NUVEEN MICHIGAN QUALITY MUNICIPAL INCOME FUND
Form N-CSR
May 07, 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 811-06383

Nuveen Michigan Quality Municipal 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: February 28

Date of reporting period: February 28, 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 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.

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Chairman's Letter to Shareholders

Dear Shareholders,

After a prolonged absence, volatility has returned to the markets in 2018. Last year, the markets seemed willing to shrug off any bad news. But in the first few months of 2018, a backdrop of greater economic uncertainty has made markets more reactive to daily headlines. Interest rates in the U.S. have started to move off of historic lows, inflation is expected to finally pick up and the tax reform passed in late December 2017 could extend, and possibly bolster, the economy's growth streak. How the U.S. Federal Reserve (Fed) will manage these conditions is under intense scrutiny, particularly in light of the Fed's leadership change in February 2018.

At the same time, trade protectionism could upend sentiment and growth assumptions for the global economy. Investors are also concerned about the potential for increased government regulation on technology companies, whose shares recently declined due to a data privacy scandal and other negative news. Trade and tech do merit watching, but with few policy specifics at the moment, the long-term implications remain difficult to assess.

While the risks surrounding trade, monetary and fiscal policy may have increased, there is still opportunity for upside. Recession risk continues to look low, global economies are still expanding and corporate profits have continued to be healthy. Fundamentals, not headlines, drive markets over the long term. And, it's easy to forget the relative calm over the past year was the outlier. A return to more historically normal volatility levels is both to be expected and part of the healthy functioning of the markets.

Context and perspective are important. If you're investing for long-term goals, stay focused on the long term, as temporary bumps may smooth over time. Individuals that have shorter timeframes could also benefit from sticking to a clearly defined investment strategy with a portfolio designed for short-term needs. Your financial advisor can help you determine if your portfolio is properly aligned with your goals, timeline and risk tolerance, as well as help you differentiate the noise from what really matters. 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

April 23, 2018

Portfolio Managers' Comments

Nuveen Arizona Quality Municipal Income Fund (NAZ)
Nuveen Michigan Quality Municipal Income Fund (NUM)
Nuveen Ohio Quality Municipal Income Fund (NUO)
Nuveen Texas Quality Municipal Income Fund (NTX)

These Funds feature portfolio management by Nuveen Asset Management, LLC (NAM), an affiliate of Nuveen, LLC. Portfolio managers Michael S. Hamilton and Daniel J. Close, CFA, review U.S. economic and municipal market conditions at the national and state levels, key investment strategies and the twelve-month reporting period performance of these four Nuveen Funds. Michael assumed portfolio management responsibility for NAZ in 2011, while Dan has managed NUM, NUO and NTX since 2007.

What factors affected the U.S. economy and the national municipal bond market during the twelve-month reporting period ended February 28, 2018?

The U.S. economy began 2017 at a sluggish pace but gained momentum mid-year, growing at an annualized rate above 3% in the second and third quarters of 2017. In the final three months of 2017, the economy slowed slightly to 2.9%, as reported by the Bureau of Economic Analysis "third" estimate of fourth-quarter gross domestic product (GDP). GDP is the value of goods and services produced by the nation's economy less the value of the goods and services used up in production, adjusted for price changes.

Consumer spending, boosted by employment and wage gains, continued to drive the economy. The Atlantic coast hurricanes in September and October 2017 temporarily weakened shopping and dining out activity, but rebuilding efforts had a positive impact on the economy. Business investment, which had been lackluster in the recovery so far, accelerated in 2017, and hiring continued to boost employment. As reported by the Bureau of Labor Statistics, the unemployment rate fell to 4.1% in February 2018 from 4.7% in February 2017 and job gains averaged around 190,000 per month for the past twelve months. While the jobs market has continued to tighten, wage growth has remained lackluster during this economic recovery. However, the January jobs report revealed an unexpected pick-up in wages, which triggered a broad sell-off in equities, despite tame inflation readings. The Consumer Price Index (CPI) increased 2.2% over the twelve-month reporting period ended February 28, 2018 on a seasonally adjusted basis, as reported by the Bureau of Labor Statistics. The core CPI (which excludes food and energy) increased 1.8% during the same period, slightly below the Federal Reserve's (Fed) unofficial longer term inflation objective of 2.0%.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in 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 Group (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.

Bond insurance guarantees only the payment of principal and interest on the bond when due, and not the value of the bonds themselves, which will fluctuate with the bond market and the financial success of the issuer and the insurer. Insurance relates specifically to the bonds in the portfolio and not to the share prices of a Fund. No representation is made as to the insurers' ability to meet their commitments.

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

Portfolio Managers' Comments (continued)

The housing market also continued to improve, with historically low mortgage rates and low inventory driving home prices higher. The S&P CoreLogic Case-Shiller U.S. National Home Price Index, which covers all nine U.S. census divisions, recorded a 6.2% annual gain in January 2018 (most recent data available at the time this report was prepared). The 10-City and 20-City Composites reported year-over-year increases of 6.0% and 6.4%, respectively.

With the U.S. economy delivering a sustainable growth rate and employment strengthening, the Fed's policy making committee continued to incrementally raise its main benchmark interest rate. The most recent increase, in March 2018 (after the close of this reporting period), was the sixth rate hike since December 2015. In addition, in October 2017, the Fed began reducing its balance sheet by allowing a small amount of maturing Treasury and mortgage securities to roll off without reinvestment. The market expects the pace to remain moderate and predictable, with minimal market disruption.

Investors carefully watched the transition of leadership from outgoing Fed Chair Janet Yellen, whose term expired in February 2018, to the new Chairman Jerome Powell. While Chairman Powell was largely expected to stay on the path set by his predecessor, his first public address was perceived as somewhat more hawkish than the market expected, which led to some near-term volatility at the end of the reporting period.

Investors also sought to gauge the Fed's reaction to the Tax Cuts and Jobs Act, which was signed into law in late December 2017. While it is still too early to know the full impact of the tax reform, which lowers the tax rates on individuals and corporations, investors worried about the Fed stepping up the pace of rate increases to temper a potentially overheating economy.

With the tax overhaul accomplished, the Trump administration resumed focus on some of its other policies. The surprise announcement of steel and aluminum tariffs sparked fears of a trade war and added uncertainty to the ongoing North American Free Trade Agreement (NAFTA) negotiations. Protectionist rhetoric also garnered attention across Europe, as anti-European Union sentiment featured prominently (although did not win a majority) in the Dutch, French, German and Italian elections held in 2017 and early 2018. In the U.K., Brexit talks have progressed but uncertainties remain.

The municipal bond market produced a positive return over this reporting period, although not without volatility. For most of the reporting period, municipal bonds continued to rebound from the post-election sell-off in the fourth quarter of 2016. After President Trump's surprising win, bond markets repriced his reflationary fiscal agenda, driving interest rates higher. Municipal bonds suffered a surge in investor outflows due to speculation that the Trump administration's tax reform proposals could adversely impact municipal bonds.

However, the economy sustained its moderate growth with low inflation, an improving jobs market and modest wage growth, and progress on the White House's agenda was slow. This backdrop helped municipal bond yields and valuations return to pre-election levels and reverse the trend of outflows. Fundamental credit conditions continued to be favorable overall, while the ongoing high-profile difficulties in Puerto Rico, Illinois and New Jersey were contained.

After the new administration's health care and immigration reforms met obstacles, Congress refocused on tax reform initiatives in the latter months of 2017. Early drafts of the bill fostered significant uncertainty about the impact on the municipal bond market, leading municipal bonds to underperform taxable bonds in December and provoking issuers to rush bond offerings ahead of the pending tax law. Issuance in December reached an all-time high of $62.5 billion, exacerbating the market's price decline during the month. However, all of the supply was absorbed and municipal bond valuations subsequently returned to more typical levels.

The final tax reform legislation signed on December 27, 2017 largely spared municipal bonds and was considered neutral to positive for the municipal market overall. Notably, a provision that would have eliminated the tax-preferred status of 20 to 30% of the municipal bond market was not included in the final bill. Moreover, investors were relieved that the adopted changes apply only to newly issued municipal bonds and also could be beneficial from a technical standpoint. Because new issue advance refunding bonds are no longer tax exempt, the total supply of municipal bonds will decrease going forward, boosting the scarcity value of existing municipal bonds. The new tax law also caps the state and local tax (SALT) deduction for individuals, which will likely increase demand for tax-exempt municipal bonds, especially in states with high income and/or property taxes.

Following the issuance surge in late 2017, issuance remained sharply lower in early 2018. However, the overall balance of municipal bond supply and demand remained advantageous for prices. Municipal bond issuance nationwide totaled $453.6 billion in this reporting period, an 8.8% drop from the issuance for the twelve-month reporting period ended February 28, 2017. The robust pace of issuance seen since the low volume depths of 2011 began to moderate in 2017 as interest rates moved higher. Despite the increase, the overall level of interest rates still remained low, encouraging issuers to continue to actively refund their outstanding debt. In these transactions the issuers are issuing new bonds and taking the bond proceeds and redeeming (calling) old bonds. These refunding transactions have ranged from 40%-60% of total issuance over the past few years. Thus, the net issuance (all bonds issued less bonds redeemed) is actually much lower than the gross issuance. So, while gross issuance volume has been strong, the net has not, and this was an overall positive technical factor on municipal bond investment performance in recent years. Although the pace of refundings is slowing, net negative issuance is expected to continue.

Despite the volatility surrounding the potential tax law changes, demand remained robust and continued to outstrip supply. Low global interest rates have continued to drive investors toward higher after-tax yielding assets, including U.S. municipal bonds. As a result, municipal bond fund inflows steadily increased in 2017 overall.

How were the economic and market environments in Arizona, Michigan, Ohio and Texas during the twelve-month reporting period ended February 28, 2018?

Arizona’s economy is gaining momentum with job growth driven by health care, transportation, manufacturing, business services and local government. Arizona’s favorable business environment has lured new business investment such as Lucid Motors’ electric vehicle factory and Kudelski’s (Swiss cybersecurity firm) North American headquarters into the state. Improvement in the economy continues to favorably impact the housing market. Gains in Arizona housing prices have been driven primarily by the Phoenix market, with the state’s smaller metropolitan areas also showing progress. According to the S&P CoreLogic Case-Shiller Index, housing prices in Phoenix rose 5.9% over the twelve months ended January 2018 (most recent data available at the time this report was prepared), compared with a 6.2% price increase nationally. In the job market, the Arizona unemployment rate was 4.9% as of February 2018. The recovering economy has helped the state replenish its Rainy Day Fund after it was almost depleted in Fiscal Year 2009. Over the last three years, the state has added to its Rainy Day Fund and on pace to reach $461.5 million by Fiscal Year 2018. Governor Ducey signed its $9.8 billion Fiscal Year 2018 Budget, up 2.1% over previously enacted budget. It provides additional money for K-12 education, including a teacher salary increase, and transportation infrastructure without raising taxes. Governor Ducey’s Proposed General Fund Fiscal Year 2019 Budget totals $10.1 billion, up 3.2% over the prior enacted Fiscal Year and includes new money for K-12 education and no new taxes. As of February 2018, S&P and Moody’s rated Arizona’s Issuer Credit Rating at AA and Aa2, respectively, with a stable outlook. During the twelve months ended February 28, 2018 municipal issuance in Arizona totaled $6.6 billion, a gross issuance decrease of 11% from the twelve months ended February 28, 2017.

Michigan’s economic growth has outpaced many of its Great Lakes region neighbors in recent years, driven by employment growth, continued diversification and multiple years of strong domestic auto sales. Michigan vehicle production in 2017 fell more than 12% from the prior year, but part of the decline was due to model changeovers from passenger cars to light trucks. Overall, salary and wage growth was up 1.6%, the seventh consecutive year of growth. Michigan added more jobs than any other Midwestern state in 2017, despite job growth falling slightly behind the 2016 growth rate. To a large extent, the Michigan economy remains tied to events in the auto industry, as the “Big Three” (General Motors, Ford and Chrysler) continued to rank among the state’s five largest employers. Overall, Michigan remained heavily reliant on manufacturing, which represented 13.9% of employment in the state, compared with 8.6% nationally. As of February 2018, Michigan’s unemployment rate was 4.8%. Favorably, the state’s labor force participation rate has remained stable as unemployment has improved, indicating a real improvement in job growth. Following the peak in housing prices in mid-2006, home prices in Michigan declined dramatically and the inventory of foreclosed homes remained elevated in many of the state’s hardest-hit metropolitan areas, including Detroit, Warren and Flint. Improvement in the state economy has brought slow, steady improvement in the housing market. According to the S&P CoreLogic Case-Shiller Index of 20 major metropolitan areas, housing prices in Detroit rose 7.6% over the twelve months ended January 2018 (most recent data available at

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the time this report was prepared), ahead of the national average increase of 6.2%. On the fiscal front, as revenues improved, the state has demonstrated a commitment to rebuilding reserves and maintaining structurally balanced operations. The state's previously depleted budget stabilization/rainy day reserve fund is now on pace to approach $1 billion by the end of Fiscal Year 2019. The state's improved financial and cash position has eliminated the need for cash flow borrowing, which the state hasn't resorted to since 2011. Strong income and sales tax revenue growth have helped make this possible, though the pace of revenue growth is projected to slow over the next two years. This slowdown and the state's gap in infrastructure spending have the potential to pose future budgetary pressure. Increased funding for roads and transit programs is included in the governor's proposed $56.8 billion budget for Fiscal Year 2019, which overall represents a 0.6% increase over the prior year. As of March 2018 (subsequent to the close of this reporting period), Moody's and S&P rated Michigan general obligation (GO) debt at Aa1 and AA-, respectively. During the twelve months ended February 28, 2018, municipal issuance in Michigan totaled $5.6 billion, a gross issuance decrease of 53.8% from the twelve months ended February 28, 2017.

Ohio's employment growth has been gradually slowing since early 2016 and was 0.6% year-over-year through December 2017, down from 1.6% in December 2016. Despite the slowdown, Ohio's unemployment rate has steadily declined over the past year from 5.1% in February 2017 to 4.5% in February 2018. The Education and Health Services sector, which comprised 16.8% of total employment in 2016, is a key pillar of strength for Ohio's economy. Manufacturing, which makes up 12.5% of employment, has exhibited stable growth throughout 2017. The state has experienced a small boom in oil and gas production, due largely to hydraulic fracturing in the Utica shale field in the Appalachian Basin. The count of active rotary rigs increased in 2017 and in early 2018, thanks to rising natural gas prices. According to the S&P CoreLogic Case-Shiller Index, housing prices in Cleveland rose 3.5% over the twelve months ended January 2018 (most recent data available at the time this report was prepared), compared with a 6.2% price increase nationally. On the fiscal front, Ohio's revenues have softened along with its economic growth. Fiscal year-to-date (through February 2018) General Revenue Fund receipts are down 4.9% compared to the prior year-to-date collections. Governor Kasich's proposed Fiscal Year 2018-2019 biennial budget continues to reduce the state's reliance on income tax revenue with a 17% income-tax cut over the next two years. The reduction is offset by raising the taxes on liquor, tobacco and gas drilling, as well as expanding the state's sales tax from 5.75% to 6.25%. Ohio has prioritized and rebuilt its Budget Stabilization Fund since the recession. The state raised the statutory target to 8.5% (from 5%) of total general fund revenues. The current Budget Stabilization Fund balance of $2 billion is 9% of general fund revenues. As of February 2018, Moody's and S&P rated Ohio GO debt at Aa1 and AA+, respectively, with stable outlooks. For the twelve months ended February 28, 2018, municipal issuance in Ohio totaled $13.4 billion, a gross issuance increase of 23.41% compared with the twelve months ended February 28, 2017.

Texas' economy is the second largest in the United States. Texas quickly recovered from Hurricane Harvey and job growth continues to remain strong. Despite the State's economic diversity, the energy sector is still a major driver. Mining & manufacturing sector jobs represent 8.9% of total employment. Between 2014 and 2018, mining employment declined by 8.7% and manufacturing declined by 1.1%. Notably, oil prices are on the rebound and the mining sector had the largest year-over-year gain in employment of 13.3%. In addition, overall state employment has seen continued growth since 2009 and unemployment rates continue to improve. The state's unemployment rate has decreased to 4.0% as of February 2018 compared to 4.7% a year ago. After mining, the largest year-over-year employment gains were seen in construction (4.8%), professional & business services (3.9%), and leisure & hospitality (3.5%). Texas' largest non-government employment sectors, which include trade transportation & utilities, education & health services, professional & business services, and financial activities, represented approximately 61% of state employment. According to the S&P CoreLogic Case-Shiller Index, housing prices in Dallas posted a year-over-year increase of 6.9% as of January 2018 (most recent data available at the time this report was prepared), compared with the national average price increase of 6.2%. On the fiscal front, the state is in the middle of its 2018-2019 biennium budget. As of February 2018, overall revenues collections are tracking ahead of budget and have increased 11.4% over the prior year. Texas is anticipating ending Fiscal Year 2018 (8/31) with about a $94M surplus, although much of that is already earmarked for Medicaid, education, and transportation spending for Fiscal Year

2019. The state maintains a large Economic Stabilization Fund, or rainy day fund and as of Fiscal Year 2017, the fund totaled $11 billion or 11.3% of General Fund revenues. S&P, Moody's and Fitch rate Texas GO debt at Aaa, AAA, AAA, and all have stable outlooks. For the twelve months ended February 28, 2018, municipal issuance in Texas totaled $37.1 billion, a gross issuance decrease of 27.9% from the previous twelve months.

What key strategies were used to manage these Funds during the twelve-month reporting period ended February 28, 2018?

Municipal bonds benefited from a generally favorable macroeconomic backdrop, despite the uncertainties surrounding the tax reform bill. Credit spreads narrowed, as sentiment improved after the fourth-quarter sell-off and municipal bond fund flows reversed from net negative to net positive. While yields on the short end of the yield curve moved higher with the Fed's rate hikes, rates on the long end declined slightly amid low inflation, resulting in a flatter yield curve over this reporting period. Relative to the national municipal market, Arizona's market lagged, Michigan's and Ohio's markets outperformed and Texas performed in line with the national market.

We continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that we believed had the potential to perform well over the long term. Our trading activity continued to focus on pursuing the Funds' investment objectives. In all four Funds, we bought bonds across a range of sectors and credit ratings, generally with intermediate to longer maturities.

In the Arizona Fund, we bought bonds with maturities of 15 years and longer, mainly focused on 20-year bonds. We added to a wide range of sectors, including transportation, health care, higher education, charter schools, local GOs, water and sewer, and Guam. Buying activity was funded mainly from the proceeds of called bonds and the sale of lower coupon bonds and short-dated (less than one year) pre-refunded bonds.

After a fairly active first half of the reporting period, NUM's buying activity slowed in the second half. We bought revenue bonds issued for Wayne County Airport maturing in 2042, state appropriation bonds for Michigan Building Authority maturing in 2041 and local GOs for Jenison Public Schools due in 2029 and 2030. The proceeds from called and maturing bonds provided most of the funding for these purchases. We also marginally trimmed NUM's tobacco exposure and sold a high quality bond due in 2019 to reinvest in new ideas.

The Ohio Fund bought credits across several sectors, including local GO, state appropriation, health care and dedicated tax. We also established a tender option bond (TOB) trust for Ohio Turnpike Commission credits and sold some Buckeye Tobacco Settlement bonds maturing in 2024 to buy the same name bonds maturing in 2047. We bought the bonds using call and maturity proceeds. In addition, we sold some short-dated pre-refunded bonds to reinvest the cash into new purchases.

Trading activity in NTX was muted during this reporting period. We added local GOs issued for the cities of Houston and Midland, Katy Independent School District local GOs and a local appropriation bond. Our purchase of Katy Independent School District was put into a TOB trust. The proceeds from called and maturing bonds provided the funding to make new purchases.

As of February 28, 2018, NAZ, NUM, NUO and NTX continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform for the twelve-month reporting period ended February 28, 2018?

The tables in each Fund's Performance Overview and Holding Summaries section of this report provide the Funds' total returns for the one-year, five-year and ten-year periods ended February 28, 2018. Each Fund's returns on common share net asset value (NAV) are compared with the performance of corresponding market index.

For the twelve months ended February 28, 2018, the total returns on common share NAV for NAZ, NUO and NTX outperformed the returns for their respective state's S&P Municipal Bond Index as well as that of the national S&P Municipal Bond Index. NUM trailed the S&P Municipal Bond Michigan Index and outperformed the national S&P Municipal Bond Index for this reporting period.

The factors influencing the Funds' performance during this reporting period included yield curve and duration positioning, credit rating allocations, sector positioning and individual credit selection. The main positive contributor to the Funds' relative performance was their longer yield curve and duration positioning. In this reporting period, longer duration bonds outperformed those with shorter durations, and all four Funds held overweight exposures to longer duration credits and underweight exposures to shorter duration credits.

In terms of credit quality, the highest (AAA and AA) ratings categories lagged in this reporting period, while lower rated and unrated bonds outperformed. NAZ's relative returns benefited from its underweight exposures to AAA and AA rated credits, as well as an overweight allocation to A rated, BBB rated and non-rated bonds. Conversely, NUM's overweight allocation to AAA rated bonds and underweight position in the below investment grade category were detrimental to relative performance. NUO's credit ratings allocation was disadvantageous due to an overweight to the AA rated segment and underweight to B rated bonds. In Ohio, tobacco settlement bonds comprise a substantial proportion of the state's B rated municipal bonds. Given our assessment of the tobacco sector's risk-reward characteristics, NUO's maximum exposure to the sector is considerably lower than the benchmark index's weighting, which detracts from performance when the sector performs well. The Texas Fund's credit exposures in aggregate were advantageous to performance, aided by an underweight to AAA rated credits and an overweight to BBB rated bonds.

On a sector basis, NAZ's sector allocation had a neutral impact on relative performance in this reporting period. Sector positioning was a detractor in the Michigan and Texas Funds. NUM's overweight to pre-refunded bonds underperformed while water and sewer exposure was a positive contributor. NTX benefited from an overweight to the dedicated tax sector, but the benefit was offset by an underweight to toll roads, which detracted. The Ohio Fund's sector allocation added to relative performance. An underweight allocation in state GOs was favorable, helping to offset underperformance from an underweight in the continuing care retirement community sector.

Across all four Funds, individual credit selection was a positive contributor to performance. Broadly speaking, lower credit quality, longer duration bonds held over the full reporting period performed the best, while the bonds bought during the more volatile market conditions in the third quarter tended to lag. The use of leverage through inverse floating rate securities, also known as inverse floaters or tender option bonds (TOBs), contributed positively to the performance for NAZ and NUM over this reporting period. The use of leverage through inverse floating rate securities was negligible to the performance of NUO and NTX over the reporting period.

A Note About Investment Valuations

The municipal securities held by the Funds are valued by the Funds' pricing service using a range of market-based inputs and assumptions. A different municipal pricing service might incorporate different assumptions and inputs into its valuation methodology, potentially resulting in different values for the same securities. Thus, the current net asset value of a Fund's shares might be impacted, higher or lower, if the Fund were to use a different pricing service, or if its pricing service were to materially change its valuation methodology. On October 4, 2016, the Fund's then-current municipal bond pricing service was acquired by the parent company of another pricing service, and the combination of the valuation methodologies used by the two organizations took place on October 16, 2017. The change of valuation methodologies due to that combination had little or no impact on the net asset value of each Fund's shares.

Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGY ON PERFORMANCE

One important factor impacting the returns of the Funds relative to their comparative benchmarks was the Funds' use of leverage through their issuance of preferred shares and/or investments in inverse floating rate securities, which represent leveraged investments in underlying bonds. The Funds use leverage because our research has shown that, over time, leveraging provides opportunities for additional income, particularly in the recent market environment where short-term market rates are at or near historical lows, meaning that the short-term rates the Fund has been paying on its leveraging instruments have been much lower than the interest the Fund has been earning on its portfolio of long-term bonds that it has bought with the proceeds of that leverage. However, use of leverage also can expose the Fund to additional price volatility. When a Fund uses leverage, the Fund will experience a greater increase in its net asset value if the municipal bonds acquired through the use of leverage increase in value, but it will also experience a correspondingly larger decline in its net asset value if the bonds acquired through leverage decline in value, which will make the Fund's net asset value more volatile, and its total return performance more variable over time. In addition, income in levered funds will typically decrease in comparison to unlevered funds when short-term interest rates increase and increase when short-term interest rates decrease. The Fund's use of leverage through inverse floating rate securities had a positive impact to performance for NAZ and NUM, but a negligible impact to performance for NUO and NTX over this reporting period. Leverage from preferred shares had a positive impact on the performance of the Funds over this reporting period.

As of February 28, 2018, the Funds' percentages of leverage are as shown in the accompanying table.

	NAZ	NUM	NUO	NTX
Effective Leverage*	37.20%	38.38 %	38.70%	36.99%
Regulatory Leverage*	34.86%	35.75 %	33.14%	32.45%

* 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. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any regulatory leverage. 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' REGULATORY LEVERAGE

As of February 28, 2018, the Funds have issued and outstanding preferred shares as shown in the accompanying table.

	Variable Rate Preferred* Shares Issued at Liquidation Preference	Variable Rate Remarketed Preferred** Shares Issued at Liquidation Preference	Total

NAZ	$88,300,000	$—	$88,300,000
NUM	$173,000,000	$—	$173,000,000
NUO	$148,000,000	$—	$148,000,000
NTX	$72,000,000	$—	$72,000,000

* Preferred shares of the Fund featuring a floating rate dividend based on a predetermined formula or spread to an index rate. Includes the following preferred shares iMTP, VMTP, MFP-VRM and VRDP in Special Rate Mode, where applicable. See Notes to Financial Statements, Note 4 – Fund Shares, Preferred Shares for further details.

** Preferred shares of the Fund featuring floating rate dividends set by a remarketing agent via a regular remarketing. Includes the following preferred shares VRDP not in special rate mode, MFP-VRRM and MFP-VRDM, where applicable. See Notes to Financial Statements, Note 4 – Fund Shares, Preferred Shares for further details.

Refer to Notes to Financial Statements, Note 4 – Fund Shares, Preferred Shares for further details on preferred shares and each Fund's respective transactions.

Common Share Information

COMMON SHARE DISTRIBUTION INFORMATION

The following information regarding the Funds' distributions is current as of February 28, 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.

	Per Common Share Amounts			
Monthly Distributions (Ex-Dividend Date)	**NAZ**	**NUM**	**NUO**	**NTX**
March 2017	$0.0540	$0.0535	$0.0585	$0.0530
April	0.0540	0.0535	0.0585	0.0530
May	0.0540	0.0535	0.0585	0.0530
June	0.0540	0.0535	0.0585	0.0530
July	0.0540	0.0535	0.0585	0.0530
August	0.0540	0.0535	0.0585	0.0530
September	0.0540	0.0535	0.0555	0.0530
October	0.0540	0.0535	0.0555	0.0530
November	0.0626	0.0535	0.0926	0.0565
December	0.0495	0.0480	0.0520	0.0530
January	0.0495	0.0480	0.0520	0.0530
February 2018	0.0495	0.0480	0.0520	0.0530
Total Distributions from Net Investment Income	$0.6431	$0.6255	$0.7106	$0.6395
Yields				
Market Yield*	4.34 %	4.49 %	4.41 %	4.70 %
Taxable-Equivalent Yield*	6.07 %	6.26 %	6.18 %	6.18 %

* Market Yield is based on the Fund's current annualized monthly distribution divided by the Fund's current market price as of the end of the reporting period. Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 28.5%, 28.3% and 28.6% for the Arizona, Michigan and Ohio Funds, respectively. The Texas Fund is based on a federal income tax rate of 24.0%. When comparing a Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield would be lower.

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 February 28, 2018, the Funds had positive UNII balances for tax purposes. NAZ and NTX had positive UNII balances, while NUM and NUO 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.

COMMON SHARE REPURCHASES

During August 2017, 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 February 28, 2018, 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.

	NAZ	**NUM**	**NUO**	**NTX**
Common shares cumulatively repurchased and retired	—	222,000	—	—
Common shares authorized for repurchase	1,165,000	2,080,000	1,850,000	1,005,000

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

	NUM
Common shares repurchased and retired	21,500
Weighted average price per common share repurchased and retired	$13.09
Weighted average discount per common share repurchased and retired	13.90 %

COMMON SHARE EQUITY SHELF PROGRAM

During the current reporting period, NAZ was authorized by the Securities and Exchange Commission to issue additional common shares through an equity shelf program (Shelf Offering). Under this program NAZ, 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 the Fund's NAV per common share. Under the Shelf Offering, the Fund was authorized to issue additional common shares as shown in the accompanying table.

	NAZ
Additional authorized common shares	1,100,000*

*Represents additional authorized common shares for the period June 6, 2017 through February 28, 2018.

During the current reporting period, NAZ sold common shares through its Shelf Offering at a weighted average premium to its NAV per common share as shown in the accompanying table.

	NAZ
Common shares sold through Shelf Offering	107,600
Weighted average premium to NAV per common share sold	1.64 %

Refer to the Notes to Financial Statements, Note 4 - Fund Shares, Common Shares Equity Shelf Programs and Offering Costs for further details of Shelf Offerings and the Fund's transactions.

OTHER COMMON SHARE INFORMATION

As of February 28, 2018, and during the current reporting period, the Funds' common share prices were trading at a premium/ (discount) to their common share NAVs as shown in the accompanying table.

	NAZ	**NUM**	**NUO**	**NTX**
Common share NAV	$14.11	$14.96	$16.12	$14.95
Common share price	$13.69	$12.84	$14.14	$13.53
Premium/(Discount) to NAV	(2.98)%	(14.17)%	(12.28)%	(9.50)%
12-month average premium/(discount) to NAV	(0.80)%	(12.03)%	(10.21)%	(6.89)%

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 Arizona Quality Municipal Income Fund (NAZ)
Nuveen Michigan Quality Municipal Income Fund (NUM)
Nuveen Ohio Quality Municipal Income Fund (NUO)
Nuveen Texas Quality Municipal Income Fund (NTX)

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. **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. **State concentration** makes the Fund more susceptible to local adverse economic, political, or regulatory changes affecting municipal bond issuers. These and other risk considerations such as **inverse floater risk** and **tax risk** are described in more detail on the Fund's web page at www.nuveen.com/NAZ, www.nuveen.com/NUM, www.nuveen.com/NUO and www.nuveen.com/NTX.

NAZ Nuveen Arizona Quality Municipal Income Fund
Performance Overview and Holding Summaries as of February 28, 2018

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 February 28, 2018

	Average Annual		
	1-Year	**5-Year**	**10-Year**
NAZ at Common Share NAV	3.44%	3.36%	6.33%
NAZ at Common Share Price	0.69%	2.60%	6.61%
S&P Municipal Bond Arizona Index	2.11%	2.57%	4.75%
S&P Municipal Bond Index	2.32%	2.59%	4.68%

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