

Nuveen Short Duration Credit Opportunities Fund  
Form N-CSRS  
April 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 811-22518  
Nuveen Short Duration Credit Opportunities 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)

Gifford R. Zimmerman

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: July 31

Date of reporting period: January 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

Edgar Filing: Nuveen Short Duration Credit Opportunities Fund - Form N-CSRS

information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policy making 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.**

**Closed-End Funds**

Nuveen  
**Closed-End Funds**

**Semi-Annual Report** January 31, 2017

**NSL**  
Nuveen Senior Income Fund

**JFR**  
Nuveen Floating Rate Income Fund

**JRO**  
Nuveen Floating Rate Income Opportunity Fund

**JSD**  
Nuveen Short Duration Credit Opportunities Fund

**JQC**  
Nuveen Credit Strategies Income Fund

**Life is Complex**

**Nuveen makes things e-simple.**

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

**Free e-Reports right to your e-mail!**

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

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

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

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

**Table**

**of Contents**

<u>Chairman's Letter to Shareholders</u>	4
<u>Portfolio Managers' Comments</u>	5
<u>Fund Leverage</u>	8
<u>Common Share Information</u>	10
<u>Risk Considerations</u>	12
<u>Performance Overview and Holding Summaries</u>	14
<u>Portfolios of Investments</u>	24
<u>Statement of Assets and Liabilities</u>	75
<u>Statement of Operations</u>	76
<u>Statement of Changes in Net Assets</u>	77
<u>Statement of Cash Flows</u>	80
<u>Financial Highlights</u>	82
<u>Notes to Financial Statements</u>	90
<u>Additional Fund Information</u>	107
<u>Glossary of Terms Used in this Report</u>	108
<u>Reinvest Automatically, Easily and Conveniently</u>	109

NUVEEN 3

**Chairman's Letter**

**to Shareholders**

**Dear Shareholders,**

The past year saw a striking shift in the markets' tone. The start of 2016 was beset by China's economic woes, growing recession fears in the U.S. and oil prices sinking to lows not seen in more than a decade. World stock markets dropped, while bonds and other safe-haven assets rallied. But, by the end of the year, optimism had taken root. Economic outlooks were more upbeat, commodity prices stabilized, equity markets rebounded and bonds retreated. Despite the initial market shocks of the Brexit referendum in the U.K. and Donald Trump's win in the U.S. presidential election, and the uncertainties posed by the implications of these votes, sentiment continued to swing toward the positive as 2016 ended.

In between the year's turbulent start and exuberant end, markets were soothed by improving economic data out of China, as the government's stimulus measures appeared to be working, and a recovery in the energy and commodity-related sectors. The U.S. Federal Reserve backed off its more aggressive projections from the beginning of the year, only raising the fed funds rate once during the year, in December. The central banks in Europe and Japan maintained their accommodative stances.

Will 2017 be the year of accelerating global growth and rising inflation that the markets are expecting? President Trump's business-friendly, pro-growth agenda has been well received by the markets, despite the administration's initial focus on trade and immigration policy. However, when a substantive fiscal policy does emerge, the potential for legislative approval is not assured. Outside the U.S., political dynamics in Europe are also in flux this year, with Brexit negotiations ongoing and elections in Germany and France, and possibly a snap election in Italy.

Given the slate of policy unknowns and the range of possible outcomes, we believe volatility will remain a fixture this year. In this environment, Nuveen remains committed to both managing downside risks and seeking upside potential. If you're concerned about how resilient your investment portfolio might be, we encourage you to talk to your financial advisor. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

William J. Schneider

Chairman of the Board

March 28, 2017

## Portfolio Managers

### Comments

Nuveen Senior Income Fund (NSL)

Nuveen Floating Rate Income Fund (JFR)

Nuveen Floating Rate Income Opportunity Fund (JRO)

Nuveen Short Duration Credit Opportunities Fund (JSD)

Nuveen Credit Strategies Income Fund (JQC)

*The Funds' investment portfolios are managed by Symphony Asset Management, LLC (Symphony), an affiliate of Nuveen, LLC. Gunther Stein, who serves as the firm's Chief Investment Officer and Chief Executive Officer, and Scott Caraher manage NSL, JFR and JRO. Gunther and Sutanto Widjaja manage JQC, while JSD is managed by Gunther, Scott and Jenny Rhee.*

*Here the team discusses their management strategies and the performance of the Funds for the six-month reporting period ended January 31, 2017.*

### **What strategies were used to manage the Funds during the six-month reporting period ended January 31, 2017?**

NSL, JFR and JRO have similar investment objectives and strategies. Each Fund is designed to seek a high level of current income by primarily investing in a portfolio of adjustable rate, senior secured corporate loans. The Funds also may invest in unsecured senior loans, other debt securities, equity securities and warrants acquired in connection with an investment in senior loans. A significant portion of each Fund's assets may be invested in instruments that, at the time of investment, are rated below investment grade or are unrated but judged by Symphony to be of comparable quality to below investment grade.

JSD seeks to provide current income and the potential for capital appreciation. The Fund invests primarily in a blended portfolio of below investment grade adjustable rate corporate debt instruments, including senior secured loans, second lien loans and other adjustable rate corporate debt instruments. The Fund may also make limited tactical investments in other types of debt instruments and may enter into tactical short positions consisting of primarily high yield debt. Under normal market conditions the Fund maintains a portfolio with an average duration that does not exceed two years.

JQC invests at least 70% of its assets in senior secured and second lien loans, and up to 30% of its assets opportunistically over the credit cycle in other types of securities across a company's capital structure. These other securities primarily include income-oriented securities such as high yield corporate and convertible bonds as well as common stocks.



**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.**

**Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.**

**Portfolio Managers Comments** (continued)

The Fund maintained exposure to senior loans during the reporting period, while tactically allocating between high yield corporate bonds, equity securities and convertible bonds. Exposure consisted of mainly U.S. issuers, and was focused on companies that, in general, had high levels of tangible assets, predictable revenue streams, significant market share within their respective industries and positive free cash flow.

**How did the Funds perform during this six-month reporting period ended January 31, 2017?**

The tables in the Performance Overview and Holding Summaries section of this report provide total return performance for each Fund for the six-month, one-year, five-year, ten-year and/or since inception periods ended January 31, 2017. Each Fund's total returns at net asset value (NAV) are compared with the performance of a corresponding market index. For the six-month reporting period ended January 31, 2017, NSL, JFR, JRO, JSD and JQC outperformed the Credit Suisse Leveraged Loan Index.

During the reporting period, the loan market was boosted by increased demand as the reality of rising rates was more evident. While technicals were certainly supportive to the asset class late in the reporting period, the outlook for loans remains constructive with default rates anticipated to remain benign and fundamentals continuing to be supportive. The broad leveraged loan market, as represented by the Credit Suisse Leveraged Loan Index, produced returns of 4.51% for the six-month reporting period.

Across all five Funds, our top and bottom performing individual security positions and industry groups were relatively similar. As a result, for NSL, JFR, JRO, JSD and JQC, most sectors contributed positively to absolute performance, with the largest exception being the consumer staples sector in JSD. The information technology, consumer discretionary and energy sectors contributed the most to absolute performance.

Several positions contributed to performance including the Funds' position in the bonds of telecommunication services holdings Sprint Capital Corporation. These high yield bonds performed well during the reporting period as investors' aversion to riskier assets abated. Also positively contributing was our position in the consumer discretionary sector holding for Clear Channel Communication Inc. The bonds of the media company traded up as risk assets continued their rally and the company continued to post strong numbers. In addition, the company has continued to improve earnings and extend near term maturities late in the reporting period, which was well received by the market. Lastly, our exposure in the energy sector positively impacted performance as oil prices appreciated and the sector's overall outlook improved, including the bonds of Drill Riggs Holdings Inc.

Several individual positions detracted from performance, including health care sector holding Millennium Health LLC. The health care sector has been hurt by political headwinds, including the potential dismantling of the Affordable Care Act coupled with public reaction to drug pricing. Specifically, the loans of Millennium weighed on performance for the reporting period after the company experienced continued earnings weakness after emerging from bankruptcy. Also contributing to weak performance for the holding was the technical effect of a few large holders liquidating their positions late in the reporting period. Also detracting from performance were the loans of consumer discretionary holding Gymboree Corporation. The loans of the retail company weighed on returns as poor execution by management led to weakened earnings results announced during the reporting period. With the exception of JQC, all the other Funds held the loans of Gymboree. JQC did not hold the loans of Gymboree. In addition, the loans of consumer discretionary sector holding Yell Group PLC detracted from performance in JFR, JRO and NSL. The multi-national directories and internet services company declined during the reporting period. For JQC and JSD, the loans of consumer discretionary holding, Cengage Learning Acquisitions, Inc. also detracted from performance. The loans of the publishing and broadcasting company hurt performance, as the firm took leverage up earlier in the year,

and then posted weaker than expected numbers which was not well received by the market.

In addition, the use of regulatory leverage was a factor affecting the performance of these Funds. Leverage is discussed in more detail later in the Fund Leverage section of this report.

6 NUVEEN

JSD and JQC invested in credit default swaps. JSD invested in single name credit default swaps, while JQC invested in high yield index credit default swaps. These contracts had a positive effect on performance for JQC and a negligible effect on performance for JSD during the reporting period.

All of these Funds have owned, or currently own, loans with the LIBOR floor feature. The coupon on most senior loans consists of both LIBOR (usually 90-day U.S. LIBOR) plus a spread. For example, a senior loan might have a coupon structure of LIBOR plus 400 basis points (bps) in which the coupon consists of 90-day LIBOR, plus 400bp. Given today's relatively low LIBOR rate, however, many issuers have put in place LIBOR floors to enhance the yield (and satisfy demand from investors) for newly issued loans. LIBOR floors, as the name suggests, put a floor on the reference LIBOR rate. LIBOR floors typically range from 150bp to 50bp. A loan with a LIBOR floor might have a structure of LIBOR + 400bp with a 100bp LIBOR floor. In this example, the effective coupon is 5% (100bp + 400bp) as long as LIBOR is less than or equal to 100bp. As a result, as LIBOR rises from current levels, the yield on a senior loan with a LIBOR floor will not rise in lockstep until after the reference LIBOR rate exceeds the LIBOR floor. Although many loans have LIBOR floors (the asset class is one of the few that will float when interest rates begin to rise), we believe the senior loan asset class provides fixed income oriented investors with a potential safeguard from a secular rise in interest rates.

**Fund**

**Leverage**

**IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE**

One important factor impacting the returns of the Funds relative to their benchmarks was the Funds' use of leverage through the use of bank borrowings, Variable Rate Term Preferred (VRTP) Shares for NSL, JFR and JRO, Term Preferred Shares (Term Preferred) for NSL, JFR, JRO and JSD and reverse repurchase agreements for JQC. The Funds use leverage because our research has shown 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 NAV 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. The Funds' use of leverage had a positive impact on performance during this reporting period.

NSL, JFR, JRO and JSD used interest rate swap contracts to partially hedge the interest cost of leverage, which as mentioned previously, is through bank borrowings and preferred shares. Collectively, these interest rate swap contracts contributed to overall Fund performance during the period.

As of January 31, 2017, the Funds' percentages of leverage are shown in the accompanying table.

	NSL	JFR	JRO	JSD	JQC
Effective Leverage*	35.26%	34.93%	34.87%	35.02%	35.65%
Regulatory Leverage*	35.26%	34.93%	34.87%	35.02%	30.57%

\*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. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of a Fund's capital structure. A Fund, however, may from time to time borrow on a typically transient basis in connection with its day-to-day operations, primarily in connection with the need to settle portfolio trades. Such incidental borrowings are excluded from the calculation of a Fund's effective leverage ratio. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

**THE FUNDS' LEVERAGE**

*Bank Borrowings*

As noted above, the Funds employ leverage through the use of bank borrowings. The Funds' bank borrowing activities are as shown in the accompanying table.

Fund	Current Reporting Period			Average Balance Outstanding	Subsequent to the Close of the Reporting Period		
	August 1, 2016	Draws	Paydowns		January 31, 2017	Draws	Paydowns
NSL	\$ 101,000,000	\$ 18,000,000	\$ (15,000,000)	\$ 104,000,000	\$ 105,451,087	\$ 10,000,000	\$ 114,000,000

Edgar Filing: Nuveen Short Duration Credit Opportunities Fund - Form N-CSRS

JFR	\$ 240,800,000	\$ 73,100,000	\$ (55,000,000)	\$ 258,900,000	\$ 268,972,826	\$ 30,000,000	\$ 288,900,000
JRO	\$ 166,800,000	\$ 58,600,000	\$ (46,600,000)	\$ 178,800,000	\$ 186,757,609	\$ 16,200,000	\$ 195,000,000
JSD	\$ 64,000,000	\$	\$	\$ 64,000,000	\$ 64,000,000	\$ 8,000,000	\$ 72,000,000
JQC	\$ 561,000,000	\$	\$	\$ 561,000,000	\$ 561,000,000	\$	\$ 561,000,000

Refer to Notes to Financial Statements, Note 9 Borrowing Arrangements for further details.

*Reverse Repurchase Agreements*

As noted above, in addition to bank borrowings, JQC also utilized reverse repurchase agreements. The Fund's transactions in reverse repurchase agreements are as shown in the accompanying table.

Current Reporting Period				Subsequent to the Close of the Reporting Period			
		Average Balance					
August 1, 2016	Purchases	Sales	January 31, 2017	Outstanding	Purchases	Sales	March 29, 2017
\$145,000,000	\$	\$	\$145,000,000	\$145,000,000	\$	\$	\$145,000,000

Refer to Notes to Financial Statements, Note 9 Borrowing Arrangements, Reverse Repurchase Agreements for further details.

*Variable Rate Term Preferred Shares*

As noted above, in addition to bank borrowings, NSL, JFR and JRO also issued VRTP Shares. The Funds' transactions in VRTP Shares are as shown in the accompanying table.

Fund	Current Reporting Period				Subsequent to the Close of the Reporting Period			
	August 1, 2016	Issuance	Redemptions	January 31, 2017	Average Balance Outstanding	Issuance	Redemptions	March 29, 2017
NSL	\$ 45,000,000	\$	\$ (45,000,000)	\$	\$ 45,000,000*	\$	\$	\$
JFR	\$ 108,000,000	\$	\$ (108,000,000)	\$	\$ 102,090,141**	\$	\$	\$
JRO	\$ 75,000,000	\$	\$ (75,000,000)	\$	\$ 68,380,000***	\$	\$	\$

\* For the period August 1, 2016 through November 22, 2016.

\*\* For the period August 1, 2016 through December 20, 2016.

\*\*\* For the period August 1, 2016 through December 28, 2016.

During the current reporting period, NSL, JFR and JRO redeemed all of its outstanding VRTP Shares, respectively.

Refer to Notes to Financial Statements, Note 4 Fund Shares, Preferred Shares for further details on VRTP Shares.

*Term Preferred Shares*

As noted above, in addition to bank borrowings, the Funds also issued Term Preferred. The Funds' transactions in Term Preferred are as shown in the accompanying table.

Fund	Current Reporting Period				Subsequent to the Close of the Reporting Period			
	August 1, 2016	Issuance	Redemptions	January 31, 2017	Average Balance Outstanding	Issuance	Redemptions	March 29, 2017

Edgar Filing: Nuveen Short Duration Credit Opportunities Fund - Form N-CSRS

NSL	\$	\$ 43,000,000	\$	\$ 43,000,000	\$ 43,000,000*	\$	\$	\$ 43,000,000
JFR	\$	\$ 90,200,000	\$	\$ 90,200,000	\$ 59,557,143**	\$	\$	\$ 90,200,000
JRO	\$	\$ 63,000,000	\$	\$ 63,000,000	\$ 40,071,429**	\$	\$	\$ 63,000,000
JSD	\$ 35,000,000	\$	\$	\$ 35,000,000	\$ 35,000,000	\$	\$	\$ 35,000,000

\* For the period October 31, 2016 (first issuance of shares) through January 31, 2017.

\*\*For the period November 23, 2016 (first issuance of shares) through January 31, 2017.

During the current reporting period, NSL, JFR and JRO each refinanced a portion of their VRTP Shares with the issuance of Term Preferred.

Refer to Notes to Financial Statements, Note 4 Fund Shares, Preferred Shares for further details on Term Preferred.

NUVEEN 9



**Common Share**

**Information**

**COMMON SHARE DISTRIBUTION INFORMATION**

The following information regarding the Funds' distributions is current as of January 31, 2017. Each Fund's distribution levels may vary over time based on each Fund's investment activity and portfolio investment value changes.

During the current reporting period, each Fund's distributions to common shareholders were as shown in the accompanying table.

<b>Monthly Distribution (Ex-Dividend Date)</b>	<b>NSL</b>	<b>Per Common Share Amounts</b>			
		<b>JFR</b>	<b>JRO</b>	<b>JSD</b>	<b>JQC</b>
August 2016	\$ 0.0360	\$ 0.0615	\$ 0.0645	\$ 0.0970	\$ 0.0515
September	0.0375	0.0640	0.0670		