

NUVEEN MISSOURI PREMIUM INCOME MUNICIPAL FUND  
Form N-CSR  
August 08, 2016

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 811-07616

Nuveen Missouri Premium Income Municipal Fund  
(Exact name of registrant as specified in charter)

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

Kevin J. McCarthy  
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: May 31

Date of reporting period: May 31, 2016

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.

---

Life is Complex

Nuveen makes things e-simple.

It only takes a minute to sign up for e-Reports. Once enrolled, you'll receive an e-mail as soon as your Nuveen Fund information is ready—no more waiting for delivery by regular mail. Just click on the link within the e-mail to see the report and save it on your computer if you wish.

Free e-Reports right to your e-mail!

[www.investordelivery.com](http://www.investordelivery.com)

If you receive your Nuveen Fund dividends and statements from your financial advisor or brokerage account.

or

[www.nuveen.com/accountaccess](http://www.nuveen.com/accountaccess)

If you receive your Nuveen Fund dividends and statements directly from Nuveen.

---

Table of Contents

Chairman's Letter to Shareholders	4
Portfolio Managers' Comments	5
Fund Leverage	12
Common Share Information	13
Risk Considerations	15
Performance Overview and Holding Summaries	17
Shareholder Meeting Report	23
Report of Independent Registered Public Accounting Firm	25
Portfolios of Investments	26
Statement of Assets and Liabilities	70
Statement of Operations	72
Statement of Changes in Net Assets	74
Statement of Cash Flows	77
Financial Highlights	80
Notes to Financial Statements	89
Additional Fund Information	104
Glossary of Terms Used in this Report	105
Reinvest Automatically, Easily and Conveniently	107
Annual Investment Management Agreement Approval Process	108
Board Member & Officers	116

NUVEEN 3

---

Chairman's Letter to Shareholders

Dear Shareholders,

The U.S. economy is now seven years into the recovery, but its pace remains stubbornly subpar compared to past recoveries. Economic data continues to be a mixed bag, as it has been throughout this expansion period. While the unemployment rate fell below its pre-recession level and wages have grown slightly, a surprisingly weak jobs growth report in May cast doubt over the future strength of the labor market. The June employment report was much stronger, however, easing fears that a significant downtrend was emerging. The housing market has improved markedly but its contribution to the recovery has been lackluster. Deflationary pressures, including the dramatic slide in commodity prices, have kept inflation much lower for longer than many expected.

U.S. growth remains modest, while economic conditions elsewhere continue to appear vulnerable. On June 23, 2016, the U.K. voted to leave the European Union, known as "Brexit." The outcome surprised the global markets, leading to high levels of volatility across equities, fixed income and currencies in the days following the vote. Although the turbulence subsided not long after and many asset classes have largely recovered, uncertainties remain about the Brexit separation process and the economic and political impacts on the U.K., Europe and the rest of the world. In the meantime, global central banks remain accommodative in efforts to bolster growth. The European Central Bank and Bank of Japan have been providing aggressive monetary stimulus, including adopting negative interest rates in both Europe and Japan, as their economies continue to lag the U.S.'s recovery. China's policy makers have also continued to manage its slowdown, but investors are still worried about where the world's second-largest economy might ultimately land.

Many of these ambiguities – both domestic and international – have kept the U.S. Federal Reserve (Fed) from raising short-term interest rates any further since December's first and only increase thus far. While markets rallied earlier in the year on the widely held expectation that the Fed would defer any increases until June, the unusually weak May jobs report and the Brexit concerns compelled the Fed to hold rates steady at its June meeting. Although labor market conditions improved in June, Britain's "leave" vote is expected to keep the Fed on hold until later in 2016.

With global economic growth still looking fairly fragile, financial markets have become more volatile over the past year. Although sentiment has improved and conditions have generally recovered from the intense volatility seen in early 2016 and following the Brexit vote in June, we expect that turbulence remains on the horizon for the time being. In this environment, Nuveen remains committed to both managing downside risks and seeking upside potential. If you're concerned about how resilient your investment portfolio might be, we encourage you to talk to your financial advisor.

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,

William J. Schneider

Chairman of the Board

July 26, 2016

Portfolio Managers' Comments

Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG)

Nuveen Maryland Premium Income Municipal Fund (NMY)

Nuveen Minnesota Municipal Income Fund (NMS)

Nuveen Missouri Premium Income Municipal Fund (NOM)

Nuveen North Carolina Premium Income Municipal Fund (NNC)

Nuveen Virginia Premium Income Municipal Fund (NPV)

These Funds feature portfolio management by Nuveen Asset Management, LLC (NAM), an affiliate of Nuveen Investments, Inc. Portfolio managers Daniel J. Close, CFA, Thomas C. Spalding, CFA, Douglas J. White, CFA and Christopher L. Drahn, CFA, discuss U.S. economic and municipal market conditions, key investment strategies and the twelve-month performance of these six Nuveen Funds. Dan has managed the Nuveen Georgia and North Carolina Funds since 2007. Tom assumed portfolio management responsibility for the Maryland and Virginia Funds in 2011, Doug has managed the Minnesota Fund since 1993 and Chris has managed the Missouri Fund since 2011.

Effective May 31, 2016, Tom Spalding retired from NAM and Stephen J. Candido, CFA, has taken over portfolio management responsibilities for NMY and NPV.

What factors affected the U.S. economy and the national municipal market during the twelve-month reporting period ended May 31, 2016?

Over the twelve-month period, U.S. economic data continued to point to subdued growth, rising employment and tame inflation. Economic activity has continued to hover around a 2% annualized growth rate since the end of the Great Recession in 2009, as measured by real gross domestic product (GDP), which is the value of the goods and services produced by the nation's economy less the value of the goods and services used up in production, adjusted for price changes. For the first quarter of 2016, real GDP increased at an annual rate of 0.8%, as reported by the "second" estimate of the Bureau of Economic Analysis, down from 1.4% in the fourth quarter of 2015.

The labor and housing markets were among the bright spots in the economy during the reporting period, as both showed steady improvement. As reported by the Bureau of Labor Statistics, the unemployment rate fell to 4.7% in May 2016 from 5.5% in May 2015, and job gains averaged slightly above 200,000 per month for the past twelve months. The S&P/Case-Shiller U.S. National Home Price Index, which covers all nine U.S. census divisions, recorded a 5.0% annual gain in April 2016 (most recent data available at the time this report was prepared). The 10-City and 20-City Composites reported year-over-year increases of 4.7% and 5.4%, respectively.

---

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 managers 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.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's (S&P), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch). 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. Certain bonds backed by U.S. government or agency securities are regarded as having an implied rating equal to the rating of such securities. 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.

Portfolio Managers' Comments (continued)

Consumers, whose purchases comprise the largest component of the U.S. economy, benefited from lower gasoline prices and an improving jobs market but didn't necessarily spend more. Pessimism about the economy's future and lackluster wage growth likely contributed to consumers' somewhat muted spending. Lower energy prices and tepid wage growth also weighed on inflation during this reporting period. The Consumer Price Index (CPI) rose 1.0% over the twelve-month period ended May 2016 on a seasonally adjusted basis, as reported by the U.S. Bureau of Labor Statistics. The core CPI (which excludes food and energy) increased 2.2% during the same period, slightly above the Fed's unofficial longer term inflation objective of 2.0%.

Business investment was also rather restrained. Corporate earnings growth slowed during 2015, reflecting an array of factors ranging from weakening demand amid sluggish U.S. and global growth to the impact of falling commodity prices and a strong U.S. dollar. Energy, materials and industrials companies were hit particularly hard by the downturn in natural resource prices, as well as the expectation of rising interest rates, which would make their debts more costly to service. With demand waning, companies, especially in the health care and technology sectors, looked to consolidate with rivals as a way to boost revenues. Merger and acquisition deals, both in the U.S. and globally, reached record levels in the calendar year 2015.

With the current expansion on solid footing, the U.S. Federal Reserve (Fed) prepared to raise one of its main interest rates, which had been held near zero since December 2008 to help stimulate the economy. After delaying the rate change for most of 2015 because of a weak global economic growth outlook, the Fed announced in December 2015 that it would raise the fed funds target rate by 0.25%. The news was widely expected and therefore had a relatively muted impact on the financial markets.

Although the Fed continued to emphasize future rate increases would be gradual, investors worried about the pace. This, along with uncertainties about the global macroeconomic backdrop, another downdraft in oil prices and a spike in stock market volatility triggered significant losses across assets that carry more risk and fueled demand for "safe haven" assets such as Treasury bonds and gold from January through mid-February. However, fear began to subside in March, propelling assets that carry more risk higher. The Fed held the rate steady at both the January and March policy meetings, as well as lowered its expectations to two rate increases in 2016 from four. Also boosting investor confidence were reassuring statements from the European Central Bank, some positive economic data in the U.S. and abroad, a retreat in the U.S. dollar and an oil price rally. At its April meeting, the Fed indicated its readiness to raise its benchmark rate at the next policy meeting in June. However, a very disappointing jobs growth report in May and the significant uncertainty surrounding the U.K.'s referendum on whether Britain should leave the European Union (EU), colloquially known as "Brexit," dampened the Fed's outlook. These concerns led the Fed to again hold rates steady at its June meeting (after the close of this reporting period). Subsequent to the close of this reporting period, on June 23, 2016, the U.K. voted in favor of leaving the EU. The event triggered considerable market volatility, with a steep drop in the U.K. sterling, turbulence in global equity markets and a rotation into safe-haven assets such as gold, the U.S. dollar and U.S. Treasuries.

The broad municipal bond market performed well in the twelve-month reporting period, supported by falling interest rates, a favorable supply-demand balance and generally improving credit fundamentals. Early in the reporting period, interest rates rose on the expectation that the Fed would begin to raise short-term interest rates in the latter half of 2015. However, with the Fed's first increase delayed until December and its indication of a more gradual path of increases in 2016, interest rates trended lower over the remainder of the reporting period. Municipal market yields moved in tandem with broader interest rates, ending the reporting period below where they started. However, while the yields on intermediate- and longer-dated bonds posted sizeable declines, the yields of short-dated bonds increased slightly over the reporting period. This caused the municipal yield curve to flatten over the reporting period.

The municipal market's supply-demand balance was generally favorable over this reporting period. Over the twelve months ended May 31, 2016, municipal bond gross issuance nationwide totaled \$384.5 billion, a 5.2% drop from the issuance for the twelve-month period ended May 31, 2015. Despite the drop, gross issuance remains elevated as issuers continue to actively and aggressively refund their outstanding debt given the very low interest rate environment. In these transactions the issuers are issuing new bonds and taking the bond proceeds and redeeming (calling) old bonds. These refunding transactions have ranged from 40%-60% of total





issuance over the past few years. Thus, the net issuance (all bonds issued less bonds redeemed) is actually much lower than the gross issuance. In fact, the total municipal bonds outstanding has actually declined in each of the past four calendar years. So, the gap between gross and net issuance has been an overall positive technical factor on municipal bond investment performance.

While supply has tightened, investor demand for municipal bonds has risen. Municipal bond mutual funds reported net inflows in 2015, and the inflows for the first four months of 2016 has already exceeded 2015's total volume for the year. The bouts of heightened volatility across other risky assets, uncertainty about the Fed's rate increases and the low to negative yields of European and Asian bonds have bolstered the appeal of municipal bonds' risk-adjusted returns and tax-equivalent yields. The municipal bond market is less directly influenced by the Fed's rate adjustments and its demand base is largely comprised of U.S. investors, factors which have helped municipal bonds deliver relatively attractive returns with less volatility than other market segments.

The fundamental backdrop also remained supportive for municipal bonds. Despite the U.S. economy's rather sluggish recovery, improving state and local balance sheets have contributed to generally good credit fundamentals. Higher tax revenue growth, better expense management and a more cautious approach to new debt issuance have led to credit upgrades and stable credit outlooks for many state and local issuers. While some pockets of weakness continued to grab headlines, including Illinois, New Jersey and Puerto Rico, their problems were largely contained, with minimal spillover into the broader municipal market.

What were the economic and market conditions in Georgia, Maryland, Minnesota, Missouri, North Carolina and Virginia during the twelve-month reporting period ended May 31, 2016?

Georgia's economy continues to grow, with 3.1% year-over-year employment growth. As of May 2016, unemployment in Georgia was 5.3%, down from 6.3% in May 2015, but still above the national rate of 4.7%. Georgia's economy continues to be well diversified, although geographically concentrated around the Atlanta metropolitan area. Home prices in the Atlanta area, were up 6.5% year-over-year as of April 2016 (most recent data available at the time this report was prepared), ahead of the national average of 5.0%, according to the S&P/Case-Shiller Home Price Index. The state's revenues have been tracking above budget. Total net tax revenue collections were 9.9% higher through April 2016, as compared to April 2015. Georgia's Revenue Shortfall Reserve, or rainy day fund, stands at \$1.4 billion in January 2016. That is the largest balance since before the great recession. For Fiscal 2017, Georgia adopted a \$23.7 billion state budget, increasing state spending by \$1.9 billion over the Fiscal 2016 budget. Much of the spending increase (\$825 million) is to fund the transportation bill that was passed in the 2015 legislative session. The Fiscal 2017 budget also provides \$300 million in additional funds for K-12 education in an effort to further reduce the austerity cuts from prior years. In November 2014, voters in Georgia approved a constitutional amendment to prevent the state from increasing the maximum individual income tax rate above 6%. The Georgia Senate has decided to let voters decide in the fall of calendar year 2016 whether to reduce the maximum state income tax from 6% to 5.2%. Individual income tax is Georgia's largest revenue source accounting for about half of the state's general fund budget. As of June 2016 (subsequent to the close of this reporting period), Georgia's general obligation debt continued to be rated Aaa/AAA/AAA with stable outlooks from Moody's, S&P and Fitch, respectively. For the twelve months ended May 31, 2016, municipal issuance in Georgia totaled \$6.8 billion, a gross issuance decrease of 1.0% from the twelve months ended May 31, 2015.

In Maryland, the state's credit profile has remained relatively strong due to sound fiscal management and a diverse economy. While Maryland's economic growth in 2015 was below many of its peers at 1.5%, compared to 2.4% on average for the U.S., other economic indicators are more favorable. Private sector employment is expanding and the labor market is tightening, in some cases making it difficult to find qualified applicants. Growth in the health care and professional services sectors buoyed the state's job market and lowered statewide unemployment to 4.5% as of May 2016, down from 5.3% in the prior year. However, Maryland's proximity to Washington D.C. means a greater dependency on federal employment than in most states, leaving it vulnerable to future federal cost-cutting. Government employment accounts for nearly 19% of all state employment. Maryland has one of the nation's best educated workforces, which has facilitated the development of advanced technology and the growth of public and private research facilities.



Portfolio Managers' Comments (continued)

Combined with the influence of the government sector and the presence of 56 universities, this has made Maryland a center for national security and medical and biomedical research. Demographics in the state remain favorable: the state's population is growing, now up to 5.9 million, residents have above average incomes, and the median home value is 163% of the U.S. median. Maryland closed Fiscal Year 2015 with an operating surplus and Fiscal Year 2016 revenues (as of March) are ahead of budget. The Fiscal 2017 budget estimates a 4% increase in revenues over the prior year and increases the state's rainy day fund to over \$1 billion. As of June 2016 (subsequent to the close of this reporting period), Moody's, S&P and Fitch rated Maryland general obligation debt at Aaa/AAA/AAA with stable outlooks. During the twelve months ended May 31, 2016, municipal gross issuance in the state totaled \$5.8 billion, down 28% from the twelve-month period ended May 31, 2015.

Minnesota's economic growth matched the national growth rate in 2015 with Minnesota's GDP growing 2.4% and ranked as the 12th fastest growing state economy. Minnesota's GDP growth was recently driven by gains in the manufacturing, financial services and professional and business services sectors. As of May 2016, Minnesota's seasonally adjusted unemployment rate of 3.8% remained well below the national unemployment rate of 4.7% and increased slightly compared to the state's 3.6% unemployment rate as of May 2015. In 2015, Minnesota state exports declined by 6.6% with the largest declines in civilian aircraft engines and parts and electronic sectors. According to the S&P/Case-Shiller Index of 20 major metropolitan areas, housing prices in Minnesota rose a fairly modest 4.8% during the twelve months ended April 2016 (most recent data available at the time this report was prepared), compared with a 5.0% price increase nationally. Previously in June 2015, Minnesota passed a balanced \$42 billion biennium budget for Fiscal 2016 and 2017. Strong tax collections since last June gave Governor Dayton and the Legislature the luxury of a \$900 million budget surplus during the 2016 legislative session. However, the Governor and Legislature couldn't agree on how to distribute a portion of the surplus with the republican lead legislature favoring tax cuts and Governor Dayton pushing for one-time funding of transportation projects. The Governor is continuing to push for a special legislative session to solve transportation issues. As of June 2016, the state's S&P and Moody's ratings were AA+ and Aa1, respectively, and S&P maintains a positive outlook while Moody's outlook is stable. For the twelve months ended May 31, 2016, municipal issuance in Minnesota totaled \$9.2 billion, representing a gross issuance 29.8% increase from the twelve months ended May 31, 2015.

Missouri's economic recovery continues to lag national economic growth. For 2015, national GDP grew 2.4% and outpaced Missouri's GDP growth rate of 1.3%, which ranked as the 35th slowest growing state. As of May 2016, Missouri's unemployment rate of 4.3% improved from the state's 5.1% unemployment rate as of May 2015 and Missouri's unemployment rate is now below the national unemployment rate of 4.7%. Job growth was driven by gains in professional and business services, financial activities, and education and health services sectors. Missouri's state exports declined in 2015, with exports declining 3.7% compared to 2014, export declines were driven by motor vehicles and trade declines with three of Missouri's four largest trading partners, Canada, China and Japan. The Fiscal 2017 state budget of \$27.3 billion was signed into law by Governor Nixon in May and included increased K-12 education funding, 4% increase in university funding and a 2% raise for state employees. As of June 2016, Moody's, S&P and Fitch rated Missouri general obligation debt at Aaa/AAA/AAA with stable outlooks. For the twelve months ended May 31, 2016, municipal issuance in Missouri totaled \$5.5 billion, representing a 9.7% gross issuance decrease from the twelve months ended May 31, 2015.

North Carolina's growth has picked up and is now outpacing most of its peers. In 2015, the gross state product for North Carolina grew 2.7% compared to 1.4% the prior year, moving its ranking up to 10th among all states. As of May 2016, the state's unemployment rate was 5.1%. North Carolina has worked to transition its economy away from old-line manufacturing into sectors oriented toward research, technology and services and the combination of experience and a focus on the future resulted in Raleigh being selected as the site for a new federally subsidized institute for technology-based manufacturing. Once a leader in textiles, furniture and tobacco, the state's manufacturing sector was not expected to resume its role as a major driver in the North Carolina economy but manufacturing has continued to represent a significant number of the state's jobs. Almost 11% of total employment is in manufacturing and the sector has added 9,500 jobs during the recovery. The federal government remained the largest employer in the



state due to the large military installments, including Fort Bragg and Camp Lejeune, which are the two largest employers in the state with more than 110,000 workers. According to the S&P/Case-Shiller Index of 20 major metropolitan areas, housing prices in Charlotte rose 5.0% during the twelve months ended April 2016 (most recent data available at the time this report was prepared). North Carolina closed Fiscal Year 2015 with an operating surplus and Fiscal Year 2016 revenue projections indicate another strong financial performance. As of May 2016, Moody's, S&P and Fitch rated North Carolina general obligation debt at Aaa/AAA/AAA with stable outlooks. During the twelve months ended May 31, 2016, municipal issuance in North Carolina totaled \$6.4 billion, a gross issuance increase of 12% from the previous twelve months.

Virginia's economic recovery has been slower than its peers. In fact, in 2014 it came to a halt—the state posted no growth in GDP which put it in 48th place among all states. It picked up steam in 2015, with accelerating employment and positive GDP growth of 1.4%, placing it 31st among all states. As of May 2016, unemployment in the commonwealth was 3.8% and well below the national average of 4.7%. Job growth in Virginia was led by the transportation and business services industries as well as education and health services, though notably, government employment remained flat. Virginia has a relatively high percentage of government employment, at almost 19% of total employment; this is a result of its proximity to Washington D.C. in the north and large military presence in the Hampton Roads region. In recent months, home prices in the region have risen slightly, according to the S&P/Case-Shiller Index of 20 major metropolitan areas, with the Washington D.C. area posting a 1.9% gain for the twelve months ended April 2016 (most recent data available at the time this report was prepared). Virginia has closed the last five years with balanced or surplus operations. Fiscal Year 2016 is the first year of its biennium budget and revenues are coming in slightly below budget. The state has revised its budgeted revenues for Fiscal Year 2016 downward and plans to offset this with draws on its revenue stabilization fund and general fund reserves. As of June 2016 (subsequent to the close of this reporting period), Moody's, S&P and Fitch rated Virginia general obligation debt at Aaa/AAA/AAA with stable outlooks. During the twelve months ended May 31, 2016, issuance in Virginia totaled \$7.2 billion, a gross issuance decrease of 18% from the previous twelve months.

What key strategies were used to manage these Funds during the twelve-month reporting period ended May 31, 2016? Municipal bonds delivered a strong gain over the twelve-month reporting period in an environment of falling interest rates, stronger credit fundamentals and a tight supply-demand balance. In some states, higher yielding municipal bond issuance is relatively scarce. With high yield municipal bond mutual funds experiencing surging inflows lately, demand for higher income issues has been very strong. As a result of the increased competition not only among state-specific funds but also with large, national mutual funds, we may have bought less of a new issue than we might have otherwise preferred or chose not to participate because demand for the bonds narrowed their spreads to unattractive levels.

Nevertheless, our trading activity continued to focus on pursuing the Funds' investment objectives. We continued to seek bonds in areas of the market that we expected to perform well as the economy continued to improve. The Funds' positioning emphasized intermediate and longer maturities, lower-rated credits and sectors offering higher yields. To fund these purchases, we generally reinvested the proceeds from called and maturing bonds. In some cases, we sold bonds that we believed had deteriorating fundamentals or could be traded for a better relative value, as well as selling short-dated, higher quality issues that we tend to hold over short timeframes as a source of liquidity.

We've also continued to be more cautious in selecting individual securities. As investor demand for municipal securities has increased and created a slight supply-demand imbalance, we've started to see underwriters bring new issues to market that are structured with terms more favorable to the issuer and perhaps less advantageous to the investor than in the recent past. We believe this shift in the marketplace merits extra vigilance on our part to ensure that every credit considered for the portfolio offers adequate reward potential for the level of risk to the bondholder. In cases where our convictions have been less certain, we've sought compensation for the additional risk or have passed on the deal all together.

Portfolio Managers' Comments (continued)

Trading activity covered a range of sectors and remained consistent with our strategic emphasis on lower rated, longer maturity credits. NKG bought bonds generally from the 15- to 20-year maturity range, including three high grade local general obligation bonds (GOs), a single A rated public utility credit and a single A rated revenue bond issued for Atlanta's Robert W. Woodruff Arts Center. NNC also focused on the intermediate portion of the yield curve, adding two higher rated local GOs and two public higher education bonds. For both NKG and NNC, we found fewer opportunities to buy among the longest maturities because, in our view, the longer-term bonds were not offering sufficient compensation for their additional duration risk. NMY added both in-state bonds, including issues for Baltimore-area health care provider LifeBridge Health System and University of Maryland Student Housing, and out-of-state bonds (namely, Buckeye Tobacco credits), as well as U.S. territory bonds from the Virgin Islands and Guam Power Authority. NPV also bought Guam Power Authority credits and in-state bonds issued for Virginia Rental Housing and Winchester Valley Health System. In NMS, we added to the Fund's life care and charter schools allocations with the purchases of credits issued by St. Louis Park for Mount Olivet Careview Home, Columbus Richfield Senior Housing and Hugo Charter School for Noble Academy. NOM's buying activity remained muted over this reporting period, adding St. Louis University revenue bonds and the Missouri Joint Municipal Electric Plum Point Project.

For all the Funds, the cash for new purchases came mainly from called and maturing bonds. Selling activity was fairly subdued. NKG sold a local GO. NMS and NMY occasionally sold high grade GOs when an attractive longer-term opportunity was available. We tend to consider these higher quality GOs as temporary holdings that can provide a source of liquidity when we're looking to fund the purchase of a longer-term, buy-and-hold position. The Puerto Rico exposures in NMY and NPV continued to decline during this reporting period, due to maturing bonds and, in the case of NPV, selling activity.

Additionally, NKG and NNC invested in credit default swap contracts to manage credit risk by purchasing credit protection. These swap contracts were terminated before the end of the reporting period. During the reporting period, the swaps had a negligible impact on performance.

As of May 31, 2016, NKG, NMY, NOM and NPV 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 twelve-month reporting period ended May 31, 2016?

The tables in each Fund's Performance Overview and Holding Summaries section of this report provide the Funds' total returns for the one-year, five-year and ten-year periods ended May 31, 2016. Each Fund's total returns at common share net asset value (NAV) are compared with the performance of corresponding market indexes and a Lipper classification average.

For the reporting period ended May 31, 2016, the total return at common share NAV for the six Funds exceeded the return for their respective state's S&P Municipal Bond Index as well as the national S&P Municipal Bond Index. For the same period, NKG, NMY, NMS, NNC and NPV lagged the average return for the Lipper Other States Municipal Debt Funds Classification Average, while NOM outperformed the Lipper average. Shareholders should note that the performance of the Lipper Other States classification represents the overall average of returns for funds from ten states with a wide variety of municipal market conditions, making direct comparisons less meaningful.

For the six Funds, duration and yield curve positioning were among the main positive contributors to performance during this reporting period. Consistent with our long term strategy, these Funds tended to have longer durations than the benchmark, with overweightings in the longer parts of the yield curve that performed well and underweightings in the underperforming shorter end of the curve. However, NMY and NPV had overweight allocations to the very shortest maturities (zero- to two-year) that slightly detracted from the Funds' relative performance. NMY and NPV also benefited from favorable credit selection in zero coupon bonds, a segment that performed well during the reporting period due to their very long maturities and higher yields.

Credit ratings allocations also boosted performance for most of the Funds during this reporting period. The returns of lower quality bonds generally outpaced those of higher quality credits due to investor demand for higher yielding assets and a willingness to increase credit risk because of improving credit fundamentals. The Funds' overweight allocations to the lower quality, below investment grade and not rated categories, as well as underweight allocations to AAA and AA rated credits were generally advantageous to performance. NMS was an exception, however, as ratings allocations had a neutral effect on performance. NMS' overweight exposures and credit selection in both below investment grade and not rated bonds boosted relative returns but those gains were offset by an overweight and weak credit selection in BBB rated credits.

Sector positioning produced mixed results for the Funds during this reporting period. For NKG and NNC, sector strategies detracted from relative performance primarily due to NKG's allocation to the higher education sector and NNC's overweight allocation to pre-refunded bonds, a group which underperformed the broad municipal market. Conversely, NMY's and NPV's sector allocations added value. In NMY, overweight positions in health care and tobacco and an underweight to tax-supported sectors (e.g., state and local GOs) added the most value. NPV's overweight exposures to the health care, tobacco and transportation sectors and its underweight to tax supported sectors were advantageous to relative performance. For NMS, sector positioning delivered positive performance but were only a small contributor to relative results. NMS's overweight allocation to the health care sector contributed the most, with additional gains from our credit selection in local GOs and an overweight position in housing. However, NMS' overweight allocations to pre-refunded and corporate-backed sectors dampened relative performance, as did the Fund's lack of exposure to the strong-performing tobacco sector (because Minnesota does not offer tobacco securitization bonds) and credit selection in the utilities sector. NOM's sector allocations had a neutral impact on relative performance over this reporting period.

#### An Update Involving Puerto Rico

As noted in the Funds' previous shareholder reports, we continue to monitor situations in the broader municipal market for any impact on the Funds' holdings and performance: the ongoing economic problems of Puerto Rico is one such case. Puerto Rico's continued economic weakening, escalating debt service obligations, and long-standing inability to deliver a balanced budget led to multiple downgrades on its debt over the past two years. Puerto Rico has warned investors since 2014 that the island's debt burden may be unsustainable and the Commonwealth has been exploring various strategies to deal with this burden, including Chapter 9 bankruptcy, which is currently not available by law. On June 30, 2016 (subsequent to the end of the reporting period), President Obama signed the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) into law. The legislation creates a path for Puerto Rico to establish an independent oversight board responsible for managing the government's financial operations and restructure debt. Implementation is expected to take time, as the law focuses on developing a comprehensive five-year fiscal plan.

In terms of Puerto Rico holdings, shareholders should note that NMY, NOM and NPV had limited exposure to Puerto Rico debt, 5.35%, 0.57% and 4.62%, respectively, at the end of the reporting period, consisting of mostly insured bonds. NKG, NMS, NNC did not hold any Puerto Rico bonds. The Puerto Rico credits offered higher yields, added diversification and triple exemption (i.e., exemption from most federal, state and local taxes). Puerto Rico general obligation debt is currently rated Caa2/CC/CC (below investment grade) by Moody's, S&P and Fitch, respectively, with negative outlooks.

#### A Note About Investment Valuations

The municipal securities held by the Funds are valued by the Funds' pricing service using a range of market-based inputs and assumptions. A different municipal pricing service might incorporate different assumptions and inputs into its valuation methodology, potentially resulting in different values for the same securities. These differences could be significant, both as to such individual securities, and as to the value of a given Fund's portfolio in its entirety. Thus, the current net asset value of a Fund's shares may be impacted, higher or lower, if the Fund were to change pricing service, or if its pricing service were to materially change its valuation methodology. The Funds have received notification by their current municipal bond pricing service that such service has agreed to be acquired by the parent company of another pricing service, and that the transaction is under regulatory review. Thus there is an increased risk that each Fund's pricing service may change, or that the Funds' current pricing service may change its valuation methodology, either of which could have an impact on the net asset value of each Fund's shares.

NUVEEN 11

---



## Fund Leverage

## IMPACT OF THE FUNDS' LEVERAGE STRATEGY ON PERFORMANCE

One important factor impacting the returns of the Funds 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 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 the Fund to additional price volatility. When a Fund uses leverage, the Fund will experience a greater increase in its net asset value if the municipal bonds acquired through the use of leverage increase in value, but it will also experience a correspondingly larger decline in its net asset value if the bonds acquired through leverage decline in value, which will make the Fund's net asset value more volatile, and its total return performance more variable over time. In addition, 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. Leverage had a positive impact on the performance of the Funds over the reporting period.

As of May 31, 2016, the Funds' percentages of leverage are as shown in the accompanying table.

	NKG	NMY	NMS	NOM	NNC	NPV
Effective Leverage*	35.58 %	34.07 %	33.40 %	37.45 %	32.85 %	36.91 %
Regulatory Leverage*	33.06 %	32.14 %	33.40 %	34.76 %	32.85 %	32.25 %

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. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

## THE FUNDS' REGULATORY LEVERAGE

As of May 31, 2016, the Funds have issued and outstanding Variable Rate MuniFund Term Preferred (VMTP) Shares and Variable Rate Demand Preferred (VRDP) Shares as shown in the accompanying table.

	VMTP Shares		VRDP Shares		Total
	Series	Shares Issued at Liquidation Preference	Series	Shares Issued at Liquidation Preference	
NKG	2017	\$75,000,000	—	—	\$75,000,000
NMY	2017	\$167,000,000	—	—	\$167,000,000
NMS	2017	\$44,100,000	—	—	\$44,100,000
NOM	2018	\$18,000,000	—	—	\$18,000,000
NNC	2017	\$125,000,000	—	—	\$125,000,000
NPV	—	—	1	\$128,000,000	\$128,000,000

Refer to Notes to Financial Statements, Note 4 – Fund Shares, Preferred Shares for further details on VMTP and VRDP Shares and each Fund's respective transactions.

Subsequent to the close of this reporting period, NMY, NMS and NNC each refinanced all of its outstanding VMTP Shares with the issuance of new VMTP Shares. NMY, NMS and NNC also issued an additional \$30,000,000, \$8,700,000 and \$29,000,000 VMTP Shares at liquidation preference, respectively, to be invested in accordance with each Fund's investment policies.

Common Share Information

COMMON SHARE DISTRIBUTION INFORMATION

The following information regarding the Funds' distributions is current as of May 31, 2016. 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.

Monthly Distribution (Ex-Dividend Date)	Per Common Share Amounts					
	NKG	NMY	NMS	NOM	NNC	NPV
June 2015	\$0.0535	\$0.0555	\$0.0690	\$0.0610	\$0.0490	\$0.0610
July	0.0535	0.0555	0.0690	0.0610	0.0490	0.0610
August	0.0535	0.0555	0.0690	0.0610	0.0490	0.0610
September	0.0535	0.0555	0.0665	0.0610	0.0490	0.0570
October	0.0535	0.0555	0.0665	0.0610	0.0490	0.0570
November	0.0535	0.0555	0.0665	0.0610	0.0490	0.0570
December	0.0535	0.0555	0.0665	0.0610	0.0490	0.0545
January	0.0535	0.0555	0.0665			