

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND
Form N-CSR
May 08, 2013

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 811-09161

Nuveen California Dividend Advantage 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: February 28

Date of reporting period: February 28, 2013

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

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

OR

www.nuveen.com/accountaccess

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

Table of Contents

Chairman’s Letter to Shareholders	4
Portfolio Manager’s Comments	5
Fund Leverage	13
Common Share Information	15
Risk Considerations	17
Performance Overview & Holding Summaries	18
Shareholder Meeting Report	23
Report of Independent Registered Public Accounting Firm	25
Portfolios of Investments	26
Statement of Assets and Liabilities	64
Statement of Operations	65
Statement of Changes in Net Assets	66
Statement of Cash Flows	68
Financial Highlights	70
Notes to Financial Statements	79
Board Members & Officers	94
Reinvest Automatically, Easily and Conveniently	99
Glossary of Terms Used in this Report	101
Additional Fund Information	103

Chairman's
Letter to Shareholders

Dear Shareholders,

Despite the global economy's ability to muddle through the many economic headwinds of recent years, investors continue to have good reason to remain cautious. The European Central Bank's commitment to "do what it takes" to support sovereign debt markets has stabilized the broader euro area financial markets. The larger member states of the European Union (EU) are working diligently to strengthen the framework for a tighter financial and banking union and meaningful progress has been made by agreeing to centralize large bank regulation under the European Central Bank. However, economic conditions in the southern tier members are not improving and the pressures on their political leadership remain intense. The jury is out on whether the respective populations will support the continuing austerity measures that are required to meet the EU fiscal targets.

In the U.S., the Fed's commitment to low interest rates through Quantitative Easing is the subject of increasing debate in its policy making deliberations and many independent economists are expressing concern about the economic distortions resulting from negative real interest rates. There are encouraging signs in Congress that both political parties are working toward compromises on previously irreconcilable social issues. It is too early to tell whether those efforts will produce meaningful results or pave the way for cooperation on the major fiscal issues that potentially loom ahead. Over the longer term, there are some positive trends for the U.S. economy: house prices are clearly recovering, banks and corporations continue to strengthen their financial positions and incentives for capital investment in the U.S. by domestic and foreign corporations are increasing due to more competitive energy and labor costs.

During the last eighteen months, U.S. investors have benefited from strong returns in the domestic equity markets and steady total returns in many fixed income markets. However, many macroeconomic risks remain unresolved, including negotiating through the many U.S. fiscal issues, managing the risks of another year of abnormally low U.S. interest rates, achieving a better balance between fiscal discipline and encouraging economic growth in the euro area and reducing the potential economic impact of geopolitical issues, particularly in the Middle East and East Asia. In the face of these uncertainties, the experienced investment professionals at Nuveen Investments seek out investments in companies that are enjoying positive economic conditions. At the same time they are always on the alert for risks in markets subject to excessive optimism. Monitoring this process is a critical function for the Fund Board as it oversees your Nuveen Fund on your behalf.

As always, I encourage you to communicate with your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner
Chairman of the Board
April 22, 2013

Portfolio Manager's Comments

Nuveen California Premium Income Municipal Fund (NCU)
Nuveen California Dividend Advantage Municipal Fund (NAC)
Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Nuveen California Dividend Advantage Municipal Fund 3 (NZH)
Nuveen California AMT-Free Municipal Income Fund (NKX)
(formerly Nuveen Insured California Tax-Free Advantage Municipal Fund)

Portfolio manager Scott Romans reviews economic and municipal market conditions at both the national and state levels, key investment strategies and the twelve-month performance of these Nuveen California Municipal Funds. Scott, who joined Nuveen in 2000, has managed NCU, NAC, NVX, NZH and NKX since 2003.

REORGANIZATIONS

Effective on May 7, 2012, the following Acquired Funds were merged into the Acquiring Fund.

Acquired Funds	Acquiring Fund
• Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)	
• Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)	Nuveen California AMT-Free Municipal Income Fund (NKX)
• Nuveen Insured California Dividend Advantage Municipal Fund (NKL)	

Upon the closing of the reorganizations, the Acquired Funds transferred their assets to the Acquiring Fund in exchange for common and preferred shares of the Acquiring Fund, and the assumption by the Acquiring Fund of the liabilities of the Acquired Funds.

The Acquired Funds were then liquidated, dissolved and terminated in accordance with their Declaration of Trust.

What factors affected the U.S. economic and municipal market environments during the twelve-month reporting period ended February 28, 2013?

During this reporting period, the U.S. economy's progress toward recovery from recession continued at a moderate pace. The Federal Reserve (Fed) maintained its efforts to improve the overall economic environment by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008. At its March 2013 meeting (following the end of this reporting period), the central bank stated it expected that its "highly accommodative stance of monetary

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

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.

policy” would keep the fed funds rate in “this exceptionally low range” as long as the unemployment rate remained above 6.5% and the outlook for inflation was no higher than 2.5%. The Fed also decided to continue purchasing \$40 billion of mortgage-backed securities and \$45 billion of longer-term Treasury securities each month in an open-ended effort to bolster growth. Taken together, the goals of these actions are to put downward pressure on longer-term interest rates, make broader financial conditions more accommodative and support a stronger economic recovery as well as continued progress toward the Fed’s mandates of maximum employment and price stability.

In the fourth quarter of 2012, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 0.4%, bringing GDP growth for the calendar year 2012 to 2.2%, compared with 1.8% in 2011. The Consumer Price Index (CPI) rose 2.0% year-over-year as of February 2013, while the core CPI (which excludes food and energy) increased 2.0% during the period, staying within the Fed’s unofficial objective of 2.0% or lower for this inflation measure. Labor market conditions continued to show signs of improvement. As of February 2013, the national unemployment rate was 7.7%, the lowest level since December 2008, down from 8.3% in February 2012. The housing market, long a major weak spot in the economic recovery, also delivered some good news, as the average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 8.1% for the twelve months ended January 2013 (most recent data available at the time this report was prepared). This marked the largest twelve-month percentage gain for the index since the pre-recession summer of 2006, although housing prices continued to be off approximately 30% from their mid-2006 peak.

During this period, the outlook for the U.S. economy continued to be clouded by uncertainty about global financial markets and the outcome of the “fiscal cliff.” The tax consequences of the fiscal cliff situation which were scheduled to become effective in January 2013 were averted through a last-minute deal that raised payroll taxes but left in place a number of tax breaks, including the tax exemption on municipal bond interest. However, lawmakers postponed and then failed to reach a resolution on \$1.2 trillion in spending cuts, the “sequestration”, intended to address the federal budget deficit. As a result, automatic spending cuts affecting both defense and non-defense programs (excluding Social Security and Medicaid) took effect March 1, 2013, with potential implications for economic growth over the next decade.

Municipal bond prices generally rallied during this period, as strong demand and tight supply combined to create favorable market conditions for municipal bonds. Although the total volume of tax-exempt supply improved over that of the same period a year earlier, the issuance pattern remained light compared with long-term historical trends and new money issuance was relatively flat. This supply/demand dynamic served as a key driver of performance. Concurrent with rising prices, yields continued to decline across most maturities, especially at the longer end of the

municipal yield curve and the long end of the curve continued to flatten. In addition to the lingering effects of the Build America Bonds (BAB) program, which expired at the end of 2010 but impacted issuance well into 2012, the low level of municipal issuance reflected the current political distaste for additional borrowing by state and local governments facing fiscal constraints and the prevalent atmosphere of municipal budget austerity. During this reporting period, we continued to see borrowers come to market seeking to take advantage of the low rate environment through refunding activity, with approximately two-thirds of municipal paper issued by borrowers that were calling existing debt and refinancing at lower rates.

Over the twelve months ended February 28, 2013, municipal bond issuance nationwide totaled \$379.6 billion, an increase of 16% over the issuance for the twelve-month period ended February 29, 2012. As previously discussed, the majority of this supply was attributable to refunding issues, rather than new money issuance. During this period, demand for municipal bonds remained consistently strong, especially from individual investors, but also from mutual funds, banks and crossover buyers such as hedge funds.

How were the economic and market environments in California during this reporting period?

California's economic recovery has broadened, driven by consumer and tourism spending and expanding technology services. As of February 2013, California's unemployment rate was 9.6%, its lowest level since late 2008, down from 10.8% in February 2012. Recent improvements were expected to transform housing into a positive driver of the California economy. According to the S&P/Case-Shiller Index, home prices in San Diego, Los Angeles and San Francisco rose 9.8%, 12.1% and 17.5%, respectively, over the twelve months ended January 2013 (most recent data available at the time this report was prepared). This growth outpaced the average increase of 8.1% nationally for the same period. Recovering housing-related industries, including construction, should help employment numbers continue to improve.

On the fiscal front, the fiscal 2012 general fund budget totaled \$91.3 billion and closed a projected two-year budget gap of \$15.7 billion in part through spending reductions aimed at welfare and child care for the poor. Overall, continued budget problems, including persistent deficits and spending that outpaced revenues, posed the largest threat to the state's economic recovery over the near and long term. This risk was averted when voters approved temporary sales and personal income tax increases (Proposition 30) in November 2012. Proposition 30 raised the state sales tax rate from 7.25% to 7.50% through 2016 and increased the top marginal income tax rate to 13.3% through 2018. These increases eliminated the need for \$6 billion in cuts that would have affected K-12 and higher education spending. In addition, the new state sales tax rate combined with the new highest federal tax bracket of 39.6% has stimulated demand for municipal California tax-exempt paper. For fiscal 2013-2014,

the proposed general fund budget is expected to be structurally balanced, with general fund expenditures estimated at \$97.7 billion, a 5% increase over the revised fiscal 2013 estimates. Tempering the positive financial news at the state level was the number of local municipalities, including San Bernardino and Stockton, which filed for bankruptcy, as cities were increasingly squeezed by budget problems resulting from declines in property valuations and rising pension costs. In January 2013, S&P upgraded the rating on California general obligation (GO) debt to A from A-. Moody's and Fitch maintained their ratings of A1 and A, respectively, as of February 2013. All three rating agencies listed their outlooks for California as stable. For the twelve months ended February 28, 2013, municipal issuance in California totaled \$44.0 billion, an increase of 3% over the previous twelve months. For this period, California was the second largest state issuer in the nation (behind New York), representing approximately 11.6% of total issuance nationwide for the period.

How did the Funds perform during the twelve-month reporting period ended February 28, 2013? What strategies were used to manage the Funds during the reporting period and how did these strategies influence performance?

The tables in each Fund's Performance Overview and Holding Summaries section of this report provide total returns for the Funds for the one-year, five-year and ten-year period ended February 28, 2013. Each Fund's total returns are compared with the performance of a corresponding market index and Lipper classification average.

For the twelve months ended February 28, 2013, the total returns on common share net asset value (NAV) for all these California Funds exceeded the returns for the S&P Municipal Bond California Index and the S&P Municipal Bond Index. For this same period, NAC, NVX, NZH and NKX outperformed the average return for the Lipper California Municipal Debt Funds Classification Average, while NCU underperformed the Lipper average.

Key management factors that influenced the Funds' returns during this period included duration and yield curve positioning, credit exposure and sector allocation. The use of regulatory leverage also was an important positive factor in performance during this period. Leverage is discussed in more detail later in this report.

In an environment of declining rates and a flattening yield curve, municipal bonds with longer maturities generally outperformed those with shorter maturities. Overall, credits at the longest end of the municipal yield curve posted the strongest returns during this period, while bonds at the shortest end produced the weakest results. The Funds' duration and yield curve positionings were the most important determinants of performance during this period. On the whole, NAC was the most advantageously positioned, with overweights in the longest parts of the yield curve that outperformed and an underweight to the shortest end. NVX, NZH and NKX also benefited in proportion to their allocations along the outperforming longer end of the curve. NCU was less advantageously positioned than the other four Funds, with a

shorter effective duration and an underweight in the longest end of the curve. In addition, the Funds were generally helped by their allocations of long duration bonds, many of which were zero coupon bonds, which generally outperformed the market as a whole during this period.

Credit exposure was another important factor in the Funds' performance during these twelve months, as lower quality bonds generally outperformed higher quality bonds. This outperformance was due in part to the greater demand for lower rated bonds as investors looked for investment vehicles offering higher yields. As investors became more comfortable taking on additional investment risk, credit spreads, or the difference in yield spreads between U.S. Treasury securities and comparable investments such as municipal bonds, narrowed through a variety of rating categories. As a result of this spread compression, the Funds generally benefited from their holdings of lower rated credits. Among these Funds, NVX and NZH had the largest allocations of bonds rated BBB and NAC was helped by its overweightings in sub-investment grade and non-rated bonds and an underweighting in bonds rated AAA. On the other hand, NCU was negatively impacted by its overexposure to bonds rated AAA and underexposure to BBB and sub-investment grade bonds. NKX, which was managed as an insured Fund until March 2012, has had a relatively short time to expand its exposure to lower rated credits, and its overall higher credit profile, overweight in bonds rated AA and underweighted in sub-investment grade credits, was negative for performance.

During this period, revenue bonds as a whole outperformed the general municipal market. Holdings that generally made positive contributions to the Funds' returns included industrial development revenue (IDR) credits, health care (together with hospitals), education, transportation and housing bonds. These Funds tended to have good weightings in health care, which boosted their performance, as did their overall sector allocations, including their exposure to redevelopment agency (RDA) bonds. Tobacco credits backed by the 1998 master tobacco settlement agreement were the top performing market sector in 2012, helped by their longer effective durations and the increased demand for higher yielding investments by investors who had become less risk-averse. In addition, based on recent data showing that cigarette sales had fallen less steeply than anticipated, the 46 states participating in the agreement, including California, stand to receive increased payments from the tobacco companies. During this period, as tobacco bonds rallied, all of these Funds benefited from their holdings of tobacco credits, with NZH having the heaviest weighting of tobacco bonds and NKX the smallest.

In contrast, pre-refunded bonds, which are often backed by U.S. Treasury securities, were among the poorest performing market segments during this period. The under-performance of these bonds can be attributed primarily to their shorter effective maturities and higher credit quality. As of February 28, 2013, NCU and NVX had the heaviest weightings in pre-refunded bonds, which hampered their performance, while

NAC and NKX held the smallest allocations of pre-refunded bonds. We continued to hold pre-refunded bonds in our portfolios due to the higher yields they provided. Also lagging the performance of the general municipal market for this period were general obligation (GO) bonds and electric utilities credits. All of these Funds were underweighted to varying degrees in the tax-supported sector, especially California state GOs, relative to the California market, which lessened the negative impact of these holdings. This underweighting was due to the fact that California state GOs comprise such a large portion of the tax-supported sector in California that it would be very difficult to match the market weighting in our portfolios.

In addition, NZH and NKX had exposure to California municipalities that are experiencing financial difficulties. NZH and NKX each held lease revenue bonds issued by the Stockton Public Finance Authority. These bonds were purchased at distressed levels and have improved in price since purchase. It is important to note that the Stockton lease bonds are insured, and the insurer, National Public Finance Guaranty, has stated that it will make payments on the bonds if required. As of April 1, 2013 (after the end of this reporting period), Stockton became the most populous U.S. city to declare bankruptcy and the case is expected to become an important test case of the federal bankruptcy code versus California state pension law. (NZH and NKX also hold insured GO bonds issued by the Stockton Unified School District, which were not affected by the city's bankruptcy filing). NKX also holds insured certificates of participation (COPs) issued by the city of San Bernardino. As with the Stockton lease bonds, the insurer of the San Bernardino COPs has indicated that it will make payments on the bonds if necessary.

In light of other recent events in the municipal marketplace, shareholders also should be aware of an issue involving some of the Funds' holdings, i.e., the downgrade of Puerto Rico bonds. In December 2012, Moody's downgraded Puerto Rico GO bonds to Baa3 from Baa1 based on Puerto Rico's ongoing economic problems, unfunded pension liabilities, elevated debt levels and structural budget gaps. Earlier in the year (July 2012), bonds issued by the Puerto Rico Sales Tax Financing Corporation (COFINA) also were downgraded by Moody's to Aa3 from Aa2. The downgrade of the COFINA bonds was due mainly to the performance of Puerto Rico's economy and its impact on the projected growth of sales tax revenues, and not to any sector or structural issues. In addition, the COFINA bonds were able to maintain a higher rating than the GOs because, unlike the revenue streams supporting some Puerto Rican issues, the sales taxes supporting the COFINA bonds cannot be diverted and used to support the commonwealth's GO bonds. Shareholders of the California Funds should note that NAC, NVX, NZH and NKX have limited exposure to Puerto Rico bonds, with holdings ranging from less than 1% in NAC to approximately 3% in NVX, while NCU does not have any Puerto Rico holdings. The majority of these holdings are the dedicated sales tax bonds issued by COFINA, which were added to NAC, NVX, NZH and NKX during this period based on their credit strength. NVX also has a small position in Puerto Rico

GO and appropriation bonds, and NZH holds Puerto Rico highway revenue credits. Holdings other than the COFINA credits were generally purchased in the past to help keep the Funds fully invested and were aimed to provide higher yields, added diversification and triple exemption (i.e., exemption from federal, state and local taxes). For the reporting period ended February 28, 2013, Puerto Rico paper generally underperformed the market as a whole. The impact on performance differed from Fund to Fund in line with the type and amount of its holdings. As we continue to emphasize Puerto Rico's stronger credits, we view the COFINA bonds as long-term holdings and note that the commonwealth's recent enforcement of sales tax collections has improved significantly.

As previously discussed, municipal bond prices generally rallied nationally during this period, driven by strong demand and tight supply of new issuance. At the same time, yields continued to be relatively low. California municipal paper also performed well, due in part to demand triggered by recent changes in the state tax code as well as improving economic conditions in the state. In this environment, we continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that had the potential to perform well over the long term and helped us keep our Funds fully invested.

Much of our investment activity during this period was opportunistic, with purchases driven by the timing of cash flows from refunding activity as well as called or maturing bonds. To find attractive opportunities for the Funds, we were focused largely on the secondary market, rather than new issuance, which remained below historical levels. In particular, we looked for bonds with call dates between 2019 and 2021, a structure that we believed offered value, specifically, attractive pricing and yields relative to the bonds' call dates. In addition, if these bonds are not called in 2019 to 2021, we stand to receive a higher yield by holding the bonds until they mature or are called. This type of bond is sometimes referred to as a "kicker bond" because of the additional yield, or "kick" to maturity, once the bond passes its initial call date.

We also continued to add exposure to RDA bonds in the secondary market. In 2011, as part of cost-saving measures to close gaps in the California state budget, all 400 RDAs in the state were ordered to dissolve by February 1, 2012, and successor agencies and oversight boards were created to manage obligations that were in place prior to the dissolution and take title to the RDAs' housing and other assets. The uncertainty surrounding the fate of the state's RDAs caused spreads on RDA bonds to widen substantially and prompted RDAs to issue their remaining capacity of bonds prior to the 2012 termination date, resulting in heavy issuance of these bonds offering attractive prices, higher coupons and very attractive structures, including 10-year call provisions. During this period as the market in general seemed to become more comfortable with these bonds, their spreads began to narrow, and we found fewer deals that we regarded as attractive as the period progressed. We continued to be very selective in

our purchases in this sector, performing the underlying credit work and evaluating issuers on a case-by-case basis.

During this period, we also took advantage of short-term market opportunities created by supply/demand dynamics in the municipal market. While demand for tax-exempt paper remained consistently strong throughout the period, supply fluctuated widely. We found that periods of substantial supply provided good short-term buying opportunities not only because of the increased number of issues available, but also because some investors became more hesitant in their buying as supply grew, causing spreads to widen temporarily. At times when supply was more plentiful, we focused on anticipating cash flows from bond calls and maturing bonds and closely monitored opportunities for reinvestment.

Cash for new purchases during this period was generated primarily by the proceeds from the increased number of bond calls resulting from the growth in refinancings. The elevated number of bond calls provided a meaningful source of liquidity, which drove much of our activity during this period as we worked to redeploy these proceeds, as well as those from maturing bonds, to keep the Funds fully invested and support their income streams. In addition, we sold selected bonds with short effective maturities on the occasions when we needed additional cash to take advantage of attractive opportunities.

As of February 28, 2013, all five of these Funds 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.

12 Nuveen Investments

Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the return of the Funds relative to their benchmarks was the Funds' use of leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by a Fund generally are rising. Leverage had a positive impact on the performance of the Funds over this reporting period.

As of February 28, 2013, the Funds' percentages of effective and regulatory leverage are shown in the accompanying table.

Fund	Effective Leverage*	Regulatory Leverage*
NCU	35.35%	27.85%
NAC	31.89%	26.69%
NVX	36.05%	28.86%
NZH	37.61%	31.00%
NKX	35.91%	30.92%

* 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 sometimes referred to as "40 Act Leverage" and is subject to asset coverage limits set forth in the Investment Company Act of 1940.

THE FUNDS' REGULATORY LEVERAGE

As of February 28, 2013, the Funds have issued and outstanding MuniFund Term Preferred (MTP) Shares and Variable Rate Demand Preferred (VRDP) Shares as shown in the accompanying tables.

MTP Shares

Fund	Series	MTP Shares Issued at Liquidation Value	Annual Interest Rate	NYSE Ticker
NCU	2015	\$35,250,000	2.00%	NCU PrC
NVX	2014	\$42,846,300	2.35%	NVX PrA
NVX	2015	\$55,000,000	2.05%	NVX PrC
NZH	2014	\$27,000,000	2.35%	NZH PrA
NZH	2014-1	\$46,294,500	2.25%	NZH PrB
NZH	2015	\$86,250,000	2.95%	NZH PrC

VRDP Shares

Fund	VRDP Shares Issued at Liquidation Value
NAC	\$136,200,000
NKX*	\$291,600,000

* \$221,100,000 VRDP Shares at Liquidation Value were issued in connection with the reorganization.

During the twelve month reporting period NKX issued \$35,000,000 VRDP Shares at Liquidation Value through a privately negotiated offering.

Refer to Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies for further details on MTP and VRDP Shares.

Common Share Information

COMMON SHARE DIVIDENDS

During the twelve-month reporting period ended February 28, 2013, the Funds' monthly dividends to common shareholders were as shown in the accompanying table.

	Per Common Share Amounts				
	NCU	NAC	NVX	NZH	NKX**
March	\$ 0.0725	\$ 0.0770	\$ 0.0800	\$ 0.0750	\$ 0.0710
April	0.0725	0.0770	0.0800	0.0750	0.0710
May	0.0725	0.0770	0.0800	0.0750	0.0710
June	0.0725	0.0770	0.0800	0.0705	0.0710
July	0.0725	0.0770	0.0800	0.0705	0.0780
August	0.0725	0.0770	0.0800	0.0705	0.0780
September	0.0725	0.0770	0.0800	0.0705	0.0780
October	0.0725	0.0770	0.0800	0.0705	0.0780
November	0.0725	0.0770	0.0800	0.0705	0.0780
December	0.0700	0.0740	0.0750	0.0670	0.0700
January	0.0700	0.0740	0.0750	0.0670	0.0700
February	0.0700	0.0740	0.0750	0.0670	0.0700
Market Yield***	5.32%	5.62%	5.52%	5.64%	5.56%
Taxable-Equivalent Yield***	8.15%	8.61%	8.45%	8.64%	8.51%

** NKX paid shareholders a capital gains distribution in December 2012 of \$0.0160 per share.

*** 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 combined federal and state income tax rate of 34.7%. When comparing a Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of February 28, 2013, all of the Funds in this report had positive UNII balances for tax and financial reporting purposes.

COMMON SHARE REPURCHASES

During November 2012, the Nuveen Funds Board of Directors/Trustees reauthorized the Funds' open-market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding common shares.

As of February 28, 2013, and since the inception of the Funds' repurchase programs, the Funds have cumulatively repurchased and retired common shares as shown in the accompanying table. Since the inception of the Funds' repurchase programs, NAC and NKX have not repurchased any of their outstanding common shares.

Fund	Common Shares Repurchased and Retired	% of Common Shares Authorized for Repurchase
NCU	44,500	7.7%
NAC	—	—
NVX	50,700	3.4%
NZH	12,900	0.5%
NKX	—	—

During the twelve-month reporting period, the Funds did not repurchase any of their outstanding common shares.

SHELF EQUITY PROGRAMS

The following Funds filed a preliminary prospectus with the SEC for an equity shelf offering, which is not yet effective, pursuant to which the Fund may issue additional common shares as shown in the accompanying table.

Fund	Additional Common Shares
NAC	2,300,000
NKX	4,100,000

Refer to Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies for further details on the Funds' Shelf Equity Programs.

COMMON SHARE OTHER INFORMATION

As of February 28, 2013, and during the twelve-month reporting period, the Funds were trading at a premium/(discount) to their common share net asset value (NAV) as shown in the accompanying table.

	NCU	NAC	NVX	NZH	NKX
Common Share NAV	\$ 15.93	\$ 15.90	\$ 16.35	\$ 14.71	\$ 15.57
Common Share Price	\$ 15.78	\$ 15.81	\$ 16.30	\$ 14.25	\$ 15.12
Premium/(Discount) to NAV	(0.94)%	(0.57)%	(0.31)%	(3.13)%	(2.89)%
12-Month Average Premium/(Discount) to NAV	(1.26)%	(0.35)%	(0.77)%	(1.25)%	(0.79)%

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. Past performance is no guarantee of future results. Fund common shares are subject to a variety of risks, including:

Investment, Market and Price Risk. An investment in common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the municipal securities owned by the Fund, which generally trade in the over-the-counter markets. Shares of closed-end investment companies like these Funds frequently trade at a discount to their net asset value (NAV). Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Leverage Risk. Each Fund's use of leverage creates the possibility of higher volatility for the Fund's per share NAV, market price, distributions and returns. There is no assurance that a Fund's leveraging strategy will be successful.

Tax Risk. The tax treatment of Fund distributions may be affected by new IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations.

Issuer Credit Risk. This is the risk that a security in a Fund's portfolio will fail to make dividend or interest payments when due.

Interest Rate Risk. Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.

Reinvestment Risk. If market interest rates decline, income earned from a Fund's portfolio may be reinvested at rates below that of the original bond that generated the income.

Call Risk or Prepayment Risk. Issuers may exercise their option to prepay principal earlier than scheduled, forcing a Fund to reinvest in lower-yielding securities.

Inverse Floater Risk. The Funds invest in inverse floaters. Due to their leveraged nature, these investments can greatly increase a Fund's exposure to interest rate risk and credit risk. In addition, investments in inverse floaters involve the risk that the Fund could lose more than its original principal investment.

Nuveen California Premium Income Municipal Fund (NCU)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

	Average Annual		
	1-Year	5-Year	10-Year
NCU at Common Share NAV	9.89%	10.04%	6.82%
NCU at Common Share Price	10.10%	11.74%	7.96%
S&P California Municipal Bond Index	6.77%	7.22%	5.38%
S&P Municipal Bond Index	5.69%	6.81%	5.19%
Lipper California Municipal Debt Funds Classification Average	11.55%	9.29%	6.20%

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. 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.

Common Share Price Performance — Weekly Closing Price

Portfolio Composition¹

(as a % of total investments)

Tax Obligation/Limited	29.3%
Tax Obligation/General	22.3%
Health Care	21.1%
U.S. Guaranteed	7.2%
Water and Sewer	6.1%
Other	14.0%

Credit Quality

(as a % of total investment exposure)^{1,2,3}

AAA/U.S. Guaranteed	15%
AA	34%
A	31%
BBB	16%
BB or Lower	2%
N/R	2%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview and Holding Summaries page.

- 1 Holdings are subject to change.
- 2 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.

3 Percentages may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

18 Nuveen Investments

Nuveen California Dividend Advantage Municipal Fund (NAC)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

	Average Annual		
	1-Year	5-Year	10-Year
NAC at Common Share NAV	13.39%	9.81%	6.84%
NAC at Common Share Price	10.80%	11.22%	8.08%
S&P California Municipal Bond Index	6.77%	7.22%	5.38%
S&P Municipal Bond Index	5.69%	6.81%	5.19%
Lipper California Municipal Debt Funds Classification Average	11.55%	9.29%	6.20%

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. 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.

Common Share Price Performance — Weekly Closing Price

Portfolio Composition¹

(as a % of total investments)

Tax Obligation/Limited	26.6%
Tax Obligation/General	20.9%
Health Care	19.7%
Water and Sewer	11.8%
Consumer Staples	5.7%
Education and Civic Organizations	4.7%
Other	10.6%

Credit Quality

(as a % of total investment exposure)^{1,2,3}

AAA/U.S.Guaranteed	4%
AA	42%
A	26%
BBB	13%
BB or Lower	7%
N/R	7%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview and Holding Summaries page.

- 1 Holdings are subject to change.
- 2 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

3

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. Percentages may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

Nuveen Investments 19

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

	Average Annual		
	1-Year	5-Year	10-Year
NVX at Common Share NAV	11.94%	9.88%	7.08%
NVX at Common Share Price	11.03%	12.03%	8.41%
S&P California Municipal Bond Index	6.77%	7.22%	5.38%
S&P Municipal Bond Index	5.69%	6.81%	5.19%
Lipper California Municipal Debt Funds Classification Average	11.55%	9.29%	6.20%

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. 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.

Common Share Price Performance — Weekly Closing Price

Portfolio Composition¹

(as a % of total investments)

Tax Obligation/General	20.7%
Health Care	18.5%
Tax Obligation/Limited	15.9%
Water and Sewer	10.9%
U.S. Guaranteed	8.8%
Utilities	5.9%
Consumer Staples	5.8%
Education and Civic Organizations	5.6%
Other	7.9%

Credit Quality

(as a % of total investment exposure)^{1,2,3}

AAA/U.S. Guaranteed	12%
AA	38%
A	19%
BBB	19%
BB or Lower	5%
N/R	6%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview and Holding Summaries page.

- 1 Holdings are subject to change.
- 2 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.

3 Percentages may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

20 Nuveen Investments

Nuveen California Dividend Advantage Municipal Fund 3 (NZH)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

	Average Annual		
	1-Year	5-Year	10-Year
NZH at Common Share NAV	12.15%	9.25%	6.41%
NZH at Common Share Price	5.41%	9.93%	7.37%
S&P California Municipal Bond Index	6.77%	7.22%	5.38%
S&P Municipal Bond Index	5.69%	6.81%	5.19%
Lipper California Municipal Debt Funds Classification Average	11.55%	9.29%	6.20%

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. 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.

Common Share Price Performance — Weekly Closing Price

Portfolio Composition¹

(as a % of total investments)

Tax Obligation/Limited	29.3%
Health Care	21.8%
Tax Obligation/General	12.2%
Water and Sewer	8.5%
U.S. Guaranteed	6.8%
Consumer Staples	6.7%
Other	14.7%

Credit Quality

(as a % of total investment exposure)^{1,2,3}

AAA/U.S. Guaranteed	7%
AA	31%
A	22%
BBB	26%
BB or Lower	7%
N/R	8%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview and Holding Summaries page.

- 1 Holdings are subject to change.
- 2 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.

- 3 Percentages may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

Nuveen California AMT-Free Municipal Income Fund (NKX)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

	Average Annual		
	1-Year	5-Year	10-Year
NKX at Common Share NAV	12.08%	8.82%	6.55%
NKX at Common Share Price	6.53%	8.60%	6.38%
S&P California Municipal Bond Index	6.77%	7.22%	5.38%
S&P Municipal Bond Index	5.69%	6.81%	5.19%
S&P Municipal Bond Insured Index	5.76%	7.10%	5.15%
Lipper California Municipal Debt Funds Classification Average	11.55%	9.29%	6.20%

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. 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.

Common Share Price Performance — Weekly Closing Price

Portfolio Composition¹

(as a % of total investments)

Tax Obligation/Limited	35.9%
Tax Obligation/General	20.1%
Water and Sewer	13.5%
Health Care	11.7%
U.S. Guaranteed	8.3%
Other	10.5%

Credit Quality

(as a % of total investment exposure)^{1,2,3}

AAA/U.S. Guaranteed	10%
AA	46%
A	27%
BBB	9%
BB or Lower	4%
N/R	4%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview and Holding Summaries page.

- 1 Holdings are subject to change.
- 2 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.

3 Percentages may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

22 Nuveen Investments

NCU Shareholder Meeting Report

NAC
NVX

The annual meeting of shareholders was held in the offices of Nuveen Investments on November 14, 2012; at this meeting the shareholders were asked to vote on the election of Board Members, to approve the elimination of the fundamental policies relating to the Fund's ability to make loans and to approve the new fundamental policy relating to the Fund's ability to make loans. Further information from the February 24, 2012 shareholder meeting for NKX to approve the issuance of additional common shares in connection with a Reorganization is included.

	NCU		NAC		NVX	
	Common and Preferred shares voting together as a class	Preferred Shares	Common and Preferred shares voting together as a class	Preferred Shares	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
To approve the elimination of the fundamental policies relating to the Fund's ability to make loans.						
For	—	—	—	—	12,153,291	4,224,438
Against	—	—	—	—	737,606	171,651
Abstain	—	—	—	—		