NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSR
October 08, 2015

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 811-21137

Nuveen Quality Preferred Income Fund 2

(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: July 31

Date of reporting period: July 31, 2015

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

Closed-End Funds

Nuveen Investments
Closed-End Funds

Annual Report July 31, 2015

JTP
Nuveen Quality Preferred Income Fund

JPS
Nuveen Quality Preferred Income Fund 2

JHP
Nuveen Quality Preferred Income Fund 3

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Chairman s Letter

to Shareholders

Dear Shareholders,

For better or for worse, the financial markets have spent the past year waiting for the U.S. Federal Reserve (Fed) to end its ultra-loose monetary policy. The policy has propped up stock and bond markets since the Great Recession, but the question remains: how will markets behave without its influence? This uncertainty has been a considerable source of volatility for stock and bond prices lately, despite the Fed carefully conveying its intention to raise rates slowly and only when the economy shows evidence of readiness.

A large consensus expects at least one rate hike before the end of 2015. After all, the U.S. has reached full employment by the Fed s standards and growth has resumed albeit unevenly. But the picture remains somewhat uncertain. Inflation has remained stubbornly low, most recently weighed down by an unexpectedly sharp decline in commodity prices since mid-2014. With the Fed poised to tighten and foreign central banks easing, the U.S. dollar has surged against other currencies, which has weighed on corporate earnings and further contributed to commodity price weakness. U.S. consumers have benefited from an improved labor market and lower prices at the gas pump, but the overall pace of economic expansion has been lackluster.

Nevertheless, the global recovery continues to be led by the United States. Policy makers around the world are deploying their available tools to try to bolster Europe and Japan s fragile growth, and manage China s slowdown. Contagion fears ebb and flow with the headlines about Greece and China. Greece reluctantly agreed to a third bailout package from the European Union in July and China s central bank and government intervened aggressively to try to stem the sell-off in stock prices. But persistent structural problems in these economies will continue to garner market attention.

Wall Street is fond of saying markets don t like uncertainty, and asset prices are likely to continue to churn in the current macro environment. In times like these, you can look to a professional investment manager with the experience and discipline to maintain the proper perspective on short-term events. And if the daily headlines do concern you, I encourage you to reach out to your financial advisor. Your financial advisor can help you evaluate your investment strategies in light of current events, your time horizon and risk tolerance. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

William J. Schneider

Chairman of the Board

September 21, 2015

Portfolio Managers

Comments

Nuveen Quality Preferred Income Fund (JTP)

Nuveen Quality Preferred Income Fund 2 (JPS)

Nuveen Quality Preferred Income Fund 3 (JHP)

The Funds are sub-advised by a team of specialists at Spectrum Asset Management, a wholly owned subsidiary of Principal Global Investors, LLC. Mark Lieb and Phil Jacoby lead the team. Here Mark and Phil discuss U.S. economy and equity markets, their management strategy and the performance of the Funds for the twelve-month reporting period ended July 31, 2015.

What factors affected the U.S. economy and domestic and global markets during the twelve-month reporting period ended July 31, 2015?

During this reporting period, the U.S. economy continued to expand at a moderate pace. The Federal Reserve (Fed) maintained efforts to bolster growth and promote progress toward its mandates of maximum employment and price stability by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008. At its October 2014 meeting, the Fed announced that it would end its bond-buying stimulus program as of November 1, 2014, after tapering its monthly asset purchases of mortgage-backed and longer-term Treasury securities from the original $85 billion per month to $15 billion per month over the course of seven consecutive meetings (December 2013 through September 2014). In making the announcement, the Fed cited substantial improvement in the outlook for the labor market since the inception of the current asset purchase program as well as sufficient underlying strength in the broader economy to support ongoing progress toward maximum employment in a context of price stability. The Fed also reiterated that it would continue to look at a wide range of factors, including labor market conditions, indicators of inflationary pressures and readings on financial developments, in determining future actions. Additionally, the Fed stated that it would likely maintain the current target range for the fed funds rate for a considerable time after the end of the asset purchase program, especially if projected inflation continues to run below the Fed s 2% longer run goal. However, if economic data shows faster progress, the Fed indicated that it could raise the fed funds rate sooner than expected.

The Fed changed its language slightly in December, indicating it would be patient in normalizing monetary policy. This shift helped ease investors worries that the Fed might raise rates too soon. However, as employment data released early in the year continued to look strong, anticipation began building that the Fed could raise its main policy rate as soon as June. As widely expected, after its March meeting, the Fed eliminated patient from its statement but also highlighted the policy makers less optimistic view of the economy s overall health as well as downgraded their inflation projections. The Fed s April meeting seemed to further signal that a June rate hike was off the table. While the Fed

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking

statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor s (S&P), Moody s Investors Service, Inc. (Moody s) or Fitch, Inc. (Fitch). Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

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

Portfolio Managers Comments (continued)

attributed the first quarter s economic weakness to temporary factors, the meeting minutes from April revealed that many Committee members believed the economic data available in June would be insufficient to meet the Fed s criteria for initiating a rate increase. The June meeting bore out that presumption, and the Fed decided to keep the target rate near zero. But the Committee also continued to telegraph the likelihood of at least one rate increase in 2015, which many analysts forecasted for September. During the September 2015 meeting (subsequent to the close of this reporting period), the Fed decided to keep the federal funds rate near zero despite broad speculation it would increase rates. The Committee said it will keep the rate near zero until the economy has seen further improvement toward reaching the Fed s goals of maximum employment and inflation approaching two percent.

According to the government s revised estimate, the U.S. economy increased at a 3.7% annualized rate in the second quarter of 2015, as measured by GDP, compared with a decrease of 0.6% in the first quarter of 2015 and increases of 5.0% in the third quarter 2014 and 2.2% in the fourth quarter 2014. The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures, exports, state and local government spending, and residential fixed investment that were partly offset by negative contributions from federal government spending, private inventory investment, and nonresidential fixed investment. The Consumer Price Index (CPI) increased 0.1% year-over-year as of July 2015. The core CPI (which excludes food and energy) increased 0.1% during the same period, below the Fed s unofficial longer term inflation objective of 2.0%. As of July 2015, the U.S. unemployment rate was 5.3%, a level not seen since mid-2008. This figure is also considered full employment by some Fed officials. The housing market continued to post consistent gains as of its most recent reading in June 2015. The average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 4.5% for the twelve months ended June 2015 (most recent data available at the time this report was prepared).

At the start of the reporting period, the Federal Open Market Committee raised concern over potential excesses created by its highly accommodative monetary policies, which led to a shallow correction in the S&P 500® late last summer and early fall. Deflation and slow growth has kept both the European Central Bank (ECB) and the Bank of Japan (BOJ) in accommodative positions. The ECB began a quantitative easing (QE) program in March and the BOJ has one well underway. The implication of easy money from the foreign central banks is that the U.S. economy becomes a marginal loser as its exports (and corporate earnings translations) slow from persistent U.S. dollar strength. In addition, plummeting oil prices only adds more uncertainty to the geopolitical balance and investment in U.S. production. Long U.S. Treasury bond yields dropped by 110 basis points (bps) during the reporting period to an all-time low of just 2.22% and then rose by 75 bps so it has been a roller coaster ride for rates as the markets try to anticipate either a rate hike or more delays by the Fed. As we closed the reporting period, Greece appeared set to leave the Euro currency, but an exhaustive process of brinksmanship and negotiations prevented that from happening. Commodities were also in the headlines and reaching a 10 year low. While the preferred market was positive for the reporting period, the $25 par market outperformed the $1,000 par market. The $1,000 par dominated Barclays Capital Securities Index posted a 3.3% return during the reporting period and the $25 par dominated BofA/Merrill Lynch Preferred Securities Fixed Rate Index posted a 7.3% return.

What key strategies were used to manage the Funds during the twelve-month reporting period ended July 31, 2015?

The investment objective of each Fund is to seek high current income consistent with capital preservation with a secondary objective to enhance portfolio value relative to the broad market for preferred securities. Under normal market conditions, the Funds seek to invest at least 80% of their net assets in preferred securities and up to 20% of their net assets in debt securities, including convertible debt and convertible preferred securities.

Our broad strategy is to maintain a balance between the individual investor-oriented $25 par preferred types (traded on the NYSE) and the institutional investor-oriented $1,000 par types (traded over-the-counter). Both types of securities offer performance opportunities which, together with broad diversification benefits, help to produce value relative to the broad market in preferred securities. We keep a risk-averse posture toward security structure and portfolio structure, which is an important core aspect of our efforts to preserve capital and provide attractive income relative to investment grade and senior corporate credit.

Extension risk (the probability of loss from rising interest rates that may slow the rate at which the principal amounts on loans will be prepaid) is most prevalent in the $25 par sector and also to certain fixed-to-floating rate structures. Spectrum s investment process intends to mitigate this risk through security selection. For example, we seek to maximize coupon and call option terms, which should reduce the price risk of higher rates. Certain fixed-to-floating rate structures with low floating reset rates have been largely avoided, which was particularly fortuitous over the course of the last six months as these types of securities have materially price corrected to reflect extended floating rate periods.

How did the Funds perform during the twelve-month reporting period ended July 31, 2015?

The tables in the Performance Overview and Holding Summaries section of this report provide total return performance for each Fund for the one-year, five-year and ten-year periods ended July 31, 2015. For the twelve-month reporting period ended July 31, 2015, all three Funds common shares at net asset value (NAV) outperformed the Barclays U.S. Aggregate Bond Index. JTP and JHP outperformed the Blended Benchmark, but JPS underperformed the Blended Benchmark.

Overall, total return performance in preferred securities was aided by two factors: 1) the general decline in U.S. Treasury rates despite increased volatility, and 2) outperformance by the $25 par sector relative to the $1,000 par sector during most of the reporting period. Retail structures such as PNC Financial Services 6.125%, Deutsche Bank Capital Funding 6.550% and Aegon N.V. 6.375% were among the better performing $25 par preferred securities. The main detractors, which were $1,000 par preferred securities, included Dominion Resources Inc. 7.500%, FPL Group Capital Inc. 6.650% and Catlin Insurance Company Limited 7.249%, which the market believes will not be called when the call options become active in the next year or two.

We position the Funds to play the middle of the yield curve on average by being moderately underweight the $25 par sector and overweight the more intermediate $1,000 par sector. The Funds are positioned this way because the $25 par (retail) sector has marginally more duration risk if longer rates move higher than anticipated. Although being moderately underweight the best performing sector held back relative performance somewhat, maintaining an underweight to the optionality of this longer duration sector in favor of more intermediate duration capital securities helps to mitigate longer run price risk if rates rise materially. For example, we estimate that if long rates were to rise by 100 bps, the Fund s duration increase should be limited to 0.7 years which would translate into a 6.9 year duration from the current 6.2 year duration at the end of the reporting period.

We believe the Fed is likely to raise rates by the end of the calendar year. We do not believe that this will impact longer term rates all that much because of deflation risks around the world. Market disruptions are often quickly soothed by policymakers, which has tended to make corrections brief and shallow. We believe that the hybrid market should be a source of cushion paper supported by the generally high relative yield, moderate duration and tightening spreads.

Fund

Leverage

IMPACT OF THE FUNDS LEVERAGE STRATEGIES ON PERFORMANCE

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

The Funds also continued to use swap contracts to partially fix the interest cost of leverage, which as mentioned previously, is through bank borrowings. During this reporting period, these swap contracts detracted from overall Fund performance.

As of July 31, 2015, the Funds percentages of leverage are shown in the accompanying table.

	JTP	JPS	JHP
Effective Leverage*	28.48%	28.40%	28.28%
Regulatory Leverage*	28.48%	28.40%	28.28%

* Effective Leverage is a Fund s effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund s portfolio that increase the Fund s investment exposure. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of a Fund s capital structure. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

THE FUNDS REGULATORY LEVERAGE

Bank Borrowings

The Funds employ regulatory leverage through the use of bank borrowings. As of July 31, 2015, the Funds outstanding bank borrowings are as shown in the accompanying table.

	JTP	JPS	JHP
Bank Borrowings	$ 235,000,000	$ 465,800,000	$ 89,000,000

Refer to Notes to Financial Statements, Note 8 Borrowing Arrangements for further details.

Common Share

Information

COMMON SHARE DISTRIBUTION INFORMATION

The following information regarding the Funds distributions is current as of July 31, 2015. Each Fund s distribution levels may vary over time based on each Fund s investment activity and portfolio investment value changes.

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

	Per Common Share Amounts		
Ex-Dividend Date	**JTP**	**JPS**	**JHP**
August 2014	$ 0.0520	$ 0.0550	$ 0.0520
September	0.0520	0.0550	0.0520
October	0.0520	0.0550	0.0520
November	0.0520	0.0550	0.0520
December	0.0530	0.0560	0.0535
January	0.0550	0.0580	0.0560
February	0.0550	0.0580	0.0560
March	0.0550	0.0580	0.0560
April	0.0550	0.0580	0.0560
May	0.0550	0.0580	0.0560
June	0.0550	0.0580	0.0560
July 2015	0.0550	0.0580	0.0560
Ordinary Income Distribution*	$ 0.0905	$ 0.0488	$ 0.0634
Current Distribution Rate**	8.15%	7.67%	8.04%

* Distribution paid in December 2014.

** Current distribution rate is based on the Fund s current annualized monthly distribution divided by the Fund s current market price. The Fund s monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the fiscal 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.

Each Fund in this report seeks to pay regular monthly dividends out of its net investment income at a rate that reflects its past and projected net income performance. To permit each Fund to maintain a more stable monthly dividend, the Fund may pay dividends at a rate that may be more or less than the amount of net income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it will hold the excess in reserve as undistributed net investment income (UNII) as part of the Fund s net asset value. Conversely, if a Fund has cumulatively paid in dividends more than it has earned, the excess will constitute a negative UNII that will likewise be reflected in the Fund s net asset value. Each Fund will, over time, pay all its net investment income as dividends to shareholders.

As of July 31, 2015, the Funds had positive UNII balances for tax purposes and positive UNII balances for financial reporting purposes.

All monthly dividends paid by each Fund during the current reporting period, were paid from net investment income. If a portion of the Fund s monthly distributions was sourced from or comprised of elements other than net investment income, including capital gains and/or a return of capital, shareholders would have received a notice to that effect. For financial reporting purposes, the composition and per share amounts of each Fund s dividends for the reporting period

Common Share Information (continued)

are presented in this report s Statement of Changes in Net Assets and Financial Highlights, respectively. For income tax purposes, distribution information for each Fund as of its most recent tax year end is presented in Note 6 Income Tax Information within the Notes to Financial Statements of this report.

COMMON SHARE REPURCHASES

During August 2015 (subsequent to the close of this reporting period), the Funds Board of Trustees reauthorized an open-market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding shares.

As of July 31, 2015, and since the inception of the Funds repurchase programs, the Funds have cumulatively repurchased and retired their outstanding common shares as shown in the accompanying table.

	JTP	JPS	JHP
Common shares cumulatively repurchased and retired	5,000	0	60,000
Common shares authorized for repurchase	6,465,000	12,040,000	2,365,000

During the current reporting period, the Funds repurchased and retired common shares at a weighted average price and a weighted average discount per common share as shown in the accompanying table.

	JTP	JPS	JHP
Common shares repurchased and retired	5,000	0	40,000
Weighted average price per common share repurchased and retired	$7.94	$0	$8.35
Weighted average discount per common share repurchased and retired	13.98%	0%	12.95%

COMMON SHARE EQUITY SHELF PROGRAMS

JTP, JPS and JHP each filed registration statements with the SEC authorizing each Fund to issue an additional 6.4 million, 12.0 million and 2.3 million common shares, respectively, through equity shelf programs, which are not yet effective.

Under these equity shelf programs, the Funds, subject to market conditions, may raise additional capital from time to time in varying amounts and offering methods at a net price at or above each Fund s net asset value (NAV) per common share.

OTHER COMMON SHARE INFORMATION

As of July 31, 2015, and during the current reporting period, the Funds common share prices were trading at premium/(discount) to their common share NAVs as shown in the accompanying table.

	JTP	JPS	JHP
Common share NAV	$9.13	$9.75	$9.53
Common share price	$8.10	$9.08	$8.36
Premium/(Discount) to NAV	(11.28)%	(6.87)%	(12.28)%

12-month average premium/(discount) to NAV	(10.01)%	(8.98)%	(11.68)%

Risk

Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation.

Nuveen Quality Preferred Income Fund (JTP)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Preferred securities** are subordinated to bonds and other debt instruments in a company s capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Leverage** increases return volatility and magnifies the Fund s potential return and its risks; there is no guarantee a fund s leverage strategy will be successful. These and other risks such as **concentration** and **foreign securities** risk are described in more detail on the Fund s web page at www.nuveen.com/JTP.

Nuveen Quality Preferred Income Fund 2 (JPS)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Preferred securities** are subordinated to bonds and other debt instruments in a company s capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Leverage** increases return volatility and magnifies the Fund s potential return and its risks; there is no guarantee a fund s leverage strategy will be successful. These and other risks such as **concentration** and **foreign securities** risk are described in more detail on the Fund s web page at www.nuveen.com/JPS.

Nuveen Quality Preferred Income Fund 3 (JHP)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Preferred securities** are subordinated to bonds and other debt instruments in a company s capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Leverage** increases return volatility and magnifies the Fund s potential return and its risks; there is no guarantee a fund s leverage strategy will be successful. These and other risks such as **concentration** and **foreign securities** risk are described in more detail on the Fund s web page at www.nuveen.com/JHP.

JTP

Nuveen Quality Preferred Income Fund

Performance Overview and Holding Summaries as of July 31, 2015

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

Average Annual Total Returns as of July 31, 2015

		Average Annual	
	1-Year	**5-Year**	**10-Year**
JTP at Common Share NAV	6.17%	11.10%	3.67%
JTP at Common Share Price	5.95%	9.42%	3.55%
Barclays U.S. Aggregate Bond Index	2.82%	3.27%	4.61%
Blended Benchmark (Comparative Index)	5.73%	8.13%	4.66%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index return information is provided for the Fund s shares at NAV only. Indexes are not available for direct investment.

Common Share Price Performance Weekly Closing Price

This data relates to the securities held in the Fund s portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor s, Moody s Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

Fund Allocation

(% of net assets)

Convertible Preferred Securities	1.3%
$25 Par (or similar) Retail Preferred	49.4%
Corporate Bonds	6.5%
$1,000 Par (or similar) Institutional Preferred	79.9%
Investment Companies	1.1%
Repurchase Agreements	2.4%
Other Assets Less Liabilities	(0.8)%
Net Assets Plus Borrowings	**139.8%**
Borrowings	(39.8)%
Net Assets	**100%**

Portfolio Composition

(% of total investments)[1]

Banks	34.8%
Insurance	32.1%
Capital Markets	7.1%
Real Estate Investment Trust	6.9%
Electric Utilities	4.1%
Wireless Telecommunication Services	2.4%
Other	10.1%
Investment Companies	0.8%
Repurchase Agreements	1.7%
Total	**100%**

Country Allocation

(% of total investments)[1]

United States	64.4%
United Kingdom	11.1%
Netherlands	5.6%
Japan	3.7%
Switzerland	3.5%
Other	11.7%
Total	**100%**

Top Five Issuers

(% of total investments)[1]

Prudential PLC	4.2%
HSBC Holdings PLC	3.7%
General Electric Capital Corporation	3.7%
PNC Financial Services	3.4%
Bank of America Corporation	3.1%

Credit Quality

(% of total long-term fixed-income investments)