

GABELLI UTILITY TRUST

Form 497

May 25, 2016

Table of Contents

THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION AND BECAME EFFECTIVE. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ARE NOT AN OFFER TO SELL THESE SECURITIES AND ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED MAY 25, 2016

THE GABELLI UTILITY TRUST

Filed Pursuant to Rule 497(c)

Registration Statement No. 333-203475

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated April 19, 2016)

\$

Shares

% Series C Cumulative Preferred Shares

(Liquidation Preference \$25.00 per share)

The Gabelli Utility Trust (the Fund, we, us or our) is offering % Series C Cumulative Preferred Shares, par value \$0.001 per share (the Series C Preferred Shares). The Series C Preferred Shares will constitute a separate series of the Fund's preferred shares. Investors in Series C Preferred Shares will be entitled to receive, when, as and if declared by, or under authority granted by, the Fund's Board of Trustees, out of funds legally available therefor, cumulative cash dividends and distributions at a rate of % per annum of the \$25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions on Series C Preferred Shares will be payable quarterly on March 26, June 26, September 26 and December 26 in each year, commencing on September 26, 2016.

The Series C Preferred Shares are redeemable at our option on or after , 2021 and are subject to mandatory redemption by us in certain circumstances. See Special Characteristics and Risks of the Series C Preferred Shares Redemption.

The Fund is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is long term growth of capital and income. The Fund invests at least 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas, and water and (ii) telecommunications services or infrastructure operations (collectively, the Utility Industry). A company will be considered to be in the Utility Industry if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or utility-related activities. The Fund's investment adviser is Gabelli Funds, LLC (the Investment Adviser).

The Fund's outstanding common shares, par value \$0.001 per share, are listed on the New York Stock Exchange (the NYSE) under the symbol GUT. On May 24, 2016, the last reported net asset value per share of our common shares was \$5.54 and the last reported sales price per share of our common shares on the NYSE was \$6.54. Shares of our 5.625% Series A Cumulative Preferred Shares, par value \$0.001 per share (the Series A Preferred Shares), are listed on the NYSE under the symbol GUT PrA. On May 24, 2016, the last reported sales price per share of our Series A Preferred Shares was \$25.78. Our Series B Auction Market Preferred Shares, par value \$0.001 per share (the Series B Preferred Shares), are not listed on a stock exchange. The Series C Preferred Shares will rank on parity with our Series A Preferred Shares, Series B Preferred Shares and any future series of preferred shares and will be senior to our common shares with respect to dividend and distribution rights and rights upon our liquidation.

Edgar Filing: GABELLI UTILITY TRUST - Form 497

Application will be made to list the Series C Preferred Shares on the NYSE. If the application is approved, the Series C Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance. The Fund intends to list the Series C Preferred Shares on the NYSE under the ticker symbol GUT PrC.

An investment in the Fund is not appropriate for all investors. We cannot assure you that the Fund's investment objective will be achieved. You should read this prospectus supplement (the Prospectus Supplement) and the accompanying prospectus (the Prospectus) before deciding whether to invest in Series C Preferred Shares and retain it for future reference. The Prospectus Supplement and the accompanying Prospectus contain important information about us. Material that has been incorporated by reference and other information about us can be obtained from us by calling 800-GABELLI (422-3554) or from the Securities and Exchange Commission's (SEC) website (<http://www.sec.gov>).

Investing in Series C Preferred Shares involves certain risks that are described in the Special Characteristics and Risks of the Series C Preferred Shares section of this Prospectus Supplement and the Risk Factors and Special Considerations section beginning on page 26 of the accompanying Prospectus.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total
Public offering price	\$ 25.00	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to the Fund ⁽¹⁾	\$	\$

(1) The aggregate expenses of the offering (excluding underwriting discounts and commissions) are estimated to be \$325,000. The underwriters are expected to deliver the Series C Preferred Shares in book-entry form through The Depository Trust Company on or about , 2016.

Morgan Stanley

G.research, LLC

The date of this Prospectus Supplement is , 2016.

Table of Contents

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Neither the Fund nor the underwriters have authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus Supplement and the accompanying Prospectus is accurate as of any date other than the date of this Prospectus Supplement and the accompanying Prospectus, respectively. Our business, financial condition, results of operations and prospects may have changed since those dates. In this Prospectus Supplement and in the accompanying Prospectus, unless otherwise indicated, Fund, us, our and we refer to The Gabelli Utility Trust, a Delaware statutory trust. This Prospectus Supplement also includes trademarks owned by other persons.

TABLE OF CONTENTS**Prospectus Supplement**

	Page
<u>CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS</u>	P-3
<u>SUMMARY OF THE TERMS OF THE SERIES C PREFERRED SHARES</u>	P-4
<u>DESCRIPTION OF THE SERIES C PREFERRED SHARES</u>	P-7
<u>USE OF PROCEEDS</u>	P-8
<u>CAPITALIZATION</u>	P-9
<u>DESCRIPTION OF THE SECURITIES</u>	P-10
<u>ASSET COVERAGE RATIO</u>	P-11
<u>SPECIAL CHARACTERISTICS AND RISKS OF THE SERIES C PREFERRED SHARES</u>	P-11
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OFFERING</u>	P-19
<u>CERTAIN EMPLOYEE BENEFIT PLAN AND IRA CONSIDERATIONS</u>	P-20
<u>UNDERWRITING</u>	P-22
<u>LEGAL MATTERS</u>	P-24
<u>FINANCIAL STATEMENTS</u>	P-24

Prospectus

Prospectus Summary	3
Summary of Fund Expenses	18
Financial Highlights	20
Use of Proceeds	25
The Fund	26
Investment Objectives and Policies	26
Risk Factors and Special Considerations	37
How the Fund Manages Risk	48
Management of the Fund	49
Portfolio Transactions	51
Dividends and Distributions	52
Issuance of Common Shares	53
Automatic Dividend Reinvestment and Voluntary Cash Purchase Plan	53
Description of the Securities	55
Anti-Takeover Provisions of the Fund's Governing Documents	65
Closed-End Fund Structure	66
Repurchase of Common Shares	67
Rights Offerings	67
Net Asset Value	68
Limitation on Trustees' and Officers' Liability	69
Taxation	69
Custodian, Transfer Agent and Dividend Disbursing Agent	71
Plan of Distribution	72
Legal Matters	73

Edgar Filing: GABELLI UTILITY TRUST - Form 497

Independent Registered Public Accounting Firm	73
Additional Information	73
Privacy Principles of the Fund	74
Table of Contents of Statement of Additional Information	75

P-2

Table of Contents

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information (the SAI) contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and the negative of such terms. Such forward-looking statements may be contained in this Prospectus Supplement as well as in the accompanying Prospectus. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares (including the Series C Preferred Shares) will trade in the public markets and other factors discussed in our periodic filings with the SEC.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors and Special Considerations section of the accompanying Prospectus and Special Characteristics and Risks of the Series C Preferred Shares in this Prospectus Supplement. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus are made as of the date of this Prospectus Supplement or the accompanying Prospectus, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the SAI are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the Securities Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors and Special Considerations section of the accompanying Prospectus as well as in the Special Characteristics and Risks of the Series C Preferred Shares section of this Prospectus Supplement. We urge you to review carefully those sections for a more detailed discussion of the risks of an investment in the Series C Preferred Shares.

Table of Contents

SUMMARY OF THE TERMS OF THE SERIES C PREFERRED SHARES

This Prospectus Supplement sets forth certain terms of the Series C Preferred Shares that we are offering pursuant to this Prospectus Supplement and the accompanying Prospectus that is attached to the back of this Prospectus Supplement. This section outlines certain specific legal and financial terms of the Series C Preferred Shares that are more generally described under the heading "Special Characteristics and Risks of the Series C Preferred Shares" herein and in the accompanying Prospectus under the heading "Description of the Securities." Capitalized terms used in this Prospectus Supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying Prospectus or in the Statement of Preferences governing and establishing the terms of the Series C Preferred Shares.

The Fund

The Gabelli Utility Trust is a diversified, closed-end management investment company registered under the 1940 Act. The Fund's primary investment objective is long term growth of capital and income. The Fund invests at least 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas and water and (ii) telecommunications services or infrastructure operations (collectively, the "Utility Industry"). A company will be considered to be in the Utility Industry if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or utility-related activities. The Fund's investment adviser is Gabelli Funds, LLC. The Fund was organized under the laws of the State of Delaware on February 25, 1999 and commenced operations on July 9, 1999. The Fund's common shares are listed on the NYSE under the symbol GUT.

Securities Offered

_____ shares of _____ % Series C Cumulative Preferred Shares (the "Series C Preferred Shares"). The Series C Preferred Shares will constitute a separate series of preferred shares of the Fund. The Series C Preferred Shares will rank on parity with the Series A Preferred Shares, Series B Preferred Shares and any future series of preferred shares and will be senior to our common shares with respect to dividend and distribution rights and rights upon our liquidation.

Dividend Rate

Dividends and distributions on the Series C Preferred Shares are cumulative from their original issue date at the annual rate of _____ % of the \$25.00 per share liquidation preference on the Series C Preferred Shares.

Dividend Payment Date

Holders of Series C Preferred Shares will be entitled to receive, when, as and if declared by, or under authority granted by, the Fund's Board of Trustees (the "Board of Trustees"), out of funds legally available therefor, cumulative cash dividends and distributions at the rate of _____ % per annum of the \$25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions will be paid quarterly on March 26, June 26, September 26 and December 26 in each year, commencing on September 26, 2016.

Liquidation Preference

\$25.00 per share plus accumulated and unpaid dividends and distributions.

Table of Contents

Use of Proceeds

The Fund expects to use the net proceeds from the offering of the Series C Preferred Shares to purchase portfolio securities in accordance with its investment objective and policies. The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions may cause the investment period to extend as long as six months from the issue date. While not currently expected, the proceeds may also be used to call shares of existing series of the Fund's preferred shares.

Pending such investment and/or redemption, the proceeds of the offering of the Series C Preferred Shares will be held in high quality short term debt securities and similar instruments. *See Use of Proceeds.*

Non-Call Period/Redemption

The Series C Preferred Shares generally may not be called for redemption at the option of the Fund prior to _____, 2021. The Fund reserves the right, however, to redeem the Series C Preferred Shares at any time if it is necessary, in the judgment of the Board of Trustees, to maintain its status as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). The Fund also may be required under certain circumstances to redeem Series C Preferred Shares, before or after _____, 2021, in order to meet certain regulatory or rating agency asset coverage requirements.

Commencing _____, 2021, and thereafter, to the extent permitted by the 1940 Act and Delaware law, the Fund may at any time, upon notice of redemption, redeem the Series C Preferred Shares in whole or in part at the liquidation preference per share plus accumulated unpaid dividends and distributions through the date of redemption.

Stock Exchange Listing

Application will be made to list the Series C Preferred Shares on the NYSE. Prior to this offering, there has been no public market for Series C Preferred Shares. If the application is approved, it is anticipated that trading on the NYSE will begin within thirty days from the date of this Prospectus Supplement. Before the Series C Preferred Shares are listed on the NYSE, the underwriters may, but are not obligated to, make a market in the Series C Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in the Series C Preferred Shares will be illiquid.

Taxation

The Fund expects that distributions made on the Series C Preferred Shares will consist of (i) long term capital gain (gain from the sale of a capital asset held longer than one year), (ii) qualified dividend income (dividend income from certain domestic and foreign corporations, provided certain holding period and other requirements are met by both the Fund and the shareholder) and (iii) investment

Table of Contents

company taxable income (other than qualified dividend income, including interest income, short term capital gain and income from certain hedging and interest rate transactions). Distributions paid to investors by the Fund from its investment company taxable income, which includes the excess of net short term capital gains over net long term capital losses, are generally taxable to investors as ordinary income to the extent of the earnings and profits of the Fund. Such distributions (if reported by the Fund) may, however, qualify (provided holding periods and other requirements are met) (i) for the dividends received deduction in the case of corporate shareholders to the extent that the income of the Fund consists of dividend income from U.S. corporations and (ii) in the case of individual shareholders, as qualified dividend income eligible to be taxed at long term capital gains rates to the extent that the Fund receives qualified dividend income. Distributions made to investors from an excess of net long term capital gains over net short term capital losses (capital gain dividends), including capital gain dividends credited to investors but retained by the Fund, are taxable to investors as long term capital gains if they have been properly reported by the Fund, regardless of the length of time investors have owned shares of beneficial interest of the Fund. The maximum federal income tax rate on net long term capital gain of individuals is generally either 15% or 20% depending on whether an individual's income exceeds certain threshold amounts. In addition, certain U.S. shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surcharge on their net investment income. We cannot assure you, however, as to what percentage of future distributions made on the Series C Preferred Shares will consist of long term capital gain and qualified dividend income. See *U.S. Federal Income Tax Consequences of the Offering*.

ERISA

See *Certain Employee Benefit Plan and IRA Considerations*.

Dividend Paying Agent

Computershare Trust Company, N.A.

Table of Contents

DESCRIPTION OF THE SERIES C PREFERRED SHARES

The following is a brief description of the terms of the Series C Preferred Shares. This is not a complete description and is subject to and entirely qualified by reference to the Fund's Statement of Preferences for the Series C Preferred Shares (the "Statement"). The Statement will be attached as an exhibit to post-effective amendment number 2 to the Fund's registration statement. Copies may be obtained as described under "Additional Information" in the accompanying Prospectus. Any capitalized terms in this section and the "Special Characteristics and Risks of the Series C Preferred Shares" section of this Prospectus Supplement that are not defined have the meaning assigned to them in the Statement.

The Fund's declaration of trust (the "Declaration") authorizes its Board of Trustees to issue shares of beneficial interest of the Fund, \$0.001 par value per share, with such designations, powers, preferences, voting, conversion and other rights, limitations, qualifications and terms and conditions as determined by the Board of Trustees and without the approval of common shareholders. The Declaration authorizes the Board of Trustees to issue an unlimited number of shares of beneficial interest classified by the Board of Trustees as preferred shares, par value \$0.001 per share. The Statement authorizes the issuance of up to _____ Series C Preferred Shares. All Series C Preferred Shares will have a liquidation preference of \$25.00 per share plus accumulated and unpaid dividends. Holders of the Series C Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Trustees, out of funds legally available therefor, cumulative cash dividends and distributions at the rate of _____ % per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the \$25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions on the Series C Preferred Shares will accumulate from the date of their original issue, which is expected to be _____, 2016.

The Series C Preferred Shares, when issued by the Fund and paid for pursuant to the terms of this Prospectus Supplement and the accompanying Prospectus, will be fully paid and non-assessable and will have no preemptive, exchange or conversion rights. Any Series C Preferred Shares purchased or redeemed by the Fund will, after such purchase or redemption, have the status of authorized but unissued preferred shares. The Board of Trustees may by resolution classify or reclassify any authorized and unissued Series C Preferred Shares from time to time by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and distributions, qualifications or terms or conditions of redemption of such shares. So long as any Series C Preferred Shares are outstanding, the Fund shall not, without the affirmative vote of the holders of a majority (as defined in the 1940 Act) of the Fund's preferred shares outstanding at the time and present and voting on such matter, voting separately as one class, amend, alter or repeal the provisions of the Statement so as to in the aggregate adversely affect the rights and preferences set forth in any statement of preferences of the Fund's preferred shares, including the Series C Preferred Shares. To the extent permitted under the 1940 Act, in the event that more than one series of the Fund's preferred shares are outstanding, the Fund shall not effect any of the actions set forth in the preceding sentence which in the aggregate adversely affects the rights and preferences set forth in the statement of preferences for a series of the Fund's preferred shares differently than such rights and preferences for any other series of the Fund's preferred shares without the affirmative vote of the holders of at least a majority of the Fund's preferred shares outstanding and present and voting on such matter of each series adversely affected (each such adversely affected series voting separately as a class to the extent its rights are affected differently). The holders of the Series C Preferred Shares shall not be entitled to vote on any matter that affects the rights or interests of only one or more other series of the Fund's preferred shares. Unless a higher percentage is required under the Declaration or the Fund's by-laws (together, the "Governing Documents") or applicable provisions of the Delaware Statutory Trust Act or the 1940 Act, the affirmative vote of the holders of a majority of the Fund's outstanding preferred shares (as defined in Section 2(a)(42) of the 1940 Act), including the Series C Preferred Shares, voting together as a single class, will be required to approve any plan of reorganization adversely affecting the Fund's preferred shares or any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in the Fund's investment objective or changes in the investment restrictions described as fundamental policies under "Investment Objectives and Policies" and "Investment Restrictions" in the accompanying Prospectus and the SAI. The class

Table of Contents

vote of holders of the Fund's preferred shares described above will in each case be in addition to a separate vote of the requisite percentage of the Fund's common shares and preferred shares, including the Series C Preferred Shares, voting together as a single class, necessary to authorize the action in question. An increase in the number of authorized preferred shares pursuant to the Governing Documents or the issuance of additional shares of any series of the Fund's preferred shares (including the Series C Preferred Shares) pursuant to the Governing Documents shall not in and of itself be considered to adversely affect the rights and preferences of the Fund's preferred shares.

The disclosure set forth in this Description of the Series C Preferred Shares and under the heading "Special Characteristics and Risks of the Series C Preferred Shares" is intended to be a summary of the material provisions of the Series C Preferred Shares. Since this Description of the Series C Preferred Shares is only a summary, you should refer to the Statement for a complete description of the obligations of the Fund and your rights. The disclosure set forth in this Description of the Series C Preferred Shares and under the heading "Special Characteristics and Risks of the Series C Preferred Shares" supplements the description of the preferred shares set forth under the caption "Description of the Securities Preferred Shares" in the accompanying Prospectus, and in the event that any provision described in the disclosure set forth in this Description of the Series C Preferred Shares and under the heading "Special Characteristics and Risks of the Series C Preferred Shares" is inconsistent with any description contained in the accompanying Prospectus, the disclosure set forth in this Description of the Series C Preferred Shares and under the heading "Special Characteristics and Risks of the Series C Preferred Shares" will apply and supersede the description in the accompanying Prospectus.

USE OF PROCEEDS

The Fund estimates the total net proceeds of the offering to be \$ _____, based on the public offering price of \$25.00 per Series C Preferred Share and after deduction of the underwriting discounts and commissions and estimated offering expenses payable by the Fund.

The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions may cause the investment period to extend as long as six months from the issue date. While not currently expected, the proceeds may also be used to call shares of existing series of the Fund's preferred shares. Pending such investment and/or redemption, the proceeds of the offering of the Series C Preferred Shares will be held in high quality short term debt securities and similar instruments.

Table of Contents**CAPITALIZATION**

The following table sets forth (i) the audited capitalization of the Fund as of December 31, 2015 and (ii) the unaudited adjusted capitalization of the Fund assuming the issuance of the 2,000,000 Series C Preferred Shares offered in this Prospectus Supplement and the use of proceeds thereof. The actual size of the offering may be greater or less than what is assumed in the table below.

	As of December 31, 2015	
	Actual (audited)	As adjusted (unaudited)
Preferred shares, \$0.001 par value per share, unlimited shares authorized		
(The Actual column reflects the Fund's outstanding capitalization as of December 31, 2015; the As adjusted column assumes the issuance of 2,000,000 Series C Preferred Shares at \$25.00 liquidation preference per share)	\$ 51,332,200	\$ 101,332,200
Shareholders' equity applicable to common shares:		
Common shares, \$0.001 par value per share		
(The Actual and As adjusted columns reflect the Fund's outstanding capitalization of 42,760,949 common shares as of December 31, 2015)	42,761	42,761
Paid-in surplus*	163,702,268	161,802,268
Accumulated net investment loss	(15,567)	(15,567)
Distributions in excess of net realized gain on investments, swap contracts, and foreign currency translations	(1,354,826)	(1,354,826)
Net unrealized appreciation on investments, swap contracts, and foreign currency translations	56,801,479	56,801,479
Net assets attributable to common shares	219,176,115	217,276,115
Liquidation preference of preferred shares	51,332,200	101,332,200
Net assets, plus the liquidation preference of preferred shares	270,508,315	318,608,315

* As adjusted paid-in surplus reflects a deduction for the estimated underwriting discounts and commissions of \$1,575,000 (using an assumed underwriting discount of 3.15%) and estimated offering costs of \$325,000 for the Series C Preferred Shares.

For financial reporting purposes, the Fund will deduct the liquidation preference of its outstanding preferred shares from net assets, so long as the senior securities have redemption features that are not solely within the control of the Fund. For all regulatory purposes, the Fund's preferred shares will be treated as equity (rather than debt).

Table of Contents

DESCRIPTION OF THE SECURITIES

The following information regarding the Fund's authorized shares is as of the date hereof.

Title of Class	Amount Authorized	Amount Held by Fund or for its Account	Amount Outstanding Exclusive of Amount Held by Fund
Common Shares	Unlimited		42,760,949
Series A Preferred Shares	Unlimited		1,153,288
Series B Preferred Shares	Unlimited		900
Series C Preferred Shares			0
Other Series of Preferred Shares	Unlimited		0

P-10

Table of Contents

ASSET COVERAGE RATIO

Pursuant to the 1940 Act, the Fund generally will not be permitted to declare any dividend, or declare any other distribution, upon any outstanding common shares, or purchase any such common shares, unless, in every such case, all preferred shares issued by the Fund have at the time of declaration of any such dividend or distribution or at the time of any such purchase an asset coverage of at least 200% (1940 Act Asset Coverage Requirement) after deducting the amount of such dividend, distribution, or purchase price, as the case may be. As of the date of this Prospectus Supplement, all of the Fund's outstanding preferred shares are expected to have asset coverage on the date of issuance of the Series C Preferred Shares of approximately 332%.

In addition to the 1940 Act Asset Coverage Requirement, the Fund is subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which have issued ratings for the Series A Preferred Shares and Series B Preferred Shares and may issue a rating for the Series C Preferred Shares. See Special Characteristics and Risks of the Series C Preferred Shares Risks Credit Rating Risk in this Prospectus Supplement. As a condition of the underwriters' obligation to purchase the Series C Preferred Shares, the Series C Preferred Shares must be rated at a minimum level by a rating agency that is a Nationally Recognized Statistical Rating Organization.

SPECIAL CHARACTERISTICS AND RISKS OF THE SERIES C PREFERRED SHARES

Dividends

Holders of Series C Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Trustees, out of funds legally available therefor, cumulative cash dividends and distributions at the rate of % per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the \$25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions on Series C Preferred Shares will accumulate from the date of their original issue, which is expected to be , 2016.

Dividends and distributions will be payable quarterly on March 26, June 26, September 26 and December 26 in each year (each a Dividend Payment Date) commencing on September 26, 2016 (or, if any such day is not a business day, then on the next succeeding business day) to holders of record of Series C Preferred Shares as they appear on the share register of the Fund at the close of business on the fifth preceding business day. Dividends and distributions on Series C Preferred Shares shall accumulate from the date on which the Series C Preferred Shares are originally issued. Each period beginning on and including a Dividend Payment Date (or the date of original issue, in the case of the first dividend period after the first issuance of the Series C Preferred Shares) and ending on but excluding the next succeeding Dividend Payment Date is referred to herein as a Dividend Period. Dividends and distributions on account of arrears for any past Dividend Period or in connection with the redemption of Series C Preferred Shares may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date as shall be fixed by the Board of Trustees that is not more than 30 days before the Dividend Payment Date.

No full dividends or distributions will be declared or paid on Series C Preferred Shares for any Dividend Period or part thereof unless full cumulative dividends and distributions due through the most recent Dividend Payment Dates therefor on all outstanding shares of any series of preferred shares of the Fund ranking on a parity with the Series C Preferred Shares as to the payment of dividends and distributions have been or contemporaneously are declared and paid through the most recent Dividend Payment Dates therefor. If full cumulative dividends and distributions due have not been paid on all of the Fund's outstanding preferred shares, any dividends and distributions being paid on such preferred shares (including the Series C Preferred Shares) will be paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on each such series of preferred shares on the relevant Dividend Payment Date.

Table of Contents

Restrictions on Dividend, Redemption and Other Payments

Under the 1940 Act, the Fund is not permitted to issue preferred shares (such as the Series C Preferred Shares) unless immediately after such issuance the Fund will have an asset coverage of at least 200% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing stock of a closed-end investment company as a condition of declaring distributions, purchases or redemptions of its stock). In general, the term *asset coverage* for this purpose means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness of the Fund plus the aggregate of the involuntary liquidation preference of the preferred shares. The involuntary liquidation preference refers to the amount to which the preferred shares would be entitled on the involuntary liquidation of the Fund in preference to a security junior to them. The Fund also is not permitted to declare any cash dividend or other distribution on its common shares or purchase its common shares unless, at the time of such declaration or purchase, the Fund satisfies this 200% asset coverage requirement after deducting the amount of the distribution or purchase price, as applicable.

In addition, the Fund may be limited in its ability to declare any cash distribution on its shares of beneficial interest (including the Series C Preferred Shares) or purchase its shares of beneficial interest (including the Series C Preferred Shares) unless, at the time of such declaration or purchase, the Fund has an asset coverage on its indebtedness, if any, of at least 300% after deducting the amount of such distribution or purchase price, as applicable. The 1940 Act contains an exception, however, that permits dividends to be declared upon any preferred shares issued by the Fund (including the Series C Preferred Shares) if the Fund's indebtedness has an asset coverage of at least 200% at the time of declaration after deducting the amount of the dividend. In general, the term *asset coverage* for this purpose means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness of the Fund.

The term *senior security* does not include any promissory note or other evidence of indebtedness in any case where such a loan is for temporary purposes only and in an amount not exceeding 5% of the value of the total assets of the Fund at the time when the loan is made. A loan is presumed under the 1940 Act to be for temporary purposes if it is repaid within 60 days and is not extended or renewed; otherwise it is presumed not to be for temporary purposes. For purposes of determining whether the 200% and 300% asset coverage requirements described above apply in connection with dividends or distributions on or purchases or redemptions of Series C Preferred Shares, the asset coverages may be calculated on the basis of values calculated as of a time within 48 hours (not including Sundays or holidays) next preceding the time of the applicable determination.

In addition to those circumstances described in the accompanying Prospectus under *Description of the Securities Preferred Shares Restrictions on Dividends and Other Distributions for the Preferred Shares*, the Fund may not pay any dividend or distribution (other than a dividend or distribution paid in common shares or in options, warrants or rights to subscribe for or purchase common shares) in respect of the common shares or call for redemption, redeem, purchase or otherwise acquire for consideration any common shares (except by conversion into or exchange for shares of the Fund ranking junior to the preferred shares as to the payment of dividends or distributions and the distribution of assets upon liquidation), unless after making the distribution, the Fund meets applicable asset coverage requirements described under *Rating Agency Guidelines* below.

Voting Rights

Except as otherwise provided in the Fund's Governing Documents (including the Statement) or a resolution of the Board of Trustees or its delegatee, or as required by applicable law, holders of Series C Preferred Shares shall have no power to vote on any matter except matters submitted to a vote of the Fund's common shares. In any matter submitted to a vote of the holders of the common shares, each holder of Series C Preferred Shares shall be entitled to one vote for each Series C Preferred Share held and the holders of all outstanding preferred

Table of Contents

shares, including Series C Preferred Shares, and the common shares shall vote together as a single class; provided, however, that the holders of the outstanding preferred shares, including Series C Preferred Shares, shall be entitled, as a separate class, to the exclusion of the holders of all other classes of shares of beneficial interest of the Fund, to elect two of the Fund's trustees.

During any period in which any one or more of the conditions described below shall exist (such period being referred to herein as a Voting Period), the number of trustees constituting the Fund's Board of Trustees shall be automatically increased by the smallest number of additional trustees that, when added to the two trustees elected exclusively by the holders of outstanding preferred shares, would constitute a simple majority of the Fund's Board of Trustees as so increased by such smallest number, and the holders of outstanding preferred shares, including the Series C Preferred Shares, voting separately as one class (to the exclusion of the holders of all other classes of shares of beneficial interest of the Fund) shall be entitled to elect such smallest number of additional trustees and the two trustees the holders of preferred shares, including the Series C Preferred Shares, are otherwise entitled to elect. The Fund and the Fund's Board of Trustees shall take all necessary actions, including amending the Fund's Governing Documents, to effect an increase in the number of trustees as described in the preceding sentence. A Voting Period shall commence:

(i) if at any time accumulated dividends and distributions on the outstanding Series C Preferred Shares equal to at least two full years' dividends and distributions shall be due and unpaid and sufficient deposit assets shall not have been deposited with Computershare Trust Company, N.A., and its successors or any other dividend disbursing agent appointed by the Fund, for the payment of such accumulated dividends and distributions; or

(ii) if at any time holders of any other preferred shares are entitled to elect a majority of the Trustees of the Fund under the 1940 Act or statement of preferences creating such shares.

So long as any Series C Preferred Shares are outstanding, the Fund shall not, without the affirmative vote of the holders of a majority (as defined in the 1940 Act) of the Fund's preferred shares outstanding at the time and present and voting on such matter, voting separately as one class, amend, alter or repeal the provisions of the Statement so as to in the aggregate adversely affect the rights and preferences set forth in any statement of preferences of the Fund's preferred shares, including the Series C Preferred Shares. To the extent permitted under the 1940 Act, in the event that more than one series of the Fund's preferred shares are outstanding, the Fund shall not effect any of the actions set forth in the preceding sentence which in the aggregate adversely affects the rights and preferences set forth in the statement of preferences for a series of the Fund's preferred shares differently than such rights and preferences for any other series of the Fund's preferred shares without the affirmative vote of the holders of at least a majority of the Fund's preferred shares outstanding and present and voting on such matter of each series adversely affected (each such adversely affected series voting separately as a class to the extent its rights are affected differently). The holders of the Series C Preferred Shares shall not be entitled to vote on any matter that affects the rights or interests of only one or more other series of the Fund's preferred shares. Unless a higher percentage is required under the Governing Documents or applicable provisions of the Delaware Statutory Trust Act or the 1940 Act, the affirmative vote of the holders of a majority of the Fund's outstanding preferred shares (as defined in Section 2(a)(42) of the 1940 Act), including the Series C Preferred Shares, voting together as a single class, will be required to approve any plan of reorganization adversely affecting the Fund's preferred shares or any action requiring a vote of security holders under Section 13(a) of the 1940 Act. The class vote of holders of the Fund's preferred shares described above will in each case be in addition to a separate vote of the requisite percentage of the Fund's common shares and preferred shares, including the Series C Preferred Shares, voting together as a single class, necessary to authorize the action in question. An increase in the number of authorized preferred shares pursuant to the Governing Documents or the issuance of additional shares of any series of the Fund's preferred shares (including the Series C Preferred Shares) pursuant to the Governing Documents shall not in and of itself be considered to adversely affect the rights and preferences of the Fund's preferred shares.

Table of Contents

Limitation on Issuance of Preferred Shares

So long as the Fund has preferred shares outstanding, the Fund may issue and sell shares of one or more other series of additional preferred shares provided that the Fund will, immediately after giving effect to the issuance of such additional preferred shares and to its receipt and application of the proceeds thereof (including, without limitation, to the redemption of preferred shares to be redeemed out of such proceeds), have an asset coverage for all senior securities of the Fund which are shares, as defined in the 1940 Act, of at least 200% of the sum of the liquidation preference of the preferred shares of the Fund then outstanding and all indebtedness of the Fund constituting senior securities and no such additional preferred shares will have any preference or priority over any other preferred shares of the Fund upon liquidation or the distribution of the assets of the Fund or in respect of the payment of dividends or distributions.

Rating Agency Guidelines

The Fund anticipates Moody's will initially rate the Series C Preferred Shares. The Fund expects that it will be required under Moody's (or any other rating agency then rating the Fund's preferred shares at the Fund's request, including the Series C Preferred Shares) guidelines to maintain assets having in the aggregate a discounted value at least equal to the Basic Maintenance Amount (as defined in the Statement) for its outstanding preferred shares (including the Series C Preferred Shares) with respect to the guidelines Moody's or such other rating agency has established for determining discounted value. To the extent any particular portfolio holding does not satisfy a rating agency's guidelines, all or a portion of such holding's value will not be included in the calculation of discounted value (as defined by the rating agency). The Moody's guidelines also impose certain diversification requirements and industry concentration limitations on the Fund's overall portfolio, and apply specified discounts to securities held by the Fund (except certain money market securities).

If the value of the Fund's assets, as discounted in accordance with the rating agency guidelines, is less than the Basic Maintenance Amount, the Fund is required to use its commercially reasonable efforts to cure such failure. If the Fund does not cure in a timely manner a failure to maintain a discounted value of its portfolio equal to the Basic Maintenance Amount in accordance with the requirements of the applicable rating agency or agencies then rating the preferred shares, including the Series C Preferred Shares, at the request of the Fund, the Fund will be required to mandatorily redeem its preferred shares, including the Series C Preferred Shares, as described below under Redemption.

Any rating agency providing a rating for the preferred shares, including the Series C Preferred Shares, at the request of the Fund may, at any time, change or withdraw any such rating. The Board of Trustees, without further action by the Fund's shareholders, may amend, alter, add to or repeal any provision of the Statement that has been adopted by the Fund pursuant to rating agency guidelines or add covenants and other obligations of the Fund to the Statement, if the applicable rating agency confirms that such amendments or modifications are necessary to prevent a reduction in, or the withdrawal of, a rating of the Fund's preferred shares and such amendments and modifications do not adversely affect the rights and preferences of and are in the aggregate in the best interests of the holders of the Fund's preferred shares. The Board of Trustees, without further action by the shareholders, may amend, alter, add to or repeal any provision of the Statement including provisions that have been adopted by the Fund pursuant to rating agency guidelines, if such amendments or modifications will not in the aggregate adversely affect the rights and preferences of the holders of any series of the Fund's preferred shares, provided, that the Fund has received confirmation from each applicable rating agency then rating the Series C Preferred Shares at the Fund's request that such amendment or modification would not adversely affect such rating agency's then-current rating of such series of the Fund's preferred shares.

As described by Moody's, the ratings assigned to each series of preferred shares, including the Series C Preferred Shares, are assessments of the capacity and willingness of the Fund to pay the obligations of each such series. The ratings on these series of preferred shares are not recommendations to purchase, hold or sell shares of any series, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The

Table of Contents

rating agency guidelines also do not address the likelihood that an owner of preferred shares will be able to sell such shares on an exchange, in an auction or otherwise. The ratings are based on current information furnished to Moody's by the Fund and the Investment Adviser and information obtained from other sources. The ratings may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, such information.

The rating agency guidelines apply to each series of preferred shares, including the Series C Preferred Shares, only so long as such rating agency is rating such series at the request of the Fund. The Fund pays fees to Moody's for rating the Series C Preferred Shares.

Redemption

Mandatory Redemption. Under certain circumstances, the Series C Preferred Shares will be subject to mandatory redemption by the Fund out of funds legally available therefor in accordance with the Statement and applicable law.

If the Fund fails to have asset coverage, as determined in accordance with Section 18(h) of the 1940 Act, of at least 200% with respect to all outstanding senior securities of the Fund which are stock, including all outstanding Series C Preferred Shares (or such other asset coverage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities which are stock of a closed-end investment company as a condition of declaring dividends on its common stock), as of the last business day of March, June, September and December of each year in which any Series C Preferred Shares are outstanding, and such failure is not cured as of the cure date specified in the Statement (49 days following such business day), (i) the Fund shall give a notice of redemption with respect to the redemption of a sufficient number of its preferred shares, which at the Fund's determination (to the extent permitted by the 1940 Act and Delaware law) may include any proportion of Series C Preferred Shares, to enable it to meet the asset coverage requirements, and, at the Fund's discretion, such additional number of Series C Preferred Shares or any other series of the Fund's preferred shares in order for the Fund to have asset coverage with respect to the Series C Preferred Shares and any other series of the Fund's preferred shares remaining outstanding after such redemption as great as 220%, and (ii) deposit an amount with Computershare Trust Company, N.A., and its successors or any other dividend-disbursing agent appointed by the Fund, having an initial combined value sufficient to effect the redemption of the Series C Preferred Shares or other series of the Fund's preferred shares to be redeemed.

If the Fund is required to redeem any preferred shares (including Series C Preferred Shares) as a result of a failure to maintain such minimum 1940 Act asset coverage as of an applicable cure date, then the Fund shall, to the extent permitted by the 1940 Act and Delaware law, by the close of business on such cure date fix a redemption date that is on or before the 30th business day after such cure date and proceed to redeem the preferred shares, including the Series C Preferred Shares. The Fund may fix a redemption date that is after the 30th business day after such cure date if the Board of Trustees determines, in good faith, that extraordinary market conditions exist as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or is not reasonably practicable at fair value. On such redemption date, the Fund shall redeem, out of funds legally available therefor, the number of its preferred shares, which, to the extent permitted by the 1940 Act and Delaware law, at the option of the Fund may include any proportion of Series C Preferred Shares or shares of any other series of preferred shares of the Fund, equal to the minimum number of shares the redemption of which, if such redemption had occurred immediately prior to the opening of business on such cure date, would have resulted in the Fund having asset coverage immediately prior to the opening of business on such cure date in compliance with the 1940 Act or, if asset coverage cannot be so restored, all of the outstanding Series C Preferred Shares, in each case at a price equal to \$25.00 per share plus accumulated but unpaid dividends and distributions (whether or not earned or declared by the Fund) through and including the date of redemption. In addition, as reflected above, the Fund may, but is not required to, redeem an additional number of preferred shares (including Series C Preferred Shares) which, when aggregated with all other preferred shares redeemed by the Fund, permits the Fund to have with respect to the preferred shares (including Series C Preferred Shares) remaining outstanding after such redemption a 1940 Act asset coverage of as great as 220%.

Table of Contents

Similarly, as reflected above under Rating Agency Guidelines, so long as Moody's or another rating agency is rating the Fund's preferred shares (including the Series C Preferred Shares) at the request of the Fund, the Fund will be required to maintain, on the last business day of each month, assets having in the aggregate a discounted value at least equal to the Basic Maintenance Amount. So long as Moody's or another rating agency is rating the Fund's preferred shares (including the Series C Preferred Shares) at the request of the Fund, if the Fund fails to have assets having in the aggregate a discounted value at least equal to the Basic Maintenance Amount as of the last business day of any month, and such failure is not cured as of the cure date specified in the Statement (10 business days following such business day), the Fund shall similarly follow the redemption protocol summarized above to restore compliance with the Basic Maintenance Amount, and the Fund may, but is not required to, redeem an additional number of preferred shares (including Series C Preferred Shares) which, when aggregated with all other preferred shares redeemed by the Fund, permits the Fund to have with respect to the preferred shares (including the Series C Preferred Shares) remaining outstanding after such redemption assets having in the aggregate a discounted value equal to as great as 110% of the Basic Maintenance Amount. See Description of the Securities Preferred Shares Redemption in the Prospectus for a discussion of the consequences that would arise if the Fund fails to maintain the asset coverage requirements as calculated in accordance with the applicable rating agency guidelines set forth in the Statement as of any monthly valuation date.

Optional Redemption. Prior to , 2021, the Series C Preferred Shares are not subject to optional redemption by the Fund unless the redemption is necessary, in the judgment of the Board of Trustees, to maintain the Fund's status as a regulated investment company under Subchapter M of the Code. Commencing , 2021, and thereafter, to the extent permitted by the 1940 Act and Delaware law, the Fund may at any time upon notice in the manner provided in the Statement redeem the Series C Preferred Shares in whole or in part at a price equal to the liquidation preference per share plus accumulated but unpaid dividends and distributions through and including the date of redemption.

Redemption Procedures. Redemptions of Series C Preferred Shares will be made subject to the procedures described in the Prospectus under Description of the Securities Preferred Shares Redemption Procedures, except that a notice of redemption with respect to an optional redemption will be given to the holders of record of Series C Preferred Shares selected for redemption not less than 15 days (subject to the NYSE requirements), nor more than 40 days prior to the date fixed for redemption. Holders of Series C Preferred Shares may receive shorter notice in the event of a mandatory redemption.

Liquidation

In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the holders of Series C Preferred Shares shall be entitled to receive out of the assets of the Fund available for distribution to shareholders, after satisfying claims of creditors but before any distribution or payment shall be made in respect of the Fund's common shares or any other shares of the Fund ranking junior to the Series C Preferred Shares as to liquidation payments, a liquidation distribution in the amount of \$25.00 per share (the Liquidation Preference), plus an amount equal to all unpaid dividends and distributions accumulated to and including the date fixed for such distribution or payment (whether or not earned or declared by the Fund, but excluding interest thereon), and such holders shall be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up of the Fund.

If, upon any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the assets of the Fund available for distribution among the holders of all outstanding Series C Preferred Shares and all outstanding shares of any other series of the Fund's preferred shares ranking on a parity with the Series C Preferred Shares as to payment upon liquidation shall be insufficient to permit the payment in full to such holders of Series C Preferred Shares of the Liquidation Preference plus accumulated and unpaid dividends and distributions and the amou