

GAMCO Natural Resources, Gold & Income Trust
Form 497
October 23, 2017
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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 OCTOBER 23, 2017

GAMCO NATURAL RESOURCES, GOLD & INCOME TRUST
Filed Pursuant to Rule 497(c)
Registration Statement No. 333-217013

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated October 17, 2017)

\$

Shares

% Series A Cumulative Preferred Shares

(Liquidation Preference \$25.00 per share)

GAMCO Natural Resources, Gold & Income Trust (the Fund) is offering shares of % Series A Cumulative Preferred Shares, par value \$0.001 per share (the Series A Preferred Shares). Investors in Series A 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 the rate of % per annum of the \$25.00 per share liquidation preference on the Series A Preferred Shares. Dividends and distributions on Series A Preferred Shares will be payable quarterly on March 26, June 26, September 26 and December 26 in each year commencing on December 26, 2017. The Series A Preferred Shares will rank on parity with any future preferred shares and senior to our common shares with respect to dividend and distribution rights and rights upon our liquidation.

The Series A Preferred Shares are redeemable at our option on or after , 2022 and are subject to mandatory redemption by us in certain circumstances. See Special Characteristics and Risks of the Series A Preferred Shares Redemption.

The Fund is a non-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 to provide a high level of current income from interest, dividends and option premiums. The Fund's secondary investment objective is to seek capital appreciation consistent with the Fund's strategy and its primary objective. Under normal market conditions, the Fund attempts to achieve its objectives by investing at least 80% of its assets in securities of companies principally engaged in the natural resources and gold industries. The Fund will invest at least 25% of its assets in the securities of companies principally engaged in the group of industries that constitute the natural resources industries, which includes companies principally engaged in the exploration, production or distribution of natural resources, such as metals (including both precious metals such as silver and platinum and base (i.e., non-precious) metals such as copper, lead, nickel and zinc), paper, food, agriculture, forestry products, water, gas, oil, sustainable energy and other commodities as well as related transportation companies and equipment manufacturers. The Fund will invest at least 25% of its assets in the securities of companies principally engaged in the gold industry, which includes companies principally engaged in the exploration, mining, fabrication, processing, distribution or trading of gold or the financing, managing, controlling or operating of companies engaged in gold-related activities. The Fund may invest in the securities of companies located anywhere in the world. As part of its investment strategy, the Fund intends to provide current income from short-term gains earned through an option strategy which will normally consist of writing (selling) call options on equity securities in its portfolio (covered calls), but may, in amounts up to 15% of the Fund's assets, consist of writing uncovered call options on securities not held by the Fund and indices comprised of Natural Resources Companies or Gold Companies (each as defined in the accompanying prospectus (the Prospectus)) or exchange-traded funds comprised of such issuers and writing put options on securities of Natural Resource Companies or Gold Companies. When the Fund sells a covered call option, it generates current income from short-term gains in the form of the premium paid by the buyer of the call option, but the Fund forgoes the opportunity to participate in any increase in the value of the underlying equity security above the exercise price of the option. See Investment Objectives and Policies in the accompanying Prospectus for additional information. Gabelli Funds, LLC (the Investment Adviser) serves as investment adviser to the Fund.

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Our common shares are listed on the New York Stock Exchange (NYSE) under the symbol GNT. On October 20, 2017, the last reported sale price of our common shares was \$7.00. The net asset value of the Fund s common shares at the close of business on October 20, 2017 was \$7.11 per share. As of the date hereof, the Fund has outstanding 20,897,510 common shares.

Application has been made to list the Series A Preferred Shares on the NYSE. If the application is approved, the Series A Preferred Shares are expected to commence trading on the NYSE under the symbol GNT PR A within thirty days of the date of issuance.

An investment in the Fund is not appropriate for all investors. We cannot assure you that the Fund s investment objectives will be achieved. You should read this prospectus supplement (the Prospectus Supplement) and the accompanying Prospectus before deciding whether to invest in Series A Preferred Shares and retain them 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 by writing to the Fund or from the Securities and Exchange Commission s (SEC) website (<http://www.sec.gov>).

Investing in Series A Preferred Shares involves certain risks that are described in the Special Characteristics and Risks of the Series A Preferred Shares section of this Prospectus Supplement and the Risk Factors and Special Considerations section beginning on page 49 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	\$ 0.7875	\$
Proceeds, before expenses, to the Fund ⁽¹⁾	\$ 24.2125	\$

(1) The aggregate expenses of the offering (excluding underwriting discounts and commissions) are estimated to be \$180,000.

The underwriters are expected to deliver the Series A Preferred Shares in book-entry form through the Depository Trust Company on or about , 2017.

Wells Fargo Securities

G.research, LLC

The date of this Prospectus Supplement is , 2017.

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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 GAMCO Natural Resources, Gold & Income Trust, a Delaware statutory trust. This Prospectus Supplement and the accompanying Prospectus also include trademarks owned by other persons.

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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 and SAI. 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 A 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 A Preferred Shares in this Prospectus Supplement. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus or SAI are made as of the date of this Prospectus Supplement or the accompanying Prospectus or SAI, 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 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 A 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 A Preferred Shares.

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SUMMARY OF THE TERMS OF THE SERIES A PREFERRED SHARES

This Prospectus Supplement sets forth certain terms of the Series A 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 A Preferred Shares that are more generally described under the headings Special Characteristics and Risks of the Series A Preferred Shares and Description of the Series A 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 (as defined herein) governing and establishing the terms of the Series A Preferred Shares.

The Fund

GAMCO Natural Resources, Gold & Income Trust is a non-diversified, closed-end, management investment company organized as a Delaware statutory trust on June 26, 2008. Throughout this Prospectus Supplement, we refer to GAMCO Natural Resources, Gold & Income Trust as the Fund or as we.

The Fund's primary investment objective is to provide a high level of current income from interest, dividends and option premiums. The Fund's secondary investment objective is to seek capital appreciation consistent with the Fund's strategy and its primary objective. Under normal market conditions, the Fund will attempt to achieve its objectives by investing at least 80% of its assets in securities of companies principally engaged in the natural resources and gold industries. See the accompanying Prospectus under the heading Investment Objectives and Policies for additional information. Gabelli Funds, LLC (the Investment Adviser) serves as investment adviser to the Fund.

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 GNT. On October 20, 2017, the last reported sale price of our common shares was \$7.00. The net asset value of the Fund's common shares at the close of business on October 20, 2017 was \$7.11 per share. As of the date hereof, the Fund had outstanding 20,897,510 common shares. As of September 30, 2017, the net assets of the Fund attributable to its common shares were \$148,942,504. As of September 30, 2017, the Fund had outstanding 20,897,510 common shares.

Securities Offered

shares of % Series A Cumulative Preferred Shares (the Series A Preferred Shares). The Series A Preferred Shares will rank on parity with any future preferred shares and 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 A 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 A Preferred Shares.

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Dividend Payment Date

Holders of Series A 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), 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 A Preferred Shares. Dividends and distributions will be paid quarterly on March 26, June 26, September 26 and December 26 in each year, commencing on December 26, 2017.

Liquidation Preference

\$25.00 per share.

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 share and after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us.

The Fund will use the net proceeds from the offering of Series A Preferred Shares to purchase portfolio securities in accordance with its investment objectives and policies. The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objectives and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, changes in market conditions could result in the Fund's anticipated investment period extending to as long as six months from the issue date. This could occur because the Investment Adviser follows a value-oriented investment strategy; therefore market conditions could result in the Investment Adviser delaying the investment of proceeds if it believes the margin of risk in making additional investments is not favorable in light of its value-oriented investment strategy. Pending such investment, the proceeds of the offering of the Series A 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 A Preferred Shares generally may not be called for redemption at the option of the Fund prior to , 2022. The Fund reserves the right, however, to redeem the Series A Preferred Shares at any time if it is necessary, in the judgment of the Board, to maintain its status as a regulated investment company (a RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). The Fund may also be required under certain circumstances to redeem Series A Preferred Shares before or after , 2022, in order to meet certain regulatory or rating agency asset coverage requirements.

Commencing , 2022, 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 A Preferred Shares in whole or in part at the liquidation preference per share plus accumulated unpaid dividends through the date of redemption.

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Stock Exchange Listing

Application has been made to list the Series A Preferred Shares on the NYSE. Prior to this offering, there has been no public market for Series A Preferred Shares. The Fund has no other series of 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 under the symbol GNT PR A. . Before the Series A Preferred Shares are listed on the NYSE, the underwriters may, but are not obligated to, make a market in Series A Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series A Preferred Shares will be illiquid.

Taxation

See Taxation in the accompanying Prospectus and SAI for a discussion of U.S. federal income tax considerations affecting the Fund and holders of Series A Preferred Shares.

ERISA

See Certain Employee Benefit Plan and IRA Considerations.

Dividend Disbursing Agent

American Stock Transfer & Trust Company.

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DESCRIPTION OF THE SERIES A PREFERRED SHARES

The following is a brief description of the terms of the Series A 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 A Preferred Shares (the "Statement of Preferences"). The Statement of Preferences will be attached as an exhibit to post-effective amendment number 1 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 A Preferred Shares" section of this Prospectus Supplement that are not defined have the meaning assigned to them in the Statement of Preferences.

The Fund's Agreement and Declaration of Trust (the "Declaration of Trust"), as amended from time to time, provides that the Board may authorize and issue classes of shares with rights and preferences as determined by the Board, by action of the Board without the approval of the holders of the common shares. Currently, an unlimited number of the Fund's shares are available for classification by the Board as preferred shares, par value \$0.001 per share. The Statement of Preferences authorizes the issuance of up to _____ Series A Preferred Shares. All Series A Preferred Shares will have a liquidation preference of \$25.00 per share plus accumulated and unpaid dividends. Holders of Series A Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by the Board, 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 A Preferred Shares. Dividends and distributions on Series A Preferred Shares will accumulate from the date of their original issue, which is expected to be _____, 2017.

The Series A 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 A 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 may by resolution classify or reclassify any authorized and unissued Series A 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, and qualifications or terms or conditions of redemption of such shares. So long as any Series A Preferred Shares are outstanding, the Fund may 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, voting separately as one class, amend, alter or repeal the provisions of the Statement of Preferences so as to in the aggregate adversely affect the rights and preferences of any preferred shares of the Fund. To the extent permitted under the 1940 Act, in the event that more than one series of the Fund's preferred shares is outstanding, the Fund will not effect any of the actions set forth in the preceding sentence which in the aggregate adversely affects the rights and preferences for a series of preferred shares differently than such rights and preferences for any other series of preferred shares without the affirmative vote of the holders of at least a majority (as defined in the 1940 Act) of the Fund's preferred shares outstanding 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 A Preferred Shares are not 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. The Fund will notify the relevant Rating Agency 10 Business Days prior to any such vote described above. Unless a higher percentage is required under the Governing Documents (as defined in the Statement of Preferences) or applicable provisions of the Delaware Statutory Trust Act or the 1940 Act, the affirmative vote of the holders of a majority (as defined in the 1940 Act) of the outstanding preferred shares, including Series A 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 common shares and preferred shares, including Series A 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 preferred shares (including Series A 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.

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Any dividend payment made on the Series A Preferred Shares will first be credited against the dividends and distributions accumulated with respect to the earliest Dividend Period for which dividends and distributions have not been paid.

The disclosure set forth in this Description of the Series A Preferred Shares and under the heading "Special Characteristics and Risks of the Series A Preferred Shares" is intended to be a summary of the material provisions of the Series A Preferred Shares. Since this Description of the Series A Preferred Shares is only a summary, you should refer to the Statement of Preferences for a complete description of the obligations of the Fund and your rights. The disclosure set forth in this Description of the Series A Preferred Shares and under the heading "Special Characteristics and Risks of the Series A 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 A Preferred Shares and under the heading "Special Characteristics and Risks of the Series A Preferred Shares" is inconsistent with any description contained in the accompanying Prospectus, the disclosure set forth in this Description of the Series A Preferred Shares and under the heading "Special Characteristics and Risks of the Series A 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 A 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 objectives and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, changes in market conditions could result in the Fund's anticipated investment period extending to as long as six months from the issue date. This could occur because the Investment Adviser follows a value-oriented investment strategy; therefore market conditions could result in the Investment Adviser delaying the investment of proceeds if it believes the margin of risk in making additional investments is not favorable in light of its value-oriented investment strategy. Pending such investment, the proceeds of the offering of the Series A Preferred Shares will be held in high quality short term debt securities and similar instruments.

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The following table sets forth (i) the audited capitalization of the Fund as of December 31, 2016, (ii) the unaudited capitalization of the Fund as of June 30, 2017 and (iii) the unaudited adjusted capitalization of the Fund assuming the issuance of the 1,200,000 Series A 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, 2016		As of June 30, 2017	
	Actual (audited)	As adjusted (unaudited)	Actual (unaudited)	As adjusted (unaudited)
Preferred shares, \$0.001 par value per share (The Actual column reflects the Fund's outstanding capitalization as of December 31, 2016 and June 30, 2017, respectfully; the As adjusted column assumes the issuance of 1,200,000 Series A Preferred Shares at \$25.00 liquidation preference per share)	\$ 0	\$ 30,000,000	\$ 0	\$ 30,000,000
Shareholders' equity applicable to common shares:				
Common shares, \$0.001 par value per share; unlimited shares authorized (The Actual and As adjusted columns reflect the Fund's outstanding capitalization of 20,864,818 common shares outstanding as of December 31, 2016 and 20,897,510 common shares outstanding as of June 30, 2017, respectfully)	20,865	20,865	20,898	20,898
Paid-in surplus*	294,078,502	292,953,502	292,308,061	291,183,061
Distributions in excess of net investment income	(133,027)	(133,027)	(68,172)	(68,172)
Distributions in excess of net realized gain on investments, securities sold short, written options, and foreign currency transactions	(119,501,435)	(119,501,435)	(118,360,073)	(118,360,073)
Net unrealized depreciation on investments, securities sold short, written options, and foreign currency translations	(25,432,920)	(25,432,920)	(25,521,165)	(25,521,165)
Net assets applicable to common shares	149,031,985	147,906,985	148,379,549	147,254,549
Liquidation preference of preferred shares	0	30,000,000	0	30,000,000
Net assets, plus the liquidation preference of preferred shares	149,031,985	177,906,985	148,379,549	177,254,549

* As adjusted paid-in surplus reflects a deduction for the estimated underwriting discounts of \$945,000 and estimated offering costs of \$180,000 for the Series A 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).

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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		20,897,510
Series A Preferred Shares			0
Other Series of Preferred Shares	Unlimited		0

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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, purchase any common shares, or issue preferred 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 or issuance 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 A Preferred Shares of approximately %.

In addition to the 1940 Act Asset Coverage Requirement, the Fund is expected to be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies that are expected to issue ratings for the Series A Preferred Shares. See Special Characteristics and Risks of the Series A Preferred Shares Risks Credit Rating Risk in this Prospectus Supplement. As a condition of the underwriters' obligation to purchase the Series A Preferred Shares, the Series A Preferred Shares must be rated at a minimum level by Moody's Investors Service, Inc. (Moody's).

SPECIAL CHARACTERISTICS AND RISKS OF THE SERIES A PREFERRED SHARES

Dividends

Holders of Series A Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by the Board, 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 A Preferred Shares. Dividends and distributions on Series A Preferred Shares will accumulate from the date of their original issue, which is expected to be , 2017.

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 December 26, 2017 (or, if any such day is not a business day, then on the next succeeding business day) to holders of record of Series A Preferred Shares as they appear on the share register of the Fund at the close of business on the fifth preceding business day (each, a Record Date). Dividends and distributions on Series A Preferred Shares that were originally issued on the Date of Original Issue (i.e., the Series A Preferred Shares to be issued in this offering) shall accumulate from the Date of Original Issue. Dividends and distributions on all other Series A Preferred Shares (i.e., any additional Series A Preferred Shares that may be issued in future offerings) will accumulate from (i) the date on which such shares are originally issued if such date is a Dividend Payment Date, (ii) the immediately preceding Dividend Payment Date if the date on which such shares are originally issued is other than a Dividend Payment Date and is on or before a Record Date or (iii) the immediately following Dividend Payment Date if the date on which such shares are originally issued is during the period between a Record Date and a Dividend Payment Date. 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 A 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 A 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 that is not more than 30 days before the Dividend Payment Date.

No full dividends or distributions will be declared or paid on Series A 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

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with the Series A 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 A 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.

Restrictions on Issuance, Dividend, Redemption and Other Payments

Under the 1940 Act, the Fund is not permitted to issue preferred shares (such as the Series A 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 dividend, distribution or purchase price, as applicable.

In addition, the Fund may be limited in its ability to declare any cash distribution on its shares (including the Series A Preferred Shares) or purchase its capital stock (including the Series A 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 A 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 A 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.

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Voting Rights

Except as otherwise provided in the Fund's Governing Documents (including the Statement of Preferences) or a resolution of the Board, or as required by applicable law, holders of Series A Preferred Shares will 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 A Preferred Shares will be entitled to one vote for each Series A Preferred Share held and the holders of the outstanding preferred shares of the Fund, including Series A Preferred Shares, and the common shares will vote together as a single class; provided, however, that the holders of the outstanding preferred shares of the Fund, including Series A Preferred Shares, shall be entitled, as a separate class, to the exclusion of the holders of all other securities and classes of capital shares 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 and/or composition of Trustees constituting the Board will be automatically adjusted as necessary to permit the holders of outstanding preferred shares of the Fund, including the Series A Preferred Shares, voting separately as one class (to the exclusion of the holders of all other securities and classes of capital shares of the Fund) to elect the number of Trustees that, when added to the two Trustees elected exclusively by the holders of the Fund's preferred shares as described in the above paragraph, would constitute a simple majority of the Board as so adjusted. The Fund and the Board will take all necessary actions, including effecting the removal of Trustees or amendment of the Declaration of Trust, to effect an adjustment of the number and/or composition of Trustees as described in the preceding sentence. A Voting Period shall commence:

(i) if at any time accumulated dividends and distributions (whether or not earned or declared, and whether or not funds are then legally available in an amount sufficient therefor) on the outstanding Series A Preferred Shares equal to at least two full years' dividends and distributions shall be due and unpaid and sufficient cash or specified securities shall not have been deposited with American Stock Transfer & Trust Company 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 of the Fund are entitled to elect a majority of the Trustees of the Fund under the 1940 Act or statement of preferences creating such shares.

Additional voting rights are described in Description of the Series A Preferred Shares.

Rating Agency Guidelines

The Fund anticipates Moody's will initially rate the Series A Preferred Shares. The Fund expects that it will be required under the applicable rating agency guidelines to maintain assets having in the aggregate a discounted value at least equal to the Basic Maintenance Amount (as defined in the Statement of Preferences) for its outstanding preferred shares, including the Series A Preferred Shares. To the extent any particular portfolio holding does not satisfy the applicable 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 such 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 Fund's preferred shares, including the Series A Preferred Shares, at the request of the Fund, the Fund will be required to mandatorily redeem its preferred shares, including the Series A Preferred Shares, as described below under Redemption.

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Any rating agency providing a rating for the Fund's preferred shares, including the Series A Preferred Shares, at the request of the Fund may, at any time, change or withdraw any such rating. The Board, without further action by the Fund's shareholders, may amend, alter, add to or repeal any provision of the statements of preferences for the preferred shares, including the Statement of Preferences for the Series A Preferred Shares, that has been adopted by the Fund pursuant to the rating agency guidelines or add covenants and other obligations of the Fund to the statements of preferences, 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, including the Series A 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.

As described by Moody's or any other rating agency then rating a series of the Fund's preferred shares at the Fund's request, the ratings assigned to each series of preferred shares, including the Series A 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 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 or any other rating agency then rating a series of the Fund's preferred shares at the Fund's request 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.

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

Redemption

Mandatory Redemption. Under certain circumstances, the Series A Preferred Shares will be subject to mandatory redemption by the Fund out of funds legally available therefor in accordance with the Statement of Preferences 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 A 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 A Preferred Shares are outstanding, and such failure is not cured as of the cure date specified in the Statement of Preferences (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 A Preferred Shares, to enable it to meet such asset coverage requirements, and, at the Fund's discretion, such additional number of Series A Preferred Shares or any other series of preferred shares in order for the Fund to have asset coverage with respect to the Series A Preferred Shares and any other series of preferred shares of the Fund remaining outstanding after such redemption of as great as 220%, and (ii) deposit an amount with American Stock Transfer & Trust Company, 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 A Preferred Shares or other series of preferred shares to be redeemed.

If the Fund is required to redeem any preferred shares (including Series A 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

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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 A Preferred Shares. The Fund may fix a redemption date that is after the 30th Business Day after such cure date if the Board 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, (i) 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 A Preferred Shares or shares of any other series of preferred shares of the Fund, is 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 (ii) if asset coverage cannot be so restored, all of the outstanding Series A 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 A 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 A Preferred Shares) remaining outstanding after such redemption a 1940 Act asset coverage of as great as 220%.

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 A 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 A 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 of Preferences (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, b