

NUVEEN SENIOR INCOME FUND
Form N-CSRS
April 05, 2018

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 811-09571

Nuveen Senior 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)

Gifford R. Zimmerman

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: January 31, 2018

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
Closed-End Funds

Semi-Annual Report January 31, 2018

NSL
Nuveen Senior Income Fund

JFR
Nuveen Floating Rate Income Fund

JRO
Nuveen Floating Rate Income Opportunity Fund

JSD
Nuveen Short Duration Credit Opportunities Fund

JQC
Nuveen Credit Strategies Income Fund

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If you receive your Nuveen Fund dividends and statements directly from Nuveen.

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Chairman's Letter

to Shareholders

Dear Shareholders,

Financial markets ended 2017 on a high note. Concurrent growth across the world's major economies, strong corporate profits, low inflation and accommodative central banks provided an optimal environment for rising asset prices with remarkably low volatility. Political risks, which were expected to be a wildcard in 2017, did not materialize. The Trump administration achieved one of its major policy goals with the passage of the Tax Cuts and Jobs Act, the European Union (EU) member governments elected EU-friendly leadership, Brexit negotiations moved forward and China's 19th Party Congress concluded with no major surprises in its economic policy objectives.

Conditions have turned more volatile in 2018, but the positive fundamentals underpinning the markets' rise over the past year remain intact. In early February, fears of rising inflation, which could prompt more aggressive action by the Federal Reserve (Fed), triggered a widespread sell-off across U.S. and global equity markets. Yet, global economies are still expanding and corporate earnings look healthy, which helped markets stabilize and partially recover the losses.

We do believe volatility will continue to feature more prominently in 2018. Interest rates have been rising and inflation pressures are mounting. Jerome Powell's first testimony as Fed Chairman increased the likelihood of four rate hikes in 2018, up from three projected at the end of 2017, while also emphasizing the gradual pace of rate hikes established by his predecessor will continue. Investors are uncertain about how markets will react amid tighter financial conditions. After the relative calm of the past few years, it's anticipated that price fluctuations will begin trending toward a more historically normal range. But we also note that signs foreshadowing recession are lacking at this point.

Maintaining perspective can be difficult with daily headlines focused predominantly on short-term news. Nuveen believes this can be an opportune time to check in with your financial advisor. Strong market appreciation such as that in 2017 may create an imbalance in a diversified portfolio. Your advisor can help you reexamine your investment goals and risk tolerance, and realign your portfolio's investment mix, if appropriate. 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

March 22, 2018

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Portfolio Managers

Comments

Nuveen Senior Income Fund (NSL)

Nuveen Floating Rate Income Fund (JFR)

Nuveen Floating Rate Income Opportunity Fund (JRO)

Nuveen Short Duration Credit Opportunities Fund (JSD)

Nuveen Credit Strategies Income Fund (JQC)

The Funds' investment portfolios are managed by Symphony Asset Management, LLC (Symphony), an affiliate of Nuveen, LLC. Gunther Stein, who serves as the firm's Chief Investment Officer and Chief Executive Officer, and Scott Caraher manage NSL, JFR and JRO. JSD is managed by Gunther, Scott and Jenny Rhee, while JQC is managed by Gunther and Sutanto Widjaja.

Here the team discusses their management strategies and the performance of the Funds for the six-month reporting period ended January 31, 2018.

What strategies were used to manage the Funds during the six-month reporting period ended January 31, 2018?

NSL seeks to achieve a high level of current income, consistent with capital preservation by investing primarily in adjustable rate U.S dollar-denominated secured Senior Loans. The Fund invests at least 80% of its managed assets in adjustable rate senior secured loans. Up to 20% may include U.S. dollar denominated senior loans of non-U.S. borrowers, senior loans that are not secured, other debt securities and equity securities and warrants. The Fund uses leverage.

JFR seeks to achieve a high level of current income by investing in adjustable rate secured and unsecured senior loans and other debt instruments. The Fund invests at least 80% of its managed assets in adjustable rate loans, primarily senior loans, though the loans may include unsecured senior loans and secured and unsecured subordinated loans. At least 65% the Fund's managed assets must include adjustable rate senior loans that are secured by specific collateral. The Fund uses leverage.

JRO seeks to achieve a high level of current income. The Fund invests at least 80% of its managed assets in adjustable rate loans, primarily senior loans, though the loans may include unsecured senior loans and secured and unsecured

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consultation with his or her advisors.

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.

For financial reporting purposes, the ratings disclosed 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). This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings, while BB, B, CCC, CC, C and D are below investment grade ratings. 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)

subordinated loans. At least 65% of the Fund's managed assets must include adjustable rate senior loans that are secured by specific collateral. The Fund uses leverage.

JSD seeks to provide current income and the potential for capital appreciation. The Fund invests at least 70% of its managed assets in adjustable rate corporate debt instruments, including senior secured loans, second lien loans and other adjustable rate corporate debt instruments. Up to 30% of the Fund's assets may include other types of debt instruments or short positions consisting primarily of high yield debt. The Fund maintains a portfolio with an average duration that does not exceed two years. The Fund uses leverage.

JQC's primary investment objective is high current income and its secondary objective is total return. The Fund invests at least 70% of its managed assets in adjustable rate senior secured and second lien loans, and up to 30% opportunistically in other types of securities across a company's capital structure, primarily income-oriented securities such as high yield debt, convertible securities and other forms of corporate debt. The Fund uses leverage.

How did the Funds perform during this six-month reporting period ended January 31, 2018?

The tables in the Performance Overview and Holding Summaries section of this report provide total return performance for each Fund for the six-month, one-year, five-year, ten-year and/or since inception periods ended January 31, 2018. 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 ended January 31, 2018, NSL, JFR, JRO, JSD and JQC underperformed the Credit Suisse Leveraged Loan Index.

Across all five Funds, our top and bottom performing individual security positions and industry groups were relatively similar. As a result, for NSL, JFR, JRO, JSD and JQC, the majority of sectors contributed positively to absolute performance, with the exception of the telecommunication services sector. The information technology, consumer discretionary, industrials and energy sectors were the strongest contributors to absolute performance.

Specific holdings that contributed to performance included the loans of consumer discretionary holdings, Cumulus Media, Inc. During the reporting period, the loan traded higher as the company officially filed for bankruptcy with a plan to reduce debt and give the majority of the equity in the company to senior lenders. The loans of financial service company Walter Investment Management Corporation also contributed to performance. The company announced that the United States Bankruptcy Court for the Southern District of New York approved the Company's prepackaged financial restructuring plan. The Company emerged from Chapter 11 on January 31, 2018, after the conditions to the plan were satisfied and the Company is on track to complete its financial restructuring in the first quarter of 2018. Lastly, loans of energy holdings Ocean Rig UDW Inc. and California Resources Corporation contributed to performance. The majority of energy companies posted strong earnings growth as the sector benefited from the sustained oil price recovery.

Offsetting positive returns was exposure to the loans of Fieldwood Energy LLC, an exploration & production (E&P) company focused on oil and gas assets within and around the Gulf of Mexico. The company's loans traded lower during the reporting period on increased concerns the company would file for bankruptcy. Also detracting from performance were the loans of consumer discretionary holding media company, iHeartCommunications, Inc. Its loans fell on investor anxiety over the increased uncertainty of how the company would be able to deleverage its balance sheet and focus on improving earnings. Lastly, detracting from performance was the loan from consumer staples sector holding Revlon Consumer Products Corporation, a cosmetics and personal products company. During the reporting period, the company announced disappointing quarterly earnings as well as declines in revenue, and gross

profit margins, all of which negatively impacted its credit profile. JQC held a greater allocation to the Revlon loans, which contributed to its underperformance versus the other Funds. On the positive side, the company did report higher demand in international markets.

The levered loan asset class is one of the few fixed income asset classes that has a LIBOR floor feature. In combination with a credit spread, this feature serves as the basis for establishing the loan's floating rate coupon and is intended to lessen the potential negative impact from rising short term interest rates. Over the course of the last six months the

Federal Reserve has continued to increase short-term interest rates. And a result, LIBOR is now trading well above LIBOR loan floors. More recently, the majority of new issue bank loans have been issued without LIBOR floors, so this feature is likely to play a smaller, albeit not small, factor in portfolio performance.

JSD and JQC invested in credit default swaps, which were used to provide a benefit if particular bonds' credit quality worsened. These contracts provided a modest contribution to performance during the reporting period.

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

One important factor impacting the returns of the Funds relative to their comparative benchmarks was the Funds' use of leverage through the use of bank borrowings, Term Preferred Shares (Term Preferred) for NSL, JFR, JRO and JSD and reverse repurchase agreements for JQC. 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, the 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.

NSL, JFR, JRO and JSD used interest rate swap contracts to partially hedge the interest cost of leverage, which as mentioned previously, is through bank borrowings and preferred shares. Collectively, these interest rate swap contracts detracted from overall Fund performance during the period.

As of January 31, 2018, the Funds' percentages of leverage are as shown in the accompanying table.

	NSL	JFR	JRO	JSD	JQC
Effective Leverage*	37.24%	36.60%	36.15%	37.41%	36.33%
Regulatory Leverage*	37.24%	36.60%	36.15%	37.41%	31.19%

*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. A Fund, however, may from time to time borrow on a typically transient basis in connection with its day-to-day operations, primarily in connection with the need to settle portfolio trades. Such incidental borrowings are excluded from the calculation of a Fund's effective leverage ratio. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

THE FUNDS' LEVERAGE*Bank Borrowings*

As noted above, the Funds employ leverage through the use of bank borrowings. The Funds' bank borrowing activities are as shown in the accompanying table.

Fund	Current Reporting Period			Subsequent to the Close of the Reporting Period		
	August 1, 2017	Drawdowns	January 31, 2018	Average Balance Outstanding	Drawdowns	March 26, 2018
NSL	\$ 114,000,000	\$	\$ 114,000,000	\$ 114,000,000	\$	\$ 114,000,000

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JFR	\$ 254,300,000	\$	\$	\$ 254,300,000	\$ 254,300,000	\$	\$	\$ 254,300,000
JRO	\$ 178,800,000	\$	\$	\$ 178,800,000	\$ 178,800,000	\$	\$	\$ 178,800,000
JSD	\$ 72,000,000	\$	\$	\$ 72,000,000	\$ 72,000,000	\$	\$	\$ 72,000,000
JQC	\$ 561,000,000	\$	\$	\$ 561,000,000	\$ 561,000,000	\$	\$	\$ 561,000,000

Refer to Notes to Financial Statements, Note 9 Fund Leverage, Borrowings for further details.

Reverse Repurchase Agreements

As noted previously, in addition to bank borrowings, JQC also utilized reverse repurchase agreements. The Fund's transactions in reverse repurchase agreements are as shown in the accompanying table.

Current Reporting Period				Subsequent to the Close of the Reporting Period			
		Average Balance					
August 1, 2017	Purchases	Sales	January 31, 2018	Outstanding	Purchases	Sales	March 26, 2018
\$145,000,000	\$	\$	\$145,000,000	\$145,000,000	\$	\$	\$145,000,000

Refer to Notes to Financial Statements, Note 9 Fund Leverage, Reverse Repurchase Agreements for further details.

Term Preferred Shares

As noted previously, in addition to bank borrowings, the following Funds also issued Term Preferred. The Funds' transactions in Term Preferred are as shown in the accompanying table.

Current Reporting Period				Subsequent to the Close of the Reporting Period				
		Average Balance						
Fund	August 1, 2017	Issuance	Redemptions	January 31, 2018	Outstanding	Issuance	Redemptions	March 26, 2018
NSL	\$ 43,000,000	\$	\$	\$ 43,000,000	\$ 43,000,000	\$	\$	\$ 43,000,000
JFR	\$ 125,200,000	\$	\$	\$ 125,200,000	\$ 125,200,000	\$	\$	\$ 125,200,000
JRO	\$ 84,000,000	\$	\$	\$ 84,000,000	\$ 84,000,000	\$	\$	\$ 84,000,000
JSD	\$ 35,000,000	\$	\$	\$ 35,000,000	\$ 35,000,000	\$	\$	\$ 35,000,000

Refer to Notes to Financial Statements, Note 4 Fund Shares, Preferred Shares for further details on Term Preferred.

Common Share**Information****COMMON SHARE DISTRIBUTION INFORMATION**

The following information regarding the Funds' distributions is current as of January 31, 2018. 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.

Monthly Distributions (Ex-Dividend Date)	Per Common Share Amounts				
	NSL	JFR	JRO	JSD	JQC
August 2017	\$ 0.0395	\$ 0.0675	\$ 0.0705	\$ 0.1060	\$ 0.0525
September	0.0395	0.0675	0.0705	0.1060	0.0475
October	0.0395	0.0675	0.0705	0.1060	0.0475
November	0.0395	0.0675	0.0705	0.1060	0.0475
December	0.0395	0.0675	0.0705	0.1060	0.0475
January 2018	0.0395	0.0675	0.0705	0.1060	0.0475
Total Monthly Per Share Distributions	0.2370	0.4050	0.4230	0.6360	0.2900
Ordinary Income Distribution*				0.0364	
Total Distributions from Net Investment Income	\$ 0.2370	\$ 0.4050	\$ 0.4230	\$ 0.6724	\$ 0.2900
Current Distribution Rate**	7.37%	7.30%	7.66%	7.64%	7.04%

*Distribution paid in December 2017.

**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 January 31, 2018, the Funds had positive UNII balances, based upon our best estimate, for tax purposes. NSL had a positive UNII balance while JFR, JRO, JSD and JQC had negative 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 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.