

Nuveen Credit Strategies Income Fund  
Form N-CSRS  
September 07, 2012

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 811-21333

Nuveen Credit Strategies Income 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, 2012

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, Date: 27-AUG-2009 inspection, and policymaking roles.

## Edgar Filing: Nuveen Credit Strategies Income Fund - Form N-CSRS

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 STOCKHOLDERS.

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Closed-End Funds

Nuveen Investments

Closed-End Funds

*Seeks High Current Income from a Portfolio of Primarily Senior and Second Lien Loans*

Semi-Annual Report

June 30, 2012

**Nuveen Credit Strategies  
Income Fund**

**JQC**

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Chairman's  
Letter to Shareholders

**Dear Shareholders,**

Investors have many reasons to remain cautious. The challenges in the Euro area are casting a shadow over global economies and financial markets. The political support for addressing fiscal issues is eroding as the economic and social impacts become more visible. At the same time, member nations appear unwilling to provide adequate financial support or to surrender sufficient sovereignty to strengthen the banks or unify the Euro area financial system. The gains made in reducing deficits, and the hard-won progress on winning popular acceptance of the need for economic austerity, are at risk. To their credit, European political leaders press on to find compromise solutions, but there is increasing concern that time will begin to run out.

In the U.S., strong corporate earnings have enabled the equity markets to withstand much of the downward pressures coming from weakening job creation, slower economic growth and political uncertainty. The Fed remains committed to low interest rates but has refrained from predicting another program of quantitative easing unless economic growth were to weaken significantly or the threat of recession appears on the horizon. Pre-election maneuvering has added to the already highly partisan atmosphere in the Congress. The end of the Bush-era tax cuts and implementation of the spending restrictions of the Budget Control Act of 2011, both scheduled to take place at year-end, loom closer.

During the last year, U.S. based investors have experienced a sharp decline and a strong recovery in the equity markets. The experienced investment teams at Nuveen keep their eye on a longer time horizon and use their practiced investment disciplines to negotiate through market peaks and valleys to achieve long-term goals for investors. Experienced professionals pursue investments that will weather short-term volatility and at the same time, seek opportunities that are created by markets that overreact to negative developments. Monitoring this process is an important consideration for the Fund Board as it oversees your Nuveen Fund on your behalf.

As always, I encourage you to contact your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner  
Chairman of the Board  
August 23, 2012

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## Portfolio Manager's Comments

**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 Fund disclaims 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 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 a national rating agency.**

Nuveen Credit Strategies Income Fund (JQC)

(Formerly Nuveen Multi-Strategy Income and Growth Fund 2)

*During the reporting period, the Fund completed its repositioning and changed its name to the Nuveen Credit Strategies Income Fund (formerly Nuveen Multi-Strategy Income and Growth Fund 2). In connection with the Fund's repositioning, Symphony Asset Management LLC (Symphony), an existing sub-advisor and affiliate of Nuveen Investments, assumed portfolio management responsibilities from the Fund's previous sub-advisers Spectrum Asset Management, Inc. and Tradewinds Global Investors, LLC. The Fund's investment objective of high current income with a secondary objective of total return remained unchanged.*

*The Symphony team is led by Gunther Stein, the firm's Chief Investment Officer. Gunther has over 20 years of investment management experience. Here Gunther talks about management strategies and the performance of the Fund for the six-month period ended June 30, 2012.*

### **What key strategies were used to manage the Fund during this reporting period?**

The Fund invests at least 70% of its assets in senior secured and second lien loans, and up to 30% of its assets opportunistically over the credit cycle in other types of securities across company capital structures. These other securities are primarily income oriented securities such as high yield debt, convertible securities and other forms of corporate debt. The Fund also uses leverage as described later in this report.

The Fund's assets were shifted towards favorable performance of senior secured corporate loans during the reporting period. Senior loan performance was driven by a combination of coupon and price appreciation. We continued to monitor factors that can impact the senior loan market. Credit risk remained benign in our view as defaults averaged below 2% for the senior loan market. Any weaknesses seen were in very specific areas, such as the natural gas markets or businesses with company specific issues.

The Fund's capital was deployed into assets that offered high current income and yield while also offering the potential for upside appreciation as many of these assets trade at a discount to par value. Fundamentally, we feel that many of these companies have stable businesses, good asset coverage for

senior debt holders, and can perform well in a stable to slow growth environment.

Prices in the secondary senior loan market continued to be impacted by supply and demand. While loan supply has been slow but steady, with \$100 billion of new loans

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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.

For additional information, see the Performance Overview page in this report.

\* Six-month returns are cumulative; all other returns are annualized.

\*\* Since inception returns are from 6/25/03.

\*\*\* Refer to Glossary of Terms Used in this Report for definitions. Indexes are not available for direct investment.

issued to institutional buyers such as mutual funds and similar clients during the period, demand for loans continued to be positive but volatile. We continued to closely monitor demand activity via fund flows as this can impact overall pricing in the market and the price action of individual securities. We believe that this volatility presents an opportunity to add value to the Fund's portfolio.

### How did the Fund perform over the reporting period?

The performance of the Fund, as well as a comparative index, is presented in the accompanying table.

#### Average Annual Total Return on Common Share Net Asset Value\*

For periods ended 6/30/12

	6-Month	1-Year	5-Year	Since Inception**
JQC	9.06%	1.58%	1.14%	3.96%
CSFB Leveraged Loan Index***	4.52%	3.42%	3.53%	4.92%

For the six-month period ended June 30, 2012, the total return on common share net asset value (NAV) for the Fund outperformed the general market index.

The Fund benefited from exposure to more liquid securities in both the senior loan and high yield bond markets. First Data Corporation and a relatively new issuer to the senior loan market, BlackBoard Inc., added to the Fund's performance during the reporting period. Both traded well due to significant demand from institutional buyers amid a relatively benign credit backdrop.

Holdings in Avaya, Inc. detracted from performance. Also detracting from performance were several issuers with direct or indirect exposure to the natural gas market.

During the period, we continued to write (sell) call options on individual stocks held in the Fund's portfolio while foregoing some upside potential. We also held a put option on a single stock in an attempt to benefit in the event its price declined. This put option expired prior to the close of the reporting period.



Fund Leverage  
and Other Information

**IMPACT OF THE FUND'S LEVERAGE STRATEGIES ON PERFORMANCE**

One important factor impacting the return of the Funds relative to their benchmarks was the Funds' use of financial leverage through the use of bank borrowings. The Funds use leverage because their managers believe 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 the Fund decline, the negative impact of these valuation changes on common share net asset value 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 the Fund generally are rising. Leverage had a positive impact on the performance of the Fund over this reporting period. During the period, the Fund did not enter into any new interest rate swap contracts in order to hedge leverage costs; however, existing swap contracts that were previously entered into in order to fix (or lock-in) a portion of the Fund's leverage costs partially detracted from the overall positive contribution of leverage. Short-term floating interest rates remained below fixed swap rates for the period increasing realized leverage costs, while longer-term interest rates further declined causing negative mark-to-market unrealized losses.

**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. Shares of closed-end funds are subject to investment risks, including the possible loss of principal invested. Past performance is no guarantee of future results. The following risks are listed in order of priority.

**Investment and Market Risk.** An investment in common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the corporate securities owned by the Fund, which generally trade in the over-the-counter markets. Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

**Price Risk.** Shares of closed-end investment companies like the Fund frequently trade at a discount to their NAV. Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

**Leverage Risk.** The Fund's use of leverage creates the possibility of higher volatility for the Fund's per share NAV, market price, and distributions. Leverage risk can be introduced through regulatory leverage (issuing preferred shares or debt borrowings at the Fund level) or through certain derivative investments held in the Fund's portfolio. Leverage typically magnifies the total return of the Fund's portfolio, whether that return

is positive or negative. The use of leverage creates an opportunity for increased common share net income, but there is no assurance that the Fund's leveraging strategy will be successful.

**Tax Risk.** The tax treatment of Fund distributions may be affected by new IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations.

**Common Stock Risk.** Common stock returns often have experienced significant volatility.

**Issuer Credit Risk.** This is the risk that a security in the Fund's portfolio will fail to make dividend or interest payments when due.

**Illiquid Securities Risk.** This is the risk that the Fund may not be able to sell securities in its portfolio at the time or price desired by the Fund.

**Below-Investment Grade Risk.** Investments in securities below investment grade quality are predominantly speculative and subject to greater volatility and risk of default.

**Preferred Stock Risk.** Preferred stocks are subordinated to bonds and other debt instruments in a company's capital structure, and therefore are subject to greater credit risk.

**Call Risk or Prepayment Risk.** Issuers may exercise their option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower-yielding securities.

**Interest Rate Risk.** Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.

**Reinvestment Risk.** If market interest rates decline, income earned from the Fund's portfolio may be reinvested at rates below that of the original bond that generated the income.

**Risks from Unsecured Adjustable Rate Loans or Insufficient Collateral Securing Adjustable Rate Loans.** Some of the adjustable rate loans in which the Fund may invest will be unsecured or insufficiently collateralized, thereby increasing the risk of loss to the Fund in the event of issuer default.

**Convertible Securities Risk.** Convertible securities generally offer lower interest or dividend yields than non-convertible fixed-income securities of similar credit quality.

**Currency Risk.** Changes in exchange rates will affect the value of the Fund's investments.

**Non-U.S. Securities Risk.** Investments in non-U.S securities involve special risks not typically associated with domestic investments including currency risk and adverse political, social and economic development. These risks often are magnified in emerging markets.

**Senior Loan Risk.** Senior loans, both secured and unsecured, may not be rated by a national rating agency at the time of investment, generally will not be registered with the Securities and Exchange Commission (SEC) and generally will not be listed on a securities exchange. In addition, the amount of public information available with respect to senior loans generally is less extensive than that available for more widely rated, registered and exchange-listed securities.

**Derivatives Strategy Risk.** Derivative securities, such as calls, puts, warrants, swaps and forwards, carry risks different from, and possibly greater than, the risks associated with the underlying investments.

**Reinvestment Risk.** If market interest rates decline, income earned from the Fund's portfolio may be reinvested at rates below that of the original bond that generated the income.

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Common Share Distribution  
and Price Information

**Distribution Information**

The following information regarding the Fund's distributions is current as of June 30, 2012, and likely will vary over time based on the Fund's investment activities and portfolio investment value changes.

As mentioned previously, upon completion of its repositioning, the Fund discontinued its managed distribution policy (in which distributions may be sourced not just from income but also from realized capital gains and, if necessary, from capital), and shifted from quarterly to monthly distributions.

During the six-month reporting period, the Fund declared a quarterly distribution to common shareholders of \$0.2000 per share in March and then maintained a stable monthly distribution of \$0.0667 per share for the subsequent three months beginning with its April distribution declared April 11, 2012 and paid May 1, 2012. Some of the important factors affecting the amount and composition of these distributions are summarized below.

The Fund employs financial leverage through the use of 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 value per share in response to changing market conditions.

During certain periods, the Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If the Fund has cumulatively earned more than it has paid in dividends, it holds excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if the Fund has cumulatively paid dividends in excess of earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. The Fund will, over time, pay all of its net investment income as dividends to shareholders. As of June 30, 2012, the Fund had a positive UNII balance, based upon our best estimate, for tax purposes and a negative UNII balance for financial reporting purposes.

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The following table provides estimated information regarding the Fund's common share distributions and total return performance for the six months ended June 30, 2012. This information is provided on a tax basis rather than a generally accepted accounting principles (GAAP) basis. 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.

<b>As of 6/30/12 (Common Shares)</b>	<b>JQC</b>
Inception date	6/25/03
Six months ended June 30, 2012:	
Per share distribution:	
From net investment income	\$ 0.32
From realized capital gains	0.08
Return of capital	0.00
Total per share distribution	\$ 0.40
Annualized distribution rate on NAV	8.37%
Average annual total returns:	
6-Month (cumulative) on NAV	9.06%
1-Year on NAV	1.58%
5-Year on NAV	1.14%
Since inception on NAV	3.96%

### Common Share Repurchases and Share Price Information

As of June 30, 2012, and since the inception of the Fund's repurchase program, the Fund has cumulatively repurchased and retired shares of its outstanding common stock as shown in the accompanying table.

	<b>Common Shares Repurchased and Retired</b>	<b>% of Outstanding Common Shares</b>
JQC	4,315,092	3.2%

During the six-month reporting period, the Fund did not repurchase any of its common shares.

As of June 30, 2012, the Fund was trading at a -5.62% discount to its common share NAV compared with an average discount of -7.35% for the entire six-month period.

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JQC

Performance

OVERVIEW

Nuveen Credit Strategies Income Fund

as of June 30, 2012

**Portfolio Allocation (as a % of total investments)<sup>1,3</sup>**

**2011-2012 Distributions Per Common Share<sup>5</sup>**

**Common Share Price Performance Weekly Closing Price**

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

1 Excluding investments in derivatives.

2 Excluding short-term investments and investments in derivatives.

3 Holdings are subject to change.

4 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 compromised 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.

5 The Fund shifted from a quarterly to a monthly distribution beginning with its April distribution declared 4/11/12 and paid 5/1/12.

**Fund Snapshot**

Common Share Price	\$	9.07
Common Share Net Asset Value (NAV)	\$	9.61
Premium/(Discount) to NAV		-5.62%
Latest Dividend	\$	0.0667
Current Distribution Rate <sup>4</sup>		8.82%
Net Assets Applicable to Common Shares (\$000)	\$	1,308,362

### Leverage

Regulatory Leverage	30.01%
Effective Leverage	30.01%

### Average Annual Total Returns

(Inception 6/25/03)

	On Share Price	On NAV
6-Month (Cumulative)	17.72%	9.06%
1-Year	8.89%	1.58%
5-Year	2.62%	1.14%
Since Inception	3.86%	3.96%

### Portfolio Composition

(as a % of total investments)<sup>1,3</sup>

Media	11.1%
Health Care Providers & Services	9.3%
Software	6.8%
Hotels, Restaurants & Leisure	4.9%
Health Care Equipment & Supplies	4.7%
Pharmaceuticals	4.7%
Diversified Telecommunication Services	4.7%
Semiconductors & Equipment	4.0%
Communications Equipment	4.0%
IT Services	3.9%
Internet Software & Services	3.6%
Real Estate	2.8%
Chemicals	2.7%
Multiline Retail	2.3%
Specialty Retail	2.3%
Containers & Packaging	2.3%
Real Estate Management & Development	1.7%
Airlines	1.7%
Short-Term Investments	4.0%
Other	18.5%

**Top Five Issuers**

(as a % of total investments)<sup>2,3</sup>

Caesars Entertainment Corporation	2.3%
Pharmaceutical Product Development Inc.	2.2%
Sabre, Inc.	2.1%
EMI Music Publishing LLC	2.0%
Biomet Inc.	2.0%

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Shareholder Meeting Report

The annual meeting of shareholders was held in the offices of Nuveen Investments on March 30, 2012; at this meeting the shareholders were asked to vote on the election of Board Members.

	<b>JQC</b> Common Shares
<b>Approval of the Board Members was reached as follows:</b>	
Robert P. Bremner	
For	116,062,520
Withhold	2,117,612
Total	118,180,132
Jack B. Evans	
For	116,053,599
Withhold	2,126,533
Total	118,180,132
William J. Schneider	
For	116,016,630
Withhold	2,163,502
Total	118,180,132

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JQC

Nuveen Credit Strategies Income Fund

(formerly known as Nuveen Multi-Strategy Income and Growth Fund 2)

Portfolio of INVESTMENTS

June 30, 2012 (Unaudited)

Shares	Description (1)	Value
	<b>Common Stocks 6.9% (4.7% of Total Investments)</b>	
	<b>Aerospace &amp; Defense 0.2%</b>	
26,590	Lockheed Martin Corporation	\$ 2,315,457
	<b>Beverages 0.1%</b>	
39,540	Dr. Pepper Snapple Group	1,729,875
	<b>Building Products 0.1%</b>	
36,123	Masonite Worldwide Holdings, (2)	1,029,506
	<b>Chemicals 0.1%</b>	
9,440	CF Industries Holdings, Inc.	1,828,906
	<b>Commercial Banks 0.1%</b>	
125,460	First Niagara Financial Group Inc.	959,769
	<b>Commercial Services &amp; Supplies 0.1%</b>	
64,350	R.R. Donnelley & Sons Company	757,400
	<b>Computers &amp; Peripherals 0.1%</b>	
2,188	Apple, Inc., (2)	1,277,792
	<b>Diversified Financial Services 0.1%</b>	
55,090	JPMorgan Chase & Co.	1,968,366
	<b>Diversified Telecommunication Services 0.9%</b>	
119,186	AT&T Inc.	