NUVEEN GEORGIA QUALITY MUNICIPAL INCOME FUND
Form N-CSR
August 07, 2017

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 811-21152

Nuveen Georgia Quality 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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Chicago, IL 60606
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Registrant's telephone number, including area code: (312) 917-7700

Date of fiscal year end: May 31

Date of reporting period: May 31, 2017

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

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Chairman's Letter to Shareholders

Dear Shareholders,

Whether politics or the economy will prevail over the financial markets this year has been a much-analyzed question. After the U.S. presidential election, stocks rallied to new all-time highs, bonds tumbled, and business and consumer sentiment grew pointedly optimistic. But, to what extent the White House can translate rhetoric into stronger economic and corporate earnings growth remains to be seen. Stock prices have experienced upward momentum driven by positive economic news and earnings growth, inflation is ticking higher and interest rates are higher amid the Federal Reserve (Fed) rate hikes.

At the year's halfway point, the political landscape and its implications for the economy continue to be reevaluated. The lack of success in reforming health care policy has cast doubts on the president's ability to move his agenda of pro-growth legislation forward. Additionally, Brexit negotiations in the U.K. face new uncertainties in light of the reshuffling of Parliament following the June snap election.

Nevertheless, there is a case for optimism. The jobs recovery, firming wages, the housing market and confidence measures are supportive of continued expansion in the economy. The Fed enacted a series of interest rate hikes in December 2016, March 2017 and June 2017, a vote of confidence that its employment and inflation targets are generally on track. Economies outside the U.S. have strengthened in recent months, possibly heralding the beginnings of a global synchronized recovery. Furthermore, the populist/nationalist undercurrent that helped deliver President Trump's win and triggered the U.K.'s Brexit remained in the minority during both March's Dutch general election and May's French presidential election, easing the political uncertainty surrounding Germany's elections later this year.

In the meantime, the markets will be focused on economic sentiment surveys along with "hard" data such as consumer and business spending to gauge the economy's progress. With the Fed now signaling its intention to begin shrinking its balance sheet in addition to raising interest rates, policy moves that are more aggressive than expected could spook the markets and potentially stifle economic growth. On the political economic front, President Trump's other signature platform plank, protectionism, is arguably anti-growth. We expect some churning in the markets as these issues sort themselves out.

Market volatility readings have been remarkably low of late, but conditions can change quickly. As market conditions evolve, Nuveen remains committed to rigorously assessing opportunities and risks. If you're concerned about how resilient your investment portfolio might be, we encourage you to talk to your financial advisor. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

William J. Schneider
Chairman of the Board
July 24, 2017

Portfolio Managers' Comments

Nuveen Georgia Quality Municipal Income Fund (NKG)
Nuveen Maryland Quality Municipal Income Fund (NMY)
Nuveen Minnesota Quality Municipal Income Fund (NMS)
Nuveen Missouri Quality Municipal Income Fund (NOM)
Nuveen North Carolina Quality Municipal Income Fund (NNC)
Nuveen Virginia Quality Municipal Income Fund (NPV)

These Funds feature portfolio management by Nuveen Asset Management, LLC (NAM), an affiliate of Nuveen, LLC. Portfolio managers Daniel J. Close, CFA, Stephen J. Candido, CFA, and Christopher L. Drahn, CFA, discuss U.S. economic and municipal market conditions, key investment strategies and the twelve-month performance of these six Nuveen Funds. Dan has managed the Nuveen Georgia and North Carolina Funds since 2007, while Stephen has managed the Maryland and Virginia Funds since 2016 and Chris has managed the Minnesota Fund since 2016, and the Missouri Fund since 2011.

Effective May 31, 2016, Stephen J. Candido replaced Thomas C. Spalding, CFA as portfolio manager of the Maryland and Virginia Funds.

Effective November 8, 2016, Christopher Drahn replaced Douglas J. White, CFA, as portfolio manager of the Minnesota Fund.

What factors affected the U.S. economy and the national municipal market during the twelve-month reporting period ended May 31, 2017?

During the twelve-month reporting period, the U.S. economy continued to grow moderately, now ranking the current expansion as the third-longest since World War II, according to the National Bureau of Economic Research. The second half of 2016 saw a short-term boost in economic activity, driven by a one-time jump in exports during the third quarter, but the economy resumed a below-trend pace thereafter. The Bureau of Economic Analysis reported an annual growth rate of 1.2% for the U.S. economy in 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.

For financial reporting purposes, the ratings disclosed 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). This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings, while BB, B, CCC, CC, C and D are below investment grade ratings. 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)

first quarter of 2017, as measured by the "second" estimate of real gross domestic product (GDP), which is the value of goods and services produced by the nation's economy less the value of the goods and services used up in production, adjusted for price changes. By comparison, the annual GDP growth rate in the fourth quarter of 2016 was 2.1%.

Despite the slowdown in early 2017, other data pointed to positive momentum. The labor market continued to tighten, inflation ticked higher, and consumer and business confidence surveys reflected optimism about the economy's prospects. As reported by the Bureau of Labor Statistics, the unemployment rate fell to 4.3% in May 2017 from 4.7% in May 2016 and job gains averaged around 181,000 per month for the past twelve months. Higher oil prices helped drive a steady increase in inflation over this reporting period. The Consumer Price Index (CPI) increased 1.9% over the twelve-month reporting period ended May 31, 2017 on a seasonally adjusted basis, as reported by the Bureau of Labor Statistics. The core CPI (which excludes food and energy) increased 1.7% during the same period, slightly below the Federal Reserve's (Fed) unofficial longer term inflation objective of 2.0%. The housing market also continued to improve, with historically low mortgage rates and low inventory driving home prices higher. The S&P CoreLogic Case-Shiller U.S. National Home Price Index, which covers all nine U.S. census divisions, recorded a 5.5% annual gain in April 2017 (most recent data available at the time this report was prepared) (effective July 26, 2016, the S&P/Case-Shiller U.S. National Home Price Index was renamed the S&P CoreLogic Case-Shiller U.S. National Home Price Index). The 10-City and 20-City Composites reported year-over-year increases of 4.9% and 5.7%, respectively.

The Fed's policy making committee raised its main benchmark interest rate in December 2016, March 2017 and June 2017 (subsequent to the close of this reporting period). These moves were widely expected by the markets and, while the Fed acknowledged in its June 2017 statement that inflation has remained unexpectedly low, an additional increase is anticipated later in 2017 as the Fed seeks to gradually "normalize" interest rates. Also after the June 2017 meeting, the Fed revealed its plan to begin shrinking its balance sheets by allowing a small amount of maturing Treasury and mortgage securities to roll off without reinvestment. The timing of this is less certain, however, as it depends on whether the economy performs in line with the Fed's expectations.

Politics also dominated the headlines in this reporting period with two major electoral surprises: the U.K.'s vote to leave the European Union and Donald Trump's win in the U.S. presidential race. Market volatility increased as markets digested the initial shocks, but generally recovered and, in the case of the "Trump rally," U.S. equities saw significant gains. Investors also closely watched elections across Europe. To the markets' relief, more mainstream candidates were elected in the Dutch and French elections in the spring of 2017. However, Britain's June 2017 snap election unexpectedly overturned the Conservative Party's majority in Parliament, which increased uncertainties about the Brexit negotiation process.

For the municipal bond market, performance was defined by a major sell-off in municipal bonds following the presidential election and the market's subsequent recovery in the first half of 2017. Prior to the election, municipal bond mutual funds had been drawing steady inflows from September 2015 to October 2016, which kept demand outpacing supply and supported prices. However, beginning in mid-October, demand began to soften in anticipation of a Fed rate hike. Municipal bond prices continued to fall in November after President Trump's win triggered rising inflation and interest rate expectations as well as speculation on tax code changes, and in December 2016 due to tax-loss selling. A sharp rise in interest rates after the election fueled a reversal in municipal bond fund flow. Municipal bond funds experienced large outflows in the fourth quarter of 2016, especially in the high yield municipal segment, which drove mutual fund managers to sell positions to help meet investor redemptions. At the same time, new issuance spiked in October 2016, further contributing to excess supply and exacerbating falling prices and credit spread widening.

However, stabilizing market conditions in December gave way to a rally in the first quarter of 2017. Concerns that the new administration's fiscal, tax and health care policy agenda could have a potentially negative impact on municipal bonds eased somewhat. By the end of the reporting period, interest rates reached a higher level than where they began.

In the reporting period overall, municipal bond issuance nationwide totaled $421.0 billion, an 8.1% gain from the issuance for the twelve-month period ended May 31, 2016. Gross issuance remains robust as issuers continue to actively and aggressively refund their outstanding debt given the 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 surging, but the net is not and this was an overall positive technical factor on municipal bond investment performance in recent years. However, as interest rates moved higher, the pace of refunding deals began to moderate.

Although the municipal bond market experienced widening credit spreads over a short period after the election, the trend was more attributable to technical conditions than a change in the fundamental backdrop. Despite the U.S. economy's rather sluggish recovery, improving state and local balance sheets have contributed to generally good credit fundamentals. Higher tax revenue growth, better expense management and a more cautious approach to new debt issuance have led to credit upgrades and stable credit outlooks for many state and local issuers. While some pockets of weakness continued to grab headlines, including Illinois, New Jersey and Puerto Rico, their problems were largely contained, with minimal spillover into the broader municipal market.

What were the economic and market conditions in Georgia, Maryland, Minnesota, Missouri, North Carolina and Virginia during the twelve-month reporting period ended May 31, 2017?

Georgia's economy continues to outperform, thanks to Atlanta's resilient private sector. Georgia's unemployment rate of 4.9% harkens back to pre-recession days. Georgia's economy is well diversified, although geographically concentrated around the Atlanta metropolitan area. Home prices in the Atlanta area were up 5.8% year-over-year as of April 2017 (most recent data available at the time this report was prepared), according to the S&P/Case-Shiller Home Price Index. The state's revenues have been tracking above budget. Total net tax revenue collections were 4.1% higher through April 2017, as compared to April 2016. Georgia's Revenue Shortfall Reserve, or rainy day fund, stands at $1.7 billion in March 2017. That is the largest balance since before the great recession. For Fiscal Year 2018, Georgia adopted a $25 billion state budget that is based on a 3.5% increase in general fund revenues over Fiscal Year 2017. The enacted budget continues the trend of using revenue growth to support program expansion and restoration of prior year cuts. Education funding is up notably with $516 million for K-12, which includes a 2% increase to the state base salary for certified personnel and additional funding for the Teachers Retirement System. Georgia recently enacted a constitutional cap on its income tax rate at the current level of 6%. Personal income tax is Georgia's largest revenue source accounting for nearly half of the state's general fund receipts. As of June 2017, Georgia's general obligation debt continued to be rated Aaa/AAA/AAA with stable outlooks from Moody's, S&P and Fitch, respectively. For the twelve months ended May 31, 2017, municipal issuance in Georgia totaled $7.3 billion, an increase of 3% from the twelve months ended May 31, 2016.

While Maryland's economy fared better than most throughout the recession, economic growth during the recovery can be characterized as slow and steady. In Fiscal Year 2016 the state's real GDP increased 1.3%, which slightly trailed the U.S. average, placing it 24th among all states. Maryland's economy has historically benefited from its proximity to the nation's capital through job growth and drawing high income earners as residents. However, the state's closeness to Washington D.C. means a greater dependency on federal employment than in most states, leaving it vulnerable to future federal cost-cutting. Government employment accounts for nearly 19% of all state employment. Maryland has one of the nation's best educated workforces, which has facilitated the development of advanced technology and the growth of public and private research facilities. Combined with the influence of the government sector and the presence of over 50 universities, this has made Maryland a center for national security and medical and biomedical research. May's unemployment rate of 3.9% is below the national average of 4.3%. Maryland ended Fiscal Year 2015 and Fiscal Year 2016 with general fund operating surpluses. The state continues to demonstrate strong overall financial flexibility and prudent fiscal management as Fiscal Year 2017 revenues underperformed budgeted expectations, which prompted revenue revisions for Fiscal Year 2018. The state was able to successfully close the Fiscal Year 2017 mid-year budget gap with expenditure

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reductions and a transfer from the revenue stabilization account. As of May 2017, Moody's, S&P and Fitch rated Maryland general obligation debt at Aaa/AAA/AAA with stable outlooks. During the twelve months ended May 31, 2017, municipal issuance in the state totaled $10.9 billion, a gross issuance increase of 64% from the previous twelve months.

Minnesota's economic growth lagged the national growth rate in 2016 with Minnesota's GDP growing 1.3% but outpaced its regional peers, ranking as the 23rd fastest growing state economy. Minnesota's GDP growth was driven by gains in the durable goods manufacturing, financial & insurance services, and retail trade sectors. As of May 2017, Minnesota's seasonally adjusted unemployment rate of 3.7% remained well below the national unemployment rate of 4.3%. Home prices in the Minneapolis area were up 6.3% year-over-year as of April 2017 (most recent data available at the time this report was prepared), according to the S&P/Case-Shiller Home Price Index. In 2016, Minnesota state exports declined by 4.1% with the largest declines in machinery and passenger vehicles. Going into the current fiscal year, Minnesota had a $1.6 billion surplus. After an extended legislative session, Minnesota's Legislature passed the state's $46 billion Fiscal Year 2018-2019 budget which includes bills for $650 million in tax cuts, $483 million in additional funding to schools, $210 million increase to public colleges and universities, and $300 million in new funding for transportation. The budget bills are now waiting for Governor Dayton's signature. As of May 26, 2017, Dayton announced that he is undecided if he will sign or veto the bills. Should the governor veto even one spending bill, it will be returned to the legislature and will have to be renegotiated during a special session. As of July 2016 the state's S&P and Moody's ratings were AA+ and Aa1, respectively, and S&P maintains a positive outlook while Moody's outlook is stable. For the twelve months ended May 31, 2017, municipal issuance in Minnesota totaled $8.1 billion, representing an 11.9% decrease from the twelve months ended May 31, 2016.

Missouri's economic recovery continues to lag national economic growth. For 2016, national GDP grew 1.5% and outpaced Missouri's growth of 1.1%. Missouri's growth ranked 22nd nationally. As of May 2017, Missouri's unemployment rate of 4.2% remains below the national unemployment rate of 4.3%. The state saw growth in the following sectors: manufacturing, trade/transportation/utilities, financial activities, professional and business services, education and health services, and leisure and hospitality. Missouri's state exports increased by 2.1% in 2016, attributable to civilian aircraft and trade increasing with Canada and Mexico. The Missouri Constitution requires that the state pass a balanced budget. Due to income tax collections running slightly behind estimates, the Fiscal Year 2018 budget includes a 6.6% cut to Missouri colleges and universities. Moody's, S&P and Fitch rate Missouri general obligation debt at Aaa/AAA/AAA and all have stable outlooks. For the twelve months ended May 31, 2017, municipal issuance in Missouri totaled $4.3 billion, representing a 21.9% decrease from the twelve months ended May 31, 2016.

North Carolina's economic growth was up year-over-year, but the rate of growth slowed in 2016 with real GDP increasing 1.6% over Fiscal Year 2015, ranking it 19th among all states. As the state's economy transitions away from old-line manufacturing into sectors oriented toward research, technology and services, the roles of the state's high quality universities and research triangle will continue to become more important. The federal government remains the largest employer in the state due to the large military installments, including Fort Bragg and Camp Lejeune, which are the two largest employers in the state with more than 110,000 workers. As of May 2017 the state's not seasonally adjusted unemployment rate of 4.5% was slightly above the national average of 4.3%. According to the S&P/Case-Shiller Index of 20 major metropolitan areas, housing prices in Charlotte rose 6.1% during the twelve months ended April 2017 (most recent data available at the time this report was prepared). North Carolina's constitution constrains the amount of general obligation debt the state can issue in any biennium. This has resulted in a relatively low debt burden when compared to many of its peers. Moody's May 2017 state debt median report notes that North Carolina ranked 34th for net tax-supported debt per capita and 33rd as a percent of personal income. The state closed Fiscal Year 2016 with an operating surplus and Fiscal Year 2017 revenue projections indicate another year of strong financial performance driven by continued economic growth and prudent fiscal management. As of May 2017, Moody's, S&P and Fitch rated North Carolina general obligation debt at Aaa/AAA/AAA with stable outlooks. During the twelve months ended May 31, 2017, municipal issuance in North Carolina totaled $5.9 billion, a decrease of 11.7% from the previous twelve months.

Virginia's economy is led by government, professional and business services and its proximity to the Washington D.C. area has historically provided stability in the northern portion of the state. The state's real GDP growth increased 2.4% in Fiscal Year 2015 and then slowed in Fiscal Year 2016 increasing by 0.6%, placing it 39th among all states. May's unemployment rate of 3.8% is below the national average of 4.3%. According to the S&P/Case-Shiller Index of 20 major metropolitan areas, housing prices in the Washington D.C. area rose 3.6% during the twelve months ended April 2017 (most recent data available at the time this report was prepared). Projected growth in high skill services industries over the next year is expected to translate to greater residential demand, particularly in the northern portion of the state. Fiscal Year-End 2016 financials reflected a slight decline in the general fund balance due primarily to lower than anticipated income tax collections. Revenue underperformance prompted a budget revision for the current biennium that included the recommendation of several expenditure reductions and a possible reserve drawdown. While the state faces some budgetary challenges, overall it should fare well due to its high degree of financial flexibility. As of May 2017, Moody's and Fitch rated Virginia general obligation debt at Aaa/AAA with stable outlooks, and S&P rated Virginia general obligation debt at AAA with a negative outlook. During the twelve months ended May 31, 2017, issuance in Virginia totaled $76.2 billion, a decrease of 14.1% from the previous twelve months.

What key strategies were used to manage these Funds during the twelve-month reporting period ended May 31, 2017?

The reporting period encompassed a number of distinct phases. From June 2016 to November 2016, the market underwent an orderly backup after yields bottomed out subsequent to the June 2016 Brexit vote. New issue supply was also generally heavy as issuers rushed to market ahead of the eventual December 2016 rate hike. After the presidential election, however, municipal bonds sold off sharply, widening credit spreads and giving back the market's year-to-date gains. Conditions then stabilized in late 2016 and early 2017, as political consensus among the White House and Congress seemed less likely and economic data were underwhelming. Credit spreads tightened, while yields on an absolute basis remained at higher levels.

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

NKG bought intermediate duration bonds in the mid- to high-grade credit segments, across a range of sectors, including state general obligations (GOs), tax increment, health care, local appropriation, student housing, and water and sewer. We also did some tax loss swaps, which means we sold some depreciated bonds and simultaneously replaced them with similarly structured bonds to realize a capital loss, which can be used to offset future capital gains.

The Maryland Fund was also an active buyer during this reporting period, which resulted in the lengthening of the Fund's overall duration. We added higher yielding credits issued for Maryland's Purple Line light rail, University Town Center and several health care issues, including Peninsula Regional Medical Center in Salisbury, Maryland, Mercy Medical Center in Baltimore and Adventist Hospital in Rockville, Maryland. Many of these securities were bought before the election, at the market's peak, and were replaced with more attractive structures post-election. In the high grade segment, we bought Baltimore Wastewater bonds, some of which were held in a tender option bond trust, and AAA rated bonds for Washington Suburban Sanitation District. To keep the Fund fully invested, especially in the late summer of 2016 when Maryland-issued paper was scarce, NMY bought some out-of-state bonds issued for New York LaGuardia Airport, American Airlines JFK Airport and New York City tobacco settlement, as these bonds can be sold more easily as sources of liquidity when new in-state opportunities arise. We also added Guam-issued Section 30 bonds, which are secured by the taxes paid by military personnel on the island. Buying was funded by the proceeds from called and maturing

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bonds, as well as from the relevering program. We also reinvested the cash from the sale of nearly all of the Fund's uninsured Virgin Islands paper (an odd lot power bond remains in the portfolio), uninsured Puerto Rico credits and zero coupon COFINA (Puerto Rico sales tax revenue) bonds. NMY also trimmed its holding of American Airlines stock, which was received when the Fund's holding of bonds issued by Puerto Rico Ports Authority for American Airlines was converted into equity as part of the merger with US Airways, which was completed in December 2013. Over time, we have sold these shares and reinvested the proceeds into municipal bonds.

In NMS, the backup in yields in late 2016 provided an opportunity both to modestly restructure the Fund's average coupon positioning and to book new positions at higher yields than had been prevalent for some time. Purchases over the course of the reporting period included both mid- and high-grade credits. We added exposure to the utility sector via names such as the Western Minnesota Municipal Power Agency, Minnesota Municipal Power Agency, and Rochester Electric. Away from the utility sector, other notable acquisitions included bonds of the Minneapolis St. Paul Metropolitan Airport and Carleton College. Most purchases were funded from either the proceeds from call activity, the July 2016 relevering program, or tax loss swapping activity where bonds with lower historical acquisition yields were sold and replaced with new positions at the prevailing higher market yields (often with higher and less volatile coupon structures).

Trading activity in NOM was relatively subdued in this reporting period. The Missouri Fund reinvested proceeds from calls in a variety of names across the credit spectrum. Notable purchases included a AAA rated issue for the Metropolitan St. Louis Sewer District as well as non-rated bonds issued for the Ranken-Jordan Pediatric Bridge Hospital, a specialty children's hospital. We also performed one tax loss swap designed to increase the Fund's income distribution capability. Additionally, a tender option bond was called during the reporting period, which decreased the amount of leverage in NOM.

The North Carolina Fund added bonds mainly of medium credit quality, with intermediate to longer duration profiles, representing a range of sectors. Notable buys included higher education (Duke University), electric utility and Charlotte Airport bonds, as well as a AAA rated GO. The purchases were funded mainly from call activity. NNC also found opportunities for tax loss swaps during the reporting period.

Prior to the election, NPV bought some transportation credits, including bonds issued for Metropolitan DC Airports and Capital Region Airport: Richmond International Airport. After the market stabilized, we traded the Metropolitan DC Airports bonds for similar structure bonds but at a higher yield, as well as sold short-dated, high grade paper for more appealing long-term investments in revenue bonds such as Chesapeake Bay Bridge and Tunnel, Richmond Public Utility, Marymount University and University of Virginia (some of which was put in a tender option bond trust). As a result of these purchases, the Fund's overall duration lengthened over the course of the reporting period. We also bought some out-of-state bonds as "placeholders," including American Airlines JKF Airport, which could provide liquidity when new Virginia issues become available, as well as added Guam Section 30 bonds (also bought by NMY). Called and maturing bonds provided some of the funding for new purchases, as did the sale of NPV's uninsured Virgin Islands paper, except for an odd lot Virgin Islands power bond.

As of May 31, 2017, NKG, NMY, NOM and NPV continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform during the twelve-month reporting period ended May 31, 2017?

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