

NUVEEN TAX ADVANTAGED TOTAL RETURN STRATEGY FUND  
Form N-CSR  
March 09, 2009

**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 811-21471  
Nuveen Tax-Advantaged Total Return Strategy 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: December 31

Date of reporting period: December 31, 2008

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.

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**ITEM 1. REPORTS TO SHAREHOLDERS**

Annual Report  
December 31, 2008

Nuveen Investments  
**Closed-End Funds**

NUVEEN  
TAX-ADVANTAGED  
TOTAL RETURN  
STRATEGY FUND  
JTA

*Opportunities for Capital Appreciation and Tax-Advantaged  
Distributions from a Portfolio of Value Equities and Senior Loans*

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makes things  
e-simple.

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Chairman's  
LETTER TO SHAREHOLDERS

i Robert P. Bremner      ii Chairman of the Board

Dear Shareholders,

I write this letter in a time of continued uncertainty about the current state of the U.S. financial system and pessimism about the future of the global economy. Many have observed that the conditions that led to the crisis have built up over time and will complicate and extend the course of recovery. At the same time, government officials in the U.S. and abroad have implemented a wide range of programs to restore stability to the financial system and encourage economic recovery. History teaches us that these efforts will moderate the extent of the downturn and hasten the inevitable recovery, even though it is hard to envision that outcome in the current environment.

As you will read in this report, the continuing financial and economic problems are weighing heavily on the values of equities, real estate and fixed-income assets, and unfortunately the performance of your Nuveen Fund has been similarly affected. In addition to the financial statements, I hope that you will carefully review the Portfolio Managers Comments, the Common Share Distribution and Share Price Information and the Performance Overview sections of this report. These comments highlight each manager's pursuit of investment strategies that depend on thoroughly researched securities, diversified portfolio holdings and well established investment disciplines to achieve your Fund's investment goals. The Fund Board believes that a consistent focus on long-term investment goals provides the basis for successful investment over time and we monitor your Fund with that objective in mind.

Nuveen continues to work on resolving the auction rate preferred shares situation, but the unsettled conditions in the credit markets have slowed progress. Nuveen is actively pursuing a number of solutions, all with the goal of providing liquidity for preferred shareholders while preserving the potential benefits of leverage for common shareholders. We appreciate the patience you have shown as we have worked through the many issues involved. Please consult the Nuveen website: [www.nuveen.com](http://www.nuveen.com), for the most recent information.

On behalf of myself and the other members of your Fund's Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner  
Chairman of the Board  
February 23, 2009

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Portfolio Managers COMMENTS

**Nuveen Investments Closed-End Funds**

JTA

*The Fund features management by two affiliates of Nuveen Investments. The Fund's investments in dividend-paying common and preferred stocks are managed by NWQ Investment Management Company, LLC (NWQ), while the Fund's investments in senior corporate loans and other debt instruments are managed by Symphony Asset Management, LLC (Symphony).*

*Jon Bosse, Chief Investment Officer of NWQ, leads the Fund's management team at that firm. He has more than 22 years of corporate finance and investment management experience.*

*The Symphony team is led by Gunther Stein and Lenny Mason, who have more than 25 years of combined investment management experience, much of it in evaluating and purchasing senior corporate loans and other high-yield debt.*

*Here Jon, Gunther and Lenny talk about general market conditions, their management strategies and the performance of the Fund for the twelve-month period ended December 31, 2008.*

**WHAT WERE THE GENERAL ECONOMIC CONDITIONS AND MARKET TRENDS DURING THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2008?**

The period was dominated by fears of an economic recession, triggered or exacerbated by several significant developments. The cascading effects of sub-prime mortgage defaults, constrained liquidity in the capital markets, and limited lending by many financial institutions caused many investors to seek refuge in U.S. Treasury securities. These events forced some financial firms to merge, restructure or go out of business. At the same time, the U.S. government essentially took over Fannie Mae and Freddie Mac, and also intervened on behalf of the giant insurer AIG. By the end of 2008, the U.S. Treasury had disbursed approximately \$350 billion of capital to financial institutions and others under the Troubled Assets Relief Program, with indications that a like amount would be distributed in 2009.

Another indicator of economic weakness was the U.S. unemployment rate, which soared to 7.2% as of December 31, 2008, compared with 4.9% one year earlier. Practically all segments of the economy showed signs of slowing by the end of the period. During the third quarter of 2008, gross domestic product contracted to an annual rate of 0.5%, the biggest decrease since 2001. Preliminary reports for the fourth quarter showed a contraction of 3.8%, the worst showing in more than 25 years. This was mainly the result of the first decline in consumer

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 Fund disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein.



spending since 1991 and an 18% drop in residential investment. Fortunately, inflation was not a significant factor as the Consumer Price Index rose just 0.1% in 2008. The Federal Reserve cut the widely followed short-term fed funds rate seven times during 2008, lowering the rate from 4.25% to 0-0.25% as of year end.

The Dow Jones Industrial Average suffered its worst annual decline since 1931 and the NASDAQ Composite suffered its worst annual decline ever – even greater than that experienced during the retreat after the technology bubble in 2000. The S&P 500 Index declined approximately 17% in October driven by significant global weakness. This one month decline nearly matched the entire 2008 year to date decline through September. In November, the market continued its downward path, falling another 17% until reaching a bottom in mid-November, whereupon a 13% rally through the end of the year occurred. The problems were spread broadly across all sectors and markets. Spot prices for certain base metals (steel, aluminum, copper) and crude oil declined as much as 50-70% in the last six months of 2008.

The stress in the capital markets restricted the availability of credit even to financially strong corporations and individuals. While U.S. Treasury rates have approached zero at the short end (and are nominally low across the yield curve), a number of investment grade companies have had to pay close to double digit yields to access the capital markets. This is exacerbating the decline in economic activity, and has caused many companies to revise their business forecasts downward. By the end of 2008, the U.S. economy was experiencing a recession of uncertain depth and duration. Many companies have announced that business activity effectively hit a wall during the fourth quarter. Global markets fell dramatically as well, with many industries going from boom to bust in a period of a few months. The belief that global diversification in non-correlated markets would provide some downside protection was negated given the magnitude of the economic and market disruption.

JTA invests across asset classes, but at all times has long exposure to leveraged loans, many of which are rated below investment grade. Throughout late 2007 these assets were under a significant amount of price pressure. Initially, this was catalyzed by the sub-prime mortgage contagion which virtually shut down the structured credit market. This left the credit market fragile coming into 2008, with the average price of the leveraged loan market stood at roughly 94% of par. Spreads in the loan and credit market drifted wider throughout the next several months, with most of the price pressure prior to the Lehman Brothers collapse in mid-September attributable to the oversupply of debt relative to a growing risk aversion, rather than to defaults or fundamental deterioration. Following the bankruptcy filing of Lehman and the subsequent near-collapse of the financial system, the market saw fundamental deterioration and volatility begin to accelerate. Convertible bonds (which are sensitive to both equity valuations and credit spreads) got hit from both sides as the Merrill Lynch Convertible Bond Index fell 19% in the fourth quarter of 2008.

The systematic deleveraging which followed the Lehman Brothers bankruptcy was primarily responsible for most of the weak pricing in the senior loan market during the fourth quarter of 2008. Although the fundamental backdrop was clearly weakening, forced selling of assets as a

result of margin calls and mutual fund redemptions combined with deteriorating fundamentals to put continued stress on the market.

**WHAT KEY STRATEGIES WERE USED TO MANAGE THE FUND DURING THIS REPORTING PERIOD?**

Our performance for the period in the equity portion of the Fund was extremely disappointing. We underperformed in a declining market, despite having an investment philosophy and process that focuses on downside protection. The market offered little or no opportunity to mitigate the downward pressure on many of our holdings, even for companies with no debt and reasonably healthy businesses.

While all areas of the portfolio suffered losses, our stock selection in the financial services sector was unfavorable compared to the benchmark. We have maintained an underweight position in the finance sector since the second half of 2007; however, our insurance holdings Genworth Financial Inc. and Hartford Financial Services Group suffered significant declines during 2008. These stocks were adversely impacted by weak investment portfolio returns and concerns that dislocations in the credit markets will make it difficult for these companies to raise additional capital. During the year we eliminated Genworth Financial, but continue to maintain a position in Hartford Financial as we believe the market has overly discounted the negatives of this company. In early December, Hartford Financial announced a stronger capital position than previously expected, which propelled a strong rally in the shares. Also partially offsetting the losses in the financial sector were strong gains in a new position in MetLife, Inc.

In the senior loan portion of the Fund, we continued to focus on fundamental asset selection in positioning our credit portfolios for the longer-term. On this fundamental basis, we saw relative value in senior secured bank loans as one of the more attractive areas of the corporate credit market. In many cases, the market saw senior bank loans trading at a higher implied yield than subordinated debt of the same issuer. We believe these types of relative value situations can create attractive investment opportunities longer-term.

Throughout the year, we preferred to own the debt of larger businesses that are less-cyclical in nature, particularly those that are able to generate cash flow through market troughs. These include hospital operators and utility and cable companies, as well as others that are not directly dependent on consumer discretionary spending.

Past performance is does not guarantee 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. For additional information, see the Performance Overview for the Fund in this report.

1 The comparative benchmark designed to reflect the portfolio composition of JTA is calculated by combining: 1) 56% of the return of the Russell 3000 Value Index, which measures the performance of those Russell 3000 Index companies with lower price-to book ratios and lower forecasted growth values, 2) 16% of the return of the MSCI EAFE ex-Japan Value Index, a capitalization weighted index that selects the lower 50% of the price-to-book ranked value stocks traded in the developed markets of Europe, Asia and the Far East, excluding Japan, 3) 8% of the return of the Merrill Lynch DRD (dividends received deduction) Preferred Index, which consists of investment-grade, DRD-eligible, exchange-traded preferred stocks with one year or more to maturity, and 4) 20% of the return of the CSFB Leveraged Loan Index, which consists of approximately \$150 billion of tradable term loans with at least one year to maturity and rated BBB or lower. Index returns are not leveraged, and do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

**HOW DID THE FUND PERFORM OVER THIS TWELVE-MONTH PERIOD?**

The performance of JTA, as well as a comparative benchmark, is presented in the accompanying table.

Average Annual Total Returns on Common Share on Net Asset Value  
For the twelve-month period ended 12/31/08

	1-Year
JTA	-55.29%
Comparative Benchmark <sup>1</sup>	-37.75%

For the twelve-month period ended December 31, 2008, the common share net asset value of the Fund underperformed its comparative benchmark. As noted earlier, many asset classes performed poorly in 2008. This unfavorable environment is reflected in the returns of the Fund and the benchmark shown above. Additionally, the major factor in the significant relative underperformance of the Fund, compared to that of the unleveraged benchmark, was the Fund's use of financial leverage (see below).

Sector and stock selection also impacted Fund performance. In addition to the financial holdings discussed previously, our investments in the energy sector, including Chevron Corporation, ConocoPhillips, Eni S.p.A. and Total S.A., were pressured by the decline in oil and natural gas prices brought on by expectations of slowing global economic growth. Slowing economic growth also contributed to a decline in Union Pacific Corporation, although we believe the medium- to long-term outlook for the company remains favorable. Shares of Motorola Inc. declined due to ongoing weakness in its handset division. However, we believe new management is focused on addressing the challenges within this division and we remain positive on the holding. CBS Corporation and Gannett Company Inc. underperformed given the current cyclical and secular decline in the advertising market.

We took advantage of the extreme dislocations in the market to add a number of new investments to the portfolio in the latter part of the year. We believe these companies, including Barrick Gold Corporation, POSCO, and Travelers

Companies Inc., possess strong balance sheets and were not only attractively valued but also have strong opportunities for future growth.

On the heels of a public capital raise, we also established a new position in MetLife, Inc. Notwithstanding challenges within the financial sector, we believe MetLife possesses one of the best franchises in the life insurance industry. Its management has demonstrated a superior record for making good acquisitions and generating excellent returns on capital. As another example of attempting to take advantage of a market dislocation, we established a new position in Merck & Co. Inc. in January 2009, shortly after the end of this reporting period. We believe Merck offers a compelling valuation and a disciplined management team that has not historically diluted shareholders. In addition, in our opinion, the company has one of the best track records in bringing a number of highly profitable new drugs to market. Although the company is facing patent expirations on several large drugs, it has much greater earnings stability than most of its competitors.

We eliminated a number of equity portfolio holdings in the last few months of the year, including several prior to significant price declines. In early October, and weeks prior to the U.S. Treasury's capital intervention on behalf of the company, we eliminated our position in Citigroup, Inc. after Wells Fargo & Company topped Citigroup's government assisted acquisition of Wachovia's banking assets. We believed that acquiring Wachovia's assets would have strengthened Citigroup's financial position and that, without those assets, Citigroup was in a weakened position. We also eliminated our holding of Newell Rubbermaid Inc., notwithstanding its significant asset value, given that we believed its debt level introduced greater risk for equity holders. We sold International Paper Co. after the company acquired Weyerhaeuser's containerboard and recycling assets. While the acquisition may fit strategically, we believed that such a sizable acquisition, which resulted in a leveraged balance sheet during a period of global economic uncertainty, presented added risk. Other positions sold during the year included American International Group Inc., Fannie Mae, Freddie Mac, Genworth Financial Inc., IndyMac Bancorp Inc., Korea Electric Power Corporation, KT Corporation, Telecom Italia S.p.A. and Wachovia Corporation.

At year end, the portfolio continued its relative underweight position in the finance sector. While many valuations in the sector appear attractive, there is still risk and uncertainty due to economic weakness and dysfunctional capital markets. Although some losses on sub-prime mortgages are being recognized, the financial markets are in the early stages of determining/valuing the losses on commercial real estate, as well as other commercial, industrial and various consumer loans. We found more compelling risk/reward opportunities in other sectors.

Another factor weighing on overall Fund performance last year was the senior loan portfolio. While 2008 left little opportunity to outperform the market on the long side, we were able to select some positions which had the potential to generate price appreciation in spite of the market's general direction. These opportunities often had some short-term catalyst, such as positive earnings announcements, debt repayments or acquisitions. One such situation was Alltel, which we purchased in front of news that Verizon would be acquiring the company.

More generally, we were able to focus on companies with defensive business positions in less-cyclical industries. On a relative basis, these names tended to outperform the broader markets as fundamental deterioration in the economy began.

Deleveraging in the financial markets created forced selling across asset classes and was painful for investors forced to sell assets or mark them to the market. In many cases this deleveraging was funded through the sale of assets which had relative liquidity, putting significant price pressure on many of the Fund's larger, more liquid, credit positions. Although the current economic environment is clearly challenging, in many cases the relative oversupply and simultaneous sale of this debt have created what we believe are attractive levels to own these assets for the longer term. In the short-run, however, senior loans, which are mostly non-investment grade and which have floating-rate coupons that are based off short-term interest rates, have struggled. As the market deteriorated, many investors sold senior loans in order to raise cash to fund redemptions or to reduce leverage. The resulting price pressure constrained

the overall performance of the Fund. Although we continue to have conviction within this area of the market, this exposure did not benefit returns in the short-run.

### **IMPACT OF THE FUND'S CAPITAL STRUCTURE AND LEVERAGE STRATEGY ON PERFORMANCE**

In this generally unfavorable investment environment, the most significant factor impacting the return of the Fund relative to the comparative benchmark was the Fund's use of financial leverage. The Fund uses leverage because its managers believe that, over time, leveraging provides opportunities for additional income and total returns for common shareholders. However, the use of leverage also can expose common shareholders to additional risk especially when market conditions are as unfavorable as they were during this period. As the prices of most securities held by the Fund declined during the year, the negative impact of these valuation changes on common share net asset value and common shareholder total return was magnified by the use of leverage.

### **RECENT DEVELOPMENTS IN THE AUCTION RATE PREFERRED SECURITIES MARKETS**

As noted in the last shareholder report, beginning in February 2008, more shares were submitted for sale in the regularly scheduled auctions for the auction rate preferred shares issued by these Funds than there were offers to buy. This meant that these auctions failed to clear, and that many or all of the Funds' auction rate preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction rate preferred shares did not lower the credit quality of these shares, and auction rate preferred shareholders unable to sell their shares received distributions at the maximum rate applicable to failed auctions, as calculated in accordance with the pre-established terms of the auction rate preferred shares.

These developments generally have not affected the portfolio management or investment policies of these Funds. However, one continuing implication for common shareholders of these auction failures is that the Funds' cost of leverage will likely be higher, at least temporarily, than it otherwise would have been had the auctions continued to be successful. As a result, the Funds' future common share earnings may be lower than they otherwise might have been.

As noted in the last shareholder report, the Fund's Board of Trustees has authorized a program to redeem a portion of the Fund's FundPreferred shares and replace these shares in the Fund's capital structure with borrowings.

As of December 31, 2008, the Fund has redeemed all \$78,000,000 of its outstanding FundNotes and \$16,150,000 of its outstanding FundPreferred shares (35.9% of the Fund's original \$45,000,000 outstanding FundPreferred shares), at liquidation value, using the proceeds provided through a prime brokerage facility with a major bank and from portfolio sales.

For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: <http://www.nuveen.com/ResourceCenter/AuctionRatePreferred.aspx>.

Common Share  
Distribution and Share Price

INFORMATION

The information below regarding your Fund's distributions is current as of December 31, 2008, and likely will vary over time based on the Fund's investment activities and portfolio investment changes.

The Fund reduced its quarterly distribution to common shareholders twice over the course of 2008. Some of the important factors affecting the amount and composition of these distributions are summarized below.

The Fund employs financial leverage through the issuance of Fund Preferred shares, as well as through bank borrowings. Financial leverage provides the potential for higher earnings (net investment income), total returns and distributions over time, but as noted earlier also increases the variability of common shareholders' net asset per share in response to changing market conditions. Over the reporting period, the impact of financial leverage on the Fund's net asset value per share contributed positively to the income return and detracted from the price return. The overall impact of financial leverage detracted from the Fund's total return.

The Fund has a managed distribution program. The goal of this program is to provide shareholders relatively consistent and predictable cash flow by systematically converting the Fund's expected long-term return potential into regular distributions. As a result, regular distributions throughout the year are likely to include a portion of expected long-term gains (both realized and unrealized), along with net investment income.

Important points to understand about the managed distribution program are:

The Fund seeks to establish a relatively stable common share distribution rate that roughly corresponds to the projected total return from its investment strategy over an extended period of time. However, you should not draw any conclusions about the Fund's past or future investment performance from its current distribution rate.

Actual common share returns will differ from projected long-term returns (and therefore the Fund's distribution rate), at least over shorter time periods. Over a specific timeframe, the difference between actual returns and total distributions will be reflected in an increasing (returns exceed distributions) or a decreasing (distributions exceed returns) Fund net asset value.

Each distribution is expected to be paid from some or all of the following sources:

- net investment income (regular interest and dividends),
- realized capital gains, and
- unrealized gains, or, in certain cases, a return of principal (non-taxable distributions).

A non-taxable distribution is a payment of a portion of the Fund's capital. When the Fund's returns exceed distributions, it may represent portfolio gains generated, but not realized as a taxable capital gain. In periods when the Fund's returns fall short of distributions, the shortfall will represent a portion of your original principal, unless the shortfall is offset during other time periods over the life of your investment (previous or subsequent) when the Fund's total return exceeds distributions.

Because distribution source estimates are updated during the year based on the Fund's performance and forecast for its current fiscal year (which is the calendar year for the Fund), these estimates may differ from both the tax information reported to you in your Fund's IRS Form 1099 statement provided at year end, as well as the ultimate economic sources of distributions over the life of your investment.

The following table provides information regarding the Fund's common share distributions and total return performance for the fiscal year ended December 31, 2008. This information is intended to help you better understand whether the Fund's returns for the specified time period were sufficient to meet the Fund's distributions.

2 The Fund elected to retain a portion of its realized long-term capital gains for the tax years ended December 31, 2007 and December 31, 2006, and pay required federal corporate income taxes on these amounts. As reported on Form 2439, Common shareholders on record date must include their pro-rata share of these gains on their applicable federal tax returns, and are entitled to take offsetting tax credits, for their pro-rata share of the taxes paid by the Fund. The total returns including retained gain tax credit/refund include the economic benefit to Common shareholders on record date of these tax credits/refunds. The Fund had no retained capital gains for the tax year ended December 31, 2008.

<b>As of 12/31/08 (Common Shares)</b>	<b>JTA</b>
Inception date	1/27/04
Calendar year ended December 31, 2008:	
Per share distribution:	
From net investment income	\$0.70
From short-term capital gains	0.00
From long-term capital gains	0.21
From return of capital	0.80
Total per share distribution	\$1.71
Distribution rate on NAV	18.15%
Annualized total returns:	
Excluding retained gain tax credit/refund <sup>2</sup> :	
1-Year on NAV	-55.29%
Since inception on NAV	-6.69%
Including retained gain tax credit/refund <sup>2</sup> :	
1-Year on NAV	-55.29%

Since inception on NAV

-5.79%

### **COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION**

The Fund's Board of Trustees approved an open-market share repurchase program on July 30, 2008, under which the Fund may repurchase up to 10% of its outstanding common shares. As of December 31, 2008, the Fund has not repurchased any of its common shares.

As of December 31, 2008, the Fund was trading at a -19.53% discount to its common share NAV, compared with the average discount of -12.07% for the entire twelve-month period.

**Fund Snapshot**

Common Share Price	\$7.58
Common Share Net Asset Value	\$9.42
Premium/(Discount) to NAV	-19.53%
Current Distribution Rate <sup>1</sup>	14.67%
Net Assets Applicable to Common Shares (\$000)	\$131,546

**Industries**

(as a % of total investments)

Oil, Gas & Consumable Fuels	9.6%
Pharmaceuticals	9.4%
Insurance	8.3%
Aerospace & Defense	7.3%
Commercial Banks	7.3%
Media	6.4%
Electric Utilities	5.5%
Tobacco	5.1%
Commercial Services & Supplies	5.0%
Diversified Telecommunication Services	4.7%
Metals & Mining	3.7%
Communications Equipment	2.5%
Machinery	2.5%
Containers & Packaging	2.4%

Short-Term Investments	1.1%
Other	19.2%

JTA  
**Performance**  
 OVERVIEW

Nuveen Tax-Advantaged  
 Total Return  
 Strategy Fund  
 as of December 31, 2008

**Portfolio Allocation (as a % of total investments)**

**2007-2008 Distributions Per Share**

<b>Countries</b> (as a % of total investments)	
United States	79.3%
France	5.3%
United Kingdom	4.8%
Italy	3.0%
Portugal	1.8%
Other	5.8%

**Average Annual  
 Total Return**  
 (Inception 1/27/04)

	<b>On Share Price</b>	<b>On NAV</b>
1-Year	-60.54%	-55.29%
Since Inception	-10.98%	-6.69%

**Average Annual  
 Total Return<sup>2</sup>**  
 (Including retained gain)

tax credit/refund)		
	<b>On Share Price</b>	<b>On NAV</b>
1-Year	-60.54%	-55.29%
Since Inception	-9.95%	-5.79%

**Share Price Performance Weekly Closing Price**

- 1 Current Distribution Rate is based on the Fund's current annualized quarterly distribution divided by the Fund's current market price. The Fund's quarterly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a return of capital for tax purposes.
- 2 As previously explained in the Common Share Distribution and Share Price Information section of this report, the Fund elected to retain a portion of its realized long-term capital gains for the tax years ended December 31, 2007 and December 31, 2006, and pay required federal corporate income taxes on these amounts. These standardized total returns include the economic benefit to Common shareholders of record of this tax credit/refund. The Fund had no retained capital gains for the tax year ended December 31, 2008.

Report of INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

**The Board of Trustees and Shareholders**  
**Nuveen Tax-Advantaged Total Return Strategy Fund**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Nuveen Tax-Advantaged Total Return Strategy Fund (the Fund) as of December 31, 2008, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2008, by correspondence with the custodian, selling or agent banks and brokers or by other appropriate auditing procedures where replies from selling or agent banks or brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Nuveen Tax-Advantaged Total Return Strategy Fund at December 31, 2008, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated therein in conformity with US generally accepted accounting principles.

Chicago, Illinois  
February 26, 2009

JTA Nuveen Tax-Advantaged Total Return Strategy Fund  
Portfolio of INVESTMENTS

December 31, 2008

Shares	Description (1)	Value
	<b>Common Stocks 103.2% (70.0% of Total Investments)</b>	
	<b>Aerospace &amp; Defense 9.2%</b>	
53,500	Lockheed Martin Corporation	\$ 4,498,280
150,000	Raytheon Company	7,656,000
	Total Aerospace & Defense	12,154,280
	<b>Commercial Banks 7.3%</b>	
164,400	JPMorgan Chase & Co.	5,183,532
150,000	Wells Fargo & Company	4,422,000
	Total Commercial Banks	9,605,532
	<b>Commercial Services &amp; Supplies 6.8%</b>	
350,000	Pitney Bowes Inc.	8,917,999
	<b>Communications Equipment 3.7%</b>	
1,093,800	Motorola, Inc.	4,845,534
	<b>Containers &amp; Packaging 2.1%</b>	
201,800	Packaging Corp. of America	2,716,228
	<b>Diversified Telecommunication Services 5.8%</b>	
105,500	AT&T Inc.	3,006,750
135,000	Verizon Communications Inc.	4,576,500
	Total Diversified Telecommunication Services	7,583,250
	<b>Electric Utilities 2.7%</b>	
95,300	EDP Energias de Portugal, S.A., Sponsored ADR	3,570,110
	<b>Food Products 2.1%</b>	
105,006	Kraft Foods Inc.	2,819,411
	<b>Household Products 2.4%</b>	
60,000	Kimberly-Clark Corporation	3,164,400
	<b>Industrial Conglomerates 2.2%</b>	

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175,000	General Electric Company <b>Insurance 10.6%</b>	2,835,000
210,600	Hartford Financial Services Group, Inc.	3,458,052
209,500	MetLife, Inc.	7,303,170
69,000	Travelers Companies, Inc.	3,118,800
	Total Insurance <b>Machinery 2.5%</b>	13,880,022
75,000	Caterpillar Inc. <b>Media 2.3%</b>	3,350,250
200,000	CBS Corporation, Class B	1,638,000
168,100	Gannett Company Inc.	1,344,800
	Total Media <b>Metals &amp; Mining 4.4%</b>	2,982,800
72,000	Barrick Gold Corporation	2,647,440
41,000	POSCO, ADR	3,085,250
	Total Metals & Mining <b>Multi-Utilities 1.9%</b>	5,732,690
139,090	United Utilities PLC, Sponsored ADR <b>Oil, Gas &amp; Consumable Fuels 14.1%</b>	2,505,706
50,000	Chevron Corporation	3,698,500
90,000	ConocoPhillips	4,662,000

Shares	Description (1)		Value
	<b>Oil, Gas &amp; Consumable Fuels</b> (continued)		
120,000	Eni S.p.A., Sponsored ADR		\$ 5,738,400
80,000	Total S.A., Sponsored ADR		4,424,000
	Total Oil, Gas & Consumable Fuels		18,522,900
	<b>Paper &amp; Forest Products 1.5%</b>		
270,200	Stora Enso Oyj, Sponsored ADR		2,073,272
	<b>Pharmaceuticals 12.5%</b>		
144,000	GlaxoSmithKline PLC, ADR		5,366,880
300,000	Pfizer Inc.		5,313,000
180,000	Sanofi-Aventis, ADR		5,788,800
	Total Pharmaceuticals		16,468,680
	<b>Road &amp; Rail 1.6%</b>		
46,000	Union Pacific Corporation		2,198,800
	<b>Tobacco 7.5%</b>		
130,900	Altria Group, Inc.		1,971,354
70,000	Lorillard Inc.		3,944,500
91,900	Philip Morris International		3,998,569
	Total Tobacco		9,914,423
	<b>Total Common Stocks (cost \$165,010,107)</b>		<b>135,841,287</b>

Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>\$25 Par (or similar) Preferred Securities</b>	<b>8.0% (5.4% of Total Investments)</b>		
	<b>Capital Markets 0.4%</b>			
25,000	Deutsche Bank Capital Funding Trust V	8.050%	Aa3	\$ 464,500
	<b>Commercial Banks 3.5%</b>			
44,005	Banco Santander Finance	6.500%	Aa3	829,934
20,000	Bank of America Corporation	8.200%	A+	405,000
15,000	Bank of America Corporation, Series D	6.204%	A1	225,450
25,000	Barclays Bank PLC	6.625%	Aa3	313,750
25,000	Credit Suisse	7.900%	Aa3	513,750
19,200	HSBC Holdings PLC	6.200%	A1	356,736
45,000	HSBC USA Inc.	6.500%	A	1,035,000
24,600		6.400%	A1	217,956

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	Royal Bank of Scotland Group PLC, Series M			
20,000	Royal Bank of Scotland Group PLC	6.600%	A1	176,400
25,000	Wachovia Corporation	8.000%	A+	549,000
	<b>Total Commercial Banks</b>			<b>4,622,976</b>
	<b>Diversified Financial Services 0.3%</b>			
25,000	ING Group N.V. <b>Electric Utilities 2.7%</b>	7.200%	A	332,500
25,000	Alabama Power Company	5.625%	BBB+	566,408
5,400	Consolidated Edison Company of New York Inc.	5.000%	A3	459,054
30,400	Georgia Power Company	6.125%	N/A	729,600
5,000	Gulf Power Company	6.450%	BBB+	518,129
19,100	Mississippi Power Company	5.250%	A3	401,100
25,000	PPL Electric Utilities Corporation	6.250%	BBB	506,250
5,000	Southern California Edison Company	6.125%	Baa2	413,125
	<b>Total Electric Utilities</b>			<b>3,593,666</b>
	<b>Insurance 1.1%</b>			
31,900	Aegon N.V.	6.375%	A	313,577
22,800	Arch Capital Group Limited	8.000%	BBB	453,264
20,500	Endurance Specialty Holdings Limited	7.750%	BBB	294,994
30,000	Prudential PLC	6.750%	A	409,800
	<b>Total Insurance</b>			<b>1,471,635</b>
	<b>Total \$25 Par (or similar) Preferred Securities (cost \$14,250,364)</b>			<b>10,485,277</b>

JTA Nuveen Tax-Advantaged Total Return Strategy Fund (continued)  
Portfolio of INVESTMENTS December 31, 2008

Principal Amount (000)	Description (1)	Weighted Average Coupon	Maturity (4)	Ratings (2)	Value
	<b>Variable Rate Senior Loan Interests</b>	<b>34.5%</b>			
		<b>(23.5% of Total Investments)</b>		<b>(3)</b>	
	<b>Aerospace &amp; Defense 1.6%</b>				
\$ 777	Hexcel Corporation, Term Loan B	5.141%	3/01/12	BB+	\$ 656,846
1,575	Vought Aircraft Industries, Inc., Term Loan	2.970%	12/22/11	Ba3	1,149,574
364	Vought Aircraft Industries, Inc., Tranche B, Letter of Credit	6.426%	12/22/10	Ba3	274,545
2,716	Total Aerospace & Defense				2,080,965
	<b>Building Products 0.5%</b>				
774	Armstrong World Industries, Inc., Tranche B, Term Loan	2.258%	10/02/13	BBB	650,262
	<b>Chemicals 1.6%</b>				
876	Georgia Gulf Corporation, Term Loan	7.411%	10/03/13	Ba3	584,646
1,930	Rockwood Specialties Group, Inc., Term Loan E	3.546%	7/30/12	BB+	1,566,747
2,806	Total Chemicals				2,151,393
	<b>Commercial Services &amp; Supplies 0.5%</b>				
1,092	Berry Plastics Holding Corporation, Term Loan	3.876%	4/03/15	BB	704,807
	<b>Containers &amp; Packaging 1.5%</b>				
1,901	Graham Packaging Company, L.P., Term Loan	5.499%	10/07/11	B+	1,384,293
175	Smurfit-Stone Container Corporation, Deposit-Funded Commitment	5.926%	11/01/10	BB	116,149
196	Smurfit-Stone Container Corporation, Term Loan B	4.032%	11/01/11	BB	130,217
370	Smurfit-Stone Container Corporation, Term Loan C	4.066%	11/01/11	BB	240,263
116	Smurfit-Stone Container Corporation, Tranche C1	3.438%	11/01/11	BB	75,409

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2,758	Total Containers & Packaging <b>Diversified Consumer Services 1.3%</b>				1,946,331
1,960	Weight Watchers International, Inc., Term Loan B <b>Diversified Telecommunication Services 1.2%</b>	5.688%	1/26/14	BB+	1,659,466
1,955	MetroPCS Wireless, Inc., Term Loan <b>Electric Utilities 2.7%</b>	5.500%	11/03/13	BB	1,578,663
1,702	Dynegy Holdings, Inc., Delayed Term Loan	1.970%	4/02/13	Ba1	1,289,362
294	Dynegy Holdings, Inc., Term Loan	1.970%	4/02/13	Ba1	222,818
1,975	TXU Corporation, Term Loan B2	5.591%	10/10/14	Ba3	1,378,385
990	TXU Corporation, Term Loan B3	5.368%	10/10/14	Ba3	690,920
4,961	Total Electric Utilities <b>Electrical Equipment 0.9%</b>				3,581,485
1,409	Sensus Metering Systems, Inc., Term Loan B1 <b>Health Care Providers &amp; Services 1.6%</b>	4.134%	12/17/10	BB	1,232,609
462	IASIS Healthcare LLC, Delayed Term Loan	2.461%	3/14/14	Ba2	332,000
124	IASIS Healthcare LLC, Letter of Credit	0.361%	3/14/14	Ba2	88,978
1,334	IASIS Healthcare LLC, Term Loan	2.461%	3/14/14	Ba2	959,448
973	Quintiles Transnational Corporation, Term Loan B	3.459%	3/29/13	BB	792,588
2,893	Total Health Care Providers & Services <b>Hotels, Restaurants &amp; Leisure 2.5%</b>				2,173,014
1,945	24 Hour Fitness Worldwide, Inc., Term Loan B	4.893%	6/08/12	Ba3	1,147,550
765	CBRL Group, Inc., Term Loan B1	4.694%	4/28/13	BB	461,494
92	CBRL Group, Inc., Term Loan B2	2.470%	4/28/13	BB	55,501
89	Travelport LLC, Letter of Credit	3.709%	8/23/13	Ba2	39,592
445	Travelport LLC, Term Loan	3.709%	8/23/13	Ba2	197,319
597	Venetian Casino Resort LLC, Delayed Term Loan	2.220%	5/23/14	B+	275,947
2,364	Venetian Casino Resort LLC, Term Loan	2.220%	5/23/14	B+	1,092,694
6,297	Total Hotels, Restaurants & Leisure <b>Household Products 0.7%</b>				3,270,097
1,101	Solo Cup Company, Term Loan <b>Insurance 0.6%</b>	5.230%	2/27/11	B	908,232

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1,156	Conseco, Inc., Term Loan <b>IT Services 2.0%</b>	3.825%	10/10/13	B+	748,714
1,975	First Data Corporation, Term Loan B1	3.211%	9/24/14	BB	1,278,813
2,017	SunGard Data Systems, Inc., Term Loan B	4.017%	2/28/14	BB	1,393,439
3,992	Total IT Services				2,672,252

Principal Amount (000)	Description (1)	Weighted Average Coupon	Maturity (4)	Ratings (2)	Value
	<b>Machinery 1.1%</b>				
\$ 2,000	Manitowoc Company, Term Loan	6.500%	11/06/14	BB+	\$ 1,418,000
	<b>Media 7.1%</b>				
1,970	CanWest Mediaworks LP, Term Loan	4.196%	7/10/15	Ba2	1,024,400
1,965	Cequel Communications LLC, Term Loan B	6.164%	11/05/13	BB	1,255,758
2,178	Charter Communications Operating Holdings LLC, Term Loan	5.064%	3/06/14	B+	1,611,720
1,960	Idearc, Inc., Term Loan	3.418%	11/17/14	B2	618,800
968	Metro-Goldwyn-Mayer Studios, Inc., Term Loan B	4.241%	4/08/12	N/R	413,655
1,955	Neilsen Finance LLC, Term Loan	4.244%	8/09/13	Ba3	1,330,634
1,975	Tribune Company, Term Loan B, (5), (6)	5.250%	6/04/14	Caa3	564,286
341	Tribune Company, Term Loan X, (5), (6)	7.084%	6/04/09	Caa1	96,256
2,000	Univision Communications, Inc., Term Loan	2.711%	9/29/14	B2	822,222
2,128	WMG Acquisition Corporation, Term Loan	4.285%	2/28/11	BB	1,638,301
17,440	Total Media				9,376,032
	<b>Metals &amp; Mining 1.1%</b>				
1,015	Amsted Industries, Inc., Delayed Term Loan	4.136%	4/08/13	BB	624,069
1,398	Amsted Industries, Inc., Term Loan	6.407%	4/08/13	BB	859,469
2,413	Total Metals & Mining				1,483,538
	<b>Paper &amp; Forest Products 1.1%</b>				
1,727	Georgia-Pacific Corporation, Term Loan B	4.108%	12/21/12	BB+	1,418,965
	<b>Pharmaceuticals 1.4%</b>				
2,140	Mylan Laboratories, Inc., Term Loan	4.977%	10/02/14	BB	1,836,547
	<b>Real Estate Management &amp; Development 0.5%</b>				
1,320	LNR Property Corporation, Term Loan B	6.690%	7/12/11	BB	627,000
	<b>Road &amp; Rail 0.5%</b>				

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1,767	Swift Transportation Company, Inc., Term Loan <b>Specialty Retail 0.5%</b>	5.832%	5/10/14	B+	646,379
1,500	TRU 2005 RE Holding Co I LLC, Term Loan <b>Textiles, Apparel &amp; Luxury Goods 0.9%</b>	4.868%	12/08/09	B3	706,250
1,395	HBI Branded Apparel Limited, Inc., Term Loan <b>Trading Companies &amp; Distributors 1.1%</b>	5.266%	9/05/13	BB+	1,121,137
912	Ashtead Group Public Limited Company, Term Loan	3.250%	8/31/11	Ba2	729,600
196	Brenntag Holdings GMBH & Co. KG, Acquisition Facility	5.071%	1/20/14	B+	143,836
804	Brenntag Holdings GMBH & Co. KG, Facility B2	5.071%	1/20/14	B+	588,665
1,912	Total Trading Companies & Distributors				1,462,101
<b>\$ 69,484</b>	<b>Total Variable Rate Senior Loan Interests (cost \$69,352,154)</b>				<b>45,454,239</b>

<b>Principal Amount (000)</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Value</b>
	<b>Short-Term Investments 1.6% (1.1% of Total Investments)</b>			
\$ 2,046	Repurchase Agreement with Fixed Income Clearing Corporation, dated 12/31/08, repurchase price \$2,046,454, collateralized by \$1,330,000 U.S. Treasury Bonds, 8.875%, due 2/15/19, value \$2,092,489	0.010%	1/02/09	\$ 2,046,453
	<b>Total Short-Term Investments (cost \$2,046,453)</b>			<b>2,046,453</b>
	<b>Total Investments (cost \$250,659,078) 147.3%</b>			<b>193,827,256</b>
	<b>Borrowings (26.6)% (7), (8)</b>			<b>(35,000,000)</b>
	<b>Other Assets Less Liabilities 1.2%</b>			<b>1,569,139</b>
	<b>Fund Preferred Shares, at Liquidation Value (21.9)% (7)</b>			<b>(28,850,000)</b>
	<b>Net Assets Applicable to Common Shares 100%</b>			<b>\$ 131,546,395</b>



JTA Nuveen Tax-Advantaged Total Return Strategy Fund (continued)  
Portfolio of INVESTMENTS December 31, 2008

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
  - (2) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group (Standard & Poor's) or Moody's Investor Service, Inc. (Moody's) rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.
  - (3) Senior Loans generally pay interest at rates which are periodically adjusted by reference to a base short-term, floating lending rate plus an assigned fixed rate. These floating lending rates are generally (i) the lending rate referenced by the London Inter-Bank Offered Rate (LIBOR), or (ii) the prime rate offered by one or more major United States banks. Senior Loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the Agent Bank and/or Borrower prior to the disposition of a Senior Loan.
  - (4) Senior Loans generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a Borrower to prepay, prepayments of Senior Loans may occur. As a result, the actual remaining maturity of Senior Loans held may be substantially less than the stated maturities shown.
  - (5) Non-income producing. Non-income producing, in the case of a Senior Loan, generally denotes that the issuer has defaulted on the payment of principal or interest or has filed for bankruptcy.
  - (6) At or subsequent to December 31, 2008, this issue was under the protection of the Federal Bankruptcy Court.
  - (7) Borrowings and Fund Preferred Shares, at Liquidation Value as a percentage of Total Investments are 18.1% and 14.9%, respectively.
  - (8) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investment as collateral for Borrowings. As of December 31, 2008, investments with a value of \$148,878,841 have been pledged as collateral for Borrowings.
- N/A Not applicable/not available.  
N/R Not rated.  
ADR American Depositary Receipt.

*See accompanying notes to financial statements.*

Statement of  
ASSETS & LIABILITIES

December 31, 2008

**Assets**

Investments, at value (cost \$250,659,078)	\$ 193,827,256
Cash	1,305
Receivables:	
Dividends	744,300
Interest	519,576
Investments sold	500,651
Reclaims	30,182
Other assets	35,734
<b>Total assets</b>	<b>195,659,004</b>

**Liabilities**

Borrowings	35,000,000
Payable for FundPreferred shares dividends	1,306
Accrued expenses:	
Management fees	95,892
Interest on borrowings	5,332
Other	160,079
<b>Total liabilities</b>	<b>35,262,609</b>

FundPreferred shares, at liquidation value	28,850,000
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Net assets applicable to Common shares	\$ 131,546,395
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Common shares outstanding	13,958,267
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Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 9.42
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**Net assets applicable to Common shares consist of:**

Common shares, \$.01 par value per share	\$ 139,583
Paid-in surplus	268,800,525
Undistributed (Over-distribution of) net investment income	(180,360)
Accumulated net realized gain (loss) from investments	(80,381,531)
Net unrealized appreciation (depreciation) of investments	(56,831,822)
<b>Net assets applicable to Common shares</b>	<b>\$ 131,546,395</b>

Authorized shares:  
Common  
FundPreferred

Unlimited  
Unlimited

*See accompanying notes to financial statements.*

Statement of  
OPERATIONS

Year Ended December 31, 2008

**Investment Income**

Dividends (net of foreign tax withheld of \$315,602)	\$ 13,111,761
Interest	5,414,424
Total investment income	18,526,185

**Expenses**

Management fees	3,308,088
FundNotes and FundPreferred shares auction fees	175,259
FundNotes and FundPreferred shares dividend disbursing agent fees	9,239
Shareholders servicing agent fees and expenses	926
Interest expense on borrowings and amortization of borrowing costs	5,052,502
Custodian s fees and expenses	136,557
Trustees fees and expenses	7,852
Professional fees	31,039
Shareholders reports printing and mailing expenses	88,694
Stock exchange listing fees	9,466
Investor relations expense	65,461
Other expenses	27,850
Total expenses before custodian fee credit and expense reimbursement	8,912,933
Custodian fee credit	(939)
Expense reimbursement	(1,191,639)
Net expenses	7,720,355
Net investment income	10,805,830

**Realized and Unrealized Gain (Loss)**

Net realized gain (loss) from investments	(73,871,997)
Change in net unrealized appreciation (depreciation) of investments	(108,432,470)
Net realized and unrealized gain (loss)	(182,304,467)

**Distributions to FundPreferred Shareholders**

From net investment income	(1,705,800)
Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders	(1,705,800)
Net increase (decrease) in net assets applicable to Common shares from operations	\$ (173,204,437)

*See accompanying notes to financial statements.*

Statement of  
CHANGES in NET ASSETS

	<b>Year Ended 12/31/08</b>	<b>Year Ended 12/31/07</b>
<b>Operations</b>		
Net investment income	\$ 10,805,830	\$ 12,502,412
Net realized gain (loss) from investments (net of federal corporate income taxes of \$0 and \$2,900,000 respectively, on long-term capital gains retained)	(73,871,997)	20,234,467
Change in net unrealized appreciation (depreciation) of investments	(108,432,470)	(37,324,738)
Distributions to Fund Preferred shareholders:		
From net investment income	(1,705,800)	(643,144)
From accumulated net realized gains		(1,511,526)
Net increase (decrease) in net assets applicable to Common shares from operations	(173,204,437)	(6,742,529)
<b>Distributions to Common Shareholders</b>		
From net investment income	(9,743,713)	(11,433,362)
From accumulated net realized gains	(2,902,935)	(15,815,168)
Tax return of capital	(11,159,176)	
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(23,805,824)	(27,258,530)
<b>Capital Share Transactions</b>		
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions		1,817,508
Net increase (decrease) in net assets applicable to Common shares from capital share transactions		1,817,508
Net increase (decrease) in net assets applicable to Common shares	(197,010,261)	(32,183,551)
Net assets applicable to Common shares at the beginning of year	328,556,656	360,740,207
Net assets applicable to Common shares at the end of year	\$ 131,546,395	\$ 328,556,656
Undistributed (Over-distribution of) net investment income at the end of year	\$ (180,360)	\$ (296,740)

*See accompanying notes to financial statements.*



Statement of  
CASH FLOWS

Year Ended December 31, 2008

**Cash Flows from Operating Activities:**

<b>Net Increase (Decrease) in Net Assets Applicable to Common Shares from Operations</b>	\$ (173,204,437)
Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:	
Purchases of investments	(89,711,083)
Proceeds from sales and maturities of investments	181,702,140
Proceeds from (Purchases of) short-term investments, net	15,669,672
Amortization (Accretion) of premiums and discounts, net	(15,057)
(Increase) Decrease in receivable for dividends	307,168
(Increase) Decrease in receivable for interest	370,350
(Increase) Decrease in receivable for investments sold	748,640
(Increase) Decrease in receivable for reclaims	104,554
(Increase) Decrease in other assets	(9,132)
Increase (Decrease) in payable for investments purchased	(641,334)
Increase (Decrease) in payable for FundPreferred shares dividends	(31,056)
Increase (Decrease) in payable for federal corporate income tax	(2,900,000)
Increase (Decrease) in accrued management fees	(141,130)
Increase (Decrease) in accrued interest on borrowings	(730,189)
Increase (Decrease) in accrued other liabilities	48,063
Increase (Decrease) in FundNotes interest payable	(46,947)
Net realized (gain) loss from investments	73,871,997
Net realized (gain) loss from paydowns	(164,205)
Change in net unrealized (appreciation) depreciation of investments	108,432,470
Capital gains and return of capital distributions from investments	678,750
 Net cash provided by (used in) operating activities	 114,339,234

**Cash Flows from Financing Activities:**

Increase (Decrease) in borrowings	2,000,000
Increase (Decrease) in FundPreferred shares	(16,150,000)
Increase (Decrease) in FundNotes	(78,000,000)
(Increase) Decrease in deferred FundNotes offering costs	1,617,895
Cash distributions paid to Common shareholders	(23,805,824)
 Net cash provided by (used in) financing activities	 (114,337,929)

<b>Net Increase (Decrease) in Cash</b>	1,305
Cash at the beginning of year	

<b>Cash at the End of Year</b>	\$ 1,305
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**Supplemental Disclosure of Cash Flow Information**

Cash paid for interest on FundNotes and borrowings (excluding amortization of borrowing costs) during the fiscal year ended December 31, 2008, was \$4,054,009.

Cash paid for federal corporate income taxes attributable to tax year ended December 31, 2007, was \$2,900,000.

*See accompanying notes to financial statements.*

Notes to  
FINANCIAL STATEMENTS

**1. General Information and Significant Accounting Policies**

Nuveen Tax-Advantaged Total Return Strategy Fund (the Fund) is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's Common shares are listed on the New York Stock Exchange and trade under the ticker symbol JTA. The Fund was organized as a Massachusetts business trust on October 1, 2003.

The Fund seeks to provide a high level of after-tax total return consisting primarily of tax-advantaged dividend income and capital appreciation by investing primarily in a portfolio of dividend-paying common stocks that the Fund believes at the time of investment are eligible to pay dividends that qualify for favorable federal income taxation at rates applicable to long-term capital gains (tax-advantaged dividends). The Fund will also invest, to a more limited extent, in preferred securities that are eligible to pay tax-advantaged dividends, as well as senior loans (both secured and unsecured), domestic corporate bonds, notes and debentures, convertible debt securities, and other similar types of corporate instruments, including high-yield debt securities, that are not eligible to pay tax-advantaged dividends.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements in accordance with US generally accepted accounting principles.

*Investment Valuation*

Exchange-listed securities are generally valued at the last sales price on the securities exchange on which such securities are primarily traded. Securities traded on a securities exchange for which there are no transactions on a given day or securities not listed on a securities exchange are valued at the mean of the closing bid and asked prices. Securities traded on NASDAQ are valued at the NASDAQ Official Closing Price. The prices of fixed-income securities and senior loans are generally provided by an independent pricing service approved by the Fund's Board of Trustees. When market price quotes are not readily available, the pricing service may or, in the absence of a pricing service for a particular investment or derivative instrument the Board of Trustees of the Fund or its designee, establish fair value using a wide variety of market data including yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. Short-term investments are valued at amortized cost, which approximates value.

The senior loans in which the Fund invests are not listed on an organized exchange and the secondary market for such investments may be less liquid relative to markets for other fixed-income securities. Consequently, the value of senior loans, determined as described above, may differ significantly from the value that would have been determined had there been an active market for that senior loan.

*Investment Transactions*

Investment transactions are recorded on a trade date basis. Trade date for senior loans purchased in the primary market is considered the date on which the loan allocations are determined. Trade date for senior loans purchased in the secondary market is the date on which the transaction is entered into. Realized gains and losses from investment transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Fund has instructed the custodian to segregate assets with a current value at least equal to the

amount of the when-issued/delayed delivery purchase commitments. At December 31, 2008, the Fund had no such outstanding purchase commitments.

*Investment Income*

Dividend income is recorded on the ex-dividend date or, for foreign securities, when information is available. Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Interest income also includes paydown gains and losses and fee income and amendment fees, if any. Fee income consists primarily of amendment fees. Amendment fees are earned as compensation for evaluating and accepting changes to an original senior loan agreement and are recognized when received.

*Income Taxes*

The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. The Fund intends to distribute substantially all of its investment company taxable income to shareholders. In any year when the Fund realizes net capital gains, the Fund may choose to distribute all or a portion of its net capital gains to

Notes to  
FINANCIAL STATEMENTS (continued)

shareholders, or alternatively, to retain all or a portion of its net capital gains and pay federal corporate income taxes on such retained gains. The Fund had no retained capital gains for the tax year ended December 31, 2008. For the tax year ended December 31, 2007, the Fund retained \$8,285,714 of realized long-term capital gains and accrued a provision for federal corporate income taxes of \$2,900,000, the net of which has been reclassified to Paid-in surplus.

For all open tax years and all major taxing jurisdictions, management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Further, management of the Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

*Dividends and Distributions to Common Shareholders*

Distributions to Common shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal corporate income tax regulations, which may differ from US generally accepted accounting principles.

The Fund makes quarterly cash distributions to Common shareholders of a stated dollar amount per share. Subject to approval and oversight by the Fund's Board of Trustees, the Fund seeks to maintain a stable distribution level designed to deliver the long-term return potential of the Fund's investment strategy through regular quarterly distributions (a Managed Distribution Program). Total distributions during a calendar year generally will be made from the Fund's net investment income, net realized capital gains and net unrealized capital gains in the Fund's portfolio, if any. The portion of distributions paid from net unrealized gains, if any, would be distributed from the Fund's assets and would be treated by shareholders as a non-taxable distribution for tax purposes. In the event that total distributions during a calendar year exceed the Fund's total return on net asset value, the difference will be treated as a return of capital for tax purposes and will reduce net asset value per share. If the Fund's total return on net asset value exceeds total distributions during a calendar year, the excess will be reflected as an increase in net asset value per share. The final determination of the source and character of all distributions for the fiscal year are made after the end of the fiscal year and are reflected in the accompanying financial statements.

*FundNotes*

During the period January 1, 2008 through April 28, 2008, the Fund had issued and outstanding 3,120 Series F FundNotes, \$25,000 stated value per share, that matured on April 24, 2034. The interest rate paid by the Fund was determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and was payable at the end of each rate period. On April 28, 2008, the Fund redeemed all \$78 million of its outstanding FundNotes at liquidation value. During the period January 1, 2008 through April 28, 2008, the average daily balance of FundNotes was \$78,000,000 with an average interest rate (including amortization of the FundNotes borrowing costs) of 3.43%.

*FundPreferred Shares*

As of December 31, 2008, Fund has issued and outstanding 1,154 Series W FundPreferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. The dividend rate paid by the Fund is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period.

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the FundPreferred shares issued by the Fund than there were offers to buy. This meant that these auctions failed to clear, and that many FundPreferred shareholders who wanted to sell their shares in these auctions were unable to do so. FundPreferred shareholders unable to sell their shares received distributions at the maximum rate applicable to failed auctions as calculated in accordance with the pre-established terms of the FundPreferred shares.

These developments have generally not affected the management or investment policies of the Fund. However, one implication of these auction failures for Common shareholders is that the Fund's cost of leverage will likely be higher, at least temporarily, than it otherwise would have been had the auctions continued to be successful. As a result, the Fund's future Common share earnings may be lower than they otherwise would have been.

As of December 31, 2008 the Fund has redeemed \$16,150,000 of its outstanding FundPreferred shares at liquidation value.

*Derivative Financial Instruments*

The Fund is authorized to invest in derivative financial instruments or other transactions for the purpose of hedging the portfolio's exposure to common stock risk, high yield credit risk, foreign currency exchange risk and the risk of increases in interest rates.

Although the Fund is authorized to invest in such financial instruments, and may do so in the future, it did not invest in any such instruments during the fiscal year ended December 31, 2008.

#### *Repurchase Agreements*

In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

#### *Custodian Fee Credit*

The Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on the Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which the Fund overdraws its account at the custodian bank.

#### *Borrowing Costs*

Costs incurred by the Fund in connection with its borrowing of FundNotes were recorded as a deferred charge amortizing over the FundNotes' 30 year life. Upon the Fund's redemption of all its outstanding FundNotes, the Fund recognized as an expense all remaining deferred borrowing costs. Such borrowing costs recognized by the Fund are included with Interest expense and amortization of borrowing costs on the Statement of Operations.

#### *Indemnifications*

Under the Fund's organizational documents, its Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

#### *Use of Estimates*

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

## **2. Fair Value Measurements**

During the current fiscal period, the Fund adopted the provisions of Statement of Financial Accounting Standards No. 157 (SFAS No. 157) Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. In determining the value of the Fund's investments various inputs are used. These inputs are summarized in the three broad levels listed below:

Level 1 Quoted prices in active markets for identical securities.

Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the Fund's fair value measurements as of December 31, 2008:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments	\$ 138,220,019	\$ 55,607,237	\$	\$ 193,827,256

### 3. Fund Shares

#### *Common Shares*

On July 30, 2008, the Fund's Board of Trustees approved an open-market share repurchase program under which the Fund may repurchase an aggregate of up to approximately 10% of its outstanding Common shares. The Fund did not repurchase any of its Common shares during the fiscal year ended December 31, 2008.

Notes to  
FINANCIAL STATEMENTS (continued)

Transactions in Common shares were as follows:

	<b>Year Ended 12/31/08</b>	<b>Year Ended 12/31/07</b>
Common shares issued to shareholders due to reinvestment of distributions		70,333

*FundPreferred Shares*

Transactions in FundPreferred shares were as follows:

	<b>Year Ended 12/31/08</b>		<b>Year Ended 12/31/07</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
FundPreferred Series W shares redeemed	646	\$16,150,000		\$

*FundNotes*

During the fiscal year ended December 31, 2008, the Fund redeemed all 3,120 shares of its outstanding FundNotes.

**4. Investment Transactions**

Purchases and sales (including maturities but excluding short-term investments) during the fiscal year ended December 31, 2008, were as follows:

Purchases:	
Investment securities	\$ 88,034,753
U.S. Government and agency obligations	1,676,330
Sales and maturities:	
Investment securities	173,227,775
U.S. Government and agency obligations	8,474,365

**5. Income Tax Information**

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, recognition of premium amortization and timing differences in recognizing certain gains and losses on investment transactions. To

the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At December 31, 2008, the cost of investments was \$253,188,355.

Gross unrealized appreciation and gross unrealized depreciation of investments at December 31, 2008, were as follows:

Gross unrealized:	
Appreciation	\$ 21,474,871
Depreciation	(80,835,970)
Net unrealized appreciation (depreciation) of investments	\$ (59,361,099)

The tax components of undistributed net ordinary income and net long-term capital gains at December 31, 2008, the Fund's tax year end, were as follows:

Undistributed net ordinary income *	\$
Undistributed net long-term capital gains	

\* Net ordinary income consists of net taxable income derived from dividends, interest, and net short-term capital gains, if any.

The tax character of distributions paid during the Fund's tax years ended December 31, 2008 and December 31, 2007, was designated for purposes of the dividends paid deduction as follows:

**2008**

Distributions from net ordinary income *	\$11,480,569
Distributions from net long-term capital gains **	2,902,935
Tax return of capital	11,159,176

**2007**

Distributions from net ordinary income *	\$12,075,600
Distributions from net long-term capital gains	17,326,694

\* Net ordinary income consists of net taxable income derived from dividends, interest, and net short-term capital gains, if any.

\*\* The Fund hereby designates this amount paid during the fiscal year ended December 31, 2008, as long-term capital gain dividends pursuant to Internal Revenue Code Section 852(b)(3).

At December 31, 2008, the Fund's tax year end, the Fund had an unused capital loss carryforward of \$67,127,564 available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforward will expire on December 31, 2016.

The Fund elected to defer net realized losses from investments incurred from November 1, 2008 through December 31, 2008, the Fund's tax year end, ( post-October losses ) in accordance with federal income tax regulations. Post-October capital losses of \$10,772,243 are treated as having arisen on the first day of the following fiscal year.

**6. Management Fees and Other Transactions with Affiliates**

The Fund's management fee is separated into two components – a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the Adviser ), a wholly owned subsidiary of Nuveen Investments, Inc. ( Nuveen ), and a specific fund-level component, based only on the amount of assets within the Fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, is based upon the average daily Managed Assets of the Fund as follows:

<b>Average Daily Managed Assets</b>	<b>Fund-Level Fee Rate</b>
For the first \$500 million	.7000%
For the next \$500 million	.6750
For the next \$500 million	.6500
For the next \$500 million	.6250
For Managed Assets over \$2 billion	.6000

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the following table. As of

December 31, 2008, the complex level fee rate was .2000%.

The complex-level fee schedule is as follows:

<b>Complex-Level Asset Breakpoint Level <sup>(1)</sup></b>	<b>Effective Rate at Breakpoint Level</b>
\$55 billion	.2000%
\$56 billion	.1996
\$57 billion	.1989
\$60 billion	.1961
\$63 billion	.1931
\$66 billion	.1900
\$71 billion	.1851
\$76 billion	.1806
\$80 billion	.1773
\$91 billion	.1691
\$125 billion	.1599
\$200 billion	.1505
\$250 billion	.1469
\$300 billion	.1445

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate daily net assets of all Nuveen funds, with such daily net assets to include assets attributable to preferred stock issued by or borrowings by such funds ( Managed Assets ) but to exclude assets attributable to investments in other Nuveen funds.

Notes to  
FINANCIAL STATEMENTS (continued)

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into Sub-Advisory Agreements with NWQ Investment Management Company, LLC ( NWQ ) and Symphony Asset Management, LLC ( Symphony ), both subsidiaries of Nuveen. NWQ manages the portion of the Fund's investment portfolio allocated to dividend-paying common stocks including American Depositary Receipts ( ADRs ). Symphony manages the portion of the Fund's investment portfolio allocated to senior loans and other debt instruments. NWQ and Symphony are compensated for their services to the Fund from the management fee paid to the Adviser.

The Fund pays no compensation directly to those of its Trustees who are affiliated with the Adviser or to its Officers, all of whom receive remuneration for their services to the Fund from the Adviser or its affiliates. The Board of Trustees has adopted a deferred compensation plan for independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised funds.

For the first eight years of the Fund's operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

<b>Year Ending January 31,</b>		<b>Year Ending January 31,</b>	
2004 *	.32%	2009	.32%
2005	.32	2010	.24
2006	.32	2011	.16
2007	.32	2012	.08
2008	.32		

\* From the commencement of operations.

The Adviser has not agreed to reimburse the Fund for any portion of its fees and expenses beyond January 31, 2012.

## **7. Senior Loan Commitments**

### *Unfunded Commitments*

Pursuant to the terms of certain of the variable rate senior loan agreements, the Fund may have unfunded senior loan commitments. The Fund will maintain with its custodian, cash, liquid securities and/or liquid senior loans having an aggregate value at least equal to the amount of unfunded senior loan commitments. At December 31, 2008, the Fund had no unfunded senior loan commitments.

### *Participation Commitments*

With respect to the senior loans held in the Fund's portfolio, the Fund may: 1) invest in assignments; 2) act as a participant in primary lending syndicates; or 3) invest in participations. If the Fund purchases a participation of a senior loan interest, the Fund would typically enter into a contractual agreement with the lender or other third party

selling the participation, rather than directly with the Borrower. As such, the Fund not only assumes the credit risk of the Borrower, but also that of the Selling Participant or other persons interpositioned between the Fund and the Borrower. At December 31, 2008, there were no such outstanding participation commitments.

## **8. Borrowing Arrangements**

### *Revolving Credit Agreement*

On August 2, 2006, the Fund entered into a \$33 million revolving credit agreement with CITIBANK, N.A. On August 3, 2006, the Fund had borrowed the full \$33 million maximum allowed through April 7, 2008. On April 8, 2008, the Fund paid down the entire borrowing. For the period January 1, 2008, through April 7, 2008, the average daily balance outstanding and average interest rate on these borrowings were \$33,000,000 and 3.51%, respectively.

### *Refinancings*

On April 8, 2008, the Fund paid down its \$33 million revolving credit agreement described in the aforementioned paragraph using \$13 million of available cash and liquidity from the Fund's custodian bank in the amount of \$20 million. On April 9, 2008, the Fund entered into a \$104 million prime brokerage facility with Bank of America, which was subsequently assigned to BNP Paribas Prime Brokerage, Inc. During the period April 9, 2008, through December 31, 2008, the Fund utilized up to the full \$104 million maximum allowed to redeem its \$78 million outstanding FundNotes at liquidation value, to repay its custodian bank, to redeem a portion of its outstanding FundPreferred shares at liquidation value and for investment in portfolio securities. As of December 31, 2008, the outstanding balance on this facility was \$35 million. In order to maintain the facility, the Fund must meet certain

collateral, asset coverage and other requirements. Borrowings outstanding are fully secured by securities held in the Fund's Portfolio of Investments. For the period April 9, 2008 through December 31, 2008 the average daily balance outstanding and average interest rate on these borrowings were \$79,844,007 and 3.09%, respectively.

Interest is charged at LIBOR (London Inter-bank Offered Rate) plus an agreed upon spread on the amount borrowed and an agreed upon spread on the undrawn balance. In addition to interest, the Fund also paid an up-front .15% one-time arrangement fee of the total borrowing limit which was fully amortized and expensed as of December 31, 2008.

Interest expense incurred on the drawn and undrawn balances and the one-time arrangement fee are recognized as Interest expense on borrowings and amortization of borrowing costs on the Statement of Operations.

### **9. New Accounting Pronouncement**

*Financial Accounting Standards Board Statement of Financial Accounting Standards No. 161 (SFAS No. 161)*

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities. This standard is intended to enhance financial statement disclosures for derivative instruments and hedging activities and enable investors to understand: a) how and why a fund uses derivative instruments, b) how derivative instruments and related hedge items are accounted for, and c) how derivative instruments and related hedge items affect a fund's financial position, results of operations and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. As of December 31, 2008, management does not believe the adoption of SFAS No. 161 will impact the financial statement amounts; however, additional footnote disclosures may be required about the use of derivative instruments and hedging items.

Financial  
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

Beginning Common Share Net Asset Value	Investment Income (a)	Investment Operations Distributions from			Net Investment Income to Common Share- holders Total	Less Distributions			Offering Costs and Fund Preferred Share Underwriting Discounts	Ending Common Share Net Asset Value	
		Realized/ Unrealized Gain (Loss) (b)	Net Investment Income to Fund Share- holders	Capital Gains to Fund Share- holders		Net Capital Gains to Common Share- holders	Tax Return of Capital to Common Share- holders				
\$23.54	\$.77	\$(13.06)	\$(.12)	\$	\$(12.41)	\$(.70)	\$ (.21)	\$ (.80)	\$(1.71)	\$	\$ 9.42
25.98	.90	(1.22)	(.05)	(.11)	(.48)	(.82)	(1.14)	(1.96)			23.54
22.33	.89	4.48	(.05)	(.09)	5.23	(.88)	(.70)	(1.58)		*	25.98
21.54	.83	1.76	(.05)	(.05)	2.49	(.78)	(.91)	(1.69)	(.01)		22.33
19.10	.67	2.69	(.03)		3.33	(.67)	(.10)	(.77)	(.12)		21.54

Year Ended 12/31:	Fund Notes at End of Period			Fund Preferred Shares at End of Period		Borrowings at End of Period		
	Aggregate Amount Outstanding (000)	Average Market Value Per \$25,000 of Principal Amount	Asset Coverage Per \$1,000 of Principal Amount	Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Aggregate Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Asset Coverage Per \$1,000
2008	\$	\$	\$	\$ 28,850	\$ 25,000	\$ 138,992	\$ 35,000	\$ 5,583
2007	78,000	25,000	5,789	45,000	25,000	207,531	33,000	14,684
2006	78,000	25,000	6,202	45,000	25,000	225,411	33,000	15,659

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2005	78,000	25,000	5,544	45,000	25,000	196,918
2004(c)	78,000	25,000	5,403	45,000	25,000	190,805

- (a) Per share Net Investment Income is calculated using the average daily shares method.  
 (b) Net of federal corporate income taxes on long-term capital gains retained by the Fund per share as follows:

Year Ended 12/31:	Long-Term Capital Gains Retained
2008	N/A
2007	\$ 0.21
2006	.33
2005	N/A
2004(c)	N/A

- (c) For the period January 27, 2004 (commencement of operations) through December 31, 2004.  
 (d) Borrowings Interest Expense includes amortization of borrowing costs.

			Ratios/Supplemental Data				
			Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement		Ratios to Average Net Assets Applicable to Common Shares After Credit/Reimbursement***		
Total Returns Based on Common Share Net Asset Value**	Ending Net Assets Applicable to Common Shares (000)		Expenses	Net Investment Income	Expenses	Net Investment Income	Portfolio Turnover Rate
(60.54)%	\$131,546		3.74%	4.03%	3.24%	4.53%	24%
(12.99)	328,557		3.10	2.99	2.64	3.45	25
35.52	360,740		2.79	3.28	2.34	3.73	25
20.00	309,452		2.26	3.36	1.81	3.81	26
.91	298,449		1.80****	3.30****	1.37****	3.73****	16

\* Rounds to less than \$.01 per share.

\*\* Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period takes place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common Share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

The Fund elected to retain a portion of its realized long-term capital gains for the following tax years ended December 31, (which is the fiscal year end for the Fund) and pay required federal corporate income taxes on these amounts. As reported on Form 2439, Common shareholders on record date must include their pro-rata share of these gains on their applicable federal tax returns, and are entitled to take offsetting tax credits, for their pro-rata share of the taxes paid by the Fund. The standardized total returns shown above do not include the economic benefit to Common shareholders on record date of these tax credits/refunds. The Fund's corresponding Total Return Based on Market Value and Common Share Net Asset Value when these benefits are included are as follows:

Year Ended 12/31:	Common Shareholders of Record on	Total Returns	
		Based on Market Value	Based on Common Share Net Asset Value
2008	N/A	(60.54)%	(55.29)%
2007	December 31	(12.18)	(1.54)
2006	December 29	37.15	25.75
2005	N/A	20.00	11.93
2004(c)	N/A	.91	17.18

\*\*\* After custodian fee credit and expense reimbursement, where applicable.

\*\*\*\* Annualized.

The amounts shown are based on Common share equivalents.

Ratios do not reflect the effect of dividend payments to FundPreferred shareholders.

Income ratios reflect income earned on assets attributable to FundPreferred shares, FundNotes and borrowings, where applicable.

Each Ratio of Expenses to Average Net Assets Applicable to Common Shares and each Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares includes the effect of the interest expense paid on FundNotes and borrowings as follows:

Year Ended 12/31:	Ratio of FundNotes Interest Expense to Average Net Assets Applicable to Common Shares(d)	Ratio of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares(d)
2008	1.12%	1.00%
2007	1.11	.51
2006	1.11	.23
2005	.80	
2004(c)	.37****	

N/A The Fund had no retained capital gains for the tax year ended December 31, 2008, or for the tax years ended prior to December 31, 2006.

*See accompanying notes to the financial statements.*

### Board Members & OFFICERS

The management of the Fund, including general supervision of the duties performed for the Fund by the Adviser, is the responsibility of the Board Members of the Fund. The number of board members of the Fund is currently set at nine. None of the board members who are not interested persons of the Fund (referred to herein as independent board members ) has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Fund, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

Name, Birthdate and Address	Position(s) Held with the Fund	Year First Elected or Appointed and Term <sup>(1)</sup>	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
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#### INDEPENDENT BOARD MEMBERS:

n ROBERT P. BREMNER

8/22/40                    i    Chairman of  
333 W. Wacker            the Board  
Drive                        and Board member  
Chicago, IL 60606

**1997**  
**Class III**

Private Investor and  
Management Consultant.

**192**

n JACK B. EVANS

10/22/48                i    Board member  
333 W. Wacker  
Drive  
Chicago, IL 60606

**1999**  
**Class III**

President, The Hall-Perrine  
Foundation, a private  
philanthropic corporation (since  
1996); Director and Vice  
Chairman, United Fire Group, a  
publicly held company; Member  
of the Board of Regents for the  
State of Iowa University  
System; Director, Gazette  
Companies; Life Trustee of Coe  
College and Iowa College  
Foundation; Member of the  
Advisory Council of the  
Department of Finance in the  
Tippie College of Business,  
University of Iowa; formerly,  
Director, Alliant Energy;

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formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc., a regional financial services firm.

n WILLIAM C. HUNTER

3/6/48 i  
 333 W. Wacker Board member  
 Drive  
 Chicago, IL 60606

**2004  
 Annual**

Dean, Tippie College of Business, University of Iowa (since July 2006); formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); Director (since 1997), Credit Research Center at Georgetown University; Director (since 2004) of Xerox Corporation; Director (since 2005), Beta Gamma Sigma International Honor Society; Director, SS&C Technologies, Inc. (May 2005-October 2005).

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Name, Birthdate and Address	Position(s) Held with the Fund	Year First Elected or Appointed and Term <sup>(1)</sup>	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
<b>INDEPENDENT BOARD MEMBERS (continued):</b>				
n DAVID J. KUNDERT 10/28/42 333 W. Wacker Drive Chicago, IL 60606	Board member	<b>2005 Class II</b>	Director, Northwestern Mutual Wealth Management Company; Retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Member, Board of Regents, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Investment Committee, Greater Milwaukee Foundation.	<b>192</b>
n WILLIAM J. SCHNEIDER 9/24/44 333 W. Wacker Drive Chicago, IL 60606	Board member	<b>1997 Annual</b>	Chairman, formerly, Senior Partner and Chief Operating Officer (retired, 2004) of Miller-Valentine Partners Ltd., a real estate investment company; Director, Dayton Development Coalition; formerly, member, Business Advisory Council, Cleveland Federal Reserve Bank.	<b>192</b>
n JUDITH M. STOCKDALE 12/29/47 333 W. Wacker Drive Chicago, IL 60606	Board member	<b>1997 Class I</b>	Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes	<b>192</b>

Protection Fund (from 1990 to 1994).

n CAROLE E. STONE

6/28/47                    i

333 W. Wacker Drive      Board member  
Chicago, IL 60606

**2007**  
**Class I**

Director, Chicago Board Options Exchange (since 2006); Commissioner, New York State Commission on Public Authority Reform (since 2005); formerly, Chair New York Racing Association Oversight Board (2005-2007); formerly, Director, New York State Division of the Budget (2000-2004), Chair, Public Authorities Control Board (2000-2004) and Director, Local Government Assistance Corporation (2000-2004).

**192**

n TERENCE J. TOTH

9/29/59                    i

333 W. Wacker Drive      Board member  
Chicago, IL 60606

**2008**  
**Class II**

Director, Legal & General Investment Management (since 2008); Private Investor (since 2007); CEO and President, Northern Trust Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2004-2007); prior thereto, various positions with Northern Trust Company (since 1994); Member: Goodman Theatre Board (Since 2004); Chicago Fellowship Boards (since 2005), University of Illinois Leadership Council Board (since 2007) and Catalyst Schools of Chicago Board (since 2008); formerly Member: Northern Trust Mutual Funds Board (2005-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).

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**INTERESTED BOARD MEMBER:**

n JOHN P. AMBOIAN<sup>(2)</sup>

i

**192**

6/14/61  
333 W. Wacker Drive  
Chicago, IL 60606

Board member

**2008**  
**Class II**

Chief Executive Officer (since July 2007) and Director (since 1999) of Nuveen Investments, Inc.; Chief Executive Officer (since 2007) of Nuveen Asset Management, Rittenhouse Asset Management, Nuveen Investments Advisors, Inc. formerly, President (1999-2004) of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.<sup>(3)</sup>

Name, Birthdate and Address	Position(s) Held with the Fund	Year First Elected or Appointed <sup>(4)</sup>	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
<b>OFFICERS of the FUND:</b>				
n GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606	i Chief Administrative Officer	<b>1988</b>	Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Investments, LLC; Managing Director (since 2002), Associate General Counsel and Assistant Secretary, of Nuveen Asset Management; Vice President and Assistant Secretary of NWQ Investment Management Company, LLC. (since 2002), Nuveen Investments Advisers Inc. (since 2002), Symphony Asset Management LLC, and NWQ Investment Management Company, LLC (since 2003), Tradewinds Global Investors, LLC, and Santa Barbara Asset Management, LLC (since 2006), Nuveen HydePark Group LLC and Nuveen Investment Solutions, Inc. (since 2007); Managing Director, Associate General Counsel and Assistant Secretary of Rittenhouse Asset Management, Inc. (since 2003); Managing Director (since 2004)	<b>192</b>

and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; formerly, Managing Director (2002-2004), General Counsel (1998-2004) and Assistant Secretary of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.<sup>(3)</sup>; Chartered Financial Analyst.

<p>n WILLIAM ADAMS IV 6/9/55                    i 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President</p>	<p><b>2007</b></p>	<p>Executive Vice President of Nuveen Investments, Inc.; Executive Vice President, U.S. Structured Products of Nuveen Investments, LLC, (since 1999), prior thereto, Managing Director of Structured Investments.</p>	<p><b>120</b></p>
<p>n CEDRIC H. ANTOSIEWICZ 1/11/62                   i 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President</p>	<p><b>2007</b></p>	<p>Managing Director, (since 2004) previously, Vice President (1993-2004) of Nuveen Investments, LLC.</p>	<p><b>120</b></p>
<p>n MICHAEL T. ATKINSON 2/3/66                    i 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President and Assistant Secretary</p>	<p><b>2000</b></p>	<p>Vice President (since 2002) of Nuveen Investments, LLC; Vice President of Nuveen Asset Management (since 2005).</p>	<p><b>192</b></p>
<p>n LORNA C. FERGUSON 10/24/45                i 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President</p>	<p><b>1998</b></p>	<p>Managing Director (since 2004), formerly, Vice President of Nuveen Investments, LLC, Managing Director (since 2005) of Nuveen Asset</p>	<p><b>192</b></p>

Management;  
 Managing Director  
 (2004-2005) formerly,  
 Vice President  
 (1998-2004) of Nuveen  
 Advisory Corp. and  
 Nuveen Institutional  
 Advisory Corp.<sup>(3)</sup>

n STEPHEN D. FOY  
 5/31/54  
 333 W. Wacker Drive  
 Chicago, IL 60606

ï Vice President  
 and Controller

**1998**

Vice President (since  
 1993) and Funds  
 Controller (since 1998)  
 of Nuveen Investments,  
 LLC; formerly, Vice  
 President and Funds  
 Controller (1998-2004)  
 of Nuveen Investments,  
 Inc.; Certified Public  
 Accountant.

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n WALTER M. KELLY  
 2/24/70  
 333 W. Wacker Drive  
 Chicago, IL 60606

ï Chief Compliance  
 Officer and  
 Vice President

**2003**

Senior Vice President  
 (since 2008), Vice  
 President (2006-2008)  
 formerly, Assistant  
 Vice President and  
 Assistant General  
 Counsel (2003-2006) of  
 Nuveen Investments,  
 LLC; Vice President  
 (since 2006) and  
 Assistant Secretary  
 (since 2008) of Nuveen  
 Asset Management.

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Name, Birthdate and Address	Position(s) Held with the Fund	Year First Elected or Appointed <sup>(4)</sup>	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
<b>OFFICERS of the FUND (continued):</b>				
n DAVID J. LAMB 3/22/63 333 W. Wacker Drive Chicago, IL 60606	i Vice President	<b>2000</b>	Vice President (since 2000) of Nuveen Investments, LLC; Vice President of Nuveen Asset Management (since 2005); Certified Public Accountant.	<b>192</b>
n TINA M. LAZAR 8/27/61 333 W. Wacker Drive Chicago, IL 60606	i Vice President	<b>2002</b>	Vice President of Nuveen Investments, LLC (since 1999); Vice President of Nuveen Asset Management (since 2005).	<b>192</b>
n LARRY W. MARTIN 7/27/51 333 W. Wacker Drive Chicago, IL 60606	i Vice President and Assistant Secretary	<b>1988</b>	Vice President, Assistant Secretary and Assistant General Counsel of Nuveen Investments, LLC; Vice President (since 2005) and Assistant Secretary of Nuveen Investments, Inc.; Vice President (since 2005) and Assistant Secretary (since 1997) of Nuveen Asset Management; Vice President (since 2000), Assistant Secretary and Assistant General Counsel (since 1998) of Rittenhouse Asset Management, Inc.; Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002); NWQ Investment Management	<b>192</b>

Company, LLC (since 2002), Symphony Asset Management LLC (since 2003), Tradewinds Global Investors, LLC, Santa Barbara Asset Management LLC (since 2006) and of Nuveen HydePark Group, LLC and Nuveen Investment Solutions, Inc. (since 2007); formerly, Vice President and Assistant Secretary of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.<sup>(3)</sup>

n KEVIN J. MCCARTHY

3/26/66                    i    Vice President  
333 W. Wacker            and Secretary  
Drive  
Chicago, IL 60606

**2007**

Managing Director (since 2008), formerly, Vice President (2007-2008), Nuveen Investments, LLC; Vice President, and Assistant Secretary, Nuveen Asset Management, Rittenhouse Asset Management, Inc., Nuveen Investment Advisers Inc., Nuveen Investment Institutional Services Group LLC, NWQ Investment Management Company, LLC, Tradewinds Global Investors LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management LLC, Nuveen HydePark Group, LLC and Nuveen Investment Solutions, Inc. (since 2007); prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007).

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n JOHN V. MILLER

4/10/67                    i    Vice President  
333 W. Wacker

**2007**

Managing Director (since 2007), formerly, Vice

**192**

Drive  
Chicago, IL 60606

President (2002-2007) of  
Nuveen Asset  
Management and Nuveen  
Investments, LLC;  
Chartered Financial  
Analyst.

n CHRISTOPHER M. ROHRBACHER  
8/1/71                    i   Vice President                    **2008**  
333 W. Wacker                    and Assistant Secretary  
Drive  
Chicago, IL 60606

Vice President, Nuveen  
Investments, LLC (since  
2008); Vice President and  
Assistant Secretary,  
Nuveen Asset  
Management (since 2008);                    **192**  
prior thereto, Associate,  
Skadden, Arps, Slate  
Meagher & Flom LLP  
(2002-2008).

n JAMES F. RUANE  
7/3/62                    i   Vice President                    **2007**  
333 W. Wacker                    and Assistant Secretary  
Drive  
Chicago, IL 60606

Vice President, Nuveen  
Investments, LLC (since  
2007); prior thereto,  
Partner, Deloitte &  
Touche USA LLP  
(2005-2007), formerly,  
senior tax manager  
(2002-2005); Certified  
Public Accountant.                    **192**

Name, Birthdate and Address	Position(s) Held with the Fund	Year First Elected or Appointed <sup>(4)</sup>	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
<b>OFFICERS of the FUND (continued):</b>				
n MARK L. WINGET 12/21/68 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	2008	Vice President, Nuveen Investments, LLC (since 2008); Vice President and Assistant Secretary, Nuveen Asset Management (since 2008); prior thereto, Counsel, Vedder Price P.C. (1997-2007).	192

- (1) Board Members serve three year terms, except for two board members who are elected by the holders of Preferred Shares. The Board of Trustees is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

Reinvest Automatically  
EASILY and CONVENIENTLY

**Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.**

#### **Nuveen Closed-End Funds Dividend Reinvestment Plan**

Your Nuveen Closed-End Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional Fund shares.

By choosing to reinvest, you will be able to invest money regularly and automatically, and watch your investment grow through the power of tax-free compounding. Just like dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on dividends or distributions that are reinvested.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

#### **Easy and convenient**

To make recordkeeping easy and convenient, each month you will receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

#### **How shares are purchased**

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

**Flexible**

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

**Call today to start reinvesting dividends and/or distributions**

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

Glossary of  
TERMS USED in this REPORT

- n ***Average Annual Total Return:*** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.
- n ***Collateralized Debt Obligations (CDOs):*** Collateralized debt obligations are a type of asset-backed security constructed from a portfolio of fixed-income assets. CDOs usually are divided into different tranches having different ratings and paying different interest rates. Losses, if any, are applied in reverse order of seniority and so junior tranches generally offer higher coupons to compensate for added default risk.
- n ***Current Distribution Rate (also known as Market Yield, Dividend Yield or Current Yield):*** Current distribution Rate is based on the Fund's current annualized quarterly distribution divided by the Fund's current market price. The Fund's quarterly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.
- n ***Net Asset Value (NAV):*** A Fund's NAV per common share is calculated by subtracting the liabilities of the Fund (including any Preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of common shares outstanding. Fund NAVs are calculated at the end of each business day.

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NOTES



**Board of Trustees**

John P. Amboian  
Robert P. Bremner  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Judith M. Stockdale  
Carole E. Stone  
Terence J. Toth

**Fund Manager**

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

**Custodian**

State Street Bank & Trust Company  
Boston, MA

**Transfer Agent and  
Shareholder Services**

State Street Bank & Trust Company  
Nuveen Funds  
P.O. Box 43071  
Providence, RI 02940-3071  
(800) 257-8787

**Legal Counsel**

Chapman and Cutler LLP  
Chicago, IL

**Independent Registered  
Public Accounting Firm**

Ernst & Young LLP  
Chicago, IL

The Fund intends to repurchase and/or redeem shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Fund redeemed all 3,120 outstanding shares of its FundNotes and 646 shares of its outstanding preferred stock. Any future repurchases and/or redemptions will be reported to shareholders in the next annual or semi-annual report.

Other Useful INFORMATION

**QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION**

You may obtain (i) the Fund's quarterly portfolio of investments, (ii) information regarding how the Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, 2008, and (iii) a description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

You may also obtain this and other Fund information directly from the Securities and Exchange Commission (SEC). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at (202) 942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public Reference Section at 100 F Street NE, Washington, D.C. 20549.

### **CEO Certification Disclosure**

The Fund's Chief Executive Officer has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

The Fund has filed with the Securities and Exchange Commission the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

### **Distribution Information**

Nuveen Tax-Advantaged Total Return Strategy Fund (JTA) hereby designates 78.98% of dividends paid from net ordinary income as dividends qualifying for the 70% dividends received deduction for corporations and 100.00% qualified dividend income for individuals under Section 1(h)(11) of the Internal Revenue Code. The actual qualified dividend income distributions will be reported to shareholders on Form 1099-DIV which will be sent to shareholders shortly after calendar year end.

Nuveen Investments:

**SERVING INVESTORS FOR GENERATIONS**

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.

Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

**We offer many different investing solutions for our clients different needs.**

Nuveen Investments is a global investment management firm that seeks to help secure the long-term goals of institutions and high net worth investors as well as the consultants and financial advisors who serve them. Nuveen Investments markets its growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen, Santa Barbara, Symphony, Tradewinds and Winslow. In total, the Company managed approximately \$134 billion of assets on September 30, 2008.

**Find out how we can help you reach your financial goals.**

To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at **(800) 257-8787**. Please read the information provided carefully before you invest.

Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or **Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606**. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at:

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

**Share prices**  
**Fund details**  
**Daily financial news**  
**Investor education**  
**Interactive planning tools**

EAN-C-1208D

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**ITEM 2. CODE OF ETHICS.**

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at [www.nuveen.com/CEF/Info/Shareholder/](http://www.nuveen.com/CEF/Info/Shareholder/). (To view the code, click on Fund Governance and then click on Code of Conduct.)

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.**

The registrant's Board of Directors or Trustees determined that the registrant has at least one audit committee financial expert (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Jack B. Evans, Chairman of the Audit Committee, who is independent for purposes of Item 3 of Form N-CSR.

Mr. Evans was formerly President and Chief Operating Officer of SCI Financial Group, Inc., a full service registered broker-dealer and registered investment adviser (SCI). As part of his role as President and Chief Operating Officer, Mr. Evans actively supervised the Chief Financial Officer (the CFO) and actively supervised the CFO's preparation of financial statements and other filings with various regulatory authorities. In such capacity, Mr. Evans was actively involved in the preparation of SCI's financial statements and the resolution of issues raised in connection therewith. Mr. Evans has also served on the audit committee of various reporting companies. At such companies, Mr. Evans was involved in the oversight of audits, audit plans, and the preparation of financial statements. Mr. Evans also formerly chaired the audit committee of the Federal Reserve Bank of Chicago.

**ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

**Nuveen Tax-Advantaged Total Return Strategy Fund**

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the pre-approval exception). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

**SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND**

<b>Fiscal Year Ended</b>	<b>Audit Fees Billed to Fund<sup>1</sup></b>	<b>Audit-Related Fees Billed to Fund<sup>2</sup></b>	<b>Tax Fees Billed to Fund<sup>3</sup></b>	<b>All Other Fees Billed to Fund<sup>4</sup></b>
December 31, 2008	\$ 26,000	\$ 0	\$ 0	\$ 1,800
Percentage approved pursuant to pre-approval exception	0%	0%	0%	0%
December 31, 2007	\$ 24,600	\$ 0	\$ 1,000	\$ 1,650

Percentage approved pursuant to pre-approval exception	0%	0%	0%	0%
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<sup>1</sup> Audit Fees are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

<sup>2</sup> Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under Audit Fees.

<sup>3</sup> Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

<sup>4</sup> All Other Fees are the

aggregate fees billed for products and services for agreed upon procedures engagements performed for leveraged funds.

**SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS**

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Asset Management ( "NAM" or the "Adviser" ), and any entity controlling, controlled by or under common control with NAM ( "Control Affiliate" ) that provides ongoing services to the Fund ( "Affiliated Fund Service Provider" ), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

<b>Fiscal Year Ended</b>	<b>Audit-Related Fees Billed to Adviser and Affiliated Fund Service Providers</b>	<b>Tax Fees Billed to Adviser and Affiliated Fund Service Providers</b>	<b>All Other Fees Billed to Adviser and Affiliated Fund Service Providers</b>
December 31, 2008	\$ 0	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	0%	0%	0%
December 31, 2007	\$ 0	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	0%	0%	0%

## NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. The Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the de minimis exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

Fiscal Year Ended	Total Non-Audit Fees Billed to Fund	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (engagements related directly to the operations and financial reporting of the Fund)		Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (all other engagements)	Total
December 31, 2008	\$ 1,800	\$ 0	\$ 0	\$ 1,800	\$ 1,800
December 31, 2007	\$ 2,650	\$ 0	\$ 0	\$ 2,650	\$ 2,650

Non-Audit Fees billed to Adviser for both fiscal year ends represent Tax Fees billed to Adviser in their respective amounts from the previous table.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the Audit Committee if they are expected to be for amounts greater than \$10,000; (ii) reported to the Audit Committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under \$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

## ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board of Directors or Trustees has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Jack B. Evans, David J. Kundert and William J. Schneider.

## ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

## ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Adviser has engaged NWQ Investment Management Company, LLC ( NWQ ) and Symphony Asset Management, LLC ( Symphony ), as Sub-Advisers to provide discretionary investment advisory services (NWQ and Symphony are also collectively referred to as Sub-Advisers ). As part of these services, the Adviser has also delegated to each Sub-Adviser the full responsibility for proxy voting and related duties in accordance with the Sub-Adviser s policies and procedures. The Adviser periodically will monitor each Sub-Adviser s voting to ensure that they are carrying out their duties. The Sub-Advisers proxy voting policies and procedures are summarized as follows:

#### NWQ

With respect to NWQ, NWQ s Proxy Voting Committee (the Committee ) is responsible for supervision of the proxy voting process, including identification of material conflicts of interest involving NWQ and the proxy voting process in respect of securities owned on behalf of clients, and circumstances when NWQ may deviate from its policies and procedures. Unless otherwise determined by the Committee, NWQ will cause proxies to be voted consistent with the recommendations or guidelines of an independent third party proxy service or other third party, and in most cases, votes generally in accordance with the recommendations of RiskMetrics Group (formerly ISS) on the voting of proxies relating to securities held on behalf of clients accounts. Unless otherwise restricted, NWQ s Committee reserves the right to override the specific recommendations in any situation where it believes such recommendation is not in its clients best interests. NWQ s Committee oversees the identification of material conflicts of interest, and where such matter is covered by the recommendations or guidelines of a third party proxy service, it shall cause proxies to be voted in accordance with the applicable recommendation or guidelines, to avoid such conflict. If a material conflict of interest matter is not covered by the third party service provider recommendations, NWQ may (i) vote in accordance with the recommendations of an alternative independent third party or (ii) disclose the conflict to the client, and with their consent, make the proxy voting determination and document the basis for such determination.

NWQ generally does not intend to vote proxies associated with the securities of any issuer if as a result of voting, the issuer restricts such securities from being transacted for a period (this occurs for issuers in a few foreign countries), or where the voting would in NWQ s judgment result in some other financial, legal, regulatory disability or burden to NWQ or the client (such as imputing control with respect to the issuer). Likewise, the Committee may determine not to recall securities on loan if negative consequences of such recall outweigh benefits of voting in the particular instance, or expenses and inconvenience of such recall outweigh benefits, in NWQ s judgment.

#### SYMPHONY

Symphony Asset Management votes proxies with the objective of maximizing shareholder value for its clients and in accordance with the firm s Policies and Procedures for Proxy Voting. Symphony s Proxy Voting Committee is responsible for establishing proxy voting guidelines; review and oversight of the firm s Policies and Procedures for Proxy Voting; oversight of day-to-day proxy voting related activities; and, for overseeing the activities of proxy service providers utilized by the firm.

Symphony has established guidelines for proxy voting based on the recommendations of an independent third-party proxy service provider. Symphony utilizes one or more independent third-party service providers to vote proxy in accordance with Symphony s guidelines. Service providers also provide proxy voting related research material as required.

In its Policies and Procedures for Proxy Voting, Symphony specifies a process for identifying and managing conflicts of interest in the proxy voting process so that votes are cast in the best interests of clients. Conflicts of interest may arise from relationships Symphony has with its clients, vendors and lenders. Symphony portfolio managers may change a proxy vote recommended by the firm s guidelines to resolve a conflict of interest or for other reasons in the best economic interests of clients. Symphony s Proxy Voting Committee reviews vote changes.

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**ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

The Adviser has engaged Symphony and NWQ as Sub-Advisers to provide discretionary investment advisory services with respect to the registrant's investments in senior loans and other debt instruments and equity investments, respectively. The following section provides information on the portfolio managers at each Sub-Adviser:

**Symphony****Item 8(a)(1). PORTFOLIO MANAGER BIOGRAPHIES****Lenny Mason, CPA, Fixed-Income Portfolio Manager**

Lenny is a Fixed-Income Portfolio Manager for Symphony. His responsibilities include portfolio management for Symphony's high yield and bank loan strategies and credit research for its fixed income strategies. Prior to joining Symphony in 2001, Lenny was a Managing Director in FleetBoston's Technology & Communications Group where he headed its Structuring and Advisory Team. Before joining Fleet, Lenny worked for Wells Fargo Bank's Corporate Banking Group dealing primarily with leveraged transactions and for Coopers & Lybrand as an auditor. Lenny has an MBA in Finance from the University of Chicago, a BS in Accounting from Babson College. Lenny is a Certified Public Accountant.

**Gunther Stein, Director of Fixed-Income Strategies**

Gunther is a Principal and the Director of Fixed-Income Strategies at Symphony. He has close to 20 years of investment and research experience. Gunther is responsible for all of Symphony's fixed-income strategies, in addition to portfolio management, trading, and research for the fixed-income funds. Prior to joining Symphony in 1999, Gunther was a high-yield portfolio manager at Wells Fargo. Gunther joined Wells Fargo in 1993 as an associate in its Loan Syndications & Leveraged Finance Group after completing its credit-management training program. Previously, Gunther worked for First Interstate Bank as a euro-currency deposit trader. He also worked for Standard Chartered Bank in Mexico City and Citibank Investment Bank in London. Gunther received an MBA from the University of Texas at Austin and a BA in Economics from the University of California at Berkeley.

**Item 8(a)(2). OTHER ACCOUNTS MANAGED****Other Accounts Managed by Symphony****PMs****As of 12/31/08**

	<b>Gunther Stein</b>	<b>Lenny Mason</b>
(a) RICs		
Number of accts	6	6
Assets	\$ 749,877,432	\$ 749,877,432
(b) Other pooled accts		
Non-performance fee accts		
Number of accts	9	9
Assets	\$ 1,083,962,109	\$ 1,083,962,109
Performance fee accts		
Number of accts	8	3
Assets	\$ 922,363,055	\$ 107,241,962
(c) Other		
Non-performance fee accts		
Number of accts	3	5
Assets	\$ 2,799,086	\$ 3,139,992
Performance fee accts		
Number of accts	1	
Assets	\$ 135,617,867	

POTENTIAL MATERIAL CONFLICTS OF INTEREST

As described above, the portfolio manager may manage other accounts with investment strategies similar to the Fund, including other investment companies and separately managed accounts. Fees earned by the Sub-Advisers may vary among these accounts and the portfolio managers may personally invest in some but not all of these accounts. In addition, certain accounts may be subject to performance-based fees. These factors could create conflicts of interest because a portfolio manager may have incentives to favor certain accounts over others, resulting in other accounts outperforming the Fund. A conflict may also exist if a portfolio manager identified a limited investment opportunity that may be appropriate for more than one account, but the Fund is not able to take full advantage of that opportunity due to the need to allocate that opportunity among multiple accounts. In addition, the portfolio manager may execute transactions for another account that may adversely impact the value of securities held by the Fund. However, the Sub-Advisers believe that these risks are mitigated by the fact that accounts with like investment strategies managed by a particular portfolio manager are generally managed in a similar fashion, subject to exceptions to account for particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes, and other factors. In addition, each Sub-Adviser has adopted trade allocation procedures that require equitable allocation of trade orders for a particular security among participating accounts.

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**Item 8(a)(3). FUND MANAGER COMPENSATION**

Symphony investment professionals receive competitive base salaries and participate in a bonus pool which is tied directly to the firm's operating income with a disproportionate amount paid to the managers responsible for generating the alpha. The bonus paid to investment personnel is based on acumen, overall contribution and strategy performance. However, there is no fixed formula which guides bonus allocations. Bonuses are paid on an annual basis. In addition, investment professionals may participate in an equity-based compensation pool.

**Item 8(a)(4).**

OWNERSHIP OF JTA SECURITIES AS OF DECEMBER 31, 2008

**Name of Portfolio**

Manager	None	\$1 - \$10,000	\$10,001-\$50,000	\$50,001-\$100,000	\$100,001-\$500,000	\$500,001-\$1,000,000	Over \$1,000,000
Anthony Stein	X						
Benjamin Mason	X						

**NWQ**

**Item 8(a)(1). PORTFOLIO MANAGER BIOGRAPHIES**

**Jon D. Bosse, CFA**, Chief Investment Officer, Co-President of NWQ, and Portfolio Manager

Prior to joining NWQ in 1996, Mr. Bosse spent ten years with ARCO Investment Management Company where, in addition to managing a value-oriented fund, he was the Director of Equity Research. Previously, he spent four years with ARCO in Corporate Finance. Mr. Bosse received his B.A. in Economics from Washington University, St. Louis, where he was awarded the John M. Olin Award for excellence in economics, and graduated summa cum laude. He received his M.B.A. from the Wharton Business School, University of Pennsylvania. In addition, he received his Chartered Financial Analyst designation in 1992 and is a member of the CFA Institute and the Los Angeles Society of Financial Analysts.

**Michael Carne, CFA**, Managing Director and Fixed Income Portfolio Manager

Prior to joining NWQ in 2002, Mr. Carne managed institutional, private client fixed income and balanced portfolios for over ten years. During this time, he held assignments as Director of Global Fixed Income at ING Aeltus, as Chief Investment Officer of a Phoenix Home Life affiliate and was a principal in Carne, O'Brien, Ferry & Roth, LLC. Mr. Carne graduated from the University of Massachusetts with a B.B.A. degree in Finance and received his M.B.A. from Harvard University. He earned the designation of Chartered Financial Analyst in 1989.

**Item 8(a)(2). OTHER ACCOUNTS MANAGED**

	Jon Bosse	Michael Carne
<b>(a) RICs</b>		
Number of accts	6	1
Assets (\$000s)	\$ 686,562,673	\$ 53,629,260
<b>(b) Other pooled accts</b>		
Non-performance fee accts		
Number of accts	12	0
Assets (\$000s)	\$ 1,083,676,885	0
<b>(c) Other</b>		
Non-performance fee accts		
Number of accts	33,675	8,301
Assets (\$000s)	\$ 13,431,352,172	\$ 1,203,323,805
Performance fee accts		
Number of accts	8	0
Assets (\$000s)	\$ 542,810,407	0



### POTENTIAL MATERIAL CONFLICTS OF INTEREST

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one account. More specifically, portfolio managers who manage multiple accounts are presented with the following potential conflicts:

The management of multiple accounts may result in a portfolio manager devoting unequal time and attention to the management of each account. NWQ seeks to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most accounts managed by a portfolio manager in a particular investment strategy are managed using the same investment models.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one account, an account may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible accounts. To deal with these situations, NWQ has adopted procedures for allocating portfolio transactions across multiple accounts.

With respect to many of its clients' accounts, NWQ determines which broker to use to execute transaction orders, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts, NWQ may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, NWQ may place separate, non-simultaneous, transactions for a Fund and other accounts which may temporarily affect the market price of the security or the execution of the transactions, or both, to the detriment of the Fund or the other accounts.

The Fund is subject to different regulation than other pooled investment vehicles and other accounts managed by the portfolio managers. As a consequence of this difference in regulatory requirements, the Fund may not be permitted to engage in all the investment techniques or transactions or to engage in these transactions to the same extent as the other accounts managed by the portfolio managers. Finally, the appearance of a conflict of interest may arise where NWQ has an incentive, such as a performance-based management fee, which relates to the management of some accounts, with respect to which a portfolio manager has day-to-day management responsibilities.

NWQ has adopted certain compliance procedures which are designed to address these types of conflicts common among investment managers. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

In addition, Merrill Lynch & Co., Inc. which was acquired by Bank of America Corporation ( Bank of America , and together with their affiliates, ML/BofA ), are indirect investors in Nuveen. While we do not believe that ML/BofA are affiliates of NWQ for purposes of the Investment Company Act of 1940, NWQ may determine to impose certain trading limitations in connection with ML/BofA broker-dealers.

#### **Item 8(a)(3). FUND MANAGER COMPENSATION**

NWQ offers a highly competitive compensation structure with the purpose of attracting and retaining the most talented investment professionals. These professionals are rewarded through a combination of cash and long-term incentive compensation as determined by the firm's executive committee. Total cash compensation (TCC) consists of both a base salary and an annual bonus that can be a multiple of the base salary. The firm annually benchmarks TCC to prevailing industry norms with the objective of achieving competitive levels for all contributing professionals. Available bonus pool compensation is primarily a function of the firm's overall annual profitability. Individual bonuses are based primarily on the following:

Overall performance of client portfolios

Objective review of stock recommendations and the quality of primary research

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Subjective review of the professional's contributions to portfolio strategy, teamwork, collaboration and work ethic. To further strengthen our incentive compensation package and to create an even stronger alignment to the long-term success of the firm, NWQ has made available to most investment professionals equity participation opportunities, the values of which are determined by the increase in profitability of NWQ over time.

Finally, some of our investment professionals have received additional remuneration as consideration for signing employment agreements. These agreements range from retention agreements to long-term employment contracts with significant non-solicitation and, in some cases, non-compete clauses.

**Item 8(a)(4). OWNERSHIP OF JTA SECURITIES AS OF DECEMBER 31, 2008**

**Name of Portfolio**

		<b>\$1 -</b>				<b>Over</b>
<b>Manager</b>	<b>None</b>	<b>\$10,000</b>	<b>\$10,001-\$50,000</b>	<b>\$50,001-\$100,000</b>	<b>\$100,001-\$500,000</b>	<b>\$1,000,000</b>
Jon Bosse	X					
Mike Carne	X					

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**ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.**

Not applicable.

**ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this Item.

**ITEM 11. CONTROLS AND PROCEDURES.**

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**ITEM 12. EXHIBITS.**

File the exhibits listed below as part of this Form. Letter or number the

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exhibits in the sequence indicated.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at [www.nuveen.com/etf](http://www.nuveen.com/etf) and there were no amendments during the period covered by this report. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.)

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT Attached hereto.

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed filed for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.  
(Registrant) Nuveen Tax-Advantaged Total Return Strategy Fund

By (Signature and Title) /s/ Kevin J. McCarthy  
Kevin J. McCarthy  
Vice President and Secretary

Date: March 9, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman  
Gifford R. Zimmerman  
Chief Administrative Officer  
(principal executive officer)

Date: March 9, 2009

By (Signature and Title) /s/ Stephen D. Foy  
Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: March 9, 2009