

February 12, 2014

Nadya B. Roytblat, Esq.
Assistant Chief Counsel
Office of Chief Counsel
Division of Investment Management
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-4041

Re: Nuveen Investment Funds, Inc., et al.

Dear Ms. Roytblat:

On behalf of Nuveen Investment Funds, Inc. (“NIF”) and each portfolio series thereof, Nuveen Fund Advisors, LLC (“Nuveen Advisors”) and U.S. Bank National Association (the “Bank”), we are writing to confirm the oral assurances provided on November 28, 2011 by the staff of the Division of Investment Management (the “Staff”) of the Securities and Exchange Commission (the “Commission”) that the Staff would not recommend enforcement action to the Commission against the Bank under Section 17(e)(1) of the Investment Company Act of 1940, as amended (the “1940 Act”), if the Bank serves as securities lending agent for the Lending Funds (as defined below) in reliance on *Norwest Bank Minnesota, N.A.*, SEC Staff No-Action Letter (pub. Avail. May 25, 1995) (the “Norwest Letter”) and, in its capacity as lending agent, negotiates Rebate Rates (as defined below) on behalf of each Lending Fund, under the circumstances described in this letter, including pursuant to the Spread Guidelines and subject to the Rebate Monitoring Procedures (each as defined below).

I. **Background**

NIF is a Maryland corporation registered with the Commission as a management investment company under the 1940 Act. NIF operates as a “series” company and currently has shares outstanding representing interests in 31 portfolio series (each, a “Nuveen Fund”). Each Nuveen Fund represents a separate investment portfolio that is managed in accordance with its own investment objectives and policies.

Nuveen Advisors is a Delaware limited liability company registered with the Commission as an investment adviser under the Investment Advisers Act of 1940, as amended. Nuveen Advisors serves as the investment adviser of each Nuveen Fund.

The Bank is a national banking association organized under the laws of the United States and is a subsidiary of U.S. Bancorp, a multi-state financial holding company headquartered in

Nadya B. Roytblat, Esq.
February 12, 2014
Page 2

Minneapolis, Minnesota. The Bank qualifies as a “bank” within the meaning of Section 2(a)(5) of the 1940 Act and provides a wide range of traditional banking products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions, including fiduciary services as a trustee and/or discretionary investment manager. In addition, the Bank provides custody, securities lending and related services for institutional accounts, including registered investment companies.

Currently, the Bank serves as the custodian and securities lending agent for certain of the Nuveen Funds (each, a “Lending Fund”) pursuant to a securities lending agency agreement (the “Securities Lending Agreement”) between the Bank and NIF, on behalf of each Lending Fund, that has been approved by the board of directors of NIF, acting on behalf of each Lending Fund (the “Board”).¹ In its capacity as securities lending agent, the Bank provides a variety of services that enable each Lending Fund to generate incremental income from lending portfolio securities to approved borrowers, for which the Bank receives compensation. These services include: entering into master loan agreements with borrowers; negotiating and effecting transactions on a loan-by-loan basis with borrowers; delivering securities to borrowers and receiving collateral from such borrowers; marking-to-market the value of the securities on loan and collateral for such loans and coordinating the return of excess collateral to the borrower and delivery of additional collateral from the borrower, as appropriate, during the term of each loan; investing cash collateral in accordance with directions from the Lending Fund; collecting from borrowers amounts payable by the issuer of the borrowed securities during the term of the loan; and coordinating the termination of each loan, including the return of borrowed securities and collateral and the distribution of amounts due and payable in connection with the loan. These services, and the role of Nuveen Advisors and the Board in overseeing certain aspects of the services, are described more fully below.

II. Issue Presented

In its capacity as trustee and/or discretionary investment manager of various fiduciary accounts, the Bank currently owns, controls or holds with power to vote 5% or more of the shares of one or more of the Lending Funds. From time to time, the Bank may also own beneficially more than 25% of the voting securities of one or more Lending Funds and, therefore, may be deemed to “control” such Lending Funds within the meaning of Section 2(a)(9) of the 1940 Act. By reason of these relationships, the Bank may be deemed to be an affiliated person (as defined in Section 2(a)(3) of the 1940 Act), or an affiliated person of an affiliated person, of each Lending Fund.²

¹ Each Lending Fund is permitted under its investment objectives, policies and restrictions to engage in securities lending.

² We have assumed for purposes of this letter that each Lending Fund would be considered a “person” within the meaning of Section 2(a)(3).

Nadya B. Roytblat, Esq.
February 12, 2014
Page 3

Section 17(e)(1) of the 1940 Act makes it unlawful for any affiliated person of a registered investment company, or any affiliated person of such a person, acting as agent, to accept from any source any compensation for the purchase or sale of any property to or for the investment company, subject to certain exceptions not relevant here. In the Norwest Letter, the Staff expressed the view that the loan of a security constitutes a “sale” of that security for purposes of Section 17(e)(1) of the 1940 Act.³ Accordingly, it may be unlawful under Section 17(e)(1) for the Bank to receive compensation from the Lending Funds for its services as a securities lending agent of the Lending Funds.

In the Norwest Letter, the Staff considered the circumstances in which an affiliated person of a registered investment company (or an affiliated person of such a person), acting as a lending agent for the investment company, may receive compensation for such services without violating Section 17(e)(1) of the 1940 Act. In the Norwest Letter, the Staff determined that many of the services performed by a lending agent are “typical of those performed by custodians for funds that do not lend securities,” such as “recordkeeping, delivering and accepting delivery of securities, and monitoring the value of securities and collateral” (referred to herein as “Administrative Lending Services”). The Staff concluded that compensation received by a lending agent for performing Administrative Lending Services does not fall within the scope of Section 17(e)(1).

In the Norwest Letter, the Staff contrasted Administrative Lending Services with other services commonly performed by lending agents that may involve the exercise of discretion, such as selecting borrowers, executing loan agreements (including negotiating loan terms), and investing cash collateral (referred to herein as “Other Lending Services”). The Staff concluded that Other Lending Services may implicate the concerns of Section 17(e)(1), particularly if the lending agent is permitted to exercise “unfettered discretion” in performing these services.⁴ Accordingly, the Staff concluded that the compensation received by a lending agent for performing Other Lending Services constitutes compensation “for the purchase or sale of property” within the meaning of Section 17(e)(1).

On the facts presented in the Norwest Letter, however, that Staff also concluded that the Other Lending Services performed by the lending agent “would present little opportunity for the types of conflicts that Section 17(e)(1) was designed to prevent” because the Other Lending Services would be performed by the lending agent “only in accordance with guidelines specified by the Fund’s adviser and under the adviser’s supervision.” Among other things, the Staff noted that

³ The Norwest Letter reaffirms the position previously taken by the Staff in *United Services Funds*, SEC Staff No-Action Letter (pub. avail. Apr. 23, 1993) (the “United Services Funds Letter”) with respect to the treatment of a securities loan as a “sale” for purposes of the 1940 Act.

⁴ See Norwest Letter at note 9 (contrasting the facts in the Norwest Letter with the facts in the *United Services Funds Letter*).

Nadya B. Roytblat, Esq.
February 12, 2014
Page 4

the lending agent in the Norwest Letter would be empowered to perform these services “only within specific written parameters established by the Fund’s adviser, making the [lending agent’s] role largely ministerial in nature.” Accordingly, the Staff provided assurances in the Norwest Letter that it would not recommend enforcement action to the Commission for violations of Section 17(e)(1) if the affiliated lending agent were to receive compensation for providing the Other Lending Services in the manner described therein.

Recognizing that there may be some uncertainty regarding the nature of the “guidelines” and “supervision” contemplated by the Norwest Letter, and consistent with our prior discussions with the Staff, we are seeking confirmation of the oral assurances previously provided by the Staff that it would not recommend enforcement action against the Bank for violations of Section 17(e)(1) if the Bank, in its capacity as lending agent for the Lending Funds, negotiates Rebate Rates on behalf of each Lending Fund under the circumstances described in this letter, including in accordance with the Spread Guidelines and subject to the Rebate Monitoring Procedures, each as described below.

III. Securities Lending Services Performed by the Bank for the Lending Funds

A. Overview of Securities Lending Services for the Lending Funds

NIF (with respect to each of the Lending Funds) and the Bank are parties to the Securities Lending Agreement, which authorizes the Bank to perform services, as agent for each Lending Fund, in connection with loans of securities to third parties (typically broker-dealers) that are eligible to borrow securities (each, a “Borrower”).⁵ Pursuant to the Securities Lending Agreement, the Bank is authorized to enter into a master borrowing agreement (a “Borrowing Agreement”) on behalf of each Lending Fund with each Borrower. Together, the Securities Lending Agreement and the Borrowing Agreement establish the principal terms and conditions of each loan, including: the types of securities available to be loaned; the initial and on-going collateralization requirements for each loan (including the types of instruments that may be accepted as collateral); the obligations of the Lending Fund to make payments to Borrowers with respect to cash received as collateral on loans; the obligations of the Borrower to make substitute payments to the Lending Fund for dividends and other distributions paid on loaned securities; the rights and obligations of the parties in the event of a default in connection with a loan; and the obligations, upon termination of a loan, of the Lending Fund to return the collateral and other amounts owed to the Borrower and of the Borrower to return the loaned securities to the Lending

⁵ The Board, based on advice from Nuveen Advisors and, to the extent the Board deems appropriate, independent consultants, is responsible for determining the extent to which any Lending Fund should engage in securities lending in the first place. The Bank does not provide recommendations to Nuveen Advisors or the Lending Funds with respect to the advisability of making specific securities available for loan. Furthermore, the Board and/or Nuveen Advisors may at any time direct the Bank to terminate any loan for any Lending Fund and/or refrain from making loans of all or any portion of a Lending Fund’s portfolio.

Nadya B. Roytblat, Esq.
February 12, 2014
Page 5

Fund (together with any substitute payments or other amounts owed by the Borrower to the Lending Fund). The Lending Funds may terminate the Securities Lending Agreement for any reason upon 30 days written notice to the Bank.

All securities loans for the Lending Funds are collateralized with cash equal to not less than 100% of the market value of the securities loaned at the inception of the loan. Consistent with the terms of the Securities Lending Agreement and each Borrowing Agreement, the Lending Fund (acting through the Bank) may invest the cash received as collateral during the term of the loan and retain the proceeds thereof as compensation for the loan, subject to an undertaking by the Lending Fund to pay the Borrower an amount determined based on a specified rate of interest (such rate, the "Borrower Rebate Rate") on such cash. In certain instances involving securities that are difficult to borrow, the Borrower may agree to forgo the receipt of interest on the cash collateral and may further commit to pay the lender an additional amount as consideration for the loan based on a specified rate of interest (such rate, the "Negative Rebate Rate") on such cash. The Borrower Rebate Rate or Negative Rebate Rate for a loan is referred to in this letter as the "Rebate Rate." The Rebate Rate for any loan is determined at the time of each loan by agreement between the Borrower and the Bank (as agent for the Lending Fund) based upon market factors that include (i) the supply of the particular security, (ii) demand by Borrowers for the particular security, (iii) the prevailing rates of interest in the market on overnight cash, (iv) the return that can reasonably be expected from an investment of the cash collateral in accordance with the Lending Fund's investment guidelines for cash collateral, (v) the creditworthiness of the Borrower and (vi) the level of collateralization for the loan. During the term of a loan, the Bank (as agent for the Lending Fund) and the Borrower may agree to modify the Rebate Rate, based on market and other factors.

During the term of each loan, the Lending Fund is entitled to receive the economic benefits of an owner of the securities that are the subject of the loan. The Borrower is obligated to make substitute payments to the Lending Fund in an amount equal to the amount of all dividends and distributions payable with respect to the loaned securities during the term of the loan. In addition, the Lending Fund retains the authority to terminate a loan at any time for any reason, including to exercise voting rights or receive dividend payments directly from the issuer or to participate in other corporate actions with respect to the issuer.

As the lending agent for NIF, the Bank is responsible for the following Administrative Lending Services with respect to each securities loan: effecting the delivery of securities to the Borrower at the time of the loan and the receipt of securities from the Borrower upon termination of the loan; daily reconciliation of loan positions and monitoring of compliance with applicable restrictions on loans; daily monitoring and marking to market the value of loaned securities and collateral; collecting additional collateral and/or returning excess collateral, as appropriate; monitoring and facilitating payment and recognition of corporate actions and dividend entitlements; coordinating the receipt of payments by Borrowers to the Lending Funds and/or

Nadya B. Roytblat, Esq.
February 12, 2014
Page 6

delivery of payments by Lending Funds to Borrowers in accordance with the terms of each loan; and providing such reports and performing such other administrative tasks as may be agreed upon from time to time between the Bank and NIF. Consistent with the Staff's position in the Norwest Letter, we do not believe that such Administrative Lending Services fall within the scope of Section 17(e)(1).

In addition to the foregoing Administrative Lending Services, the Bank is responsible for providing the following Other Lending Services: (i) soliciting Borrowers and/or receiving inquiries from Borrowers for the loan of securities; (ii) coordinating the investment of cash collateral in accordance with investment guidelines provided by the Lending Funds; and (iii) negotiating the Rebate Rate for each loan. These Other Lending Services are subject to the Securities Lending Agreement, the Spread Guidelines, the Rebate Monitoring Procedures, and other supervision by Nuveen Advisors and the Board.

B. Securities Lending Procedures and Spread Guidelines

The Board, including a majority of the members of the Board who are not "interested persons" of any Lending Fund within the meaning of Section 2(a)(19) of the 1940 Act (the "Independent Directors"), has adopted written procedures reasonably designed to provide for compliance by the Lending Funds with the guidance issued by the Commission and the Staff applicable to securities lending arrangements for registered management investment companies under the 1940 Act (as in effect from time to time, the "Securities Lending Procedures"). The Securities Lending Procedures require that Nuveen Advisors establish guidelines governing the Bank's performance with respect to the Other Lending Services, to the extent such guidelines are not provided in the Securities Lending Agreement. The Securities Lending Procedures also require that Nuveen Advisors provide periodic certifications as to compliance with such procedures. The Board periodically reviews the Securities Lending Procedures for appropriateness and may modify the Securities Lending Procedures at any time.

1. Selection of Borrowers

The Bank maintains a list of Borrowers that the Bank believes to be creditworthy and that are eligible to participate as borrowers of securities in the Bank's lending program ("Potential Borrowers"), but does not provide recommendations to Nuveen Advisors or the Board with respect to the approval of Borrowers. Under the Securities Lending Agreement, the Bank is only permitted to lend securities to those Potential Borrowers that have been approved by Nuveen Advisors or the Board. On behalf of the Lending Funds, Nuveen Advisors is authorized to prohibit or otherwise restrict lending activities for the Lending Funds with any Borrower. In no event may the Bank lend securities for a Lending Fund to any person that is an affiliated person of the Lending Fund or an affiliated person of such a person (including the Bank or any affiliated person of the Bank).

Nadya B. Roytblat, Esq.
February 12, 2014
Page 7

2. Investment of Cash Collateral

Under the Securities Lending Agreement, the Bank is only authorized to accept cash as collateral from Borrowers. The Bank invests all cash received as collateral in accordance with directions provided by NIF and/or Nuveen Advisors from time to time. The Bank does not make recommendations to the Board or Nuveen Advisors with respect to the investment of cash collateral. At the direction of the Board, including a majority of the Independent Directors, all cash collateral received from Borrowers in connection with loans by Lending Funds is currently being invested in the Prime Portfolio ("Prime Portfolio") of Mount Vernon Securities Lending Trust. The Mount Vernon Securities Lending Trust is registered with the Commission as an open-end management investment company under the 1940 Act, and the Prime Portfolio operates as a "money market mutual fund" in accordance with Rule 2a-7 under the 1940 Act.

3. Negotiation of Rebate Rates

When the Bank enters into a securities loan on behalf of a Lending Fund, it negotiates the Rebate Rate with the Borrower. The Bank does not submit the Rebate Rate to Nuveen Advisors for pre-approval. This is consistent with industry practice. By virtue of its position in the market, the Bank has access to the information needed to determine the appropriate Rebate Rate for a particular loan (including the supply of and demand for the particular security being loaned) and the experience to make effective use of that information. Although it would be possible for the Bank to submit each loan to Nuveen Advisors for pre-approval, such pre-approval would be of little value because Nuveen Advisors would not have an independent basis on which to grant or withhold approval. Moreover, the process of obtaining such pre-approval would result in delays in execution and loss of loan opportunities for the Lending Funds.

Although Nuveen Advisors does not pre-approve Rebate Rates, it has established guidelines (the "Spread Guidelines") and post-trade Rebate Monitoring Procedures (the "Rebate Monitoring Procedures") as described below, which the Bank believes appropriately address the conflicts that Section 17(e)(1) of the 1940 Act was designed to prevent. The Spread Guidelines currently provide that the expected Spread (as defined below) at the inception of a loan (based on the Rebate Rate that is then being negotiated and the expected end-of-day yield on the reinvestment of the cash collateral to be delivered in connection with such loan) may not be less than (i) 4 basis points for loans of U.S. government and agency securities (including agency mortgage-backed securities) or (ii) 6 basis points for all other securities.⁶ As used in this letter and in the Spread Guidelines, the term "Spread" means, with respect to any loan, the rate of return on the investment of cash collateral received in connection with such loan, reduced by the Borrower Rebate Rate (or increased by any Negative Rebate Rate) on such loan. In establishing the Spread

⁶ For purposes of applying the Spread Guidelines, any renegotiation of the Rebate Rate with respect to an outstanding securities loan would be tested against the Spread Guidelines as if it were a new securities loan.

Nadya B. Roytblat, Esq.
February 12, 2014
Page 8

Guidelines, Nuveen Advisors: took into account the risks and expected returns of lending the relevant securities, including the likelihood of Borrower defaults; the costs associated with purchasing replacement securities in the market in the event of a default; the historical price volatility of the securities to be loaned; and the expected yield on the investment of the cash collateral to be delivered in connection with securities loans.

The Board, including a majority of the Independent Directors, has reviewed the Spread Guidelines and found them to be appropriate. Nuveen Advisors is responsible for monitoring the continuing appropriateness of the Spread Guidelines and may modify them at any time. Nuveen Advisors is required to promptly notify the Board, or a designated committee of the Board, of any material changes to the Spread Guidelines, together with an explanation of the reasons for the changes.

C. Rebate Monitoring Procedures

In addition to the Spread Guidelines, Nuveen Advisors has established monitoring and reporting requirements (referred to herein as the “Rebate Monitoring Procedures”) reasonably designed to provide Nuveen Advisors with a meaningful basis for evaluating the quality of the Bank’s negotiation of Rebate Rates on behalf of the Lending Funds.

Under the Rebate Monitoring Procedures, the Bank promptly notifies Nuveen Advisors if a loan on any day earns a Spread that is less than the required minimum Spread at inception. In such event, Nuveen Advisors determines how to proceed with respect to such loan, taking into account relevant factors, including the magnitude of the difference between the actual and the required minimum Spread, whether the failure to achieve the minimum Spread is temporary or is expected to persist, and whether the minimum Spread is expected to be realized over the life of the securities loan.

In addition, the Bank monitors on a daily basis market information on Rebate Rates that is compiled by an independent third party using information it receives from multiple securities lending agents, to the extent such information is available, and reports to Nuveen Advisors on a daily basis any amount (the “Rebate Amount”) paid to or received from a Borrower that is materially more favorable to the Borrower than the Rebate Amount that would be paid based on Rebate Rates (including Negative Rebate Rates) that are generally available in the market for loans of the same securities to similar borrowers on an agency basis. Each such report includes an explanation of any such discrepancy. With respect to each such report, Nuveen Advisors takes such action as it deems appropriate under the circumstances.

Nuveen Advisors has described to the Board the oversight responsibilities of Nuveen Advisors with respect to the securities lending activities of the Lending Funds, including the Rebate Monitoring Procedures. Nuveen Advisors provides quarterly reports to the Board (or a designated committee thereof) listing any exceptions identified under the Rebate Monitoring

Nadya B. Roytblat, Esq.
February 12, 2014
Page 9

Procedures during the prior quarter and explaining the actions taken by Nuveen Advisors and the Bank in connection therewith.

D. Additional Reporting by the Bank

In addition to its reporting under the Rebate Monitoring Procedures, the Bank makes the following information and reports available to Nuveen Advisors with respect to each Lending Fund: (i) daily information on the terms of each outstanding loan, including Borrower, loan amount, Rebate Rate, cash reinvestment rate, and Spread, each with respect to the previous business day; (ii) monthly reports showing, on a Borrower by Borrower basis, earnings from cash collateral reinvestment, Rebate Amounts paid to or received from the Borrower, fees paid to the Bank, and net earnings to the Lending Fund; and (iii) quarterly reports (which are also provided to the Board) showing, on a Lending Fund by Lending Fund basis, weighted average Spreads, quarterly earnings information, and the percentage of available securities that were on loan during the period. The Bank also provides, on an annual basis, such information as may be requested in connection with the Board's annual review described below.

On a quarterly basis, the Bank provides a certification from an appropriate officer as to compliance by the Bank with the terms of the Securities Lending Agreement and other matters relating to its performance of services as lending agent to the Lending Funds and its maintenance and preservation of records of loans made on behalf of the Lending Funds. Among other things, such certification verifies that securities were loaned only to approved Borrowers (and not to affiliated persons of the Bank) and that all loans were appropriately collateralized consistent with the terms of the Securities Lending Agreement.

In addition, the Bank provides Nuveen Advisors and the Board with any other information regarding the Bank's securities lending program that may be necessary or appropriate for Nuveen Advisors to supervise the Bank's provision of services or for the Board to determine whether the overall arrangement produces results that are fair and reasonable to the Lending Funds.

In supervising the activities of the Bank as securities lending agent for the Lending Funds, Nuveen Advisors acts through personnel who have the experience and expertise to evaluate the information provided by the Bank to Nuveen Advisors and the Board, and to make informed determinations regarding the Bank's performance as securities lending agent.

Nuveen Advisors uses the reports and other information provided by the Bank to evaluate the overall quality of the Bank's securities lending program. If such reports or other information indicate that the program is not producing risk-adjusted returns that are, in the opinion of Nuveen Advisors, reasonable to the Lending Funds, Nuveen Advisors will investigate the reasons for this result and make recommendations to the Board regarding whether the Lending Funds should continue to participate in the Bank's securities lending program.

Nadya B. Roytblat, Esq.
February 12, 2014
Page 10

E. Periodic Review and Approval by the Board

The Board has approved the participation by the Lending Funds in the Bank's securities lending program and the fee to be paid to the Bank under the Securities Lending Agreement. The Board considers, no less frequently than annually, whether the continued participation by each Lending Fund in the Bank's securities lending program is in the best interests of the Lending Fund and its shareholders, and such participation is only continued if the Board, including a majority of the Independent Directors, determines that (i) the services performed by the Bank are required by the Lending Fund, (ii) the nature and quality of the securities lending services provided by the Bank are at least equal to those provided by others offering the same or similar services and (iii) the fees for the Bank's services are fair and reasonable in light of the usual and customary charges imposed by others for services of the same nature and quality.⁷

As part of its review, the Board receives reports from Nuveen Advisors and the Bank and reviews the performance of the Lending Funds' securities lending activities, taking into account the earnings of the Lending Funds from securities lending, fees paid by the Lending Funds, the risks associated with securities lending, any recommendations of Nuveen Advisors, and other relevant factors. Also as part of its review, the Board may make use of the services of one or more independent consultants to assist it in analyzing the foregoing factors and to provide comparative performance and expense information for registered investment companies that participate in other securities lending programs.

IV. Conclusion

We respectfully request that the Staff confirm the oral assurances provided to the Bank on November 28, 2011 by advising us that it will not recommend enforcement action to the Commission against the Bank under Section 17(e)(1) if the Bank serves as securities lending agent for the Lending Funds in reliance on the Norwest Letter and, in its capacity as lending agent, negotiates Rebate Rates on behalf of each Lending Fund under the circumstances described in this letter, including in accordance with the Spread Guidelines and subject to the Rebate Monitoring Procedures.

⁷ The compensation paid by the Lending Funds to the Bank under the Securities Lending Agreement is negotiated between the Board and the Bank from time to time, consistent with the foregoing standard. Currently, the fees payable to the Bank are structured in a manner that does not result in a "joint enterprise or other joint arrangement" between the Bank and the Lending Funds within the meaning of Rule 17d-1.

Nadya B. Roytblat, Esq.
February 12, 2014
Page 11

Should you have any questions related to these matters, please do not hesitate to call the undersigned at (617) 570-1558 or Thomas J. LaFond at (617) 570-1990.

Sincerely,



Philip H. Newman

cc: Eric F. Fess, Esq.
Thomas J. LaFond, Esq.