

NUVEEN AMT-FREE MUNICIPAL INCOME FUND
Form N-CSR
January 07, 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 811-21213

Nuveen AMT-Free Municipal Income 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)

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

Date of fiscal year end: October 31

Date of reporting period: October 31, 2015

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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Table of Contents

Chairman's Letter to Shareholders	4
Portfolio Managers' Comments	5
Fund Leverage	11
Common Share Information	12
Risk Considerations	14
Performance Overview and Holding Summaries	15
Shareholder Meeting Report	23
Report of Independent Registered Public Accounting Firm	25
Portfolios of Investments	26
Statement of Assets and Liabilities	87
Statement of Operations	88
Statement of Changes in Net Assets	89
Statement of Cash Flows	91
Financial Highlights	92
Notes to Financial Statements	98
Additional Fund Information	114
Glossary of Terms Used in this Report	115
Reinvest Automatically, Easily and Conveniently	117
Annual Investment Management Agreement Approval Process	118
Board Member & Officers	133

Nuveen Investments 3

Chairman's Letter to Shareholders

Dear Shareholders,

For better or for worse, the financial markets spent most of the past year waiting for the U.S. Federal Reserve (Fed) to end its accommodative monetary policy. The policy has propped up stock and bond markets since the Great Recession, but the question remains: how will markets behave without its influence? This uncertainty was a considerable source of volatility for stock and bond prices for much of 2015, despite the Fed carefully conveying its intention to raise rates slowly and only when the economy shows evidence of readiness.

As was widely expected, the long-awaited Fed rate hike materialized in mid-December. While the move was interpreted as a vote of confidence on the economy's underlying strength, the Fed emphasized that future rate increases will be gradual and guided by its ongoing assessment of financial conditions. How efficiently the financial markets process the confluence of rising borrowing costs, softer commodity prices, stubbornly low U.S. inflation, and a strong U.S. dollar, against a backdrop of anemic global economic growth, remains to be seen.

Nevertheless, the global recovery continues to be led by the United States. Policy makers in Europe and Japan are deploying their available tools to try to bolster their economies' fragile growth, while Chinese authorities have stepped up efforts to manage China's slowdown. With sentiment regarding China growing increasingly bearish and the Fed now working toward normalizing its interest-rate policy, the actions of the world's central banks remain under intense scrutiny.

In the meantime, asset prices could continue to churn as risks both known and unknown begin to emerge. In times like these, you can look to a professional investment manager with the experience and discipline to maintain the proper perspective on short-term events. And if the daily headlines do concern you, I encourage you to reach out to your financial advisor. Your financial advisor can help you evaluate your investment strategies in light of current events, your time horizon 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,

William J. Schneider
Chairman of the Board
December 21, 2015

4 Nuveen Investments

Portfolio Managers' Comments

Nuveen Quality Municipal Fund, Inc. (NQI)

Nuveen Municipal Opportunity Fund, Inc. (NIO)

Nuveen Dividend Advantage Municipal Income Fund (NVG)

Nuveen AMT-Free Municipal Income Fund (NEA)

These Funds feature portfolio management by Nuveen Asset Management, LLC, an affiliate of Nuveen Investments, Inc. Portfolio managers Douglas J. White, CFA, and Paul L. Brennan, CFA, discuss U.S. economic and municipal market conditions, key investment strategies and the twelve-month performance of these four national Funds. Douglas assumed portfolio management responsibility for NQI in 2011 and Paul has managed NIO, NVG and NEA since 2006.

APPROVED FUND REORGANIZATIONS

During August 2015, the Board of Directors/Trustees of the Nuveen Closed-End Funds approved a series of reorganizations for certain Funds included in this report (the Target Funds) to create one, larger-national Fund (the Acquiring Fund).

The approved reorganizations are as follows:

Target Funds	Symbol	Acquiring Fund	Symbol
Nuveen Quality Municipal Fund, Inc.	NQI	Nuveen Dividend Advantage Municipal Income Fund	NVG
Nuveen Municipal Opportunity Fund, Inc.	NIO	(to be renamed Nuveen Enhanced AMT-Free Municipal	
Nuveen Quality Income Municipal Fund, Inc.	NQU	Credit Opportunities Fund)	

See Notes to Financial Statements, Note 1 — General Information and Significant Accounting Policies, Fund Reorganizations for further information.

What factors affected the U.S. economy and the national municipal market during the twelve-month reporting period ended October 31, 2015?

During this reporting period, the U.S. economy continued to expand at a moderate pace. The Federal Reserve (Fed) maintained efforts to bolster growth and promote progress toward its mandates of maximum employment and price stability by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008, a level that remained in place until December 2015 when the Fed increased its benchmark rate to a range of 0.25% to 0.50% (subsequent to the close of this reporting period). At its October 2014 meeting, the Fed announced that it would end its bond-buying stimulus program as of November 1, 2014, after tapering its monthly asset purchases of mortgage-backed and longer-term Treasury securities from the

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)

original \$85 billion per month to \$15 billion per month over the course of seven consecutive meetings (December 2013 through September 2014). In making the announcement, the Fed cited substantial improvement in the labor market as well as sufficient underlying strength in the broader economy to support ongoing progress toward maximum employment in a context of price stability. The Fed also reiterated that it would continue to look at a wide range of factors, including labor market conditions, indicators of inflationary pressures and readings on financial developments, in determining future actions. Additionally, the Fed stated that it would likely maintain the current target range for the fed funds rate for a considerable time, especially if projected inflation continued to run below the Fed's 2% longer run goal. However, if economic data shows faster progress, the Fed indicated that it could raise the fed funds rate sooner than expected.

The Fed changed its language slightly in December 2014, indicating it would be "patient" in normalizing monetary policy. This shift helped ease investors' worries that the Fed might raise rates too soon. However, as employment data released early in 2015 continued to look strong, anticipation began building that the Fed could raise its main policy rate as soon as June. As widely expected, after its March meeting, the Fed eliminated "patient" from its statement, but also highlighted the policymakers' less optimistic view of the economy's overall health as well as downgraded their inflation projections. The Fed's April meeting seemed to further signal that a June rate hike was off the table. While the Fed attributed the first quarter's economic weakness to temporary factors, the meeting minutes from April revealed that many Committee members believed the economic data available in June would be insufficient to meet the Fed's criteria for initiating a rate increase. The June meeting bore out that presumption and the Fed decided to keep the target rate near zero. But the Committee also continued to telegraph the likelihood of at least one rate increase in 2015, which many analysts forecasted for September.

During the September 2015 meeting, the Fed decided to keep the federal funds rate near zero despite broad speculation that it would increase rates. The Committee said it will keep the rate near zero until the economy has seen further improvement toward reaching the Fed's goals of maximum employment and inflation approaching 2%. At the Fed's October 2015 meeting, the Committee again held steady, while opening the door for a potential December rate hike (The Fed did raise rates at its December meeting, subsequent to the close of this reporting period.).

The U.S. economy proved to be fairly resilient compared to other economies around the globe, boosted by an improving job market, declining gas prices and low mortgage rates. According to the government's gross domestic product (GDP) "second" estimate, the U.S. economy increased at a 2.1% annualized rate in the third quarter of 2015, compared with increases of 3.9% in the second quarter, 0.6% in the first quarter of 2015 and 2.2% in the fourth quarter 2014. The deceleration in real GDP in the third quarter primarily reflected a downturn in private inventory investment and decelerations in exports, in nonresidential fixed investment, in state and local government spending and in residential fixed investment that were partly offset by a deceleration in imports. The Consumer Price Index (CPI) increased 0.2% essentially unchanged year-over-year as of October 2015. The core CPI (which excludes food and energy) increased 0.2% during the same period, below the Fed's unofficial longer term inflation objective of 2.0%. As of October 2015, the U.S. unemployment rate was 5.0%, a figure that is also considered "full employment" by some Fed officials. The housing market continued to post consistent gains as of its most recent reading for September 2015. The average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 5.5% for the twelve months ended September 2015 (most recent data available at the time this report was prepared).

The municipal bond market traded sideways, meaning it ended the reporting period nearly where it started, with considerable volatility in between. With the Fed delaying the start of its interest-rate normalization at each successive policy meeting, yet still signaling that a rate hike was likely in 2015, market participants remained highly focused on reassessing the Fed's timing. Complicating the forecasts were global macroeconomic concerns, particularly related to China's slowdown and currency

devaluations around the world, as well as an easing of inflation concerns, driven by a stronger U.S. dollar and weakening commodity prices.

The municipal market's supply-demand balance generally remained favorable over this reporting period. Issuance was unusually strong at the beginning of 2015, fueling concerns about potential oversupply conditions. Over the twelve months ended October 31, 2015, municipal bond issuance nationwide totaled \$416.9 billion, an increase of 30.4% from the issuance for the twelve-month reporting period ended October 31, 2014. The elevation in gross issuance is due mostly to increased refunding deals as issuers have been actively and aggressively refunding 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 gross is elevated, but the net is not and this has been an overall positive technical factor on municipal bond investment performance.

What key strategies were used to manage these Funds during the twelve-month reporting period ended October 31, 2015?

Despite the volatility during this period, the low interest rate environment continued to attract investors to spread products, including municipal bonds. Credit spreads relative to Treasuries continued to tighten, helping the broad municipal market achieve a small gain over the twelve-month reporting period. We continued to take a bottom-up approach to identifying sectors that appeared undervalued as well as individual credits that had the potential to perform well over the long term and helped us keep the Funds fully invested.

Much of our trading activity during the reporting period was focused on pursuing our investment objectives. Generally speaking, the Funds maintained their overall positioning strategies throughout this reporting period. We would also note we've become more selective at the individual issue level. 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. 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.

In NQI, we continued to generally focus on purchasing bonds in areas of the market that we expected to perform well as the economy continued to improve. Specifically, we added bonds issued for tollroads, airports and sales tax revenues. We also added health care, higher education and charter school issues that were attractively priced. In addition, we bought several tobacco settlement bonds that were beneficial to performance because the tobacco sector strongly outperformed the broad municipal market during the reporting period.

These four Funds maintained their overall positioning strategies, emphasizing intermediate and longer maturities, lower rated credits and sectors offering higher yields. The health care sector has been an attractive source of ideas for us and has continued to be an overweight position in the three Funds. The advent of the Affordable Health Care Act has encouraged health care providers to increase the scale of their businesses through affiliations and consolidations. Fundamentals in the transportation sector also remain compelling, in our view. The lower commodity price environment has provided fuel savings to airlines and to consumers, while the generally improved economy has encouraged more vehicle traffic and air travel. Operators have gained more pricing power recently and therefore can charge customers more. Finally, more transportation projects are being funded, providing additional sources of opportunities for us. The transportation sector continued to be among the largest sector weights.

Portfolio Managers' Comments (continued)

Three of the Funds, NQI, NIO and NVG, increased their exposure to lower credit quality bonds (BBB rated and below) during this reporting period, while remaining within their investment policy target ranges. We continue to believe that lower rated municipal bonds represent attractive long-term investments and that fundamentals remain strong in the current market environment. In particular, the high yield municipal bond market currently features attractive yields and spreads, as well as declining default rates that should continue to benefit in the improving economic environment. Furthermore, high yield municipal bonds have historically responded favorably to a rising interest rate environment.

Cash for purchases was generated primarily by proceeds from called and matured bonds, which we worked to redeploy to keep the Funds fully invested and support their income streams. As previously mentioned, call activity was elevated during the reporting period, providing ample cash and driving much of our trading. NQI also sold some of its high quality, short maturity holdings, including general obligation (GO) bonds and pre-refunded bonds, which we prefer to hold over shorter time horizons because they offer less income.

As of October 31, 2015, all of these Funds continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management and income and total return enhancement. As part of our duration management strategies, NIO, NVG and NEA also invested in forward interest rate swap contracts to help reduce price volatility risk to movements in U.S. interest rates relative to the Fund's benchmark.

How did the Funds perform during the twelve-month reporting period ended October 31, 2015?

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 October 31, 2015. Each Fund's total returns at common share net asset value (NAV) are compared with the performance of a corresponding market index and Lipper classification average.

For the twelve months ended October 31, 2015, the total returns on common share NAV for all four of these Funds exceeded the return for the national S&P Municipal Bond Index. For the same period, the Funds underperformed the average return for the Lipper General & Insured Leveraged Municipal Debt Funds Classification Average.

Key management factors that influenced the Funds' returns included duration and yield curve positioning, credit exposure and sector allocation. Keeping the Funds fully invested throughout the reporting period was also beneficial for performance. In addition, the use of regulatory leverage was an important positive factor affecting the Funds' performance. Leverage is discussed in more detail later in the Fund Leverage section of this report.

In this reporting period, municipal bonds with intermediate and longer maturities generally outperformed those with shorter maturities. As interest rates remained relatively stable over the reporting period, the higher yields at the longer end of the maturity range provided a boost to their total returns. In general, the Funds' durations and yield curve positioning were the main drivers of relative outperformance versus the benchmark for this reporting period.

Consistent with our long term strategy, these Funds tended to have longer durations than the municipal market in general, with overweightings in the longer parts of the yield curve that performed well and underweightings in the underperforming shorter end of the curve. This was especially true in NQI and NVG, where greater sensitivity to changes in interest rates benefited their performance. NQI's most advantageous positioning was in bonds with maturities 17 years and up. An overweight allocation in these longer-dated maturities was a key positive contributor to NQI's performance. As noted previously, in NIO, NVG and NEA we added forward interest rate swaps during this reporting period to reduce the Funds' durations, which had exceeded their targets. The swaps successfully moved these three Fund's

duration within their target range but, nonetheless, performance was dampened given the unfavorable move in rates that underpin the swaps. Overall, duration and yield curve positioning was the major driver of performance and differences in positioning accounted for much of the differences in performance.

During this reporting period, lower rated bonds generally outperformed higher quality bonds. Investors have been more willing to accept risk, as credit fundamentals have broadly continued to improve and demand for higher yielding assets remained robust in the low interest rate environment. For these four Funds, credit exposure had a positive impact on performance, although to a lesser extent than duration and yield curve positioning. These Funds tended to have overweights in A rated and BBB rated bonds, which outperformed the benchmark, and underweights in the AAA rated and AA rated categories, which lagged the benchmark. As with duration, differences in credit allocation accounted for some of the differences in performance. NVG had the highest allocation to BBB rated bonds, while NQI had the lowest. As such, the contribution of credit allocation to NQI's performance was relatively minimal.

Sector allocation, however, had a larger impact on NQI's relative results than it did for NIO, NVG and NEA. For this reporting period, tobacco was the best performing sector in the municipal market by a wide margin. Tobacco settlement bonds, which are repaid from the money U.S. tobacco companies owe to states under the 1998 Master Settlement Agreement, rallied strongly during this reporting period on several positive developments. After a decade of falling smoking rates, tobacco shipments were up year-to-date in 2015. Declining commodity prices have provided smokers with more disposable income to buy cigarettes after filling their gas tanks and paying their heating bills. Higher tobacco revenues are bolstering confidence that the tobacco settlement bonds can make timely payments. The sector also benefited from a constructive development on the litigation front. In October 2015, a dispute between the New York Attorney General and tobacco companies was settled, releasing funds from an escrow account to the state and making the money available for bond payments. The municipal market viewed this favorably, as several other states with disputed money held in escrow also may be likely to reach a settlement. The release of these funds would mean an improvement in the sector's fundamentals and possibly these bonds' credit ratings, many of which are rated below investment grade. We would also point out that, as the tobacco sector has been trading at deeply discounted levels, the rally had considerable upside, further boosting performance during this reporting period. Relative to the benchmark, all four Funds held overweight exposures to tobacco bonds, which was beneficial to performance. NIO and NVG had slightly higher weightings than NQI and NEA in tobacco credits during this period.

Other strong performing sectors in the municipal market during this reporting period included health care (especially life care), industrial development revenue (IDR) and public power. NQI held overweight allocations to health care and transportation (particularly airports) that were favorable to relative performance. The Fund's significantly underweight position in state and local GOs relative to the benchmark was advantageous as well, as GOs underperformed the broad market during this reporting period. However, NQI's overweight exposure to dedicated tax bonds detracted somewhat from performance because the segment trailed the benchmark return.

Furthermore, for NQI, individual credit selection was another positive contributor to performance during this reporting period. Our picks in IDR, life care, tollroads and hospitals were beneficial to performance. Additionally, our selection among non-rated bonds significantly outperformed the benchmark over the reporting period.

Portfolio Managers' Comments (continued)

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.

In terms of Puerto Rico holdings, shareholders should note that NEA had 0.36% exposure to Puerto Rico debt at the end of the reporting period, while NQI, NIO and NVG sold the last of their 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.

10 Nuveen Investments

Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES 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 also 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 made a positive contribution to the performance of these Funds over this reporting period.

As of October 31, 2015, the Funds' percentages of leverage are as shown in the accompanying table.

	NQI	NIO	NVG	NEA
Effective Leverage*	35.47%	36.96%	35.63%	36.19%
Regulatory Leverage*	29.39%	30.99%	29.53%	30.00%

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 October 31, 2015, 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.

Fund	Series	VMTP Shares	VRDP Shares		Total
		Shares Issued at Liquidation Value	Series	Shares Issued at Liquidation Value	
NQI	2018	\$240,400,000	—	—	\$240,400,000
NIO	—	—	1	\$667,200,000	\$667,200,000
NVG	—	—	1	\$179,000,000	\$179,000,000
NEA	2016	\$151,000,000	1	\$219,000,000	
			2	\$130,900,000	
		\$151,000,000		\$349,900,000	\$500,900,000

During the current reporting period, NQI refinanced all of its outstanding VMTP Shares with the issuance of new VMTP Shares.

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.

Common Share Information

COMMON SHARE DISTRIBUTION INFORMATION

The following information regarding the Funds' distributions is current as of October 31, 2015. 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.

Ex-Dividend Date	Per Common Share Amounts				
	NQI	NIO	NVG	NEA	
November 2014	\$0.0550	\$0.0730	\$0.0610	\$0.0685	
December	0.0550	0.0730	0.0610	0.0685	
January	0.0550	0.0730	0.0610	0.0685	
February	0.0550	0.0730	0.0610	0.0685	
March	0.0550	0.0730	0.0610	0.0685	
April	0.0550	0.0730	0.0610	0.0685	
May	0.0550	0.0730	0.0610	0.0685	
June	0.0570	0.0730	0.0630	0.0645	
July	0.0570	0.0730	0.0630	0.0645	
August	0.0570	0.0730	0.0630	0.0645	
September	0.0570	0.0730	0.0630	0.0625	
October 2015	0.0570	0.0730	0.0630	0.0625	
Long-Term Capital Gain*	\$—	\$—	\$0.1020	\$—	
Ordinary Income Distribution*	\$—	\$0.0017	\$0.0082	\$0.0006	
Market Yield**	5.16	% 6.15	% 5.38	% 5.66	%
Taxable-Equivalent Yield**	7.16	% 8.54	% 7.47	% 7.86	%

* Distribution paid in December 2014.

Market Yield is based on the Fund's current annualized monthly dividend 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 federal income tax rate of 28.0%. When comparing a Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is 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 October 31, 2015, the Funds had positive UNII balances for tax purposes and positive 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 was sourced from or comprised of elements other than net investment income, including capital gains and/or a return of capital, shareholders would have received a notice to that effect. For financial reporting purposes, the

12 Nuveen Investments

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 REPURCHASES

During August 2015, 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 October 31, 2015, 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.

	NQI	NIO	NVG	NEA
Common shares cumulatively repurchased and retired	55,000	2,900	202,500	19,300
Common shares authorized for repurchase	3,840,000	9,560,000	2,665,000	7,890,000

During the current reporting period, the following Funds repurchased and retired their common shares at a weighted average price per common share and a weighted average discount per common share as shown in the accompanying table.

	NQI	NVG
Common shares repurchased and retired	30,000	17,500
Weighted average price per common share repurchased and retired	\$12.83	\$13.77
Weighted average discount per common share repurchased and retired	13.47 %	13.27 %

OTHER COMMON SHARE INFORMATION

As of October 31, 2015, 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.

	NQI	NIO	NVG	NEA
Common share NAV	\$15.04	\$15.54	\$16.03	\$14.82
Common share price	\$13.26	\$14.24	\$14.05	\$13.26
Premium/(Discount) to NAV	(11.84)%	(8.37)%	(12.35)%	(10.53)%
12-month average premium/(discount) to NAV	(12.90)%	(8.90)%	(12.63)%	(10.11)%

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 Quality Municipal Fund, Inc. (NQI)

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. 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/NQI.

Nuveen Municipal Opportunity Fund, Inc. (NIO)

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. 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/NIO.

Nuveen Dividend Advantage Municipal Income Fund (NVG)

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. 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/NVG.

Nuveen AMT-Free Municipal Income Fund (NEA)

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. 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/NEA.

NQI

Nuveen Quality Municipal Fund, Inc.

Performance Overview and Holding Summaries as of October 31, 2015

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 October 31, 2015

	Average Annual		
	1-Year	5-Year	10-Year
NQI at Common Share NAV	4.20%	6.79%	5.50%
NQI at Common Share Price	5.93%	4.32%	4.48%
S&P Municipal Bond Index	2.87%	4.41%	4.69%
Lipper General & Insured Leveraged Municipal Debt Funds Classification Average	4.65%	7.47%	6.22%

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 and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

Nuveen Investments 15

NQI Performance Overview and Holding Summaries as of October 31, 2015 (continued)

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.

Ratings shown 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. 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.

Fund Allocation

(% of net assets)

Long-Term Municipal Bonds	144.1%
Corporate Bonds	0.0%
Other Assets Less Liabilities	2.7%
Net Assets Plus Floating Rate Obligations & VMTP Shares, at Liquidation Value	146.8%
Floating Rate Obligations	(5.2)%
VMTP Shares, at Liquidation Value	(41.6)%
Net Assets	100%

Credit Quality

(% of total investment exposure)

AAA/U.S. Guaranteed	14.6%
AA	41.1%
A	26.3%
BBB	11.0%
BB or Lower	4.1%
N/R (not rated)	2.9%
Total	100%

Portfolio Composition

(% of total investments)

Tax Obligation/Limited	20.2%
Health Care	17.6%
Transportation	15.3%
U.S. Guaranteed	8.2%
Education and Civic Organizations	7.8%
Water and Sewer	7.0%
Tax Obligation/General	6.7%
Other	17.2%
Total	100%

States and Territories

(% of total municipal bonds)

Texas	10.6%
Florida	9.0%
Illinois	7.9%
California	7.6%
Pennsylvania	7.5%
Arizona	6.0%
Colorado	5.1%

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Wisconsin	4.0%
Ohio	3.9%
New York	3.4%
Washington	3.4%
Michigan	3.1%
Louisiana	3.1%
Massachusetts	2.9%
New Jersey	2.6%
Other	19.9%
Total	100%

16 Nuveen Investments

NIO

Nuveen Municipal Opportunity Fund, Inc.

Performance Overview and Holding Summaries as of October 31, 2015

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 October 31, 2015

	Average Annual		
	1-Year	5-Year	10-Year
NIO at Common Share NAV	4.41%	6.83%	5.82%
NIO at Common Share Price	3.83%	5.49%	5.94%
S&P Municipal Bond Index	2.87%	4.41%	4.69%
Lipper General & Insured Leveraged Municipal Debt Funds Classification Average	4.65%	7.47%	6.22%

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 and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

Nuveen Investments 17

NIO Performance Overview and Holding Summaries as of October 31, 2015 (continued)

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.

Ratings shown 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. 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.

Fund Allocation

(% of net assets)

Long-Term Municipal Bonds	149.5%
Corporate Bonds	0.0%
Other Assets Less Liabilities	2.5%
Net Assets Plus Floating Rate Obligations & VRDP Shares, at Liquidation Value	152.0%
Floating Rate Obligations	(7.1)%
VRDP Shares, at Liquidation Value	(44.9)%
Net Assets	100%

Credit Quality

(% of total investment exposure)¹

AAA/U.S. Guaranteed	15.7%
AA	44.3%
A	19.7%
BBB	12.2%
BB or Lower	6.2%
N/R (not rated)	1.9%
Total	100%

Portfolio Composition

(% of total investments)¹

Health Care	18.6%
Tax Obligation/Limited	17.3%
Transportation	14.7%
U.S. Guaranteed	10.3%
Tax Obligation/General	8.8%
Utilities	8.7%
Water and Sewer	7.7%
Other	13.9%
Total	100%

States and Territories

(% of total municipal bonds)

Illinois	12.3%
California	9.5%
Florida	6.7%
Texas	6.5%
Ohio	5.6%
Indiana	5.1%
Pennsylvania	4.9%

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South Carolina	4.8%
Colorado	3.6%
Washington	3.5%
New Jersey	3.4%
New York	3.0%
Nebraska	2.9%
Georgia	2.7%
Louisiana	2.4%
Kentucky	2.2%
Michigan	1.9%
Other	19.0%
Total	100%

1 Excluding investments in derivatives.

18 Nuveen Investments

NVG

Nuveen Dividend Advantage Municipal Income Fund

Performance Overview and Holding Summaries as of October 31, 2015

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 October 31, 2015

	Average Annual		
	1-Year	5-Year	10-Year
NVG at Common Share NAV	4.04%	6.78%	6.07%
NVG at Common Share Price	5.53%	5.06%	5.87%
S&P Municipal Bond Index	2.87%	4.41%	4.69%
Lipper General & Insured Leveraged Municipal Debt Funds Classification Average	4.65%	7.47%	6.22%

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 and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

Nuveen Investments 19

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NVG Performance Overview and Holding Summaries as of October 31, 2015 (continued)

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.

Ratings shown 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. 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.

Fund Allocation

(% of net assets)

Long-Term Municipal Bonds	144.5%
Investment Companies	0.3%
Other Assets Less Liabilities	2.3%
Net Assets Plus Floating Rate Obligations & VRDP Shares, at Liquidation Value	147.1%
Floating Rate Obligations	(5.2)%
VRDP Shares, at Liquidation Value	(41.9)%
Net Assets	100%

Credit Quality

(% of total investment exposure)¹

AAA/U.S. Guaranteed	22.8%
AA	39.4%
A	13.4%
BBB	15.2%
BB or Lower	5.8%
N/R (not rated)	3.2%
N/A (not applicable)	0.2%
Total	100%

Portfolio Composition

(% of total investments)¹

Tax Obligation/Limited	20.2%
Health Care	17.4%
Transportation	12.9%
U.S. Guaranteed	10.8%
Tax Obligation/General	10.5%
Education and Civic Organizations	8.9%
Other	19.3%
Total	100%

States and Territories

(% of total municipal bonds)

Illinois	12.1%
California	10.5%
Texas	10.0%
Washington	6.1%
Indiana	4.9%
Pennsylvania	4.7%
Louisiana	4.0%

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Georgia	3.8%
Florida	3.7%
Ohio	3.5%
New York	3.5%
Michigan	2.6%
New Jersey	2.3%
Colorado	2.3%
Arizona	2.2%
Utah	2.2%
Wisconsin	2.0%
Other	19.6%
Total	100%

1 Excluding investments in derivatives.

20 Nuveen Investments

NEA

Nuveen AMT-Free Municipal Income Fund

Performance Overview and Holding Summaries as of October 31, 2015

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 October 31, 2015

	Average Annual		
	1-Year	5-Year	10-Year
NEA at Common Share NAV	3.38%	5.50%	5.69%
NEA at Common Share Price	2.30%	3.61%	5.70%
S&P Municipal Bond Index	2.87%	4.41%	4.69%
Lipper General & Insured Leveraged Municipal Debt Funds Classification Average	4.65%	7.47%	6.22%

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 and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

NEA Performance Overview and Holding Summaries as of October 31, 2015 (continued)

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.

Ratings shown 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. 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.

Fund Allocation

(% of net assets)

Long-Term Municipal Bonds	144.1%
Corporate Bonds	0.0%
Short-Term Municipal Bonds	1.2%
Other Assets Less Liabilities	2.7%
Net Assets Plus Floating Rate Obligations, VMTP Shares, at Liquidation Value & VRDP Shares, at Liquidation Value	148.0%
Floating Rate Obligations	(5.2)%
VMTP Shares, at Liquidation Value	(12.9)%
VRDP Shares, at Liquidation Value	(29.9)%
Net Assets	100%

Credit Quality

(% of total investment exposure)¹

AAA/U.S. Guaranteed	15.1%
AA	47.3%
A	20.1%
BBB	10.6%
BB or Lower	4.7%
N/R (not rated)	2.2%
Total	100%

Portfolio Composition

(% of total investments)¹

Transportation	19.4%
Health Care	18.3%
Tax Obligation/Limited	17.0%
Education and Civic Organizations	11.2%
Water and Sewer	9.3%
Tax Obligation/General	9.0%
Other	15.8%
Total	100%

States and Territories

(% of municipal bonds)

California	12.0%
Illinois	10.4%
Texas	7.4%
Florida	7.0%
Ohio	5.6%

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New York	4.9%
Pennsylvania	4.8%
New Jersey	4.2%
Louisiana	4.0%
Colorado	3.4%
Washington	3.1%
Indiana	3.0%
Massachusetts	2.8%
Arizona	2.6%
Nevada	2.4%
South Carolina	1.9%
Georgia	1.8%
Other	18.7%
Total	100%

1 Excluding investments in derivatives.

22 Nuveen Investments

Shareholder Meeting Report

The annual meeting of shareholders was held in the offices of Nuveen Investments on August 5, 2015 for NQI, NIO, NEA and NVG; at this meeting the shareholders were asked to elect Board Members. 3

	NQI		NIO	
	Common and Preferred shares voting together as a class	Preferred Shares	Common and Preferred shares voting together as a class	Preferred Shares
Approval of the Board Members was reached as follows:				
William Adams IV				
For	29,134,202	—	79,805,535	—
Withhold	1,755,521	—	2,583,138	—
Total	30,889,723	—	82,388,673	—
Jack B. Evans				
For	29,126,120	—	79,738,905	—
Withhold	1,763,603	—	2,649,768	—
Total	30,889,723	—	82,388,673	—
William C. Hunter				
For	—	2,404	—	4,606
Withhold	—	—	—	485
Total	—	2,404	—	5,091
David J. Kundert				
For	29,111,184	—	79,672,079	—
Withhold	1,778,539	—	2,716,594	—
Total	30,889,723	—	82,388,673	—
John K. Nelson				
For	29,079,654	—	79,760,272	—
Withhold	1,810,069	—	2,628,401	—
Total	30,889,723	—	82,388,673	—
William J. Schneider				
For	—	2,404	—	4,606
Withhold	—	—	—	485
Total	—	2,404	—	5,091
Thomas S. Schreier, Jr.				
For	29,062,746	—	79,777,445	—
Withhold	1,826,977	—	2,611,228	—
Total	30,889,723	—	82,388,673	—
Judith M. Stockdale				
For	29,149,490	—	79,753,115	—
Withhold	1,740,233	—	2,635,558	—
Total	30,889,723	—	82,388,673	—
Carole E. Stone				
For	29,188,179	—	79,732,881	—
Withhold	1,701,544	—	2,655,792	—
Total	30,889,723	—	82,388,673	—
Virginia L. Stringer				
For	29,172,303	—	79,669,847	—
Withhold	1,717,420	—	2,718,826	—

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Total	30,889,723	—	82,388,673	—
Terence J. Toth				
For	29,078,517	—	79,758,140	—
Withhold	1,811,206	—	2,630,533	—
Total	30,889,723	—	82,388,673	—