

Nuveen Mortgage Opportunity Term Fund  
Form N-CSRS  
September 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 811-22329  
Nuveen Mortgage Opportunity Term 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: June 30, 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

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

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

**ITEM 1. REPORTS TO STOCKHOLDERS.**

**Closed-End Funds**

Nuveen Investments  
**Closed-End Funds**

**Semi-Annual Report** June 30, 2015

**JLS**  
Nuveen Mortgage Opportunity Term Fund

**JMT**  
Nuveen Mortgage Opportunity Term Fund 2

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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 is somewhat muddled. 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 U.S. 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

August 24, 2015

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## Portfolio Manager s

### Comments

Nuveen Mortgage Opportunity Term Fund (JLS)

Nuveen Mortgage Opportunity Term Fund 2 (JMT)

*The investment adviser for both Funds is Nuveen Fund Advisors, LLC (NFA), an affiliate of Nuveen Investments, Inc. NFA is responsible for determining each Fund s overall investment strategy and monitoring the performance of Wellington Management Company LLP (Wellington Management), the sub-adviser for both Funds.*

*Wellington Management is responsible for implementing each Fund s direct investments in mortgage-backed securities and other permitted investments. Michael Garrett serves as portfolio manager for these Funds.*

*Here Michael talks about his management strategy and the performance of the Funds for the six-month reporting period ended June 30, 2015.*

### **What key strategies were used to manage the Funds during this six-month reporting period ended June 30, 2015?**

Both Funds seek to generate total returns by investing in a diverse portfolio of mortgage-backed securities (MBS), consisting primarily of non-agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). Under normal circumstances, both Funds will invest at least 80% of their managed assets in MBS, primarily non-agency RMBS and CMBS. Additionally, both JLS and JMT may be leveraged directly to a maximum effective leverage of 33% of their total net assets. The Funds have a limited term of ten years from each Fund s inception, (JLS 11/25/09 and JMT 2/23/10), at which time each Fund s net assets will be distributed to shareholders of record.

During the reporting period, Wellington Management moved to a neutral outlook for CMBS, continuing to believe that the non-agency RMBS sector offered better relative value, and positioning the Funds accordingly. The Funds continue to be conservatively positioned within RMBS, with a bias toward higher quality collateral to try to mitigate against downside risk in the event of a prolonged path toward economic recovery.

CMBS posted positive absolute returns during the six-month reporting period. CMBS index spreads ended the reporting period modestly wider, amid the volatility in rates and credit markets. Commercial real estate (CRE) fundamentals remain healthy, supported by the positive economic backdrop in the United States. Supply remains limited across most sectors with the exception of the multi-family homes segment, which has expanded to meet strong demand. Occupancy and rents have risen while capitalization rates have been range bound, resulting in continued CRE price appreciation. Commercial property prices, according to the Moody s/RCA Commercial Property Price Index (CPPI), were up 4.5% for the trailing three-months through May 2015, led by major markets which posted a 5.5% increase. With fundamentals improving, issuance has picked up, year-to-date through June 2015, CMBS issuance stood at \$86.8 billion, almost \$20 billion higher than a year ago. Underwriting standards continue to deteriorate with an increase in leverage and

**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 manager 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 Manager's Comments** (continued)

more interest only loans, however. Overall, this requires judicious security selection, both within and across deals. Rising interest rates are a risk factor, but accompanied by a recovering economy and improving rents, the impact on CMBS should be limited.

The non-agency RMBS market generated positive returns during the six-month reporting period. The pace of home price appreciation has been healthy, with the S&P/Case Shiller 20-City Composite Index up 4.9% year over year through the end of April 2015, compared with an increase of 4.4% in calendar year 2014. The U.S. economy continued to grow with housing affordability normalizing though mortgage credit remained tight. We anticipate the housing market to continue its slow, but sustainable recovery. The performance of non-agency collateral continued to improve as defaults moderate further and prepayments are up. Conditions remain elevated despite the appreciation in home prices, due to the shift in mix towards judicial foreclosure states among the remaining distressed loans. Within legacy non-agency RMBS, net negative issuance combined with investor demand continued to provide a positive tailwind.

Wellington Management maintained a constructive outlook on most non-agency RMBS, given the continuing recovery of the U.S. housing market and the positive technical tailwind. They continued to believe legacy RMBS offer some of the most attractive risk/return trade-offs in U.S. fixed income markets. Wellington Management also favors the agency credit risk transfer (CRT) sector which continues to grow and offers attractive opportunities in pristine post-crisis mortgage credit.

**How did the Funds perform during this six-month reporting period ended June 30, 2015?**

The tables in the Performance Overview and Holding Summaries section of this report provide total returns for the six-month, one-year, five-year and since inception periods ended June 30, 2015. Each Fund's total returns at net asset value (NAV) are compared with the performance of a corresponding market index. For the six-month reporting period, the Funds' total returns at NAV outperformed the Barclays U.S. Aggregate Bond Index. This index reflects the general performance of the bond market over these periods, but not the specific MBS market in which the Funds primarily invest.

The total returns of the Funds were positive, as all of the securitized sectors generated positive returns for the six-month reporting period. Within the Funds, returns for the reporting period were positive across the broad sectors. The primary contributor to performance was an allocation to residential credit, particularly the higher quality sectors (Alt-A and Prime). An allocation to CMBS also positively impacted performance during the reporting period, primarily driven by legacy issues (securities issued prior to January 1, 2009).

Wellington Management's approach to sector allocation has remained consistent since the Funds' launch. Both Funds seek to generate total returns by investing in a diverse portfolio of MBS consisting primarily of non-agency RMBS and CMBS. While they are neutral on CMBS, Wellington Management continues to favor residential credit from a relative value perspective and have a bias to the higher quality collateral types within each sector. With an emphasis on the long-term, Wellington Management continued to focus on finding opportunities to add securities that were best positioned to provide stability of principal and attractive income over the duration of the Funds' limited terms.

Detracting from performance were BBB rated CMBS as their spreads widened amid the broader volatility in credit markets, and select single borrower deals also proved unfavorable for performance. Additionally, the Funds shorted short-term U.S. Treasury futures contracts to hedge against potential increases in interest rates. The effect on performance was modestly negative during the period, as short-term interest rates generally moved lower.

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

One important factor impacting the return of the Funds relative to their comparative 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 shareholders. However, use of leverage also can expose shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on NAV and total return is magnified by the use of leverage. Conversely, leverage may enhance returns during periods when the prices of securities held by a Fund generally are rising. Leverage had a positive effect on performance during the current reporting period.

As of June 30, 2015, the Funds' percentages of leverage are as shown in the accompanying table.

	<b>JLS</b>	<b>JMT</b>
Effective Leverage*	26.36%	27.40%
Regulatory Leverage*	26.36%	27.40%

\*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 June 30, 2015, the Funds have outstanding bank borrowings as shown in the accompanying table.

	<b>JLS</b>	<b>JMT</b>
Bank Borrowings	\$ 147,200,000	\$ 46,200,000

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

**Share****Information****DISTRIBUTION INFORMATION**

The following information regarding the Funds' distributions is current as of June 30, 2015.

The Funds have a cash flow-based distribution program. Under this program, each Fund seeks to maintain an attractive and stable regular distribution based on the Fund's net cash flow received from its portfolio investments. Fund distributions are not intended to include expected portfolio appreciation; however, each Fund invests in securities that make payments which ultimately may be fully or partially treated as gains or return of capital for tax purposes. This tax treatment will generally flow through to the Fund's distributions, but the specific tax treatment is often not known with certainty until after the end of the Fund's tax year. As a result, regular distributions throughout the year are likely to be re-characterized for tax purposes as either long-term gains (both realized and unrealized), or as a non-taxable return of capital.

The figures in the table below provide an estimate as of June 30, 2015 of the sources (for tax purposes) of each Fund's distributions. These source estimates include amounts currently estimated to be attributable to realized gains and/or returns of capital. The Funds attribute these non-income sources equally to each regular distribution throughout the fiscal year. The estimated information shown below is for the distributions paid on common shares for all prior months in the current fiscal year. These estimates should not be used for tax reporting purposes, and the distribution sources may differ for financial reporting than for tax reporting. The final determination of the tax characteristics of all distributions paid in 2015 will be made in early 2016 and reported to you on Form 1099-DIV. More details about the tax characteristics of the Fund's distributions are available on [www.nuveen.com/CEFdistributions](http://www.nuveen.com/CEFdistributions).

**Data as of 6/30/2015**

Fund	Per Share Distribution	Current Quarter Estimated Percentage of the Distribution			Fiscal YTD Estimated Per Share Amounts			
		NII <sup>(1)</sup>	Realized		NII <sup>(1)</sup>	Realized		
			Gains	ROC <sup>(2)</sup>		Gains	ROC <sup>(2)</sup>	
JLS (FYE 12/31)	\$0.1265	65.9%	34.1%	0.0%	\$0.7590	\$0.5000	\$0.2590	\$
JMT (FYE 12/31)	\$0.1275	63.5%	34.0%	2.5%	\$0.7650	\$0.4859	\$0.2603	\$0.0188

<sup>(1)</sup> NII is net investment income.

<sup>(2)</sup> ROC is Return of Capital.

The following table provides information regarding fund distributions and total return performance over various time periods. This information is intended to help you better understand whether fund returns for the specified time periods were sufficient to meet fund distributions.

**Data as of 6/30/2015**

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Fund	Inception Date	Annualized			Cumulative		
		Monthly Per Share Distribution	Current Distribution on NAV	1-Year Return on NAV	5-Year Return on NAV	Fiscal YTD NAV	Fiscal YTD Return on NAV
JLS (FYE 12/31)	11/25/2009	\$ 0.1265	5.87%	2.41%	9.74%	2.93%	1.84%
JMT (FYE 12/31)	2/23/2010	\$ 0.1275	6.09%	2.41%	9.88%	3.04%	1.92%

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**SHARE REPURCHASES**

During August 2014, 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 June 30, 2015, and since the inception of the Funds' repurchase programs, the Funds have cumulatively repurchased and retired shares as shown in the accompanying table.

	<b>JLS</b>	<b>JMT</b>
Shares Cumulatively Repurchased and Retired	0	0
Shares Authorized for Repurchase	1,590,000	485,000

**OTHER SHARE INFORMATION**

As of June 30, 2015, and during the current reporting period, the Funds' share prices were trading at a premium/(discount) to their NAVs as shown in the accompanying table.

	<b>JLS</b>	<b>JMT</b>
NAV	\$25.88	\$ 25.13
Share Price	\$22.69	\$ 22.08
Premium/(Discount) to NAV	(12.33)%	(12.14)%
6-Month Average Premium/(Discount) to NAV	(11.27)%	(10.81)%

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## 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 Mortgage Opportunity Term Fund (JLS)**

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. Investing in **mortgage-backed securities** entails credit risk, the risk that the servicer fails to perform its duties, liquidity risks, interest rate risks, structure risks, pre-payment risk, and geographical concentration risks. **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 risk considerations including the Fund's **limited term** are described in more detail on the Fund's web page at [www.nuveen.com/JLS](http://www.nuveen.com/JLS)

#### **Nuveen Mortgage Opportunity Term Fund 2 (JMT)**

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. Investing in **mortgage-backed securities** entails credit risk, the risk that the servicer fails to perform its duties, liquidity risks, interest rate risks, structure risks, pre-payment risk, and geographical concentration risks. **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 risk considerations including the Fund's **limited term** are described in more detail on the Fund's web page at [www.nuveen.com/JMT](http://www.nuveen.com/JMT)

JLS

**Nuveen Mortgage Opportunity Term Fund****Performance Overview and Holding Summaries as of June 30, 2015**

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

**Average Annual Total Returns as of June 30, 2015**

	Cumulative		Average Annual	
	6-Month	1-Year	5-Year	Since Inception
JLS at NAV	1.84%	2.41%	9.74%	9.78%
JLS at Share Price	1.27%	(1.60)%	7.91%	6.77%
Barclays U.S. Aggregate Bond Index	(0.10)%	1.86%	3.35%	3.72%

Since inception returns are from 11/25/09. 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.

**Share Price Performance Weekly Closing Price**

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**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 Group, 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)

Mortgage-Backed Securities	133.2%
Repurchase Agreements	3.2%
Other Assets Less Liabilities	(0.6)%
<b>Net Assets Plus Borrowings</b>	<b>135.8%</b>
Borrowings	(35.8)%
<b>Net Assets</b>	<b>100%</b>

### Credit Quality

(% of total long-term investments)

AAA/U.S. Guaranteed	7.9%
A	1.5%
BBB	4.6%
BB or Lower	79.3%
N/R (not rated)	6.7%
<b>Total</b>	<b>100%</b>

**JMT****Nuveen Mortgage Opportunity Term Fund 2****Performance Overview and Holding Summaries as of June 30, 2015**

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

**Average Annual Total Returns as of June 30, 2015**

	<b>Cumulative</b>		<b>Average Annual</b>	
	<b>6-Month</b>	<b>1-Year</b>	<b>5-Year</b>	<b>Since Inception</b>
JMT at NAV	1.92%	2.41%	9.88%	9.87%
JMT at Share Price	(1.44)%	(0.82)%	8.59%	6.84%
Barclays U.S. Aggregate Bond Index	(0.10)%	1.86%	3.35%	3.84%

Since inception returns are from 2/23/10. 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.

**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.**

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### Fund Allocation

(% of net assets)

Mortgage-Backed Securities	134.1%
Repurchase Agreements	4.3%
Other Assets Less Liabilities	(0.7)%
<b>Net Assets Plus Borrowings</b>	<b>137.7%</b>
Borrowings	(37.7)%
<b>Net Assets</b>	<b>100%</b>

### Credit Quality

(% of total long-term investments)

AAA/U.S. Guaranteed	7.6%
A	1.1%
BBB	3.8%
BB or Lower	80.7%
N/R (not rated)	6.8%
<b>Total</b>	<b>100%</b>

**Shareholder**

**Meeting Report**

The annual meeting of shareholders was held in the offices of Nuveen Investments on March 26, 2015 for JLS and JMT; at this meeting the shareholders were asked to elect Board Members.

	<b>JLS</b> Common Shares	<b>JMT</b> Common Shares
<b>Approval of the Board Members was reached as follows:</b>		
Jack B. Evans		
For	13,325,324	4,282,901
Withhold	1,325,211	37,981
Total	14,650,535	4,320,882
William J. Schneider		