not use regulatory leverage. Leverage is discussed in more detail later in the Fund Leverage section of this report.

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Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of the Funds' common shares relative to their comparative benchmarks was the Funds' use of leverage through their issuance of preferred shares and/or investments in inverse floating rate securities, which represent leveraged investments in underlying bonds. The Funds use leverage because our research has shown that, over time, leveraging provides opportunities for additional income, particularly in the recent market environment where short-term market rates are at or near historical lows, meaning that the short-term rates the Fund has been paying on its leveraging instruments in recent years have been much lower than the interest the Fund has been earning on its portfolio of long-term bonds that it has bought with the proceeds of that leverage.

However, use of leverage can expose Fund common shares to additional price volatility. When a Fund uses leverage, the Fund common shares will experience a greater increase in their net asset value if the municipal bonds acquired through the use of leverage increase in value, but will also experience a correspondingly larger decline in their net asset value if the bonds acquired through leverage decline in value, which will make the shares' net asset value more volatile, and total return performance more variable, over time.

In addition, common share income in levered funds will typically decrease in comparison to unlevered funds when short-term interest rates increase and increase when short-term interest rates decrease. Over the last few quarters, short-term interest rates have indeed increased from their extended lows after the 2007-09 financial crisis. This increase has reduced common share net income, and also reduced potential for long-term total returns. Nevertheless, the ability to effectively borrow at current short-term rates is still resulting in enhanced common share income, and management believes that the advantages of continuation of leverage outweigh the associated increase in risk and volatility described above.

Leverage from issuance of preferred shares had a positive impact on the performance of NKX and NAC over the reporting period. The use of leverage through inverse floating rate securities had a negligible impact on the performance of NCB, NKX and NAC over the reporting period.

As of August 31, 2018, the Funds' percentages of leverage are as shown in the accompanying table.

	NCA	NCB	NKX	NAC
Effective Leverage*	0.00%	9.11%	39.24%	38.29%
Regulatory Leverage*	0.00%	0.00%	37.21%	36.71%

* Effective Leverage is a Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund's portfolio that increase the Fund's investment exposure. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any regulatory leverage. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of a Fund's capital structure. A Fund, however, may from time to time borrow on a typically transient basis in connection with its day-to-day operations, primarily in connection with the need to settle portfolio trades. Such incidental borrowings are excluded from the calculation of a Fund's effective leverage ratio. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

THE FUNDS' REGULATORY LEVERAGE

As of August 31, 2018, the following Funds have issued and outstanding preferred shares as shown in the accompanying table. As mentioned previously, NCA and NCB do not use regulatory leverage.

	Variable Rate Preferred* Shares Issued at Liquidation Preference	Variable Rate Remarketed Preferred** Shares Issued at Liquidation Preference	Total
NKX	$ —	$432,600,000	$ 432,600,000
NAC	$638,900,000	$638,700,000	$1,277,600,000

* Preferred shares of the Fund featuring a floating rate dividend based on a predetermined formula or spread to an index rate. Includes the following preferred shares AMTP, iMTP, VMTP, MFP- VRM and VRDP in Special Rate Mode, where applicable. See Notes to Financial Statements, Note 4 – Fund Shares, Preferred Shares for further details.

** Preferred shares of the Fund featuring floating rate dividends set by a remarketing agent via a regular remarketing. Includes the following preferred shares VRDP not in Special Rate Mode, MFP- VRRM and MFP-VRDM, where applicable. See Notes to Financial Statements, Note 4 – Fund Shares, Preferred Shares for further details.

Refer to Notes to Financial Statements, Note 4 — Fund Shares, Preferred Shares for further details on preferred shares and each Fund's respective transactions.

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Common Share Information

COMMON SHARE DISTRIBUTION INFORMATION

The following information regarding the Funds' distributions is current as of August 31, 2018. Each Fund's distribution levels may vary over time based on each Fund's investment activity and portfolio investments value changes.

During the current reporting period, each Fund's distributions to common shareholders were as shown in the accompanying table.

	Per Common Share Amounts			
Monthly Distributions (Ex-Dividend Date)	NCA	NCB	NKX	NAC
March 2018	$0.0285	$0.0540	$0.0560	$0.0585
April	0.0285	0.0540	0.0560	0.0585
May	0.0285	0.0540	0.0560	0.0585
June	0.0285	0.0540	0.0560	0.0555
July	0.0285	0.0540	0.0560	0.0555
August 2018	0.0285	0.0540	0.0560	0.0555
Total Distributions from Net Investment Income	$0.1710	$0.3240	$0.3360	$0.3420
Yields				
Market Yield*	3.53%	4.18%	5.01%	4.93%
Taxable-Equivalent Yield*	5.29%	6.27%	7.51%	7.39%

* Market Yield is based on the Fund's current annualized monthly distribution divided by the Fund's current market price as of the end of the reporting period. Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.3%. When comparing a Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield would be lower.

Each Fund in this report seeks to pay regular monthly dividends out of its net investment income at a rate that reflects its past and projected net income performance. To permit each Fund to maintain a more stable monthly dividend, the Fund may pay dividends at a rate that may be more or less than the amount of net income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it will hold the excess in reserve as undistributed net investment income (UNII) as part of the Fund's net asset value. Conversely, if a Fund has cumulatively paid in dividends more than it has earned, the excess will constitute a negative UNII that will likewise be reflected in the Fund's net asset value. Each Fund will, over time, pay all its net investment income as dividends to shareholders.

As of August 31, 2018, the Funds had positive UNII balances, based upon our best estimate, for tax purposes. NCB had a positive UNII balance, while NCA, NKX and NAC had negative UNII balances for financial reporting purposes.

All monthly dividends paid by each Fund during the current reporting period were paid from net investment income. If a portion of the Fund's monthly distributions is sourced from or comprised of elements other than net investment income, including capital gains and/or a return of capital, shareholders will be notified of those sources. For financial reporting purposes, the composition and per share amounts of each Fund's dividends for the reporting period are presented in this report's Statement of Changes in Net Assets and Financial Highlights, respectively. For income tax purposes, distribution information for each Fund as of its most recent tax year end is presented in Note 6 – Income Tax Information within the Notes to Financial Statements of this report.

COMMON SHARE EQUITY SHELF PROGRAMS

During the current reporting period, NCA was authorized by the Securities and Exchange Commission to issue additional common shares through an equity shelf program (Shelf Offering). Under this program, NCA, subject to market conditions, may raise additional capital from time to time in varying amounts and offering methods at a net price at or above the Fund's NAV per common share. The total amount of common shares authorized under this Shelf Offering are as shown in the accompanying table.

	NCA
Additional authorized common shares	2,700,000*

* Represents additional authorized common shares for the period March 1, 2018 through June 29, 2018.

During the current reporting period, NCA did not sell any common shares through its Shelf Offering.

Refer to Notes to Financial Statements, Note 4 – Fund Shares, Common Shares Equity Shelf Programs and Offering Costs for further details on Shelf Offerings and the Fund's transactions.

COMMON SHARE REPURCHASES

During August 2018, the Funds' Board of Directors/Trustees reauthorized an open–market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding shares.

As of August 31, 2018, and since the inception of the Funds' repurchase programs, the Funds have cumulatively repurchased and retired their outstanding common shares as shown in the accompanying table.

	NCA	NCB	NKX	NAC
Common shares cumulatively repurchased and retired	–	–	–	–
Common shares authorized for repurchase	2,810,000	330,000	4,775,000	14,510,000

OTHER COMMON SHARE INFORMATION

As of August 31, 2018, and during the current reporting period, the Funds' common share prices were trading at a premium/(discount) to their common share NAVs as shown in the accompanying table.

	NCA	NCB	NKX	NAC
Common share NAV	$10.21	$15.84	$15.29	$15.18
Common share price	$9.69	$15.50	$13.42	$13.50
Premium/(Discount) to NAV	(5.09)%	(2.15)%	(12.23)%	(11.07)%
6-month average premium/(discount) to NAV	(7.42)%	(1.61)%	(11.46)%	(11.85)%

Risk Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation.

Nuveen California Municipal Value Fund, Inc. (NCA)

Nuveen California Municipal Value Fund 2 (NCB)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund’s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. Debt or fixed income securities such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. State concentration makes the Fund more susceptible to local adverse economic, political, or regulatory changes affecting municipal bond issuers. These and other risk considerations such as tax risk are described in more detail on the Fund’s web page at www.nuveen.com/NCA and www.nuveen.com/NCB.

Nuveen California AMT-Free Quality Municipal Income Fund (NKX)

Nuveen California Quality Municipal Income Fund (NAC)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund’s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. Debt or fixed income securities such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. Leverage increases return volatility and magnifies the Fund’s potential return and its risks; there is no guarantee a fund’s leverage strategy will be successful. State concentration makes the Fund more susceptible to local adverse economic, political, or regulatory changes affecting municipal bond issuers. These and other risk considerations such as inverse floater risk and tax risk are described in more detail on the Fund’s web page at www.nuveen.com/NKX and www.nuveen.com/NAC.

NCA Nuveen California Municipal Value Fund, Inc.
Performance Overview and Holding Summaries as of August 31, 2018

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of August 31, 2018

	Cumulative		Average Annual	
	6-Month	1-Year	5-Year	10-Year
NCA at Common Share NAV	1.88%	0.98%	5.74%	5.31%
NCA at Common Share Price	3.32%	(3.35)%	5.65%	4.97%
S&P Municipal Bond California Index	1.87%	0.83%	4.79%	4.80%
S&P Municipal Bond Index	1.78%	0.61%	4.23%	4.36%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index return information is provided for the Fund's shares at NAV only. Indexes are not available for direct investment.

This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

For financial reporting purposes, the ratings disclosed are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Holdings designated N/R are not rated by these national rating agencies.

Fund Allocation
(% of net assets)

Long-Term Municipal Bonds	92.7%
Short-Term Municipal Bonds	6.2%
Other Assets Less Liabilities	1.1%
Net Assets	100%