

Nuveen Short Duration Credit Opportunities Fund  
Form N-2/A  
October 09, 2015

As filed with the U.S. Securities and Exchange Commission on October 9, 2015

1933 Act File No. 333-206449

1940 Act File No. 811-22518

## U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### Form N-2

(Check appropriate box or boxes)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. 1

Post-Effective Amendment No.

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 8

## Nuveen Short Duration Credit Opportunities Fund

(Exact name of Registrant as Specified in Charter)

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**333 West Wacker Drive, Chicago, Illinois 60606**

(Address of Principal Executive Offices)

(Number, Street, City, State, Zip Code)

(Registrant's Telephone Number, including Area Code): (800) 257-8787

**Kevin J. McCarthy**

**Vice President and Secretary**

**333 West Wacker Drive**

**Chicago, Illinois 60606**

Name and Address (Number, Street, City, State, Zip Code) of Agent for Service

*Copies to:*

**David P. Glatz**

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**222 East 41<sup>st</sup> Street**

**Chicago, IL 60602-4207**

**Chicago, IL 60603**

**New York, NY 10017**

**Approximate Date of Proposed Public Offering:**

As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. "

It is proposed that this filing will become effective (check appropriate box)

" When declared effective pursuant to section 8(c)

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

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<b>Title of Securities Being Registered</b>	<b>Amount Being Registered</b>	<b>Proposed Maximum Offering Price Per Unit<sup>(2)</sup></b>	<b>Proposed Maximum Aggregate Offering Price<sup>(2)</sup></b>	<b>Amount of Registration Fee<sup>(3)</sup></b>
Term Preferred Shares, Series _____	1,000 Shares <sup>(1)</sup>	\$1,000	\$1,000,000	\$116.20

- (1) The Fund will offer up to \_\_\_\_\_ Term Preferred Shares, Series \_\_\_\_\_, at an offering price of \$1,000 per share.  
 (2) Estimated solely for the purpose of calculating the registration fee.  
 (3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated \_\_\_\_\_, 2015

*PROSPECTUS*

\$

## *Nuveen Short Duration Credit Opportunities Fund*

*TERM PREFERRED SHARES*

*Shares, Series 2020*

*Liquidation Preference \$1,000 Per Share*

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**The Offering.** *Nuveen Short Duration Credit Opportunities Fund (the Fund) is offering \_\_\_\_\_ Term Preferred Shares, Series 2020 (Term Preferred Shares), with a liquidation preference of \$1,000 per share. The Fund intends to use the net proceeds from the sale of Term Preferred Shares to increase the Fund's leverage.*

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**The Fund.** *This prospectus sets forth concisely information about the Fund that a prospective investor should know before investing, and should be retained for future reference. The Fund is a diversified, closed-end management investment company. The Fund's investment objective is to provide current income and the potential for capital appreciation.*

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*Unlisted Shares.* The Term Preferred Shares are not listed or traded on any securities exchange.

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**Investing in Term Preferred Shares involves risks. See Risk Factors beginning on page 55. Certain of these risks are summarized in Prospectus Summary Special Risk Considerations beginning on page 11 of this prospectus.**

Neither the Securities and Exchange Commission ( SEC ) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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PRICE \$1,000 A SHARE

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	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>	<u>Estimated Offering Costs<sup>(1)</sup></u>	<u>Proceeds, after expenses, to the Fund</u>
Per Share	\$1,000	\$7.50	\$	\$
Total	\$	\$	\$	\$

<sup>(1)</sup> Total expenses of issuance and distribution, excluding underwriting discounts and commissions, are estimated to be \$ . The Fund has agreed to pay, from its own assets, an upfront structuring fee to . See Underwriter on page 79 of this prospectus.

**Book-Entry Only.** It is expected that the Term Preferred Shares will be delivered to the underwriter in book-entry form only, through the facilities of The Depository Trust Company, on or about , 2015.

CUSIP No.

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, 2015

(continued from previous page)

**Investment Strategies.** The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 70% of its Managed Assets (as defined on page 7) in adjustable rate corporate debt instruments. The Fund's portfolio will be invested primarily in below investment grade adjustable rate corporate debt instruments (commonly referred to as junk bonds), including senior secured loans, second lien loans, and other adjustable rate corporate debt instruments. The Fund cannot assure you that it will achieve its investment objective.

**Leverage.** The Fund utilizes structural leverage obtained through borrowings. The issuance of the Term Preferred Shares will increase the Fund's structural leverage. In addition to structural leverage, the Fund employs financial leverage to seek to enhance its potential current income and capital appreciation over time. The Fund may utilize derivatives such as credit default swaps, interest rate swaps and total return swaps that have the economic effect of financial leverage by creating additional investment exposure. See The Fund's Investments. There is no assurance that the Fund's leveraging strategy will be successful. Leverage involves special risks. See Risk Factors Fund Level Risks Leverage Risk.

Dividend Rate:

Series 2020 Term Preferred Shares

The dividend rate payable on the Term Preferred Shares on any date will be determined in accordance with the Fund's Statement Establishing and Fixing the Rights and Preferences of Term Preferred Shares (the Statement) and with reference to the following table:

<u>Date</u>	<u>Dividend Rate</u>
From and including the Date of Original Issue to but excluding , 2016	x.xxx%
From and including , 2016 to but excluding , 2017	x.xxx%
From and including , 2017 to but excluding , 2018	x.xxx%
From and including , 2018 to but excluding , 2019	x.xxx%
From and including , 2019 to but excluding , 2020	x.xxx%

See Description of Term Preferred Shares Dividends and Dividend Periods.

**Dividends.** Dividends on the Term Preferred Shares will be payable monthly. The first dividend period for the Term Preferred Shares will commence on the date of original issuance of Term Preferred Shares and end on , 2015 and each subsequent dividend period will be a calendar month (or the portion thereof occurring prior to the redemption of such Term Preferred Shares). Dividends will be paid on the first business day of the month next following a dividend period and upon redemption of the Term Preferred Shares (each payment date a Dividend Payment Date). Dividends with respect to any monthly dividend period will be declared and paid to holders of record of Term Preferred Shares as their names shall appear on the registration books of the Fund at the close of business on the day immediately preceding such Dividend Payment Date (or, if such day is not a business day, the next preceding business day).

**Redemption.** The Fund is required to redeem the Term Preferred Shares on , 2020 unless earlier redeemed or repurchased by the Fund. In addition, Term Preferred Shares are subject to optional redemption by the Fund in certain circumstances. Term Preferred Shares will be subject to redemption at the option of the Fund, subject to payment of a premium through , 2016, and at their liquidation preference thereafter. See Description of Term Preferred Shares Redemption.

**Priority of Payment.** *The Fund has entered into a credit agreement with State Street Bank and Trust Company (the Credit Agreement), and has an outstanding balance. See Use of Leverage. The rights of lenders, such as State Street Bank and Trust Company, and any other creditors to receive payments of interest on and repayments of principal of any borrowings are senior to the rights of holders of Term Preferred Shares and the Fund's common shares, with respect to the payment of dividends and other distributions, and upon liquidation. The Fund may not be permitted to declare dividends and other distributions with respect to the Term Preferred Shares and the Fund's common shares or redeem Term Preferred Shares unless at such time, the Fund meets certain asset coverage requirements and no event of default or other circumstance exists under the Credit Agreement that would limit or otherwise block the declaration of dividends or other distributions or payments in redemption. Term Preferred Shares, however, will be senior securities that represent stock of the Fund and are senior, with priority in all respects, to the Fund's common shares as to payments of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund. The Fund may issue additional preferred shares on parity with Term Preferred Shares, subject to certain limitations. The Fund may not issue additional classes of shares that are senior to Term Preferred Shares and other outstanding preferred shares of the Fund as to payments of dividends or as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund. See Description of Term Preferred Shares.*

*(continued from previous page)*

**Redemption and Paying Agent.** *The redemption and paying agent for Term Preferred Shares will be [State Street Bank and Trust Company, Canton, Massachusetts].*

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*You should read this prospectus, which contains important information about the Fund, before deciding whether to invest in Term Preferred Shares and retain it for future reference. A Statement of Additional Information, dated \_\_\_\_\_, 2015, and as it may be supplemented, containing additional information about the Fund has been filed with the SEC and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the Statement of Additional Information, the table of contents of which is on page 82 of this prospectus, annual and semi-annual reports to shareholders, when available, and other information about the Fund, and make shareholder inquiries by calling (800) 257-8787 or by writing to the Fund, or from the Fund's website ([www.nuveen.com](http://www.nuveen.com)). The information contained in, or that can be accessed through, the Fund's website is not part of this prospectus. You also may obtain a copy of the Statement of Additional Information (and other information regarding the Fund) from the SEC's website ([www.sec.gov](http://www.sec.gov)).*

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***Term Preferred Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.***



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**You should rely only on the information contained or incorporated by reference into this prospectus. The Fund has not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer of Term Preferred Shares in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. The Fund's business, financial condition and prospects may have changed since that date. The Fund will update this prospectus to reflect any material changes to the disclosures herein.**

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**PROSPECTUS SUMMARY**

*This is only a summary. You should review the more detailed information contained elsewhere in this prospectus and in the Statement of Additional Information, dated \_\_\_\_\_, 2015, and as it may be supplemented (the SAI), including the Fund's Statement Establishing and Fixing the Rights and Preferences of Term Preferred Shares (the Statement), attached as Appendix A to the SAI, prior to making an investment in the Fund, especially the information set forth under the heading Risk Factors.*

**The Fund**

Nuveen Short Duration Credit Opportunities Fund (the Fund) is a diversified, closed-end management investment company. The Fund's common shares, \$.01 par value (Common Shares), are traded on the New York Stock Exchange (the NYSE) under the symbol JSD. See Description of Outstanding Shares and Debt Common Shares. As of July 31, 2015, the Fund had 10,095,286 Common Shares outstanding and net assets applicable to Common Shares of \$188,031,360. The Fund commenced investment operations on May 25, 2011.

**The Offering**

The Fund is offering \_\_\_\_\_ Term Preferred Shares, Series 2020 (Series 2020 Term Preferred Shares or Term Preferred Shares), at a purchase price of \$1,000 per share. Term Preferred Shares are being offered by \_\_\_\_\_, acting as underwriter. See Underwriter. The Fund intends to use the net proceeds from the sale of Term Preferred Shares to increase the Fund's leverage. The first issuance date of the Term Preferred Shares upon the closing of this offering is referred to herein as the Date of Original Issue.

**Priority of Payment**

The Fund has entered into a credit agreement with State Street Bank and Trust Company (the Credit Agreement), and has an outstanding balance. See Use of Leverage. The rights of lenders, such as State Street Bank and Trust Company, and any other creditors to receive payments of interest on and repayments of principal of any borrowings are senior to the rights of holders of Term Preferred Shares and Common Shares (each, a Shareholder), with respect to the payment of dividends and other distributions, and upon liquidation.

Under the Credit Agreement, the Fund may not be permitted to declare dividends and other distributions with respect to the Term Preferred Shares and Common Shares or redeem Term Preferred Shares unless at such time, the Fund meets certain asset coverage requirements and no event of default or other circumstance exists under the Credit Agreement that would limit or otherwise block the declaration of dividends or other distributions or payments in redemption. In particular, the Fund may not declare a dividend on the Term Preferred Shares, or make a redemption payment in such shares, in the event that Asset Coverage (as defined below) is less than 225%. Additionally, under the Credit Agreement, the Fund cannot (i) permit the aggregate amount of total liabilities that are senior securities

representing indebtedness to exceed 33  $\frac{1}{3}$ % of the Fund's adjusted net assets immediately after giving effect to any Borrowings (as defined below), (ii) at any time permit the aggregate amount of total liabilities that are senior securities representing indebtedness to exceed 38% of the Fund's adjusted net assets, (iii) at any time that Borrowings are outstanding under the Credit Agreement, fail to have Asset Coverage of at least 225%, or (iv) at any time that Borrowings are outstanding under the Credit Agreement, permit the Preferred Adjusted Asset Coverage (as defined below) to be less than 200%. As used herein, Preferred Adjusted Asset Coverage means [Asset Coverage, excluding the liquidation preference of any preferred shares for which an irrevocable deposit sufficient to pay the full redemption price for such preferred shares has been made]. If the Fund defaults on these obligations under the Credit Agreement, the Fund is required to immediately prepay the principal amount of any Borrowings under the Credit Agreement (together with accrued interest thereon) and take other action to immediately cure such default. If any Borrowings under the Credit Agreement are outstanding and the Fund fails to have Asset Coverage of at least 225% as of the close of business on any Business Day on which Asset Coverage is required to be calculated, the Fund must, no later than the close of business on the twentieth Business Day (as defined below) following such event, prepay any Borrowings such that the Fund regains Asset Coverage of at least 225%. No Borrowings under the Credit Agreement may be used to make an irrevocable deposit to pay the redemption price for any preferred shares.

Term Preferred Shares will be senior securities that constitute stock of the Fund and are senior, with priority in all respects, to the Fund's Common Shares as to payments of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund. The Fund may not issue additional classes of shares that are senior to the Term Preferred Shares as to payments of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund.

#### **Who May Want to Invest**

You should consider your investment goals, time horizons and risk tolerance before investing in Term Preferred Shares. An investment in Term Preferred Shares is not appropriate for all investors and is not intended to be a complete investment program. Term Preferred Shares are designed as a short-term investment to help achieve the after-tax income and capital preservation goals of investors, and not as a trading vehicle. Term Preferred Shares may be an appropriate investment for you if you are seeking:

Consistent monthly dividends;

Return of your capital investment after a limited term of approximately five years;

A security that benefits from significant over-collateralization and related protective provisions; and

A short-term fixed income investment with potentially less price volatility than longer-dated fixed income securities.

However, keep in mind that you will need to assume the risks associated with an investment in Term Preferred Shares and the Fund. See Risk Factors.

**Dividend Rate**

Term Preferred Shares pay a dividend at an initial rate of % per annum of the \$1,000 liquidation preference per share, subject to adjustment as set forth below and in accordance with the Statement (the Dividend Rate ). The Dividend Rate will not in any event be lower than the initial % Dividend Rate.

The Dividend Rate payable on the Term Preferred Shares on any date will be determined with reference to the following table:

<u>Date</u>	<u>Dividend Rate</u>
From and including the Date of Original Issue to but excluding , 2016	x.xxx%
From and including , 2016 to but excluding , 2017	x.xxx%
From and including , 2017 to but excluding , 2018	x.xxx%
From and including , 2018 to but excluding , 2019	x.xxx%
From and including , 2019 to but excluding , 2020	x.xxx%

See Description of Term Preferred Shares Dividends and Dividend Periods Dividend Rate.

**Dividend Payments**

The holders of Term Preferred Shares will be entitled to receive cumulative cash dividends and other distributions on each such share, when, as and if declared by, or under authority granted by, the Board of Trustees of the Fund (the Board of Trustees ), out of funds legally available for payment. Dividends on the Term Preferred Shares will be payable monthly. The first dividend period for the Term Preferred Shares will commence on the Date of Original Issue of Term Preferred Shares and end on , 2015 and each subsequent dividend period will be a calendar month (or the portion thereof occurring prior to the redemption of such Term Preferred Shares) (each dividend period a Dividend Period ). Dividends will be paid on the first Business Day of the month next following a Dividend Period and upon redemption of the Term Preferred Shares (each payment date a Dividend Payment Date ). Dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Term Preferred Shares as their names shall appear on the registration books of the Fund at the close of business on the day immediately preceding such Dividend Payment Date (or, if such day is not a Business Day, the next preceding Business Day). See Description of Term Preferred Shares Dividends and Dividend Periods.

Business Day means any day (a) other than a day on which commercial banks in The City of New York, New York are required or authorized by law or executive order to close and (b) on which the NYSE is not closed.

On account of the foregoing provisions, only the holders of Term Preferred Shares on the record date for a Dividend Period will be entitled to receive dividends and other distributions payable with respect to such Dividend Period, and holders of Term Preferred Shares who sell shares before such a record date and purchasers of Term Preferred Shares who purchase shares after such a record date should take the effect of the foregoing provisions into account in evaluating the price to be received or paid for such Term Preferred Shares.

#### **Term Redemption**

The Fund is required to provide for the mandatory redemption of all outstanding Term Preferred Shares on \_\_\_\_\_, 2020 at a redemption price equal to \$1,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the redemption date (the Term Redemption Price ) out of funds legally available therefore [and to the extent permitted by any credit agreement in effect on such date]. No amendment, alteration or repeal of the obligations of the Fund to redeem all of the Term Preferred Shares on \_\_\_\_\_, 2020 can be effected without the unanimous vote or consent of the holders of Term Preferred Shares outstanding at such time. See Description of Term Preferred Shares Redemption and Voting Rights.

#### **Asset Coverage and Corrective**

##### **Action**

If the Fund fails to have Asset Coverage (as defined under Asset Coverage below) of at least 225% as of the close of business on any Business Day on which such Asset Coverage is required to be calculated and such failure is not cured as of the close of business on the date that is 30 calendar days following such Business Day (the Asset Coverage Cure Date ), the Fund will, to the extent permitted by the Investment Company Act of 1940, as amended (the 1940 Act ) and Massachusetts law [and pursuant to the terms and conditions of any credit agreement, loan agreement, credit facility or other agreement representing borrowings of the Fund that is in effect at such time,] by the close of business on the Business Day next following such Asset Coverage Cure Date, determine (i) the Corrective Action (as defined below) to be taken to cause the Fund to regain Asset Coverage; (ii) if applicable, the identity and market value of assets of the Fund to be sold in connection with a Corrective Action; and (iii) the date, which date will not be later than 20 Business Days following such Asset Coverage Cure Date, on which the Fund will regain Asset Coverage. As used herein, Corrective Action means, for the purpose of allowing the Fund to comply with the Asset Coverage requirements, (a) the irrevocable deposit with the

Redemption and Paying Agent (as defined below) of certain securities described in the Statement to fund the redemption of Term Preferred Shares; (b) the repayment of indebtedness of the Fund; (c) corrective trades involving Fund assets; or (d) any combination of the actions described in clauses (a) through (c) above. If Term Preferred Shares are to be redeemed in such an event, they will be redeemed out of funds legally available therefor [and to the extent permitted by any credit agreement in effect on such date] at a redemption price equal to their \$1,000 liquidation preference per share plus accumulated but unpaid dividends thereon (whether or not declared, but excluding interest thereon) to (but excluding) the date fixed for such redemption (the Asset Coverage Redemption Price ). Corrective trades described above may be made at a time when it would be disadvantageous for the Fund to do so.

#### **Optional Redemption**

Term Preferred Shares will be subject to optional redemption (in whole or, from time to time, in part) at the sole option of the Fund out of funds legally available therefor [and to the extent permitted by any credit agreement in effect on such date], at the redemption price per share equal to the sum of the \$1,000 liquidation preference per share plus (i) a premium of 0.5% of the liquidation preference (with no such premium on or after , 2016) and (ii) an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for such redemption. See Description of Term Preferred Shares Redemption Optional Redemption.

#### **Federal and State Income Taxes**

The Fund has elected to be treated, and intends to continue to qualify each year, as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code ). As a regulated investment company, the Fund generally does not expect to be subject to federal income tax. The Fund has received an opinion from its tax counsel that for federal income tax purposes, the Term Preferred Shares will be treated as equity in the Fund. See Tax Matters.

#### **Ratings**

The Fund will use commercially reasonable efforts to cause at least one rating agency with respect to the Term Preferred Shares (each a Rating Agency and collectively the Rating Agencies ) to publish a credit rating with respect to Term Preferred Shares for so long as Term Preferred Shares are outstanding. The Board of Trustees has the right to terminate the designation of any of the Rating Agencies for purposes of the Term Preferred Shares, provided that at least one Rating Agency continues to maintain a rating with respect to the Term Preferred Shares. The Board of Trustees has initially designated each of Moody's Investor Services, Inc. ( Moody's ) and Fitch Ratings, Inc. ( Fitch ) as a Rating Agency.

**Asset Coverage**

If the Fund fails to maintain at least 225% asset coverage as of the close of business on each Business Day, and such failure is not cured as of the Asset Coverage Cure Date, the Fund shall be required to take Corrective Action as provided above. Asset Coverage for Term Preferred Shares is calculated pursuant to Section 18(h) of the 1940 Act, as in effect on the date of the Statement, and is determined on the basis of values calculated as of a time within 48 hours (only including Business Days) preceding each daily determination ( Asset Coverage ). See Description of Term Preferred Shares Asset Coverage.

The Fund estimates that on the Date of Original Issue, the Asset Coverage, based on the composition of its portfolio as of \_\_\_\_\_, 2015, and after giving effect to (i) the issuance of Term Preferred Shares offered hereby (\$ \_\_\_\_\_), and (ii) \$ \_\_\_\_\_ of underwriting discounts and commissions and estimated offering costs for such Term Preferred Shares, will be \_\_\_\_\_%.

**Voting Rights**

Except as otherwise provided in the Fund's Declaration of Trust, the Statement or as otherwise required by law, (i) each holder of Term Preferred Shares shall be entitled to one vote for each Term Preferred Share held by such holder on each matter submitted to a vote of Shareholders of the Fund and (ii) the holders of outstanding preferred shares, including the Term Preferred Shares, and of Common Shares (Common Shares and Term Preferred Shares shall hereinafter be referred to together as the Shares ) shall vote together as a single class; provided that holders of preferred shares, including the Term Preferred Shares, voting separately as a class, shall elect at least two of the Fund's trustees and will elect a majority of the Fund's trustees to the extent the Fund fails to pay dividends on any preferred shares, including the Term Preferred Shares, in an amount equal to two full years of dividends on that stock. See Description of Term Preferred Shares Voting Rights.

**Liquidation Preference**

The liquidation preference of Term Preferred Shares will be \$1,000 per share (the Liquidation Preference ). In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the holders of Term Preferred Shares will be entitled to receive a liquidation distribution per share equal to the Liquidation Preference plus an amount equal to all unpaid dividends and other distributions accumulated to (but excluding) the date fixed for distribution or payment (whether or not earned or declared by the Fund, but excluding interest thereon). See Description of Term Preferred Shares Liquidation Rights.

**Investment Objective and Policies**

The Fund's investment objective is to provide current income and the potential for capital appreciation. The Fund cannot assure you that it will achieve its investment objective.

The Fund's portfolio will be invested primarily in below investment grade adjustable rate corporate debt instruments, including senior secured loans, second lien loans, and other adjustable rate corporate debt instruments. Under normal market circumstances, the Fund invests at least 70% of its Managed Assets in adjustable rate senior loans and second lien loans. Managed Assets means the total assets of the Fund, minus the sum of its accrued liabilities (other than Fund liabilities incurred for the express purpose of creating leverage). Total assets for this purpose shall include assets attributable to the Fund's use of effective leverage (whether or not those assets are reflected in the Fund's financial statements for purposes of generally accepted accounting principles). See The Fund's Investments for additional information on the types of securities in which the Fund may invest. Senior loans and second lien loans are made to U.S. and non-U.S. corporations, partnerships and other business entities ( Borrowers, and each, a Borrower ) that operate in various industries and geographic regions. Senior loans, second lien loans and other adjustable rate instruments pay interest at rates which are determined periodically at short-term intervals on the basis of an adjustable base lending rate, primarily the London Interbank Offered Rate ( LIBOR ), plus a premium, and are therefore regarded as having short-term durations. In addition, the Fund may make limited tactical investments in high yield debt and other debt instruments as described herein.

The Fund also may enter into tactical short positions consisting primarily of high yield debt. The high yield debt instruments may have intermediate-term or even long-term durations, but investments in those instruments will not be made in a manner that will cause the Fund's average portfolio duration (including the effect of leverage) to exceed two years. Short selling involves selling instruments that may be owned, and if not owned, borrowing the same instruments for delivery to the purchaser, with an obligation to replace the borrowed instruments at a later date. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the instruments.

Substantially all of the Fund's portfolio likely will be invested in corporate debt instruments that are, at the time of investment, rated below investment grade or unrated but judged by the portfolio managers to be of comparable quality. A debt instrument is considered investment grade quality if it is rated within the four highest letter grades (BBB or Baa or better) by at least one nationally recognized statistical rating organization ( NRSRO ) that rates such instrument (even if it is rated lower by another), or if it is unrated but judged to be of comparable quality by the portfolio managers. Debt instruments of below investment grade quality are regarded as having predominately speculative characteristics with respect to capacity to pay interest and repay principal and are commonly referred to as junk



bonds or high yield debt, which implies higher price volatility and default risk than investment grade instruments of comparable terms and duration. See [Risk Factors Issuer Level Risks Issuer Credit Risk](#), [Risk Factors Issuer Level Risks Below Investment Grade Risk](#) and [Risk Factors Security Level Risks Short Exposure Risk](#).

The Fund uses leverage to seek to enhance current income and capital appreciation.

Under normal circumstances:

The Fund invests at least 70% of its Managed Assets in adjustable rate corporate debt instruments, including senior secured loans, second lien loans, and other adjustable rate corporate debt instruments.

The Fund may make limited tactical investments in high yield debt and other debt instruments as described herein in an aggregate amount of up to 30% of its Managed Assets.

No more than 30% of the Fund's Managed Assets may be invested in debt instruments that are, at the time of investment, rated CCC+ or Caa1 or below by any NRSRO or that are unrated but judged by the portfolio managers to be of comparable quality.

The Fund may enter into tactical short positions, consisting primarily of high yield debt, either directly or through the use of derivatives, including credit default swaps, creating a negative investment exposure or hedging existing long (positive) investment exposure in a notional amount up to 20% of its Managed Assets.

The Fund may invest up to 20% of its Managed Assets in debt instruments of non-U.S. issuers (which term for purposes of this prospectus includes Borrowers) that are U.S. dollar or non-U.S. dollar denominated. The Fund's investments in debt instruments of non-U.S. issuers may include debt instruments located, or conducting their business, in emerging market countries.

The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange traded funds (ETFs)) that invest primarily in securities of the types in which the Fund may invest directly.

See [The Fund's Investments Investment Objective](#), and [Investment Policies](#).

The Fund may enter into certain derivative transactions, such as credit default swaps and interest rate swaps, as a hedging technique to protect against potential adverse changes in the market value of portfolio instruments. The Fund also may use derivatives to attempt to protect the net asset value (NAV) of the Fund, to facilitate the sale of certain portfolio instruments, to manage the Fund's effective

interest rate exposure, and as a temporary substitute for purchasing or selling particular instruments. The Fund also may enter into derivative transactions such as total return swaps on an underlying index to create investment exposure to the extent such transactions may facilitate implementation of the Fund's investment strategy.

Under normal market circumstances, the Fund will maintain an average duration of two years or less for its portfolio (including the effect of leverage, but after the effect of derivatives used to shorten duration). In this prospectus, average duration and average portfolio duration are each defined to be the modified duration of the Fund's portfolio, which is the measure of a debt instrument's or a portfolio's price sensitivity with respect to changes in market yields adjusted to reflect the effect of the Fund's effective leverage. When the average duration of the portfolio is expected to be longer than two years, the Fund will use interest rate swaps, interest rate futures or other derivative instruments to shorten such duration. Prices of instruments with shorter durations tend to be less sensitive to interest rate changes than instruments with longer durations. In general, the value of a portfolio of instruments with a shorter duration can be expected to be less sensitive to interest rate changes than a portfolio with a longer duration. For example, the price of a bond with an effective duration of two years will rise (fall) two percent for every one percent decrease (increase) in its yield, and the price of a five-year duration bond will rise (fall) five percent for a one percent decrease (increase) in its yield.

During temporary defensive periods or in order to keep the Fund's cash fully invested, including during the period when the net proceeds of the offering of Term Preferred Shares are first being invested, the Fund may deviate from its investment policies and objective. During such periods, the Fund may invest up to 100% of its Managed Assets in short-term investments, including high quality, short-term securities, or may invest in short-, intermediate-, or long-term U.S. Treasury securities. There can be no assurance that such strategies will be successful. For a more complete discussion of the Fund's portfolio composition, see The Fund's Investments.

#### Swap

Prior to the closing date of this offering, the Fund expects to enter into an interest rate swap with \_\_\_\_\_ that seeks to convert the economic impact of the dividend payable by the Fund on the Term Preferred Shares to a variable rate exposure. Under the swap, the Fund would receive a fixed payment at a rate equal to the applicable dividend rate being paid by the Fund on the Term Preferred Shares and in turn pay a fixed spread to the one-month LIBOR index. \_\_\_\_\_ has the right, but not the obligation, to terminate the swap agreement at any time after \_\_\_\_\_, 201\_\_\_\_. Settlement of the swap is contingent on the closing of the Term Preferred Shares offering. The swap termination date is not contractually tied to the redemption of the Term Preferred Shares. Terms and conditions of the swap may be modified by the mutual written agreement of the Fund and \_\_\_\_\_.

**Investment Adviser**

Nuveen Fund Advisors, LLC ( Nuveen Fund Advisors ), the Fund's investment adviser, is responsible for determining the Fund's overall investment strategy and its implementation. Nuveen Fund Advisors, a registered investment adviser, is a wholly-owned subsidiary of Nuveen Investments, Inc. ( Nuveen Investments ). Founded in 1898, Nuveen Investments and its affiliates had approximately \$230 billion of assets under management as of June 30, 2015. See Management of the Fund Investment Adviser, Sub-Adviser and Portfolio Managers.

Nuveen Investments is a wholly-owned subsidiary of TIAA-CREF. TIAA-CREF is a national financial services organization with approximately \$869 billion in assets under management as of June 30, 2015, and is the leading provider of retirement services in the academic, research, medical and cultural fields. Nuveen Investments operates as a separate subsidiary within TIAA-CREF's asset management business.

**Sub-Adviser**

Symphony Asset Management, LLC ( Symphony ) serves as the Fund's investment sub-adviser and is an affiliate of Nuveen Fund Advisors. Symphony is a registered investment adviser. Symphony oversees the day-to-day investment operations of the Fund.

**Use of Leverage**

In addition to offering Term Preferred Shares, the Fund employs leverage through borrowing ( Borrowings ). The Fund has entered into a \$95,000,000 Credit Agreement with State Street Bank and Trust Company. It is expected that the borrowing capacity under the Credit Agreement will be reduced to \$85,200,000 on or about October 19, 2015. The term of the Credit Agreement currently ends on [August 4, 2016]. The Fund has the right to augment or replace the Credit Agreement with a new credit agreement in the future, and any such augmented or replacement credit agreement may contain terms that are materially different than the terms contained in the existing Credit Agreement, including terms that limit payments to holders of Term Preferred Shares. As of July 31, 2015, the Fund's outstanding balance on these Borrowings under the Credit Agreement was \$85,200,000. For the fiscal year ended July 31, 2015, the average daily balance outstanding and the average annual interest rate on these Borrowings were \$85,132,055 and 0.87%, respectively. This credit facility is secured by substantially all of the assets of the Fund. Issuance of Term Preferred Shares will increase the Fund's leverage.

Leverage involves special risks. See Risk Factors Fund Level Risks Leverage Risk. There is no assurance that the Fund's leveraging strategy will be successful. See Use of Leverage.

The Fund pays a management fee to Nuveen Fund Advisors (which in turn pays a portion of its fee to the Fund's sub-adviser, Symphony) based on a percentage of Managed Assets. Managed Assets for this

purpose includes the proceeds realized and managed from the Fund's use of leverage as set forth in the Fund's investment management agreement. Nuveen Fund Advisors will be responsible for using leverage to pursue the Fund's investment objective, and will base its decision regarding whether and how much leverage to use for the Fund based on its assessment of whether such use of leverage will advance the Fund's investment objective. However, a decision to increase the Fund's leverage will have the effect, all other things being equal, of increasing Managed Assets and therefore Nuveen Fund Advisors' and Symphony's fees. Thus, Nuveen Fund Advisors and Symphony may have a conflict of interest in determining whether to increase the Fund's use of leverage. Nuveen Fund Advisors will seek to manage that potential conflict by only increasing the Fund's use of leverage when it determines that such increase is in the best interest of the Fund and is consistent with the Fund's investment objective, and by periodically reviewing the Fund's performance and use of leverage with the Board of Trustees.

**Unlisted Shares**

The Term Preferred Shares are not listed or traded on any securities exchange.

**Redemption and Paying Agent**

The Fund has entered into [an amendment to its Transfer Agency and Service Agreement with State Street Bank and Trust Company, Canton, Massachusetts] (the "Redemption and Paying Agent") for the purpose of causing the Fund's transfer agent and registrar to serve as transfer agent and registrar, dividend disbursing agent, and redemption and paying agent with respect to Term Preferred Shares.

**Special Risk Considerations**

Investment in the Fund, and in Term Preferred Shares in particular, involves special risk considerations, which are summarized below. The Fund is designed as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program. See "Risk Factors" for a more complete discussion of the special risk considerations of an investment in the Fund.

**Risks of Investing in Term Preferred Shares**

*Subordination Risk.* While holders of Term Preferred Shares will have equal liquidation and distribution rights to any other preferred shares that might be issued by the Fund, they will be subordinated to the rights of holders of senior indebtedness of the Fund, including the Credit Agreement or any other credit agreement in effect on such date. Therefore, dividends, distributions, payments in redemption and other payments to holders of Term Preferred Shares (i) may be blocked by the terms of the Credit Agreement or any other credit agreement in effect on such date and (ii) may be subject to prior payments due to the holders of senior indebtedness. The Fund also has the right to augment or replace the Credit Agreement with a new credit agreement in the future, and any such augmented or replacement credit agreement may contain terms that are materially

different than the terms contained in the existing Credit Agreement, including terms that limit payments to holders of Term Preferred Shares.

In addition, the 1940 Act may provide debt holders with voting rights that are superior to the voting rights of preferred shares holders, including holders of Term Preferred Shares. The rights of lenders, creditors and counterparties of the Fund will also be senior to those of holders of Term Preferred Shares.

*Capital Structure Risk.* As noted above, the Fund has entered into the Credit Agreement, and has an outstanding balance. The rights of lenders, such as State Street Bank and Trust Company, to receive payments of interest on and repayments of principal of any borrowings are senior to the rights of the Fund's equity holders, such as holders of Term Preferred Shares and Common Shares, with respect to the payment of dividends and other distributions, and upon liquidation. The Fund may not be permitted to declare dividends and other distributions with respect to the Term Preferred Shares and Common Shares or redeem Term Preferred Shares unless at such time, the Fund meets certain asset coverage requirements and no event of default or other circumstance exists under the Credit Agreement (or any other credit agreement in effect as of such date) that would limit or otherwise block the declaration of dividends or other distributions or payments in redemption.

*Interest Rate Risk Term Preferred Shares.* Term Preferred Shares pay dividends at the Dividend Rate (as described in Dividend Rate above). The Dividend Rate will be adjusted each year in accordance with the Statement, but will not in any event be lower than the initial % Dividend Rate. Prices of fixed income investments vary inversely with changes in market yields. The market yields on securities comparable to Term Preferred Shares may increase, which would likely result in a decline in the secondary market price of Term Preferred Shares prior to the term redemption date.

*Unlisted Shares Risk.* Because the Fund has no prior trading history for preferred shares, it is difficult to predict the trading patterns of Term Preferred Shares, including the effective costs of trading Term Preferred Shares. Moreover, Term Preferred Shares will not be listed on a stock exchange. Thus, an investment in Term Preferred Shares may be illiquid and there may be no active trading market.

*Ratings Risk.* The Fund expects that, at issuance, the Term Preferred Shares will be rated by at least one Rating Agency designated by the Board of Trustees, and that such rating will be a requirement of issuance of such Shares by the underwriter pursuant to an underwriting agreement. There can be no assurance that the Term Preferred Shares will receive any particular rating from a Rating Agency, or that any such ratings will be maintained at the level originally assigned through the term of the Term Preferred Shares. In

the event that one or more Rating Agency does not issue a rating on the Term Preferred Shares at all or at the minimum level required, the issuance and sale of Term Preferred Shares in this offering may not be completed. Ratings do not eliminate or mitigate the risks of investing in Term Preferred Shares. A rating issued by a Rating Agency is only the opinion of the entity issuing the rating at that time, and is not a guarantee as to quality, or an assurance of the future performance, of the rated security (in this case, Term Preferred Shares). In addition, the manner in which the Rating Agency obtains and processes information about a particular security may affect the Rating Agency's ability to timely react to changes in an issuer's circumstances (in this case, the Fund) that could influence a particular rating. A Rating Agency could downgrade Term Preferred Shares, which may make Term Preferred Shares less liquid in the secondary market and reduce market prices.

*Early Redemption Risk.* The Fund may voluntarily redeem Term Preferred Shares or may redeem Term Preferred Shares to meet regulatory requirements and satisfy the asset coverage requirements of the Term Preferred Shares. Such redemptions may be at a time that is unfavorable to holders of Term Preferred Shares. The Fund expects to voluntarily redeem Term Preferred Shares before the Term Redemption Date to the extent that market conditions allow the Fund to issue other preferred shares or debt securities at a rate that is lower than the then-current Dividend Rate on Term Preferred Shares. For further information, see Description of Term Preferred Shares Redemption and Asset Coverage.

*Tax Risks.* To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things, the Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources. Additionally, in order to qualify as a regulated investment company, the Fund must meet certain distribution requirements. The failure to pay distributions could result in the Fund ceasing to qualify as a regulated investment company. Nevertheless, the Fund might not distribute all of its net investment income, and the Fund is not required to distribute any portion of its net capital gains. If for any taxable year the Fund does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and such distributions would be taxable as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits. The value of Term Preferred Shares may be adversely affected by changes in tax rates and policies.

In addition, the Fund will treat Term Preferred Shares as equity in the Fund for federal income tax purposes. See also the opinion of counsel included as Appendix D to the SAI. If the Term Preferred Shares were treated as debt rather than as equity for such purposes, the

timing and character of such income to holders could be affected. See Tax Matters.

*Swap Risk.* Swap agreements are typically over-the-counter, two-party contracts entered into primarily by institutional investors for periods typically ranging from a few weeks to more than one year, where the parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. Interest rate swaps involve the exchange with another party of their respective commitments to pay or receive interest (for example, an exchange of floating rate payments for fixed-rate payments). The use of interest rate swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. There can be no assurance that any interest rate swap entered into by the Fund, including the interest rate swap associated with the Term Preferred Shares, as described above under Swap, will have the intended effect.

*Income Shortfall Risk.* The securities held in the Fund's portfolio generally pay interest based on long-term yields. Long-term, as well as intermediate-term and short-term interest rates may fluctuate. If the interest rates paid on the securities held by the Fund fall below the Dividend Rate, the Fund's ability to pay dividends on Term Preferred Shares could be jeopardized.

*Reinvestment Risk Term Preferred Shares.* Given the five-year term and potential for early redemption of Term Preferred Shares, holders of Term Preferred Shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of Term Preferred Shares may be lower than the return previously obtained from an investment in Term Preferred Shares.

#### **General Risks of Investing in the Fund**

*Investment and Market Risk.* An investment in the Fund's Shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Shares represents an indirect investment in the securities owned by the Fund, substantially all of which are traded on a national securities exchange or in the over-the-counter markets. Your Shares at any point in time may be worth less than your original investment. See Risk Factors Investment and Market Risk.

*Leverage Risk.* The use of leverage created through Borrowings and issuing preferred shares, such as the Term Preferred Shares, creates an opportunity for increased net income and returns, but also creates special risks for Shareholders, including potential interest rate risks and the likelihood of greater volatility of NAV and market price of, and distributions on, the Shares. Issuance of Term Preferred Shares will increase the Fund's leverage. There is no assurance that the

Fund's leveraging strategy will be successful. Changes in the value of the Fund's portfolio, including risk of loss and costs attributable to Borrowings or preferred shares, such as the Term Preferred Shares, will be borne entirely by holders of Common Shares. The Fund's use of leverage can result in a greater decrease in NAV in declining markets. The Fund's use of leverage similarly can magnify the impact of changing market conditions on market prices for the Fund's Common Shares.

So long as the rate of distributions received from the Fund's portfolio investments purchased with Borrowings, net of applicable Fund expenses, exceeds the then current interest rate on any Borrowings, the investment of the proceeds of Borrowings will generate more cash flow than will be needed to make interest payments. If so, the excess cash flow will be available to pay higher distributions to holders of Term Preferred Shares and Common Shares. However, if the rate of cash flow received from the Fund's portfolio investments purchased with Borrowings, net of applicable Fund expenses, is less than the then current interest rate on any Borrowings, the Fund may be required to utilize other Fund assets to make interest payments on Borrowings and this may result in reduced net investment income available for distribution to holders of Term Preferred Shares and Common Shares.

The Fund will use derivatives, such as interest rate swaps, to manage the Fund's effective interest rate exposure. However, the Fund cannot assure you that the use of leverage will result in a higher yield or return to Shareholders. The income benefit from leverage will be reduced to the extent that the difference narrows between the net earnings on the Fund's portfolio securities and its cost of leverage. Because of the costs of leverage, the Fund may incur losses even if the Fund has positive returns, if they are not sufficient to cover the costs of leverage. The Fund's cost of leverage includes interest on Borrowings and dividends paid on preferred shares, such as the Term Preferred Shares, as well as any one-time costs (*e.g.*, issuance costs) and ongoing fees and expenses associated with such leverage.

For risks associated with the issuance of preferred shares, such as the Term Preferred Shares, see "Risks of Investing in Term Preferred Shares" above.

Furthermore, the amount of fees paid to Nuveen Fund Advisors (which in turn pays a portion of its fees to Symphony) for investment advisory services will be higher if the Fund uses leverage because the fees will be calculated based on the Fund's Managed Assets; this may create an incentive for Nuveen Fund Advisors and Symphony to leverage the Fund or increase its leverage.

The Fund may invest in the securities of other investment companies, which may themselves be leveraged and therefore present similar risks to those described above and magnify the Fund's leverage risk.



See Risk Factors Leverage Risk and Use of Leverage.

*Recent Market Conditions.* In the recent past, the debt and equity capital markets in the United States were negatively impacted by significant write-offs in the financial services sector relating to sub-prime mortgages and the re-pricing of credit risk in the broadly syndicated market, among other things. These events, along with the downgrade to the United States credit rating, deterioration of the housing market, the failure of major financial institutions and the resulting United States federal government actions led in the recent past, and may lead in the future, to worsening general economic circumstances, which did, and could, materially and adversely impact the broader financial and credit markets and reduce the availability of debt and equity capital for the market as a whole and financial firms in particular. These events may increase the volatility of the value of securities owned by the Fund and/or result in sudden and significant valuation increases or decreases in its portfolio. These events also may make it more difficult for the Fund to accurately value its securities or to sell its securities on a timely basis.

While the extreme volatility and disruption that U.S. and global markets experienced for an extended period of time beginning in 2007 and 2008 have generally subsided, uncertainty and periods of volatility remain, and risks to a robust resumption of growth persist. Federal Reserve policy, including with respect to certain interest rates as well as the decision to cease purchasing securities pursuant to quantitative easing, may cause interest rates to rise, and may adversely affect the value, volatility and liquidity of dividend and interest paying securities. Market volatility, rising interest rates and/or a return to unfavorable economic circumstances could impair the Fund's ability to achieve its investment objectives.

General market uncertainty and consequent re-pricing of risk have led to market imbalances of sellers and buyers, which in turn have resulted in significant valuation uncertainties in a variety of securities and significant and rapid value decline in certain instances. Additionally, periods of market volatility remain, and may continue to occur in the future, in response to various political, social and economic events both within and outside of the United States. These circumstances resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market circumstances may make valuation of some of the Fund's securities uncertain and/or result in sudden and significant valuation increases or declines in its holdings. If there is a significant decline in the value of the Fund's portfolio, this may impact the asset coverage levels for any outstanding leverage the Fund may have.

*Market Discount from Net Asset Value.* Common Shares of closed-end investment companies like the Fund have during some

periods traded at prices higher than NAV and have during other periods traded at prices lower than NAV. The Fund cannot predict whether Common Shares will trade at, above or below NAV. This characteristic is a risk separate and distinct from the risk that the Fund's NAV could decrease as a result of investment activities. Holders of Common Shares bear a risk of loss to the extent that the price at which they sell their Common Shares is lower in relation to the Fund's NAV than at the time of purchase, assuming a stable NAV.

The NAV per Common Share will also be reduced by costs associated with any future issuances of Common or preferred shares. As compared to Term Preferred Shares, the Common Shares are designed primarily for long-term investors, and you should not view the Fund as a vehicle for trading purposes.

#### **Issuer Level Risks**

*Issuer Credit Risk.* Issuers of debt instruments in which the Fund may invest may default on their obligations to pay principal or interest when due. This non-payment would result in a reduction of income to the Fund, a reduction in the value of a debt instrument experiencing non-payment and, potentially, a decrease in the NAV of the Fund. See Risk Factors Issuer Level Risks Issuer Credit Risk.

*Below Investment Grade Risk.* The Fund invests in debt instruments that are rated below investment grade at the time of investment or that are unrated but judged by the portfolio managers to be of comparable quality. Debt instruments of below investment grade quality are regarded as having predominately speculative characteristics with respect to the issuer's capacity to pay interest and repay principal, and are commonly referred to as junk bonds or high yield debt, which may be subject to higher price volatility and default risk than investment grade instruments of comparable terms and duration. Issuers of lower grade instruments may be highly leveraged and may not have available to them more traditional methods of financing. The prices of these lower grade instruments are typically more sensitive to negative developments, such as a decline in the issuer's revenues or a general economic downturn, than are the prices of higher rated instruments. See Risk Factors Issuer Level Risks Below Investment Grade Risk.

*Non-U.S. Issuer Risk.* Investments in securities of non-U.S. issuers may involve special risks not presented by investments in instruments of U.S. issuers, including the following: (i) less publicly available information about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices; (ii) many non-U.S. markets are smaller, less liquid and more volatile;

(iii) potential adverse effects of fluctuations in currency exchange rates or controls on the value of the Fund's investments; (iv) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; (v) the impact of economic, political, social or diplomatic events; (vi) possible seizure of a company's assets; (vii) restrictions imposed by non-U.S. countries limiting the ability of non-U.S. issuers to make payments of principal and/or interest due to blockages of foreign currency exchanges or otherwise and (viii) withholding and other non-U.S. taxes may decrease the Fund's return. See Risk Factors Issuer Level Risks Non-U.S. Securities Risk.

*Emerging Markets Risk.* Risks of investing in securities of emerging markets issuers include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales; future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies. Certain emerging markets also may face other significant internal or external risks, including a heightened risk of war, and ethnic, religious and racial conflicts. In addition, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth, and which may in turn diminish the value of the companies in those markets.

#### **Security Level Risks**

*Senior Loan Risk.* Senior loans hold the most senior position in the capital structure of a business entity, are typically secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by subordinated debt holders and stockholders of the Borrower. Senior loans that the Fund intends to invest in are usually rated below investment grade, and share the same risks of other below investment grade debt instruments.

Although the Fund invests primarily in senior loans that are secured by specific collateral, there can be no assurance the liquidation of such collateral would satisfy a Borrower's obligation to the Fund in the event of Borrower default or that such collateral could be readily liquidated under such circumstances. In the event of bankruptcy of a Borrower, the Fund could also experience delays or limitations with respect to its ability to realize the benefits of any collateral securing a senior loan.

In the event of bankruptcy of a Borrower, the Fund could also experience delays or limitations with respect to its ability to realize the benefits of any collateral securing a senior loan. If a secured loan

is foreclosed, the Fund would likely bear the costs and liabilities associated with owning and disposing of the collateral. The collateral may be difficult to sell and the Fund would bear the risk that the collateral may decline in value while the Fund is holding it. Some senior loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the senior loans to presently existing or future indebtedness of the Borrower or take other action detrimental to lenders, including the Fund. Such court action could under certain circumstances include invalidation of senior loans.

*Second Lien Loans and Unsecured Loans Risk.* Second lien loans and unsecured loans generally are subject to the same risks associated with investments in senior loans, as discussed above. Because second lien loans and unsecured loans are lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the Borrower and property securing the loan, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the Borrower. This risk is generally higher for unsecured loans, which are not backed by a security interest in any specific collateral.

*Subordinated Loans and Other Subordinated Debt Instruments.* Issuers of subordinated loans and other subordinated debt instruments in which the Fund may invest usually will have, or may be permitted to incur, other debt that ranks equally with, or senior to, such subordinated loans or other debt instruments. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which the Fund is entitled to receive payments in respect of subordinated loans or other subordinated debt instruments in which it invests. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of an issuer, holders of debt instruments ranking senior to the Fund's subordinated loans or other debt instruments would typically be entitled to receive payment in full before the Fund receives any distribution in respect of its investment. After repaying such senior creditors, the issuer may not have any remaining assets to use for repaying its obligation to the Fund. In the case of debt ranking equally with subordinated loans or other subordinated debt instruments in which the Fund invests, the Fund would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant issuer.

*Interest Rate Risk.* Interest rate risk is the risk that fixed rate debt instruments will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such instruments generally will fall. The Fund's investment in such fixed rate instruments means that the NAV of the Fund and market price of the Shares will tend to decline if market interest rates rise. Market interest rates in the U.S. and in certain other countries in

which the Fund may invest currently are near historically low levels. Because interest rates on most adjustable rate instruments typically only reset periodically (*e.g.*, monthly or quarterly), a sudden and significant increase in market interest rates may cause a decline in the value of these investments and in the Fund's NAV. See Risk Factors Security Level Risks Interest Rate Risk.

*Risks in Loan Valuation.* The Fund utilizes independent pricing services approved by the Board of Trustees to value portfolio instruments at their market value. If the pricing services are unable to provide a market value or if a significant event occurs such that the valuation(s) provided are deemed unreliable, the Fund may value portfolio instrument(s) at their fair value, which is generally the amount an owner might reasonably expect to receive upon a current sale. Valuation risks associated with investing in adjustable rate corporate debt instruments include, but are not limited to: a limited number of market participants, a lack of publicly-available information, resale restrictions, settlement delays, corporate actions and adverse market conditions which may make it difficult to value or sell such instruments.

*Prepayment Risk.* During periods of declining interest rates or for other purposes, issuers may exercise their option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding instruments. This is known as call or prepayment risk. Prepayments cannot be predicted with accuracy. Loans in particular may be subject to early prepayment and thus the actual maturity of loans is typically shorter than their stated final maturity calculated solely on the basis of the stated life and payment schedule.

*Short Exposure Risk.* The Fund may enter into tactical short positions, either directly or through derivatives, to create negative investment exposure or to hedge existing investment exposure. Short selling involves selling instruments that may be owned, and if not owned, borrowing the same instruments for delivery to the purchaser, with an obligation to replace the borrowed instruments at a later date. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the instruments. A short sale creates the risk of an unlimited loss, in that the price of the underlying instrument could theoretically increase without limit, thus increasing the cost of buying those instruments to cover the short position. There can be no assurance that the instruments necessary to cover a short position will be available for purchase. Purchasing instruments to close out the short position can itself cause the price of the instruments to rise further, thereby exacerbating the loss. The success of the Fund's short selling to create negative investment exposure is dependent on Symphony's ability to correctly determine which investments are likely to decline in value, either in absolute terms or relative to corresponding long positions in the portfolio, which may be different than Symphony's ability to invest in long portfolio positions.

*Illiquid Securities Risk.* The Fund may invest in securities that, at the time of investment, are illiquid. Illiquid securities are not readily marketable and may include some restricted securities. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximating the value at which the Fund is carrying the securities on its books.

*Derivatives Risk, Including the Risk of Swaps.* The Fund's use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives. The risks associated with derivatives include (i) the imperfect correlation between the value of such instruments and the underlying assets, (ii) the possible default of the counterparty to the transaction, (iii) illiquidity of the derivative instruments, and (iv) high volatility losses caused by unanticipated market movements, which are potentially unlimited. Whether the Fund's use of derivatives is successful will depend on, among other things, if Nuveen Fund Advisors and Symphony correctly forecast market values, interest rates and other applicable factors. If Nuveen Fund Advisors and Symphony incorrectly forecast these and other factors, the investment performance of the Fund will be unfavorably affected. In addition, the derivatives market is largely unregulated. It is possible that developments in the derivatives market could adversely affect the Fund's ability to successfully use derivative instruments.

The Fund may enter into debt-related derivatives instruments including credit default swap contracts and interest rate swaps. The Fund may enter into total return swaps on an underlying index to create investment exposure. Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Credit default and total return swap agreements may effectively add leverage to the Fund's portfolio because, in addition to its Managed Assets, the Fund would be subject to investment exposure on the notional amount of the swap. Total return swap agreements are subject to the risk that a counterparty will default on its payment obligations to the Fund thereunder. In addition, the use of swaps requires an understanding by Nuveen Fund Advisors and Symphony of not only of the referenced asset, rate or index, but also of the swap itself. The derivatives market, including the swaps market, is subject to a changing regulatory environment which could adversely affect the Fund's ability to successfully use derivative instruments. See Risk Factors Security Level Risks Derivatives Risk, Including the Risk of Swaps, Risk Factors Security Level Risks Counterparty Risk, Risk Factors Other Risks Hedging Risk and the SAI.

*Legislation and Regulatory Risk.* At any time after the date of this prospectus, legislation or additional regulations may be enacted that could negatively affect the assets of the Fund or the issuers of such assets. Legislation or regulation may also change the way in which the Fund itself is regulated. There can be no assurance that future

legislation, regulation or deregulation will not have a material adverse effect on the Fund or will not impair the ability of the Fund to achieve its investment objective.

In addition, as new rules and regulations resulting from the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ) are implemented and new international capital and liquidity requirements are introduced under the Basel III Accords ( Basel III ), the market may not react the way Nuveen Fund Advisors or Symphony expects. In the event Nuveen Fund Advisors and Symphony incorrectly forecast market reaction, the Fund may not achieve its investment objective.

*Counterparty Risk.* Changes in the credit quality of the companies that serve as the Fund's counterparties with respect to derivatives or other transactions supported by another party's credit may affect the value of those instruments. Certain entities that have served as counterparties in the markets for these transactions have recently incurred significant losses and financial hardships, including bankruptcy, as a result of exposure to sub-prime mortgages and other lower quality credit investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such hardships have reduced these entities' capital and called into question their continued ability to perform their obligations under such transactions. By using such derivatives or other transactions, the Fund assumes the risk that its counterparties could experience similar financial hardships. See Risk Factors Security Level Risks Counterparty Risk.

*Potential Conflicts of Interest Risk.* Nuveen Fund Advisors and Symphony each provide a wide array of portfolio management and other asset management services to a mix of clients and may engage in ordinary course activities in which their respective interests or those of their clients may compete or conflict with those of the Fund. For example, Nuveen Fund Advisors and Symphony may provide investment management services to other funds and accounts that follow investment objectives similar to those of the Fund. In certain circumstances, and subject to its fiduciary obligations under the Investment Advisers Act of 1940, Symphony may have to allocate a limited investment opportunity among its clients, which include closed-end funds, open-end funds and other commingled funds. For additional information about potential conflicts of interest, and the way in which Nuveen Fund Advisors and Symphony address such conflicts, please see the SAI.

#### **Other Risks**

*Reinvestment Risk.* Reinvestment risk is the risk that income from the Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called bonds at market interest rates that are below the portfolio's current earnings rate. See Risk Factors Other Risks Reinvestment Risk.

*Anti-Takeover Provisions.* The Fund's Declaration of Trust (the Declaration) and the Fund's By-Laws (the By-Laws) include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could have the effect of depriving Shareholders of opportunities to sell their Shares at a premium over the then current market price of the Shares. See Certain Provisions in the Declaration of Trust and Risk Factors Other Risks Anti-Takeover Provisions.

In addition, an investment in the Fund's Shares raises other risks, which are more fully disclosed in the Risk Factors section of this prospectus.

**Custodian and Transfer Agent**

State Street Bank and Trust Company serves as custodian of the Fund's assets and Common Share transfer agent. See Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent.

**Governing Law**

The Declaration of Trust and the Statement are governed by the laws of the Commonwealth of Massachusetts.



## FINANCIAL HIGHLIGHTS

The following Financial Highlights table is intended to help a prospective investor understand the Fund's financial performance for the periods shown. Certain information reflects financial results for a single Common Share or share of preferred stock of the Fund, including Term Preferred Shares. The total returns in the table represent the rate an investor would have earned or lost on an investment in Common Shares of the Fund (assuming reinvestment of all dividends). The information with respect to the fiscal year ended July 31, 2015 has been audited by KPMG LLP, whose report for the fiscal year ended July 31, 2015, along with the financial statements of the Fund including the Financial Highlights for each of the periods indicated therein, are included in the Fund's 2015 Annual Report. KPMG LLP has not reviewed or examined any records, transactions or events after the date of such Annual Report. The financial highlights for the fiscal year ended July 31, 2014 and prior were audited by another independent auditor. A copy of the 2015 Annual Report may be obtained from [www.sec.gov](http://www.sec.gov) or by visiting [www.nuveen.com](http://www.nuveen.com). The information contained in, or that can be accessed through, the Fund's website is not part of this prospectus. Past results are not indicative of future performance.

The following per share data and ratios have been derived from information provided in the financial statements.

Selected data for a Common Share outstanding throughout each period:

	Year Ended July 31				
	2015	2014	2013	2012	2011(d)
<b>PER SHARE OPERATING PERFORMANCE</b>					
Beginning NAV	\$ 19.48	\$ 19.91	\$ 19.49	\$ 19.08	\$ 19.10
Investment Operations:					
Net Investment Income (Loss) (a)	1.22	1.29	1.61	1.56	0.05
Net Realized/Unrealized Gain (Loss)	(0.87)	(0.02)	0.49	0.25	0.08
<b>Total</b>	<b>0.35</b>	<b>1.27</b>	<b>2.10</b>	<b>1.81</b>	<b>0.13</b>
Less Distributions:					
Net Investment Income	(1.16)	(1.37)	(1.61)	(1.40)	(0.11)
Accumulated Net Realized Gains	(0.04)	(0.33)	(0.07)		
<b>Total</b>	<b>(1.20)</b>	<b>(1.70)</b>	<b>(1.68)</b>	<b>(1.40)</b>	<b>(0.11)</b>
Common Share:					
Offering Costs			*		(0.04)
Premium Per Share Sold Through Shelf Offering			*		
Ending NAV	\$ 18.63	\$ 19.48	\$ 19.91	\$ 19.49	\$ 19.08
Ending Share Price	\$ 16.41	\$ 18.20	\$ 19.89	\$ 19.54	\$ 18.37
Total Returns:					
Based on NAV (b)	1.87%	6.59%	11.17%	9.96%	0.49%
Based on Share Price (b)	(3.27)%	0.16%	10.77%	14.77%	(7.58)%
<b>RATIOS/SUPPLEMENTAL DATA</b>					
Ending Net Assets (000)	\$ 188,031	\$ 196,613	\$ 201,031	\$ 195,165	\$ 190,868

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Ratios to Average Net Assets (c)					
Expenses	1.78%	1.88%	1.80%	1.75%	1.16%**
Net Investment Income (Loss)	6.43%	6.52%	8.12%	8.25%	1.52%**
Portfolio Turnover Rate (e)	31%	45%	82%	62%	5%
Borrowings at the End of the Period:					
Aggregate Amount Outstanding (000)	\$ 85,200	\$ 85,000	\$ 85,000	\$ 85,000	\$
Asset Coverage Per \$1,000 Share	\$ 3,207	\$ 3,313	\$ 3,365	\$ 3,296	\$

- (a) Per share Net Investment Income (Loss) is calculated using the average daily shares method.
- (b) Total Return Based on NAV is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.
- Total Return Based on Ending Share Price is the combination of changes in share NAV, reinvested dividend income at NAV and reinvested capital gains distributions at NAV, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending NAV. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its NAV), and therefore may be different from the price used in the calculation. Total returns are not annualized.
- (c) Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to borrowings, as described in Footnote 9 Borrowing Arrangements in the most recent shareholder report. Each ratio includes the effect of all interest expense and other costs related to borrowings as follows:

<b>Ratios of Borrowings Interest Expense to Average Net Assets</b>	
Year Ended 7/31:	
2015	0.45%
2014	0.50
2013	0.50
2012	0.47
2011 (d)	

- (d) For the period May 25, 2011 (commencement of operations) through July 31, 2011.
- (e) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales (as disclosed in Note 5 Investment Transactions, in the most recent Shareholder report) divided by the average long-term market value during the period.
- \* Rounds to less than \$0.01 per share.
- \*\* Annualized.

### THE FUND

The Fund is a diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Massachusetts business trust on January 3, 2011, pursuant to the Declaration and governed by the laws of the Commonwealth of Massachusetts. The Fund's Common Shares are listed on the NYSE under the symbol JSD.

The following provides information about the Fund's outstanding Shares as of July 31, 2015:

<b>Title of Class</b>	<b>Amount Authorized</b>	<b>Amount Held by the Fund or for its Account</b>	<b>Amount Outstanding</b>
Common Shares	unlimited	0	10,095,286
Preferred Shares	unlimited		
Term Preferred Shares		0	0

The Fund's principal office is located at 333 West Wacker Drive, Chicago, Illinois 60606, and its telephone number is (800) 257-8787.



## USE OF PROCEEDS

The net proceeds of the offering will be approximately \$ \_\_\_\_\_, after payment of the underwriting discounts and commissions and estimated offering costs. The Fund intends to use the net proceeds from the sale of Term Preferred Shares to increase the Fund's leverage. Any net proceeds from the sale of Term Preferred Shares will be invested in accordance with the Fund's investment objective and policies as soon as practicable after completion of the offering. The Fund currently anticipates that it will be able to invest substantially all of the net proceeds in securities that meet the Fund's investment objectives and policies within approximately two weeks after completion of the offering.

## DESCRIPTION OF TERM PREFERRED SHARES

*The following is a brief description of the terms of Term Preferred Shares. A complete description of the terms of Term Preferred Shares can be found in the Fund's Declaration of Trust and the Statement. These documents are filed with the Securities and Exchange Commission as exhibits to the Fund's registration statement of which this prospectus is a part and the Statement also is attached as Appendix A to the SAI. Copies may be obtained as described under Available Information.*

### General

At the time of issuance the Term Preferred Shares will be fully paid and non-assessable and have no preemptive, conversion, or exchange rights or rights to cumulative voting. The Fund has entered into the Credit Agreement with State Street Bank and Trust Company and has an outstanding balance. The rights of lenders, such as State Street Bank and Trust Company, and any other creditors to receive payments of interest on and repayments of principal of any borrowings are senior to the rights of holders of Term Preferred Shares and Common Shares, with respect to the payment of dividends and other distributions, and upon liquidation. The Fund may not be permitted to declare dividends and other distributions with respect to the Term Preferred Shares and Common Shares or redeem Term Preferred Shares unless at such time, the Fund meets certain asset coverage requirements and no event of default or other circumstance exists under the Credit Agreement that would limit or otherwise block the declaration of dividends or other distributions or payments in redemption.

Term Preferred Shares will rank equally with any other series of preferred shares of the Fund that might be issued in the future, as to payment of dividends and the distribution of the Fund's assets upon dissolution, liquidation or winding up of the affairs of the Fund. Term Preferred Shares and all other preferred shares, if any, are senior as to dividends and other distributions to the Fund's Common Shares. The Fund may issue additional series of preferred shares in the future, and any such series, together with the Term Preferred Shares, are herein collectively referred to as preferred shares.

Except in certain limited circumstances, holders of Term Preferred Shares will not receive certificates representing their ownership interest in such shares, and the Term Preferred Shares will be represented by one or more global certificates to be held by and on behalf of the Securities Depository for the Term Preferred Shares. The Depository Trust Company will act as Securities Depository with respect to the Term Preferred Shares.

### Dividends and Dividend Periods

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*General.* The following is a general description of dividends and dividend periods. The holders of Term Preferred Shares will be entitled to receive cumulative cash dividends and other distributions on such shares, when, as and if declared by, or under authority granted by, the Board of Trustees, out of funds legally available for payment and in preference to dividends and other distributions on Common Shares of the Fund, calculated separately for each Dividend Period for such Term Preferred Shares at the Dividend Rate for such Term Preferred Shares in effect during such Dividend Period, on an amount equal to the Liquidation Preference for such Term Preferred Shares. The Dividend Rate is computed on the basis of a 360-day year consisting of twelve

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30-day months. Dividends so declared and payable will be paid to the extent permitted under state law and the Declaration of Trust, and to the extent available, in preference to and priority over any dividend declared and payable on the Common Shares.

*Dividend Rate.* The Dividend Rate for Term Preferred Shares is an initial annual rate of \_\_\_\_%. The Dividend Rate for Term Preferred Shares will be adjusted annually as set forth below and in accordance with the Statement and/or upon the occurrence of certain events resulting in a Default (as defined below). The Dividend Rate will not in any event be lower than the initial \_\_\_\_% Dividend Rate.

The Dividend Rate payable on the Term Preferred Shares on any date will be determined with reference to the following table:

Date	Dividend Rate
From and including the Date of Original Issue to but excluding _____, 2016	x.xxx%
From and including _____, 2016 to but excluding _____, 2017	x.xxx%
From and including _____, 2017 to but excluding _____, 2018	x.xxx%
From and including _____, 2018 to but excluding _____, 2019	x.xxx%
From and including _____, 2019 to but excluding _____, 2020	x.xxx%

*Payment of Dividends and Dividend Periods.* Dividends on the Term Preferred Shares will be payable monthly. The first Dividend Period for the Term Preferred Shares will commence on the Date of Original Issue of Term Preferred Shares and end on \_\_\_\_\_, 2015 and each subsequent Dividend Period will be a calendar month (or the portion thereof occurring prior to the redemption of such Term Preferred Shares). Dividends will be paid on the Dividend Payment Date the first Business Day of the month next following a Dividend Period and upon redemption of the Term Preferred Shares. Dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Term Preferred Shares as their names shall appear on the registration books of the Fund at the close of business on the day immediately preceding such Dividend Payment Date (or, if such day is not a Business Day, the next preceding Business Day). Dividends payable on Term Preferred Shares for any period of less than a full monthly Dividend Period, including in connection with the first Dividend Period for such shares or upon any redemption of such shares on any redemption date other than on a Dividend Payment Date, will be computed on the basis of a 360-day year consisting of twelve 30-day months and the actual number of days elapsed for any period of less than one month.

On account of the foregoing provisions, only the holders of Term Preferred Shares on the record date for a Dividend Period will be entitled to receive dividends and other distributions payable with respect to such Dividend Period, and holders of Term Preferred Shares who sell shares before such a record date and purchasers of Term Preferred Shares who purchase shares after such a record date should take the effect of the foregoing provisions into account in evaluating the price to be received or paid for such Term Preferred Shares.

*Increased Rate Default.* The Dividend Rate will be adjusted to the Increased Rate (as defined below) for any date the Fund fails to deposit with the Redemption and Paying Agent by 12:00 noon, New York City time, on the (i) applicable Dividend Payment Date, Deposit Securities sufficient to pay the full amount of any dividend on Term Preferred Shares payable on such Dividend Payment Date (a Dividend Default ) or (ii) applicable Redemption Date (as defined below), Deposit Securities sufficient to pay the full amount of the redemption price payable on such Redemption Date (a Redemption Default and, together with a Dividend Default, referred to as a Default ). A Dividend Default or a Redemption Default shall end on the Business Day on which, by 12:00 noon, New York City time, an amount equal to all unpaid dividends and any unpaid redemption price, as applicable, shall have been deposited irrevocably in trust in same-day funds with the Redemption and Paying Agent. In the case of a Default, the applicable dividend rate will be equal to the Increased Rate for each calendar day on which such Default is in effect. The Increased Rate for any such calendar day shall be equal to the applicable Dividend Rate in effect on such day plus five percent (5%) per annum.

*Reporting of Increased Rate.* In the event that an Increased Rate is in effect for any outstanding series of Term Preferred Shares, the Fund will, as soon as practicable (but in no event later than five Business Days





following the first day that such Increased Rate is in effect), make public disclosure via press release of the effectiveness of the Increased Rate and the date on which such Increased Rate was effective. In addition, following the end of a Default triggering such Increased Rate, the Fund will, as soon as practicable (but in no event later than five Business Days following the last day that such Increased Rate is in effect) make public disclosure via press release announcing the date on which such Increased Rate ceased to be effective. For the avoidance of doubt, if the initial public disclosure via press release also includes the date on which such Increased Rate ceased to be effective, a separate press release disclosing that fact will not be required to be issued. The Fund will have no other obligation with respect to notification of any person concerning the effectiveness of the Increased Rate on such date.

*Mechanics of Payment of Dividends.* Not later than 12:00 noon, New York City time, on a Dividend Payment Date, the Fund is required to deposit with the Redemption and Paying Agent sufficient funds for the payment of dividends in the form of Deposit Securities. Deposit Securities will generally consist of (i) cash or cash equivalents; (ii) direct obligations of the United States or its agencies or instrumentalities that are entitled to the full faith and credit of the United States ( U.S. Government Obligations ); (iii) investments in money market funds registered under the 1940 Act that qualify under Rule 2a-7 under the 1940 Act and certain similar investment vehicles that invest principally in U.S. Government Obligations; or (iv) any letter of credit from a bank or other financial institution that has a credit rating from at least one NRSRO that is the highest applicable rating generally ascribed by such NRSRO to bank deposits or short-term debt of banks or such other financial institutions, in each case either that is a demand obligation payable to the holder on any Business Day or that has a maturity date, mandatory redemption date or mandatory payment date, preceding the relevant Redemption Date, Dividend Payment Date or other payment date.

All Deposit Securities paid to the Redemption and Payment Agent for the payment of dividends will be held in trust for the payment of such dividends to the holders of Term Preferred Shares. Dividends will be paid by the Redemption and Payment Agent to the holders of Term Preferred Shares as their names appear on the registration books of the Fund. Dividends that are in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Such payments are made to holders of Term Preferred Shares as their names appear on the registration books of the Fund on such date, not exceeding 15 calendar days preceding the payment date thereof, as may be fixed by the Board of Trustees. Any payment of dividends in arrears will first be credited against the earliest accumulated but unpaid dividends. No interest or sum of money in lieu of interest will be payable in respect of any dividend payment or payments on any Term Preferred Shares which may be in arrears. See Restrictions on Dividend, Redemption and Other Payments.

Upon failure to pay dividends for at least two years, the holders of Term Preferred Shares will acquire certain additional voting rights. See Voting Rights below. Such rights shall be the exclusive remedy of the holders of Term Preferred Shares upon any failure to pay dividends on Term Preferred Shares.

#### **Restrictions on Dividend, Redemption and Other Payments**

No full dividends and other distributions will be declared or paid on Term Preferred Shares for any Dividend Period, or a part of a Dividend Period, unless the full cumulative dividends and other distributions due through the most recent dividend payment dates for all outstanding preferred shares (including Term Preferred Shares) have been, or contemporaneously are, declared and paid through the most recent dividend payment dates for each preferred share. If full cumulative dividends and other distributions due have not been paid on all outstanding preferred shares of any series, any dividends and other distributions being declared and paid on Term Preferred Shares will be declared and paid as nearly pro rata as possible in proportion to the respective amounts of dividends and other distributions accumulated but unpaid on the shares of each such series of preferred shares on the relevant dividend payment date. No holders of Term Preferred Shares will be entitled to any dividends and other distributions in excess of full cumulative dividends and other distributions as provided in the Statement.

For so long as any Term Preferred Shares are outstanding, the Fund will not: (x) declare or pay any dividend or other distribution (other than a dividend or distribution paid in Common Shares) in respect of the Common



Shares, (y) call for redemption, redeem, purchase or otherwise acquire for consideration any Common Shares, or (z) pay any proceeds of the liquidation of the Fund in respect of the Common Shares, unless, in each case, (A) immediately thereafter, the Fund shall be in compliance with the 200% asset coverage limitations set forth under the 1940 Act after deducting the amount of such dividend or other distribution or redemption or purchase price or liquidation proceeds, (B) all cumulative dividends and other distributions of shares of all series of preferred shares of the Fund ranking on a parity with the Term Preferred Shares due on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition shall have been declared and paid (or shall have been declared and sufficient funds or Deposit Securities as permitted by the terms of such preferred shares for the payment thereof shall have been deposited irrevocably with the applicable paying agent) and (C) the Fund shall have deposited Deposit Securities with the Redemption and Paying Agent in accordance with the requirements described in the Statement with respect to outstanding preferred shares of any series to be redeemed pursuant to a Term Redemption or Corrective Action resulting from the failure to comply with the Asset Coverage requirements described below for which a Notice of Redemption shall have been given or shall have been required to be given in accordance with the terms described in the Statement on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition.

Except as required by law, the Fund will not redeem any Term Preferred Shares unless all accumulated and unpaid dividends and other distributions on all outstanding Term Preferred Shares and other series of preferred shares ranking on a parity with the Term Preferred Shares with respect to dividends and other distributions for all applicable past dividend periods (whether or not earned or declared by the Fund) (x) shall have been or are contemporaneously paid or (y) shall have been or are contemporaneously declared and Deposit Securities or sufficient funds (in accordance with the terms of such preferred shares) for the payment of such dividends and other distributions shall have been or are contemporaneously deposited with the Redemption and Paying Agent or other applicable paying agent, provided, however, that the foregoing shall not prevent the purchase or acquisition of outstanding Term Preferred Shares pursuant to an otherwise lawful purchase or exchange offer made on the same terms to holders of all outstanding Term Preferred Shares and any other series of preferred shares for which all accumulated and unpaid dividends and other distributions have not been paid.

Under the 1940 Act, the Fund may not (i) declare any dividend with respect to any preferred shares if, at the time of such declaration (and after giving effect thereto), asset coverage with respect to any borrowings of the Fund that are senior securities representing indebtedness (as defined in the 1940 Act), would be less than 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 indebtedness of a closed-end investment company as a condition of declaring dividends on its preferred shares) or (ii) declare any other distribution on the preferred shares or purchase or redeem preferred shares if at the time of the declaration or redemption (and after giving effect thereto), asset coverage with respect to such borrowings that are senior securities representing indebtedness would be less than 300% (or such higher percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing indebtedness of a closed-end investment company as a condition of declaring distributions, purchases or redemptions of its shares). Notwithstanding the 1940 Act's requirements, Term Preferred Shares have a higher Asset Coverage (as defined for purposes of the Term Preferred Shares) of at least 225% instead of 200%. Senior securities representing indebtedness generally means any bond, debenture, note or similar obligation or instrument constituting a security (other than shares of capital stock) and evidencing indebtedness and could include the Fund's obligations under any borrowings. For purposes of determining asset coverage for senior securities representing indebtedness in connection with the payment of dividends or other distributions on or purchases or redemptions of stock, the term senior security does not include any promissory note or other evidence of indebtedness issued in consideration of any loan, extension or renewal thereof, made by a bank or other person and privately arranged, and not intended to be publicly distributed. The term senior security also does not include any such 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 calendar 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%

statutory asset coverage requirements described above apply in connection with dividends or distributions on or purchases or redemptions of preferred shares, such asset coverages may be calculated on the basis of values calculated as of a time within 48 hours (only including Business Days) next preceding the time of the applicable determination.

### **Asset Coverage**

If the Fund fails to maintain Asset Coverage of at least 225% as of the close of business on each Business Day, and such failure is not cured as of the Asset Coverage Cure Date, the Fund will, to the extent permitted by the 1940 Act, and Massachusetts law [and pursuant to the terms and conditions of any credit agreement, loan agreement, credit facility or other agreement representing borrowings of the Fund that is in effect at such time,] be required to take Corrective Action as provided below. Asset Coverage means asset coverage of a class of senior security which is a stock, as defined for purposes of Section 18(h) of the 1940 Act as in effect on the date of the Statement, determined on the basis of values calculated as of a time within 48 hours (only including Business Days) next preceding the time of such determination. For purposes of this determination, no Term Preferred Shares or other preferred shares shall be deemed to be outstanding for purposes of the computation of Asset Coverage if, prior to or concurrently with such determination, sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such preferred shares) to pay the full redemption price for such preferred shares (or the portion thereof to be redeemed) shall have been irrevocably deposited in trust with the paying agent for such preferred shares and the requisite notice of redemption for such preferred shares (or the portion thereof to be redeemed) shall have been given. In such event, the Deposit Securities or other sufficient funds so deposited shall not be included as assets of the Fund for purposes of the computation of Asset Coverage.

### **Redemption**

*Term Redemption.* The Fund is required to redeem (the Term Redemption ) all of the Term Preferred Shares on \_\_\_\_\_, 2020 (the Term Redemption Date ), at a redemption price equal to the Liquidation Preference per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the Term Redemption Date (the Term Redemption Price ) out of funds legally available therefore [and to the extent permitted by any credit agreement in effect on such date].

*Asset Coverage and Corrective Action.* If the Fund fails to have Asset Coverage of at least 225% as provided in the Statement and such failure is not cured as of the close of business on the Asset Coverage Cure Date, the Fund will, to the extent permitted by the 1940 Act, and Massachusetts law [and pursuant to the terms and conditions of any credit agreement, loan agreement, credit facility or other agreement representing borrowings of the Fund that is in effect at such time,] by the close of business on the Business Day next following such Asset Coverage Cure Date, determine (i) the Corrective Action (as defined below) to be taken to cause the Fund to regain Asset Coverage; (ii) if applicable, the identity and market value of assets of the Fund to be sold in connection with a Corrective Action; and (iii) the date, which date will not be later than 20 Business Days following such Asset Coverage Cure Date, on which the Fund will regain Asset Coverage. As used herein, Corrective Action means, for the purpose of allowing the Fund to comply with the Asset Coverage requirements, (a) the irrevocable deposit of Deposit Securities with the Redemption and Paying Agent to fund the redemption of Term Preferred Shares; (b) the repayment of indebtedness of the Fund; (c) corrective trades involving Fund assets; or (d) any combination of the actions described in clauses (a) through (c) above. In the event that any Term Preferred Shares are to be redeemed, the Fund will redeem such Term Preferred Shares out of funds legally available therefore [and to the extent permitted by any credit agreement in effect on such date] at a price per share equal to the liquidation price of the applicable Term Preferred Shares, which is equal to the Liquidation Preference of such Term Preferred Share plus accumulated but unpaid dividends and other distributions thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for redemption by the Board of Trustees (the Asset Coverage Redemption Price ). Corrective trades described above may be made at a time when it would be disadvantageous for the Fund to do so. In the event that

any Term Preferred Shares are redeemed to regain compliance with the Asset Coverage requirements, the Fund will effect a redemption on the date fixed by the Fund, which date will not be later than 20 calendar days after the Asset Coverage Cure Date, except that if the Fund does not have funds legally available for the redemption of all of the required number of Term Preferred Shares and other preferred shares which have been designated to be redeemed or the Fund otherwise is unable to effect such redemption on or prior to 20 calendar days after the Asset Coverage Cure Date, the Fund will redeem those Term Preferred Shares and other preferred shares, if any, which it was unable to redeem on the earliest practicable date on which it is able to effect such redemption.

If fewer than all of the outstanding Term Preferred Shares are to be redeemed pursuant to the Asset Coverage mandatory redemption provisions above, the Term Preferred Shares to be redeemed will be selected either (i) pro rata among Term Preferred Shares, (ii) by lot or (iii) in such other manner as the Board of Trustees may determine to be fair and equitable, in each case, in accordance with the 1940 Act; provided, in each such case, that such method of redemption shall be subject to any applicable procedures of the Security Depository.

*Optional Redemption.* On any Business Day (such Business Day, an Optional Redemption Date), the Fund may redeem out of funds legally available therefore [and to the extent permitted by any credit agreement in effect on such date] in whole, or from time to time, in part outstanding Term Preferred Shares, at a redemption price equal to the Liquidation Preference, plus an amount equal to all unpaid dividends and other distributions accumulated to (but excluding) the Optional Redemption Date (whether or not earned or declared by the Fund, but excluding interest thereon), plus the applicable Optional Redemption Premium per share (as calculated below) (the Optional Redemption Price). The Optional Redemption Premium with respect to each Term Preferred Share will be an amount equal to:

if the Optional Redemption Date occurs on or after \_\_\_\_\_, 2015, and prior to \_\_\_\_\_, 2016, 0.5% of the Liquidation Preference; or

if the Optional Redemption Date occurs on or after \_\_\_\_\_, 2016, 0.00% of the Liquidation Preference.

If fewer than all of the outstanding Term Preferred Shares are to be redeemed pursuant to the optional redemption provisions above, the Term Preferred Shares to be redeemed will be selected either (i) pro rata among Term Preferred Shares, (ii) by lot or (iii) in such other manner as the Board of Trustees may determine to be fair and equitable, in each case, in accordance with the 1940 Act; provided, in each such case, that such method of redemption shall be subject to any applicable procedures of the Security Depository. Subject to the provisions of the Statement and applicable law, the Board of Trustees will have the full power and authority to prescribe the terms and conditions upon which Term Preferred Shares will be redeemed from time to time.

*Redemption Procedures.* The Fund will file a notice of its intention to redeem with the Securities and Exchange Commission so as to provide the 30 calendar day notice period contemplated by Rule 23c-2 under the 1940 Act, or such shorter notice period as may be permitted by the Securities and Exchange Commission or its staff.

If the Fund shall determine or be required to redeem, in whole or in part, Term Preferred Shares, it will deliver a notice of redemption (a Notice of Redemption) by overnight delivery, by first class mail, postage prepaid or by electronic means to the holders of such Term Preferred Shares to be redeemed, or request the Redemption and Paying Agent, on behalf of the Fund, to promptly do so by overnight delivery, by first class mail or by electronic means. A Notice of Redemption will be provided not more than 45 calendar days prior to the date fixed for redemption and not less than five calendar days prior to such date set forth in such Notice of Redemption (the Redemption Date). Each Notice of Redemption will state: (i) the Redemption Date; (ii) the series of and number of Term Preferred Shares to be redeemed; (iii) the CUSIP number(s) of such Term Preferred Shares; (iv) the applicable Redemption Price of Term Preferred Shares to be redeemed on a per share basis; (v) if applicable, the place or places where the certificate(s) for such Term Preferred Shares (properly endorsed or assigned for transfer, if the Board of Trustees will so require and the Notice of Redemption states) are to be surrendered for payment of the redemption price; (vi) that dividends on Term Preferred Shares to be



redeemed will cease to accumulate from and after the redemption date; and (vii) the provisions of the Statement under which such redemption is made. If fewer than all Term Preferred Shares held by any holder are to be redeemed, the Notice of Redemption mailed to such holder shall also specify the number of Term Preferred Shares to be redeemed from such holder or the method of determining such number. The Fund may provide in any Notice of Redemption relating to an optional redemption contemplated to be effected pursuant to the Statement that such redemption is subject to one or more conditions precedent and that the Fund will not be required to effect such redemption unless each such condition has been satisfied. No defect in any Notice of Redemption or delivery thereof will affect the validity of redemption proceedings except as required by applicable law.

If the Fund gives a Notice of Redemption, then at any time from and after the giving of such Notice of Redemption and prior to 12:00 noon, New York City time, on the Redemption Date (so long as any conditions precedent to such redemption have been met or waived by the Fund), the Fund will (i) irrevocably deposit with the Redemption and Paying Agent Deposit Securities having an aggregate market value at the time of deposit no less than the redemption price of the Term Preferred Shares to be redeemed on the Redemption Date and (ii) give the Redemption and Paying Agent irrevocable instructions and authority to pay the applicable redemption price to the holders of Term Preferred Shares called for redemption on the Redemption Date. The Fund may direct the Redemption and Paying Agent with respect to the investment of any Deposit Securities consisting of cash so deposited prior to the Redemption Date, provided that the proceeds of any such investment will be available at the opening of business on the Redemption Date as same day funds. Notwithstanding the foregoing, if the Redemption Date is the Term Redemption Date, then such irrevocable deposit of Deposit Securities (which may come in whole or in part from the Term Redemption Liquidity Account described below) will be made no later than 15 calendar days prior to the Term Redemption Date.

Following the giving of a Notice of Redemption, upon the date of the irrevocable deposit of Deposit Securities by the Fund for purposes of redemption of Term Preferred Shares, all rights of the holders of Term Preferred Shares so called for redemption shall cease and terminate except the right of the holders thereof to receive the Term Redemption Price, Asset Coverage Redemption Price or Optional Redemption Price thereof, as applicable (any of the foregoing referred to herein as the Redemption Price), and such Term Preferred Shares shall no longer be deemed outstanding for any purpose whatsoever (other than the transfer thereof prior to the applicable Redemption Date and other than the accumulation of dividends and other distributions thereon in accordance with the terms of the Term Preferred Shares up to (but excluding) the applicable Redemption Date). The Fund will be entitled to receive, promptly after the Redemption Date, any Deposit Securities in excess of the aggregate Redemption Price of Term Preferred Shares called for redemption on the Redemption Date. Any Deposit Securities so deposited that are unclaimed at the end of 90 calendar days from the Redemption Date will, to the extent permitted by law, be repaid to the Fund, after which the holders of Term Preferred Shares so called for redemption shall look only to the Fund for payment of the Redemption Price. The Fund will be entitled to receive, from time to time after the Redemption Date, any interest on the Deposit Securities so deposited.

On or after a Redemption Date, each holder of Term Preferred Shares in certificated form (if any) that are subject to redemption will surrender the certificate(s) evidencing such Term Preferred Shares to the Fund at the place designated in the Notice of Redemption and will then be entitled to receive the Redemption Price, without interest, and in the case of a redemption of fewer than all Term Preferred Shares represented by such certificate(s), a new certificate representing Term Preferred Shares that were not redeemed.

Notwithstanding the other redemption provisions described herein, except as otherwise required by law, (i) the Fund will not redeem any Term Preferred Shares unless all accumulated and unpaid dividends and other distributions on all outstanding Term Preferred Shares and shares of other series of preferred shares ranking on a parity with the Term Preferred Shares with respect to dividends and other distributions for all applicable past dividend periods (whether or not earned or declared by the Fund) (x) shall have been or are contemporaneously paid or (y) shall have been or are contemporaneously declared and Deposit Securities or sufficient funds or securities (in accordance with the terms of such preferred shares) for the payment of such dividends and other

distributions shall have been or are contemporaneously deposited with the Redemption and Paying Agent as set forth in the Statement, and (ii) if, as of the Redemption Date for Term Preferred Shares, any redemption required with respect to any outstanding preferred shares (including shares of other series of Term Preferred Shares) ranking on a parity with such Term Preferred Shares (x) shall not have been made on the redemption date therefor or is not contemporaneously made on the Redemption Date or (y) shall not have been or is not contemporaneously noticed and Deposit Securities or sufficient funds or securities (in accordance with the terms of such Term Preferred Shares or other preferred shares) for the payment of such redemption shall not have been or are not contemporaneously deposited with the Redemption and Paying Agent for such other Term Preferred Shares or other preferred shares in accordance with the terms of such other Term Preferred Shares or other preferred shares, then any redemption required hereunder shall be made as nearly as possible on a pro rata basis with all other preferred shares then required to be redeemed (or in respect of which securities or funds for redemption are required to be deposited) in accordance with the terms of such preferred shares, and the number of shares of such Term Preferred Shares to be redeemed from the respective holders shall be determined pro rata among the outstanding shares of such Term Preferred Shares or in such other manner as the Board of Trustees may determine to be fair and equitable and that is in accordance with the 1940 Act; provided, in each such case, that such method of redemption shall be subject to any applicable procedures established by the Securities Depository, and provided, further, however, that the Fund will not be prevented from the purchase or acquisition of outstanding Term Preferred Shares pursuant to an otherwise lawful purchase or exchange offer made on the same terms to holders of all outstanding Term Preferred Shares and any other series of preferred shares for which all accumulated and unpaid dividends and other distributions have not been paid.

If any redemption for which a Notice of Redemption has been provided is not made (i) by reason of the absence of legally available funds of the Fund in accordance with the Declaration of Trust of the Fund, the Statement and applicable law [or (ii) pursuant to the terms and conditions of any credit agreement in effect on the date on which such redemption is scheduled], such redemption shall be made as soon as practicable to the extent such funds become available [or as permitted by such credit agreement]. No Redemption Default will be deemed to have occurred if the Fund has failed to deposit in trust with the Redemption and Paying Agent the applicable Redemption Price with respect to any shares where (1) the Notice of Redemption relating to such redemption provided that such redemption was subject to one or more conditions precedent and (2) any such condition precedent has not been satisfied at the time or times and in the manner specified in such Notice of Redemption. Notwithstanding the fact that a Notice of Redemption has been provided with respect to any Term Preferred Shares, dividends will be declared and paid on such Term Preferred Shares in accordance with their terms regardless of whether Deposit Securities for the payment of the Redemption Price of such Term Preferred Shares shall have been deposited in trust with the Redemption and Paying Agent for that purpose.

Notwithstanding anything to the contrary in the Statement or in any Notice of Redemption, if the Fund has not redeemed Term Preferred Shares on the applicable Redemption Date, the holders of the Term Preferred Shares subject to redemption shall continue to be entitled to (a) receive dividends on such Term Preferred Shares accumulated at the Dividend Rate for the period from, and including, such Redemption Date through, but excluding, the date on which such Term Preferred Shares are actually redeemed and such dividends, to the extent accumulated, but unpaid, during such period (whether or not earned or declared but without interest thereon) will be included in the Redemption Price for such Term Preferred Shares and (b) transfer the Term Preferred Shares prior to the date on which such Term Preferred Shares are actually redeemed, provided that all other rights of holders of such Term Preferred Shares will have terminated upon the date of deposit of Deposit Securities in accordance with the Statement.

The Fund may, in its sole discretion and without a shareholder vote, modify the redemption procedures with respect to notification of redemption for the Term Preferred Shares, provided that such modification does not materially and adversely affect the holders of Term Preferred Shares or cause the Fund to violate any applicable law, rule or regulation.



**Term Redemption Liquidity Account and Liquidity Requirement**

On or prior to \_\_\_\_\_, 20\_\_\_\_ (the Liquidity Account Initial Date), the Fund will identify and designate on its books and records or otherwise in accordance with the Fund's normal procedures (the Term Redemption Liquidity Account) Deposit Securities or any other security or investment owned by the Fund that is assigned a rating by any of Moody's, Fitch or Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business (Standard & Poor's or S&P), of not less than B3 by Moody's, B- by Standard & Poor's, B- by Fitch, or an equivalent rating by any other NRSRO (or any such rating's future equivalent) (each a Liquidity Account Investment and collectively the Liquidity Account Investments) with a market value equal to at least 110% of the Term Redemption Amount (as defined below) with respect to such Term Preferred Shares. The Term Redemption Amount for Term Preferred Shares is equal to the Term Redemption Price to be paid on the Term Redemption Date, based on the number of Term Preferred Shares then outstanding and the Dividend Rate that will be in effect for the period of time beginning on the date of the creation of the Term Redemption Liquidity Account for such Term Preferred Shares and ending on the Term Redemption Date for such Term Preferred Shares. If, on any date after the Liquidity Account Initial Date, the aggregate market value of the Liquidity Account Investments included in the Term Redemption Liquidity Account for Term Preferred Shares as of the close of business on any Business Day is less than 110% of the Term Redemption Amount, then the Fund will cause Nuveen Fund Advisors to take all such necessary actions, including identifying and designating additional assets of the Fund as Liquidity Account Investments, so that the aggregate market value of the Liquidity Account Investments included in the Term Redemption Liquidity Account is at least equal to 110% of the Term Redemption Amount not later than the close of business on the next succeeding Business Day. With respect to assets of the Fund identified and designated as Liquidity Account Investments with respect to the Term Preferred Shares, Nuveen Fund Advisors, on behalf of the Fund, will be entitled to release any Liquidity Account Investments from such identification and designation and to substitute therefor other Liquidity Account Investments, so long as (i) the assets of the Fund identified and designated as Liquidity Account Investments at the close of business on such date have a market value equal to at least 110% of the Term Redemption Amount and (ii) the assets of the Fund designated and segregated in accordance with the Custodian's normal procedures, from other assets of the Fund, and identified as Deposit Securities at the close of business on such date have a market value at least equal to the Liquidity Requirement (if any) (as set forth below) that is applicable to such date. The Fund will not permit any lien, security interest or encumbrance to be created or permitted to exist on or in respect of any Liquidity Account Investments included in the Term Redemption Liquidity Account, other than liens, security interests or encumbrances arising by operation of law.

The market value of the Deposit Securities held in the Term Redemption Liquidity Account for the Term Preferred Shares, from and after the 15th day of the calendar month (or, if such day is not a Business Day, the next succeeding Business Day) that is the number of months preceding the calendar month in which the Term Redemption Date occurs in each case specified in the table set forth below, will not be less than the percentage of the Term Redemption Amount for the Term Preferred Shares set forth below opposite such number of months (the Liquidity Requirement):

Number of Months Preceding Month of Term Redemption Date	Value of Deposit Securities as Percentage of Term Redemption Amount
5	20%
4	40%
3	60%
2	80%
1	100%

If the aggregate market value of the Deposit Securities included in the Term Redemption Liquidity Account for the Term Preferred Shares as of the close of business on any Business Day is less than the Liquidity Requirement for such Business Day, the Fund will cause the segregation of additional or substitute Deposit Securities in respect of the Term Redemption Liquidity Account, so that the aggregate market value of the

Deposit Securities included in the Term Redemption Liquidity Account is at least equal to the Liquidity Requirement not later than the close of business on the next succeeding Business Day.

The Deposit Securities included in the Term Redemption Liquidity Account may be applied by the Fund, in its discretion, towards payment of the Term Redemption Price. Upon the deposit by the Fund with the Redemption and Paying Agent of Deposit Securities having an initial combined market value sufficient to effect the redemption of the Term Preferred Shares on the Term Redemption Date, the requirement of the Fund to maintain the Term Redemption Liquidity Account as described above will lapse and be of no further force and effect.

### **Liquidation Rights**

In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the holders of Term Preferred Shares will 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 Common Shares, a liquidation distribution equal to the Liquidation Preference of \$1,000 per share, plus an amount equal to all unpaid dividends and other distributions accumulated to (but excluding) the date fixed for such distribution or payment (whether or not earned or declared by the Fund, but without 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.

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 Term Preferred Shares, and any other outstanding preferred shares, shall be insufficient to permit the payment in full to such holders of Term Preferred Shares of the Liquidation Preference plus accumulated and unpaid dividends and other distributions and the amounts due upon liquidation with respect to such other preferred shares, then the available assets shall be distributed among the holders of such Term Preferred Shares and such other series of preferred shares ratably in proportion to the respective preferential liquidation amounts to which they are entitled. In connection with any liquidation, dissolution or winding up of the affairs of the Fund whether voluntary or involuntary, unless and until the Liquidation Preference on each outstanding Term Preferred Share plus accumulated and unpaid dividends and other distributions has been paid in full to the holders of Term Preferred Shares, no dividends, distributions or other payments will be made on, and no redemption, purchase or other acquisition by the Fund will be made by the Fund in respect of, the Common Shares.

Neither the sale of all or substantially all of the property or business of the Fund, nor the merger, consolidation or reorganization of the Fund into or with any other business or statutory trust, corporation or other entity, nor the merger, consolidation or reorganization of any other business or statutory trust, corporation or other entity into or with the Fund will be a dissolution, liquidation or winding up, whether voluntary or involuntary, for purposes of the provisions relating to liquidation set forth in the Statement.

### **Voting Rights**

Except as otherwise provided in the Fund's Declaration of Trust, the Statement, or as otherwise required by applicable law, each holder of Term Preferred Shares will be entitled to one vote for each Term Preferred Share held by such holder on each matter submitted to a vote of shareholders of the Fund. The holders of outstanding preferred shares, including the Term Preferred Shares, will vote together with holders of Common Shares of the Fund as a single class. Under applicable rules of the NYSE, the Fund is currently required to hold annual meetings of shareholders.

In addition, the holders of outstanding preferred shares, including the Term Preferred Shares, will be entitled, as a class, to the exclusion of the holders of all other securities and classes of Common Shares, to elect two trustees of the Fund at all times. The holders of outstanding Common

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Shares and preferred shares, including Term Preferred Shares, voting together as a single class, will elect the balance of the trustees of the Fund.

Notwithstanding the foregoing, if (i) at the close of business on any dividend payment date for dividends on any outstanding preferred share, including any outstanding Term Preferred Shares, accumulated dividends (whether or not earned or declared) on the preferred shares, including the Term Preferred Shares, equal to at least two full year's dividends shall be due and unpaid and sufficient cash or specified securities shall not have been deposited with the Redemption and Paying Agent or other applicable paying agent for the payment of such accumulated dividends; or (ii) at any time holders of any preferred shares are entitled under the 1940 Act to elect a majority of the trustees of the Fund (a period when either of the foregoing conditions exists, a Voting Period), then the number of members constituting the Board of Trustees will automatically be increased by the smallest number that, when added to the two trustees elected exclusively by the holders of preferred shares, including the Term Preferred Shares, as described above, would constitute a majority of the Board as so increased by such smallest number; and the holders of the preferred shares, including the Term Preferred Shares, will be entitled as a class on a one-vote-per-share basis, to elect such additional trustees. The terms of office of the persons who are trustees at the time of that election will not be affected by the election of the additional trustees. If the Fund thereafter shall pay, or declare and set apart for payment, in full all dividends payable on all outstanding preferred shares, including Term Preferred Shares, for all past dividend periods, or the Voting Period is otherwise terminated, (i) the voting rights stated above shall cease, subject always, however, to the reversion of such voting rights in the holders of preferred shares upon the further occurrence of any of the events described herein, and (ii) the terms of office of all of the additional trustees so elected will terminate automatically. Any preferred shares, including Term Preferred Shares, and any preferred shares issued after the date hereof will vote with Term Preferred Shares as a single class on the matters described above, and the issuance of any other preferred shares, may reduce the voting power of the holders of Term Preferred Shares. A Voting Period will terminate when all of the conditions described above cease to exist.

As soon as practicable after the accrual of any right of the holders of preferred shares to elect additional trustees as described above, the Fund will call a special meeting of such holders and notify the Redemption and Paying Agent and/or such other person as is specified in the terms of such preferred shares to receive notice, (i) by mailing or delivery by electronic means or (ii) in such other manner and by such other means as are specified in the terms of such Preferred Shares, a notice of such special meeting to such holders, such meeting to be held not less than 10 nor more than 30 calendar days after the date of the delivery by electronic means or mailing of such notice. If the Fund fails to call such a special meeting, it may be called at the expense of the Fund by any such holder on like notice. The record date for determining the holders of preferred shares entitled to notice of and to vote at such special meeting shall be the close of business on the fifth Business Day preceding the calendar day on which such notice is mailed or otherwise delivered. At any such special meeting and at each meeting of holders of preferred shares held during a Voting Period at which trustees are to be elected, such holders, voting together as a class (to the exclusion of the holders of all other securities and classes of capital stock of the Fund), will be entitled to elect the number of additional trustees prescribed above on a one-vote-per-share basis.

Except as otherwise permitted by the terms of the Statement, so long as any Term Preferred Shares are outstanding, the Fund will not, without the affirmative vote of the holders of at least a majority of Term Preferred Shares of all series outstanding at the time, voting as a separate class, amend, alter or repeal the provisions of the Declaration of Trust or the Statement, whether by merger, consolidation or otherwise, so as to (i) alter or abolish any preferential right of such Term Preferred Share, or (ii) create, alter or abolish any right in respect of redemption of such Term Preferred Share; provided that a division, stock split or reverse stock split of a Term Preferred Share will not, by itself, be deemed to have any of the effects set forth in clause (i) or (ii) above. So long as any Term Preferred Shares are outstanding, the Fund will not, without the affirmative vote or consent of at least  $66\frac{2}{3}\%$  of the holders of Term Preferred Shares outstanding at the time, voting as a separate class, file a voluntary application for relief under United States bankruptcy law or any similar application under state law for so long as the Fund is solvent and does not foresee becoming insolvent. No vote of the holders of Common Shares will be required to amend, alter or repeal the provisions of the Statement, including any appendix.

Except as otherwise permitted by the terms of the Statement, and subject to the paragraph below, so long as any Term Preferred Shares are outstanding, the Fund will not, without the affirmative vote or consent of the

holders of at least a majority of the Term Preferred Shares outstanding at the time, voting as a separate class, amend, alter or repeal: (i) the provisions of the appendix to the Statement relating to a series of Term Preferred Shares, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power set forth in such appendix of the series of Term Preferred Shares or the holders thereof; or (ii) the provisions of the appendix of the Statement for a series of Term Preferred Shares setting forth the Liquidation Preference for such Term Preferred Shares; provided that a division, stock split or reverse stock split of a Term Preferred Share shall not, by itself, be deemed to violate clause (i) or (ii) above. For purposes of clause (i) above, no matter shall be deemed to materially and adversely affect any preference, right or power of a Term Preferred Share or the holder thereof unless such matter (i) alters or abolishes any preferential right of such Term Preferred Share, or (ii) creates, alters or abolishes any right in respect of redemption of such Term Preferred Share. For the avoidance of doubt, no vote of the holders of Common Shares will be required to amend, alter or repeal the provisions of the Statement, including any appendix to the Statement.

So long as any Term Preferred Shares are outstanding, the Fund will not, without the unanimous vote or consent of the holders of such Term Preferred Shares outstanding at the time, voting as a separate class, amend, alter or repeal the provisions of the appendix to the Statement relating to such Term Preferred Shares, which provisions obligate the Fund to (i) pay the Term Redemption Price on the Term Redemption Date for Term Preferred Shares, (ii) accumulate dividends at the Dividend Rate (as set forth in the Statement and the applicable appendix to the Statement) for the Term Preferred Shares or (iii) pay the Optional Redemption Premium (if any) provided for in the appendix to the Statement for such Term Preferred Shares; provided that a division, stock split or reverse stock split of a Term Preferred Share shall not, by itself, be deemed to violate clause (i), (ii) or (iii) above. For the avoidance of doubt, no vote of the holders of Common Shares will be required to amend, alter or repeal the provisions of the Statement, including any appendix to the Statement.

Unless a higher percentage is provided for in the Declaration of Trust of the Fund, (i) the affirmative vote of the holders of at least a majority of the outstanding preferred shares, including the Term Preferred Shares outstanding at the time, voting as a separate class, will be required (i) to approve any conversion of the Fund from a closed-end to an open-end investment company, (ii) to approve any plan of reorganization (as such term is defined in Section 2(a)(33) of the 1940 Act) adversely affecting such preferred shares or (iii) to approve any other action requiring a vote of security holders of the Fund under Section 13(a) of the 1940 Act. For purposes of the foregoing, the vote of a majority of the outstanding preferred shares means the vote at an annual or special meeting duly called of (i) 67% or more of such shares present at a meeting, if the holders of more than 50% of such shares are present or represented by proxy at such meeting, or (ii) more than 50% of such shares, whichever is less.

For purposes of determining any rights of the holders of Term Preferred Shares to vote on any matter, whether such right is created by the Statement, by the provisions of the Declaration of Trust, by statute or otherwise, no holder of Term Preferred Shares will be entitled to vote any Term Preferred Shares and no Term Preferred Shares will be deemed to be outstanding for the purpose of voting or determining the number of shares required to constitute a quorum if, prior to or concurrently with the time of determination of shares entitled to vote or the time of the actual vote on the matter, as the case may be, the requisite Notice of Redemption with respect to such Term Preferred Shares will have been given in accordance with the Statement, and Deposit Securities for the payment of the Redemption Price of such Term Preferred Shares will have been deposited in trust with the Redemption and Paying Agent for that purpose. No Term Preferred Shares held (legally or beneficially) by the Fund will have any voting rights or be deemed to be outstanding for voting or for calculating the voting percentage required on any other matter or other purposes.

Notwithstanding anything herein to the contrary, the Rating Agency Guidelines discussed below, as they may be amended from time to time by the respective Rating Agency, may be amended by the respective Rating Agency without the vote, consent or approval of the Fund, the Board of Trustees and any holder of preferred shares, including any Term Preferred Shares, or any other shareholder of the Fund.

Unless otherwise required by law or the Declaration of Trust, holders of Term Preferred Shares will not have any relative rights or preferences or other special rights with respect to voting other than those specifically set forth in the Voting Rights section of the Statement. The holders of Term Preferred Shares will have no rights to cumulative voting. In the event that the Fund fails to declare or pay any dividends on Term Preferred Shares, the exclusive remedy of the holders will be the right to vote for additional trustees as discussed above; provided that the foregoing does not affect the obligation of the Fund to accumulate and, if permitted by applicable law, the Declaration of Trust and the Statement, pay dividends at the Increased Rate as discussed above.

### **Rating Agencies**

The Fund will use commercially reasonable efforts to cause at least one Rating Agency with respect to the Term Preferred Shares to issue long term credit rating with respect to Term Preferred Shares for so long as such Term Preferred Shares are outstanding. The Board of Trustees has initially designated each of Moody's and Fitch as a Rating Agency. The Fund will use commercially reasonable efforts to comply with any applicable Rating Agency Guidelines. Rating Agency Guidelines are guidelines of any Rating Agency, as they may be amended or modified from time to time, compliance with which is required to cause such Rating Agency to continue to issue a rating with respect to Term Preferred Shares for so long as such Term Preferred Shares are outstanding. If a Rating Agency ceases to rate securities of closed-end management investment companies generally, the Board of Trustees will terminate the designation of such Rating Agency as a Rating Agency. The Board of Trustees may elect to terminate the designation of any Rating Agency previously designated by the Board of Trustees to act as a Rating Agency for purposes of the Statement so long as either (i) immediately following such termination, there would be at least one Rating Agency with respect to the Term Preferred Shares or (ii) it replaces the terminated Rating Agency with another NRSRO and provides notice thereof to the holders of Term Preferred Shares; provided that such replacement will not occur unless such replacement Rating Agency will have at the time of such replacement (i) published a rating for the Term Preferred Shares and (ii) entered into an agreement with the Fund to continue to publish such rating subject to the Rating Agency's customary conditions. A copy of the current Rating Agency Guidelines will be provided to any holder of Term Preferred Shares promptly upon request therefor made by such holder to the Fund by writing the Fund at 333 West Wacker Dr., Chicago, Illinois 60606.

The Board of Trustees may also elect to designate one or more other NRSROs as Rating Agencies with respect to Term Preferred Shares by notice to the holders of the Term Preferred Shares. The Rating Agency Guidelines of any Rating Agency may be amended by such Rating Agency without the vote, consent or approval of the Fund, the Board of Trustees or any holder of preferred shares, including any Term Preferred Shares, or Common Shares.

### **Issuance of Additional Preferred Stock**

So long as any Term Preferred Shares are outstanding, the Fund may, without the vote or consent of the holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of preferred shares, ranking on a parity with Term Preferred Shares as to payment of dividends and the distribution of assets upon dissolution, liquidation or the winding up of the affairs of the Fund, in addition to then outstanding Term Preferred Shares, including additional series of Term Preferred Shares, and authorize, issue and sell additional shares of any such series of preferred shares then outstanding or so established or created, including additional Term Preferred Shares, in each case in accordance with applicable law, 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 to an irrevocable deposit in respect of the redemption of preferred shares or the repayment of indebtedness with such proceeds, have Asset Coverage of at least 225%.

### **Actions on Other than Business Days**

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Unless otherwise provided herein or in the Statement, if the date for making any payment, performing any act or exercising any right is not a Business Day, such payment will be made, act performed or right exercised on

the next succeeding Business Day, with the same force and effect as if made or done on the nominal date provided therefor, and, with respect to any payment so made, no dividends, interest or other amount will accrue for the period between such nominal date and the date of payment.

### **Modification**

To the extent permitted by applicable law and the Statement, the Board of Trustees, without the vote of the holders of Term Preferred Shares, may interpret, supplement or amend the provisions of the Statement or any appendix thereto to supply any omission, resolve any inconsistency or ambiguity or to cure, correct or supplement any defective or inconsistent provision, including any provision that becomes defective after the date hereof because of impossibility of performance or any provision that is inconsistent with any provision of any other preferred shares of the Fund.

## **THE FUND'S INVESTMENTS**

### **Investment Objective**

The Fund's investment objective is to provide current income and the potential for capital appreciation.

### **Investment Philosophy**

Symphony believes that deep fundamental credit analysis and bottom-up portfolio construction are key to managing risk within the below investment grade corporate credit market. Symphony utilizes an industry focused approach that seeks to select the debt instruments of corporate issuers that provide attractive income opportunities and offer the potential for additional total return through the identification of near-term catalysts (such as restructurings, refinancing, mergers and acquisitions, liquidity events, management changes, rating and earnings announcements) and relative value opportunities. At the same time, Symphony's fundamental approach seeks to evaluate and minimize potential downside risks associated with below investment grade instruments. Additionally, Symphony focuses primarily on liquid securities to help implement its highly active management style, which helps the team manage and optimize risk exposures over the course of the investment cycle.

### **Investment Process**

In identifying securities for potential purchase, Symphony evaluates the universe of below investment grade corporate issuers from an industry perspective. Symphony's analysts are industry experts and will seek long and short investment opportunities across an issuer's capital structure. Symphony's investment process involves the holistic review of each investment, taking into account such factors as issuer liquidity, company and industry dynamics, relative value, potential corporate actions, and other possible positive or negative catalysts. Symphony then evaluates the identified investment candidates for liquidity constraints and other technical factors. Symphony also combines its deep industry view with a top-down macro overlay which allows the team to make tactical investments in undervalued debt instruments within appropriate sectors given industry and economic activity, and avoid or short issuers and sectors where the team has a negative outlook. The final portfolio is constructed using risk management and monitoring systems to ensure proper diversification.



**Investment Policies**

The Fund's portfolio will be invested primarily in below investment grade adjustable rate corporate debt instruments, including senior secured loans, second lien loans, and other adjustable rate corporate debt instruments. Under normal market circumstances, the Fund invests at least 70% of its Managed Assets in adjustable rate senior loans and second lien loans. Senior loans and second lien loans are made to Borrowers that operate in various industries and geographic regions. Senior loans, second lien loans and other adjustable rate instruments pay interest at rates which are determined periodically at short-term intervals on the basis of an

adjustable base lending rate, primarily LIBOR, plus a premium, and are therefore regarded as having short-term durations. In addition, the Fund may make limited tactical investments in high yield debt and other debt instruments as described herein.

The Fund also may enter into tactical short positions consisting primarily of high yield debt. The high yield debt instruments may have intermediate-term or even long-term durations, but investments in those instruments will not be made in a manner that will cause the Fund's average portfolio duration (including the effect of leverage) to exceed two years. Short selling involves selling instruments that may be owned, and if not owned, borrowing the same instruments for delivery to the purchaser, with an obligation to replace the borrowed instruments at a later date. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the instruments.

Substantially all of the Fund's portfolio likely will be invested in corporate debt instruments that are, at the time of investment, rated below investment grade or unrated but judged by the portfolio managers to be of comparable quality. A debt instrument is considered investment grade quality if it is rated within the four highest letter grades (BBB or Baa or better) by at least one NRSRO that rates such instrument (even if it is rated lower by another), or if it is unrated by any NRSRO but judged to be of comparable quality by the portfolio managers. Such debt instruments are regarded as having predominately speculative characteristics with respect to capacity to pay interest and repay principal and are commonly referred to as junk bonds or high yield debt, which implies higher price volatility and default risk than investment grade instruments of comparable terms and duration. See Risk Factors Issuer Level Risks Issuer Credit Risk and Risk Factors Issuer Level Risks Below Investment Grade Risk.

Under normal circumstances:

The Fund invests at least 70% of its Managed Assets in adjustable rate corporate debt instruments, including senior secured loans, second lien loans, and other adjustable rate corporate debt instruments.

The Fund may make limited tactical investments in high yield debt and other debt instruments as described herein in an aggregate amount of up to 30% of its Managed Assets.

No more than 30% of the Fund's Managed Assets may be invested in debt instruments that are, at the time of investment, rated CCC+ or Caa1 or below by any NRSRO or that are unrated but judged by the portfolio managers to be of comparable quality.

The Fund may enter into tactical short positions consisting primarily of high yield debt, either directly or through the use of derivatives, including credit default swaps, creating investment exposure or hedging existing long (positive) investment exposure in a notional amount up to 20% of its Managed Assets. Initially, these short positions will not increase the Fund's leverage ratio or overall investment exposure because the Fund will not use any proceeds or cash from short sales to invest in additional debt instruments.

The Fund may invest up to 20% of its Managed Assets in debt instruments of non-U.S. issuers (which term for purposes of this prospectus includes Borrowers) that are U.S. dollar or non-U.S. dollar denominated. The Fund's investments in debt instruments of non-U.S. issuers may include debt instruments of issuers located, or conducting their business, in emerging markets countries.

The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange-traded funds, often referred to as ETFs) that invest primarily in securities of the types in which the Fund may invest directly.

The Fund may enter into certain derivative transactions as a hedging technique to protect against potential adverse changes in the market value of portfolio instruments. The Fund also may use derivatives to attempt to protect the NAV of the Fund, to facilitate the sale of certain portfolio instruments, to manage the Fund's effective interest rate exposure, and as a temporary substitute for purchasing or selling particular instruments.

The Fund

also may enter into derivative transactions such as total return swaps on an underlying index to create investment exposure to the extent such transactions may facilitate implementation of the Fund's investment strategy.

Under normal market circumstances, the Fund will maintain an average duration of two years or less for its portfolio (including the effect of leverage, but after the effect of derivatives used to shorten duration). When the average duration of the portfolio is expected to be longer than two years, the Fund will use interest rate swaps, interest rate futures or other derivative instruments to shorten such duration. For example, the Fund may use futures with an interest-bearing instrument as the underlying asset, such as a bond. Bond futures are typically used to adjust duration positions by creating offsetting positions that thereby reduce the portfolio's overall average duration. Values of instruments with shorter durations tend to be less sensitive to interest rate changes than instruments with longer durations. To the extent the Fund utilizes interest rate swaps and futures to maintain an average portfolio duration of two years or less, and such instruments do not perform as intended resulting in the Fund's portfolio behaving as if it had an average duration longer than two years, the Fund's NAV may be more susceptible to interest rate increases than it would have had those instruments performed as intended. See *Leverage* and *The Fund's Investments Portfolio Composition and Other Information Other Investments Hedging Transactions* for additional information.

As previously noted, in this prospectus, *average duration* and *average portfolio duration* are each defined to be the modified duration of the Fund's portfolio, which is the measure of a debt instrument's or a portfolio's price sensitivity with respect to changes in market yields adjusted to reflect the effect of the Fund's effective leverage. In general, the value of a portfolio of instruments with a shorter duration can be expected to be less sensitive to interest rate changes than a portfolio with a longer duration. For example, the price of a bond with an effective duration of two years will rise (fall) two percent for every one percent decrease (increase) in its yield, and the price of a five-year duration bond will rise (fall) five percent for a one percent decrease (increase) in its yield. See *The Fund's Investments Portfolio Composition and Other Information Adjustable Rate Corporate Debt Instruments Senior Loans*.

The Fund uses leverage to seek to enhance its potential current income and capital appreciation over time. The use of leverage involves increased risk, including increased variability of the Fund's net income, distributions and/or NAV in relation to market changes. See *Risk Factors Fund Level Risks Leverage Risk*. Credit risk is the risk that issuers of debt instruments held by the Fund will be unable or unwilling to make principal or interest payments when due, and the related risk that the value of an instrument may decline because of concerns about the issuer's ability or unwillingness to make such payments. Interest rate risk is the risk that the prices of portfolio instruments will fall (or rise) if market interest rates for those instruments rise (or fall).

The Fund may utilize the following forms of structural leverage: (a) borrowings, including loans from certain financial institutions, and/or the issuance of debt securities, including fixed and floating rate notes or liquidity supported variable rate demand obligations (previously defined as *Borrowings*); and (b) the issuance of Preferred Shares or other senior securities ((a) and (b) are collectively referred to as *structural leverage*). The Fund's leverage strategy may not work as planned or achieve its goals. As previously defined, *effective leverage* is the combination of the amount of structural leverage plus the amount of leverage from derivatives transactions or other portfolio techniques that have the economic effect of leverage. The Fund may utilize derivatives, such as credit default swaps, that have the economic effect of financial leverage by creating additional investment exposure. The Fund also may use a portion of the proceeds received from the Fund's sale of borrowed securities (*short sales*) to purchase additional long positions in debt instruments, which also would have the economic effect of financial leverage. The Fund does not currently intend to use any proceeds from short sales to invest in additional debt instruments. The Fund's effective leverage is currently limited to 38% of its Managed Assets. It is expected that the Board of Trustees will, effective upon the completion of the offering of the Term Preferred Shares, eliminate the current limit on the Fund's effective leverage such that the Fund may use effective leverage, subject to its fundamental investment policies, in an amount permissible under the 1940 Act.

So long as the rate of return, net of applicable Fund expenses, on the Fund's portfolio investments exceeds the then current interest rate on any Borrowings or the preferred share dividend rate, the investment of the

proceeds of Borrowings or preferred shares (if outstanding) will generate more income than will be needed to make interest or dividend payments. If so, the excess will be available to pay higher dividends to Common Shareholders. Given the current economic and debt market environment with historically low short-term to intermediate-term interest rates, the Fund currently uses derivatives such as interest rate swaps, with terms that may range from one to seven years, to manage the Fund's effective interest rate exposure.

Interest rate swaps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the net amount of interest payments that the Fund is to receive. Interest rate swap positions are valued daily. Although there are economic advantages of entering into interest rate swap transactions, there are also additional risks. The Fund helps manage the credit risks associated with interest rate swap transactions by entering into agreements only with counterparties whom Nuveen Fund Advisors and Symphony believe have the financial resources to honor their obligations and by having Nuveen Fund Advisors and Symphony continually monitor the financial stability of the swap counterparties.

Depending on the state of interest rates in general, the Fund's use of interest rate swaps could enhance or harm the overall performance of the Shares. In addition, if the counterparty to an interest rate swap defaults, the Fund would not be able to use the anticipated net receipts under the swap to offset the interest payments on Borrowings or the dividend payments on any outstanding preferred shares. Depending on whether the Fund would be entitled to receive net payments from the counterparty on the swap, which in turn would depend on the general state of short-term interest rates at that point in time, such a default could negatively impact the performance of the Shares. In addition, at the time an interest rate swap transaction reaches its scheduled termination date, there is a risk that the Fund would not be able to obtain a replacement transaction or that the terms of the replacement would not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the performance of the Shares. The Fund could be required to prepay the principal amount of any Borrowings. Such redemption or prepayment would likely result in the Fund seeking to terminate early all or a portion of any swap transaction. Early termination of a swap could result in a termination payment by or to the Fund.

The Fund will not enter into interest rate swap transactions having a notional amount that exceeds the outstanding amount of the Fund's leverage. See [Use of Leverage](#) and [The Fund's Investments Portfolio Composition and Other Information Other Investments Hedging Transactions](#) for additional information.

The use of leverage creates special risks for Shareholders. See [Risk Factors Fund Level Risks Leverage Risk](#). The Fund's leverage strategy may not work as planned or achieve its goals.

During temporary defensive periods or in order to keep the Fund's cash fully invested, including during the period when the net proceeds of the offering of Shares are being invested, the Fund may deviate from its investment policies and objectives. During such periods, the Fund may invest up to 100% of its Managed Assets in short-term investments, including high quality, short-term securities or may invest in short-, intermediate-, or long-term U.S. Treasury Bonds. There can be no assurance that such strategies will be successful. For more information, see the SAI under [Tax Matters](#).

The Fund's investment objective and certain investment policies in the SAI specifically identified as such are considered fundamental and may not be changed without shareholder approval. See [Investment Restrictions](#) in the SAI. All of the Fund's other investment policies are not considered to be fundamental by the Fund and can be changed by the Board of Trustees without a vote of the Fund's Shareholders. The Fund cannot change its investment objective or fundamental policies without the approval of the holders of a majority of the outstanding Common Shares and preferred shares, including Term Preferred Shares, voting together as a single class, and of the holders of a majority of the outstanding preferred shares, including