

Nuveen Mortgage Opportunity Term Fund
Form DEFA14A
July 25, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Nuveen Mortgage Opportunity Term Fund

(Name of Registrant As Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Nuveen Funds Response to ISS Proxy Advisory
Services
Recommendations
July 25, 2014

Nuveen Funds Response

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ISS Proxy Advisory Services has recently recommended that shareholders of the following Nuveen Funds withhold votes for members of the Funds

Audit

Committee in connection with the election of Trustees:

Nuveen Energy MLP Total Return Fund (JMF)

Nuveen Mortgage Opportunity Term Fund (JLS)

Nuveen Mortgage Opportunity Term Fund 2 (JMT)

Nuveen
Investment
Funds,
Inc.

Nuveen
International
Select
Fund

ISS Proxy Advisory Services
recommendation was based on a determination that
the Funds Audit Committee approved an excessive amount of non-audit fees paid to
each Fund's auditor, which increases the potential for conflicts of interest.

Nuveen Fund Advisors, LLC (NFAL), each Fund's investment adviser, respectfully
disagrees with that determination and requests that ISS Proxy Advisory Services
reconsider its determination.

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Nuveen Funds Response, Cont.

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NFAL believes the Audit committee acted appropriately in approving the non-audit related services in question for the following reasons:

Each of the four Funds have unique circumstances within the Nuveen Fund complex that require a higher than normal level of non-audit services be performed.

PwC is uniquely or more qualified than other firms to perform the non-audit services in question on behalf of the Funds.

While

the

fees

paid

to

PricewaterhouseCoopers

(PwC)

by

each

Fund

for

non-audit

services

may appear out of proportion, the overall amount of non-audit fees paid to PwC by the Funds

is *de minimis*

compared to the overall audit fees paid by the complex to PwC.

The Audit Committee has taken into account PwC's expertise in the areas requiring additional services and, together with the overall amount of audit-related fees paid to PwC by the Nuveen Funds complex, has determined that the use of PwC to perform these services was and is in the best interests of each Fund and their shareholders.

This determination was made with full disclosure of all facts and in accordance with each Fund's Audit Committee Charter and applicable SEC and NYSE rules and regulations.

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Nuveen Energy MLP Total Return Fund (JMF)

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Nuveen Energy MLP Total Return Fund (JMF)

The Fund invests primarily in master limited partnerships (MLPs), which pass through active business income to the Fund that is sourced to various states.

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The Fund has elected to be taxed as a C-Corporation and therefore pays taxes to various states, the amounts of which are determined using a combination of apportionment factors that are not provided by the MLPs or otherwise generally available.

One other accounting firm provides tax return preparation services tailored for MLPs.

PwC, however, has the overwhelming market share in this area, which allows them direct access to information needed for the apportionment services provided to the Fund, thereby making them uniquely and solely qualified to perform those services.

In addition, JMF was the acquiring fund in a fund reorganization and the Fund incurred additional non-audit tax-related expenses associated with the Fund calculating potential loss limitations that are typical in fund reorganizations.

The \$110,000 of non-audit related fees incurred in fiscal year 2013 as reported in the Fund's proxy statement were comprised of the following: \$40,000 apportionment assistance for JMF (recurring); \$37,500 apportionment assistance for MTP, which merged into

JMF

(non-recurring);

\$25,850

tax

guidance

in

preparing JMF's tax calculation of capital loss carry forward and net operating loss limitations due to the merger of MTP and JMF

(non-recurring); and \$6,750 miscellaneous tax assistance associated with

understanding

state

sourcing

rules

for

several

state

tax

returns

(non-recurring).

Based on the foregoing, and a determination that such services would not impair PwC's independence with respect

to

the

Fund,

the

Audit

Committee

approved

the

use

of

PwC

for

such

non-audit

services.

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Nuveen Mortgage Opportunity Term Fund (JLS)

Nuveen Mortgage Opportunity Term Fund 2 (JMT)

The Funds invest primarily in mortgage-backed securities (MBS)

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The tax accretion of discount on MBS that have significant principal repayments differs from financial statement reporting purposes.

The Funds engaged PwC's Financial Modeling group to assist in the calculation of discount accruals on a tax basis and the basis adjustments associated with sales of MBS, both of which are based on factors not readily available.

When the Funds were launched in 2009/2010, only one other accounting firm provided the necessary services.

The other firm's modeling contained significant assumptions and estimates when compared to modeling performed by PwC's Financial Modeling group, thereby making PwC uniquely qualified to perform those services.

For
JLS,
the
\$79,208
of
non-audit
related
fees
incurred
in
fiscal
year
2013
as
reported
in
the
Funds
proxy
statements were comprised of the following: \$74,838 related to the discount calculations (recurring); and \$4,370 related to annual excise tax review (recurring).

For
JMT,
the
\$76,332
of
non-audit
related
fees
incurred
in
fiscal
year
2013
as
reported

in
the
Funds
proxy

statements were comprised of the following: \$71,962 related to the discount calculations (recurring); and \$4,370 related to annual excise tax review (recurring).

Based on the foregoing and a determination that such services would not impair PwC's independence with respect to the Funds, the Audit Committee approved the use of PwC for such non-audit services.

Nuveen Mortgage Opportunity Term Fund (JLS)

Nuveen Mortgage Opportunity Term Fund 2 (JMT)

Nuveen International Select Fund

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Nuveen International Select Fund

The Fund invests a significant portion of its assets in companies domiciled in the European Union (EU) which require taxes to be withheld on payments made to the Fund. Court cases have called into question whether these taxes should apply, necessitating the Fund to retain an outside administrator to assist in a reclaim process

for reimbursement of the withheld taxes.

NFAL and the Fund's Audit Committee determined that PwC is a recognized provider of these services at competitive rates.

The
reclaim
process
has
no
impact
on
the
financial
statements
of
the
Funds
and
NFAL
management
makes
the
annual determination of which reclaims to file separate and independent of PwC's input.

The Fund is a series of Nuveen Investment Funds, Inc., a Maryland corporation (NIF) that has 28 separate series, each of which constitutes a separate fund.

NIF elects directors at the corporate level as opposed to the Fund level.

The \$38,652 of non-audit related fees incurred by the Fund in fiscal year 2013 as reported in the Fund's proxy statement were comprised of the following:
\$23,937
EU
reclaim
assistance
(recurring);
\$12,215
preparation
of
India
income
tax
returns
(recurring);

and
\$2,500
excise
tax
review
(recurring).

Based on the foregoing and a determination that such services would not impair PwC's independence with respect to the Fund and NIF, the Audit Committee approved the use of PwC for such non-audit services.