

NUVEEN SENIOR INCOME FUND

Form N-2/A

September 02, 2016

As filed with the U.S. Securities and Exchange Commission on September 2, 2016

1933 Act File No. 333-212240

1940 Act File No. 811-09571

## 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. 2

Post-Effective Amendment No.

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 16

### Nuveen Senior Income Fund

(Exact name of Registrant as Specified in Charter)

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

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

Stradley Ronon Stevens & Young, LLP  
191 N. Wacker Drive, Suite 1601

Chicago, IL 60606

Eric F. Fess

Chapman and Cutler LLP

111 W. Monroe Street

Chicago, IL 60603

**Approximate Date of Proposed Public Offering:**

From time to time 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**

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

<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	60,000 Shares <sup>(1)</sup>	\$1,000	\$60,000,000	\$6,042

- (1) The Fund will offer, on an immediate, continuous or delayed basis, Term Preferred Shares, at an estimated offering price of \$1,000 per share.
- (2) Estimated solely for the purpose of calculating the registration fee. In no event will the aggregate initial offering price of the securities offered from time to time pursuant to the prospectus included as a part of this Registration Statement exceed \$60,000,000.
- (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 \_\_\_\_\_, 2016

**BASE PROSPECTUS**

\$

*Nuveen Senior Income Fund*

*TERM PREFERRED SHARES*

*Shares*

*Liquidation Preference \$1,000 Per Share*

---

**The Offering.** *Nuveen Senior Income Fund (the Fund) is offering, on an immediate, continuous or delayed basis, up to 60,000 Term Preferred Shares (Term Preferred Shares), with a liquidation preference of \$1,000 per share. The Fund currently intends to distribute the shares offered pursuant to this Prospectus primarily through an underwriting syndicate, although from time to time it may also distribute shares through privately negotiated transactions. To the extent shares are distributed other than through an underwriting syndicate, the Fund will file a supplement to this Prospectus describing such transactions. For information on how Term Preferred Shares may be sold, see the Plan of Distribution section of this Prospectus. The Fund intends to use the proceeds of this offering of Term Preferred Shares to maintain the Fund's leverage after redeeming all or a portion of the Fund's preferred shares outstanding from time to time, including all or a portion of the Fund's outstanding Variable Rate Term Preferred Shares (VRTP Shares) and/or repaying a portion of the Fund's borrowings under its credit agreement. In addition, the Fund may use the proceeds of this offering of Term Preferred Shares to increase the Fund's leverage. The series designation, term redemption date, dividend rate and other details concerning any issuance of Term Preferred Shares under this prospectus will be disclosed in a prospectus supplement applicable to a particular offering.*

**The Fund.** *This prospectus, together with the applicable prospectus supplement, 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 achieve a high level of current income, consistent with the preservation of capital.*

**Unlisted Shares.** *The Term Preferred Shares are not listed or traded on any securities exchange. An investment in Term Preferred Shares may be illiquid and there may be no active secondary trading market. Thus, Term Preferred Shares are not suitable for investors who seek the return of their investment within a specified timeframe before the term redemption date of the Term Preferred Shares.*

---

**Investing in Term Preferred Shares involves risks.** *See Risk Factors beginning on page 46. Certain of these risks are summarized in Prospectus Summary Special Risk Considerations beginning on page 11 of this prospectus. Although Term Preferred Shares are senior securities of the Fund, with priority in all respects to the Fund's common shares, you could lose some or all of your investment.*

*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.*

---

**PRICE \$1,000 A SHARE**

---

*The price to the public, underwriting discounts and commissions, estimated offering costs and proceeds, after expenses, to the Fund for any issuance of Term Preferred Shares under this prospectus will be disclosed in a prospectus supplement.*

---

, 2016

(continued from previous page)

**Investment Strategies.** As a non-fundamental policy, under normal circumstances, the Fund will invest at least 80% of its Managed Assets (as defined on page 8) in adjustable rate, U.S. dollar-denominated secured and unsecured Senior Loans (as defined on page 8), which unsecured Senior Loans will be, at the time of investment, investment grade quality. Senior Loans are typically below investment grade quality and may have below investment grade ratings. There is no limit on the percentage of the Fund's assets that may be invested in Senior Loans that are rated below investment grade or that are unrated but of comparable quality. Substantially all of the Fund's portfolio likely will be invested in debt instruments of below investment grade quality. Investments rated below investment grade, or that are unrated but of equivalent credit quality, are commonly referred to as "junk bonds" and have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal when due.

As a non-fundamental policy, under normal circumstances, the Fund will invest at least 65% of its Managed Assets in Senior Loans that are secured by specific collateral. Such collateral consists of assets and/or stock of the borrower. Senior Loans are made to corporations, partnerships, limited liability companies and other similar types of business entities ("Borrowers") to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, debt refinancings and, to a lesser extent, for general operating and other purposes. As a non-fundamental policy, under normal market circumstances, no more than 30% of the Fund's Managed Assets may be invested in Senior Loans and other debt securities that are, at the time of investment, rated CCC+ or Caa or below by Standard & Poor's Ratings Services, Moody's Investors Service, Inc. or Fitch Ratings. Also as a non-fundamental policy, under normal circumstances, the Fund may invest up to 20% of its Managed Assets in U.S. dollar-denominated Senior Loans of Borrowers that are organized or located in countries outside the United States. Additionally, as a non-fundamental policy, the Fund may invest up to 20% of its Managed Assets, in the aggregate, in:

*other income producing securities such as investment and non-investment grade corporate debt securities;*

*high quality, short-term debt securities of corporate or governmental issuers; and*

*equity securities and warrants acquired in connection with the Fund's investments in Senior Loans.*

See *The Fund's Investments* for further information.

**Leverage.** Regulatory leverage consists of senior securities as defined under the Investment Company Act of 1940, as amended (the "1940 Act"), which include (1) borrowings, including loans from financial institutions ("Borrowings"); (2) issuance of debt securities; and (3) issuance of preferred shares ((1),(2), and (3) are hereinafter collectively referred to as "regulatory leverage"). The Fund currently has outstanding VRTP Shares, which will be redeemed with the proceeds of this offering. In addition to regulatory leverage, the Fund may utilize derivatives such as certain credit default swaps, total return swaps and bond futures that have the economic effect of 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*.

**Dividends.** The dividend rate to be accumulated and periodically payable on the Term Preferred Shares on any date, as well as other details concerning dividends, will be determined in accordance with the Fund's Statement Establishing and Fixing the Rights and Preferences of Term Preferred Shares (the "Statement"), described in the Prospectus Supplement accompanying this Prospectus. Dividends on the Term Preferred Shares will be payable monthly. 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).

## Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

**Redemption.** *The Fund is required to redeem the Term Preferred Shares on the date specified in the Statement, 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 for the period specified in the Statement, and at their liquidation preference thereafter. See Description of Term Preferred Shares Redemption and the Prospectus Supplement accompanying this Prospectus.*

**Priority of Payment.** *The Fund may borrow. It has entered into a credit agreement with several conduit lenders and Citibank, N.A. as a lender, liquidity provider and as agent for the lenders (collectively, Citibank ) (the Credit Agreement ), and currently has an outstanding borrowing balance. See Use of*

(continued from previous page)

*Leverage.* The rights of lenders, such as Citibank 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 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 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.

**Redemption and Paying Agent.** The redemption and paying agent for Term Preferred Shares will be State Street Bank and Trust Company, Canton, Massachusetts. State Street has subcontracted the redemption and paying agency servicing of the Fund to Computershare Inc.

---

You should read this prospectus, together with any prospectus supplement, 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 , 2016, 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 73 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)).

---

**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.**

---

**TABLE OF CONTENTS**

	<b>Page</b>
<u>Prospectus Summary</u>	1
<u>Financial Highlights</u>	16
<u>The Fund</u>	18
<u>Use of Proceeds</u>	18
<u>Description of Term Preferred Shares</u>	18
<u>The Fund's Investments</u>	31
<u>Portfolio Composition</u>	42
<u>Use of Leverage</u>	42
<u>Risk Factors</u>	46
<u>Management of the Fund</u>	60
<u>Net Asset Value</u>	63
<u>Distributions</u>	64
<u>Plan of Distribution</u>	65
<u>Description of Outstanding Shares and Debt</u>	65
<u>Certain Provisions in the Declaration of Trust and By-Laws</u>	68
<u>Repurchase of Fund Shares: Conversion to Open-End Fund</u>	69
<u>Tax Matters</u>	69
<u>Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent</u>	71
<u>Legal Opinions</u>	71
<u>Independent Registered Public Accounting Firm</u>	72
<u>Miscellaneous</u>	72
<u>Available Information</u>	72
<u>Statement of Additional Information Table of Contents</u>	73

---

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.

---

**PROSPECTUS SUMMARY**

*This is only a summary. You should review the more detailed information contained elsewhere in this Prospectus, in the prospectus supplement applicable to a particular offering and in the Statement of Additional Information, dated \_\_\_\_\_, 2016, 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 Senior Income 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 NSL. See Description of Outstanding Shares and Debt Common Shares. As of May 31, 2016, the Fund had 38,621,872 Common Shares outstanding, net assets applicable to Common Shares of \$258,151,384, and 450 Variable Rate Term Preferred Shares, Series C-4, with a liquidation preference of \$100,000 per share (the VRTP Shares) outstanding. Term Preferred Shares, as defined below, and any other preferred shares of the Fund, including VRTP Shares, that may then be outstanding are collectively referred to as Preferred Shares. Holders of Common Shares are referred to herein as Common Shareholders. The Fund commenced investment operations on October 26, 1999.

**Offering Methods**

The Fund may offer, on an immediate, continuous or delayed basis, up to \$60,000,000 in aggregate liquidation preference of Term Preferred Shares (Term Preferred Shares), on terms to be determined at the time of the offering. The series designation, term redemption date, dividend rate, including the term period of the dividend rate and any process for determining the dividend rate, and other details concerning any issuance of Term Preferred Shares under this Prospectus will be disclosed in a prospectus supplement. The Fund may offer Term Preferred Shares using one or more of the following methods: (i) through an underwriting syndicate; and (ii) through privately negotiated transactions between the Fund and specific investors. See Plan of Distribution.

The Fund currently intends to distribute Term Preferred Shares offered pursuant to this Prospectus primarily through an underwriting syndicate, although from time to time it may also distribute shares through one or more privately negotiated transactions. To the extent shares are distributed other than through an underwriting syndicate, the Fund will file a supplement to this Prospectus describing such transactions.

*Distribution Through Underwriting Syndicate.* The Fund will launch a syndicated offering on a day, and upon terms, mutually agreed upon between the Fund and the underwriting syndicate.

The Fund will offer Term Preferred Shares at a price of \$1,000 per share, including underwriting discounts and commissions, which will

be paid by investors. The applicable underwriting discounts and commissions will be negotiated by the Fund in consultation with the underwriting syndicate. The Fund will compensate the underwriting syndicate out of the proceeds of the offering based upon a sales load to be disclosed in a prospectus supplement. See Plan of Distribution Distribution Through Underwriting Syndicates.

The Fund intends to use the proceeds of this offering of Term Preferred Shares to maintain the Fund's leverage after redeeming all or a portion of the Fund's Preferred Shares outstanding from time to time, including all or a portion of the Fund's outstanding VRTP Shares and/or repaying a portion of the Fund's borrowings under its Credit Agreement (as defined below). In addition, the Fund may use the proceeds of this offering 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.

*Distribution Through Privately Negotiated Transactions.* The Fund from time to time may sell directly to, and solicit offers from, institutional and other sophisticated investors, who may be deemed to be underwriters as defined in the 1933 Act for any resale of Term Preferred Shares. No sales commission or other compensation will be paid to any FINRA member in connection with such transactions. The terms of such privately negotiated transactions will be subject to the discretion of the management of the Fund. In determining whether to sell Term Preferred Shares through a privately negotiated transaction, the Fund will consider relevant factors, including, but not limited to, the attractiveness of obtaining additional funds through the sale of Term Preferred Shares, the purchase price to apply to any such sale of Term Preferred Shares and the investor seeking to purchase the Term Preferred Shares. See Plan of Distribution Distribution Through Privately Negotiated Transactions.

#### **Priority of Payment**

The Fund may borrow. It has entered into a credit agreement with several conduit lenders and Citibank, N.A. as a lender, liquidity provider and as agent for the lenders (collectively, Citibank ) (the Credit Agreement ), and currently has an outstanding borrowing balance. See Use of Leverage. The rights of lenders, such as Citibank, 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 Preferred Shares, including 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 redeem Term Preferred Shares unless at such time, the Fund meets certain asset coverage and borrowing base requirements and no event of default or other circumstance exists under the Credit Agreement that would limit or otherwise block payments in redemption. In general, asset coverage measures how well a company can repay or cover its obligations, including debt obligations like Borrowings (as defined below) under the Credit Agreement and preferred shares,

such as the Term Preferred Shares. In general, the borrowing base is the total amount of collateral against which a lender will lend funds to a company. It typically represents a maximum cap on how much asset-based debt a company can obtain, and involves multiplying a discount factor by each type of asset used as collateral.

Under the Credit Agreement, the Fund cannot make any redemption or dividend payment on the Term Preferred Shares if immediately after giving effect to such payment the Fund will have less than 263% asset coverage with respect to senior securities representing indebtedness. Furthermore, the Fund must (i) have 300% asset coverage with respect to senior securities representing indebtedness, and (ii) meet certain borrowing base tests as a condition precedent to borrowing under the Credit Agreement. If the Fund fails to have asset coverage of at least 263% as of the close of business on any Business Day (as defined below) on which asset coverage is required to be calculated, the Fund must use available funds to prepay Borrowings on such date, and if it is unable, no later than the close of business on the fifth Business Day following such event, prepay any Borrowings, in each case such that the Fund regains asset coverage with respect to senior securities representing indebtedness of at least 300%.

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.

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. Term Preferred Shares have equal priority with respect to outstanding VRTP Shares and would be required to have equal priority to any other Preferred Shares the Fund may issue in the future. 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 to be disclosed in a prospectus supplement;

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 per annum to be disclosed in a prospectus supplement, subject to adjustment as set forth below (See Description of Term Preferred Shares Dividends and Dividend Periods Dividend Rate ) 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 to be accumulated and periodically payable on the Term Preferred Shares on any date will be determined in accordance with the Statement, and will be disclosed in a prospectus supplement.

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 (i.e., capital gains distributions and distributions that are not treated as dividends for federal income tax purposes in the event that the Fund has insufficient earnings and profits (often referred to as return of capital )) 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 period over which dividends accrue for payment is referred to as a Dividend Period. The first Dividend Period for the Term Preferred Shares will commence on the Date of Original Issue of Term Preferred Shares and end on the date specified in the Statement and disclosed in a prospectus supplement 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). See Description of Term Preferred Shares Dividends and Dividend Periods.

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 (the **Term Redemption**) of all outstanding Term Preferred Shares on the date specified in the Statement and disclosed in a prospectus supplement (the **Term Redemption Date**), 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 without 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 the term redemption date 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 therefore 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 (the 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 (expressed as a percentage of the Liquidation Preference) (with no such premium on or after the date specified in the Statement and disclosed in a prospectus supplement) and (ii) an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but without 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 Registrant expects that the Term Preferred Shares will be rated by Fitch Ratings, part of the Fitch Group ( Fitch ) and Moody's Investors Service, Inc. ( Moody's ). The Fund is obligated only to use commercially reasonable efforts to cause at least one rating agency (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 Fund may choose a different Rating Agency or Rating Agencies to rate the Term Preferred Shares and the ratings of the Term Preferred Shares may vary.

The Fund may be subject to certain restrictions or guidelines by a Rating Agency to achieve a desired rating. Such restrictions and guidelines vary by Rating Agency and by desired ratings. These guidelines generally include asset coverage requirements; portfolio characteristics such as portfolio diversification and credit rating criteria; and qualitative views on the Fund and Fund management. While these restrictions and guidelines may impose different requirements than those under the 1940 Act, it is not anticipated that these restrictions or

guidelines will impede the management of the Fund's portfolio in accordance with the Fund's investment objective and policies.

Further details, including the applicable Rating Agencies, concerning the ratings of any series of Term Preferred Shares sold under this Prospectus will be set forth in a prospectus supplement relating to the offering of such series. The Fund will bear the costs associated with obtaining any rating on the Term Preferred Shares.

#### **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). In maintaining Asset Coverage as described above, the Fund may be required to sell a portion of its investments at a time that it may be disadvantageous for the Fund to do so if, as a result of market fluctuations or otherwise, the Fund fails to have Asset Coverage of at least 200%. See Description of Term Preferred Shares Asset Coverage.

#### **Voting Rights**

Except as otherwise provided in the Fund's Declaration of Trust, as amended (the Declaration), 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 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, unless otherwise specified in the Statement and disclosed in a prospectus supplement. 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 without interest thereon). See Description of Term Preferred Shares Liquidation Rights.

**Investment Objective and Policies**

The Fund's investment objective is to achieve a high level of current income, consistent with preservation of capital. There can be no assurance that the Fund's investment objective will be achieved.

In pursuing its objective of high current income, the Fund invests primarily in floating or variable rate, U.S. dollar denominated senior loans that hold the most senior position in the capital structure of an issuer (i.e., that have a claim on the assets and/or stock of the issuer that has priority over subordinated debt holders and stockholders of the issuer) (Senior Loans). Senior Loans are made to corporations, partnerships, limited liability companies and other similar types of business entities (Borrowers) to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, debt refinancings and, to a lesser extent, for general operating and other purposes. Investment in such floating rate instruments is expected to minimize changes in the underlying principal value of the Senior Loans, and therefore the Fund's net asset value (NAV), resulting from changes in market interest rates. The Borrowers under such Senior Loans operate in a variety of industries and geographical regions. In pursuing its investment objective, the Fund may also invest without limitation in illiquid securities. See Risk Factors Security Level Risks Illiquid Securities Risk.

As a non-fundamental policy, under normal circumstances, the Fund will invest at least 80% of its Managed Assets in adjustable rate, U.S. dollar-denominated, secured and unsecured Senior Loans, which unsecured Senior Loans will be, at the time of investment, investment grade quality. 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). With respect to the Fund's Senior Loans included in the 80% policy described above, such instruments will at all times have a dollar-weighted average time until the next interest rate adjustment of 90 days or less. As a non-fundamental policy, under normal circumstances, the Fund will invest at least 65% of its Managed Assets in Senior Loans that are secured by specific collateral. Such collateral consists of assets and/or stock of the Borrower. See The Fund's Investments Portfolio Composition and Other Information Senior Loans Protective Provisions of Senior Loans and Risk Factors Issuer Level Risks Issuer Credit Risk.

As a non-fundamental policy, under normal market circumstances, no more than 30% of the Fund's Managed Assets may be invested in Senior Loans and other debt securities that are, at the time of investment, rated CCC+ or Caa or below by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (S&P or Standard's & Poor's), Moody's or Fitch. Under normal circumstances the Fund may invest up to 20% of its Managed Assets in U.S. dollar-denominated Senior Loans of Borrowers that are organized or located in countries outside the United States.

Additionally, as a non-fundamental policy, under normal circumstances, the Fund may invest up to 20% of its Managed Assets, in the aggregate, in:

other income producing securities such as investment and non-investment grade corporate debt securities;

high-quality, short-term debt securities of corporate or governmental issuers; and

equity securities and warrants acquired in connection with the Fund's investments in Senior Loans.

During temporary defensive periods (*e.g.*, during periods of adverse market, economic or political conditions), 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 a third party to be identified in a prospectus supplement 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 U.S. dollar London Inter-Bank Offered Rate ( LIBOR ) index. Such third party will have the right, but not the obligation, to terminate the swap agreement as disclosed in a prospectus supplement. Settlement of the swap is contingent on the closing of the Term Preferred Shares offering. The swap termination date will not be 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 such third party.

#### **Investment Adviser**

Nuveen Fund Advisors, LLC ( Nuveen Fund Advisors or the Adviser ) is the Fund's investment adviser, responsible for overseeing the Fund's overall investment strategy and its implementation.

Nuveen Fund Advisors, a registered investment adviser, offers advisory and investment management services to a broad range of investment company clients. Nuveen Fund Advisors has overall responsibility for management of the Fund, oversees the management of the Fund's portfolio, manages the Fund's business affairs and provides certain clerical, bookkeeping and other administrative services. Nuveen Fund Advisors is located at 333 West Wacker

Drive, Chicago, Illinois 60606. Nuveen Fund Advisors is a subsidiary of Nuveen Investments, Inc. ( Nuveen Investments ). Nuveen Investments is an operating division of TIAA Global Asset Management ( TGAM ), the investment management arm of Teachers Insurance and Annuity Association of America ( TIAA ). TIAA is a life insurance company founded in 1918 by the Carnegie Foundation for the Advancement of Teaching and is the companion organization of College Retirement Equities Fund. As of June 30, 2016, TGAM managed approximately \$871 billion in assets, of which approximately \$130 billion was managed by Nuveen Fund Advisors.

**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**

Regulatory leverage consists of senior securities as defined under the 1940 Act, which include (1) borrowings, including loans from financial institutions ( Borrowings ); (2) issuance of debt securities; and (3) issuance of preferred shares ((1),(2), and (3) are hereinafter collectively referred to as regulatory leverage ). The Fund may utilize regulatory leverage to the extent permissible under the 1940 Act. The Fund currently employs regulatory leverage through borrowing under the Credit Agreement with Citibank and currently has outstanding VRTP Shares. The Fund intends to use the proceeds of this offering of Term Preferred Shares to maintain the Fund's leverage after redeeming all or a portion of the Fund's Preferred Shares outstanding from time to time, including all or a portion of the Fund's outstanding VRTP Shares and/or repaying a portion of the Fund's borrowings under its Credit Agreement. In addition, the Fund may use the proceeds of this offering of Term Preferred Shares to increase the Fund's leverage. The borrowing capacity under the Credit Agreement is \$116 million. The term of the Credit Agreement ends on January 30, 2017, unless extended. 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 January 31, 2016, the Fund's outstanding balance on these Borrowings under the Credit Agreement was \$93,500,000. For the fiscal period ended January 31, 2016, the average daily balance outstanding and the average annual interest rate on these Borrowings were \$101,233,696 and 1.14%, respectively. This credit facility is secured by substantially all of the assets of the Fund.

In addition to the regulatory leverage described above, the Fund may also enter into reverse repurchase agreements and derivatives transactions, such as certain credit default swaps, total return swaps and bond futures, that have the economic effect of leverage by

creating additional investment exposure. See *Use of Leverage* and *The Fund's Investments, Portfolio Composition and Other Information, Derivatives, and Hedging Transactions* in the Prospectus and *Hedging Transactions* in the SAI. The Fund may use leverage in an amount permissible under the 1940 Act and Securities and Exchange Commission (SEC) guidance under the 1940 Act.

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 between Nuveen Fund Advisors and the Fund (the *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 will not be 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. State Street has subcontracted the transfer agency servicing and dividend disbursing and redemption and paying agency servicing of the Fund to Computershare Inc.

**Special Risk Considerations**

Investment in the Fund, and in Term Preferred Shares in particular, involves special risk considerations, which are summarized below. The Term Preferred Shares is designed as a medium-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 Term Preferred Shares and 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 the VRTP Shares and 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 borrowings under 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 holders of Preferred Shares, including holders of Term Preferred Shares. The rights of lenders, including Citibank, 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 borrowing balance. The rights of lenders, such as Citibank, 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 Preferred Shares, including 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 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 periodically in accordance with the Statement and as disclosed in a prospectus supplement, 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 no Preferred Shares issued by the Fund have a prior trading history, 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.

The Fund will treat Term Preferred Shares as equity in the Fund for federal income tax purposes. See 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 tax character of 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 that varies with changes in short-term market interest rates. Those short-term interest rates may fluctuate. If the interest rates received 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 limited 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.

**Other Risks**

An investment in the Fund raises other risks, which are described 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, including all foreign assets, transfer agent and Preferred Share redemption and paying 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 of the Fund. 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, is included in the Fund's 2015 Annual Report. The information with respect to the fiscal years ended prior to July 31, 2015 has been audited by Ernst & Young LLP, an independent registered public accounting firm. The information with respect to the six months ended January 31, 2016 is unaudited and is included in the Fund's 2016 Semi-Annual Report. A copy of the Annual Report and Semi-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 the period:

	Year Ended July 31,					
	2016(h)	2015	2014	2013	2012	2011
<b>PER SHARE OPERATING PERFORMANCE</b>						
Beginning Common Share Net Asset Value ( NAV )	\$ 7.16	\$ 7.51	\$ 7.46	\$ 7.07	\$ 7.12	\$ 6.81
<b>Investment Operations:</b>						
Net Investment Income (Loss)(a)	0.22	0.45	0.44	0.54	0.57	0.64
Net Realized/Unrealized Gain (Loss)	(0.83)	(0.38)	0.05	0.35	(0.10)	0.09
Distributions from Net Investment Income to Preferred Shareholders(b)						
Distributions from Capital Gains to Preferred Shareholders(b)						
<b>Total</b>	<b>(0.61)</b>	<b>0.07</b>	<b>0.49</b>	<b>0.89</b>	<b>0.47</b>	<b>0.73</b>
<b>Less Distributions to Common Shareholders:</b>						
From Net Investment Income	(0.21)	(0.42)	(0.44)	(0.56)	(0.54)	(0.49)
From Accumulated Net Realized Gains						
<b>Total</b>	<b>(0.21)</b>	<b>(0.42)</b>	<b>(0.44)</b>	<b>(0.56)</b>	<b>(0.54)</b>	<b>(0.49)</b>
<b>Common Share:</b>						
Offering Costs				(0.01)		
Discount Per Share Repurchased and Retired		*				
Premium Per Share Sold through Shelf Offering				0.07	0.02	0.07
<b>Ending NAV</b>	<b>\$ 6.34</b>	<b>\$ 7.16</b>	<b>\$ 7.51</b>	<b>\$ 7.46</b>	<b>\$ 7.07</b>	<b>\$ 7.12</b>
<b>Ending Share Price</b>	<b>\$ 5.57</b>	<b>\$ 6.34</b>	<b>\$ 6.98</b>	<b>\$ 7.45</b>	<b>\$ 7.29</b>	<b>\$ 6.99</b>
<b>Common Share Total Returns:</b>						
Based on NAV(c)	(8.63)%	0.96%	6.78%	13.89%	7.34%	12.01%

## Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

Based on Share Price(c) (8.93)% (3.25)% (0.29)% 10.23% 12.78% 7.72%

### RATIOS/SUPPLEMENTAL DATA

Ending Net Assets Applicable to Common Shares (000)	\$ 244,865	\$ 276,530	\$ 290,088	\$ 288,025	\$ 231,866	\$ 227,986
Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(d):						
Expenses	2.47%**	2.37%	2.15%	1.74%	1.82%	1.78%
Net Investment Income (Loss)(f)	6.57%**	6.08%	5.89%	7.32%	8.34%	8.99%
Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(d)(e):						
Expenses	N/A	N/A	N/A	N/A	N/A	N/A
Net Investment Income (Loss)(f)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio Turnover Rate(i)	10%	34%	58%	76%	64%	100%

### AUCTION RATE PREFERRED SHARES AT THE END OF PERIOD

Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$
Liquidation and Market Value Per Share	\$	\$	\$	\$	\$	\$
Asset Coverage Per Share	\$	\$	\$	\$	\$	\$

### BORROWINGS AT THE END OF PERIOD

Aggregate Amount Outstanding (000)	\$ 93,500	\$ 112,500	\$ 112,000	\$ 123,000	\$ 100,000	\$ 73,950
Asset Coverage Per \$1,000 Share	\$ 2,616	\$ 2,622	\$ 2,706	\$ 3,342	\$ 3,319	\$ 4,083

### VRTP SHARES AT THE END OF PERIOD

Aggregate Amount Outstanding (000)	\$ 58,000	\$ 58,000	\$ 58,000	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$ 261,627	\$ 262,188	\$ 270,640	\$	\$	\$

- (a) Per share Net Investment Income (Loss) is calculated using the average daily shares method.
- (b) The amounts shown are based on Common share equivalents.
- (c) Total Return Based on Common Share NAV is the combination of changes in Common 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. Total Return Based on Common Share Price 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 takes 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.
- (d) Ratios do not reflect the effect of dividend payments to Preferred shareholders, where applicable. Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to Preferred shares and/or borrowings, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank where applicable. Each ratio includes the effect of all interest expense paid and other costs related to borrowings, where applicable, as follows:

### Year Ended July 31,

	2016(h)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Ratios of Interest Expense to Average Net Assets Applicable to Common Shares(g)	1.02%**	0.89%	0.72%	0.47%	0.47%	0.49%	0.86%	1.83%	2.26%	2.35%	1.85%

- (e) After expense reimbursement from the Adviser, where applicable. As of October 31, 2009, the Adviser is no longer reimbursing the Fund for any fees or expenses.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

Year Ended July 31,

2010	2009	2008	2007	2006
\$ 5.70	\$ 7.18	\$ 8.00	\$ 8.33	\$ 8.48
0.37	0.45	0.72	0.79	0.69
1.20	(1.46)	(0.83)	(0.33)	(0.15)
*	(0.02)	(0.07)	(0.08)	(0.07)
1.57	(1.03)	(0.18)	0.38	0.47
(0.46)	(0.45)	(0.64)	(0.71)	(0.62)
(0.46)	(0.45)	(0.64)	(0.71)	(0.62)
\$ 6.81	\$ 5.70	\$ 7.18	\$ 8.00	\$ 8.33
\$ 6.95	\$ 5.15	\$ 6.18	\$ 8.08	\$ 8.15
28.15%	(12.25)%	(2.32)%	4.39%	5.78%
44.83%	(6.83)%	(16.31)%	7.79%	(1.87)%
\$ 203,261	\$ 169,917	\$ 214,311	\$ 238,779	\$ 248,271
2.18%	3.50%	3.88%	3.88%	3.52%
5.61%	9.39%	9.38%	8.99%	7.74%
2.17%	3.39%	3.69%	3.59%	3.08%
5.62%	9.50%	9.57%	9.27%	8.18%
68%	48%	50%	80%	55%
\$	\$ 26,000	\$ 46,000	\$ 46,000	\$ 46,000
\$	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
\$	\$ 188,381	\$ 141,473	\$ 154,771	\$ 159,930
\$ 73,950	\$ 32,900	\$ 90,000	\$ 103,000	\$ 103,000
\$ 3,749	\$ 6,955	\$ 3,892	\$ 3,765	\$ 3,857
\$	\$	\$	\$	\$
\$	\$	\$	\$	\$

(f) Each ratio of Net Investment Income (Loss) includes the effect of the increase (decrease) of the net realizable value of the receivable for matured senior loans. The increase (decrease) to the Ratios of Net Investment Income (Loss) to Average Net Assets Applicable to Common Shares were as follows:

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

<b>Increase (Decrease) of Ratios of Net Investment Income (Loss) to Average Net Assets Applicable to Common Shares(j)</b>	
Year Ended 7/31:	
2016(h)	%
2015	
2014	
2013	
2012	(0.01)
2011	0.02
2010	0.09
2009	
2008	
2007	
2006	

- (g) Borrowings Interest Expense includes all interest expense and other costs related to borrowings, amortization of borrowing costs, where applicable. For the periods prior to July 31, 2007, the Ratios of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares does not include program and liquidity fees.
- (h) For the six months ended January 31, 2016. (Unaudited)
- (i) 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.
- (j) The Fund had no matured senior loans subsequent to the fiscal year ended July 31, 2012 or prior to the fiscal year ended July 31, 2010.
- \* Rounds to less than \$ .01 per share.
- \*\* Annualized.
- N/A The Fund no longer has a contractual reimbursement with the Adviser.

---

**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 August 13, 1999, pursuant to the Declaration, which is governed by the laws of the Commonwealth of Massachusetts. The Fund's Common Shares are listed on the NYSE under the symbol NSL.

The following provides information about the Fund's outstanding Shares as of May 31, 2016:

Title of Class	Amount Authorized	Amount Held by the Fund or for its Account	Amount Outstanding
Common Shares	unlimited	0	38,621,872
Preferred Shares	unlimited		
Variable Rate Term Preferred Shares, Series C-4	580	0	450

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 Fund intends to use the net proceeds from the sale of Term Preferred Shares (which will be disclosed in a prospectus supplement) to maintain the Fund's leverage after redeeming all or a portion of the Fund's preferred shares outstanding from time to time, including all or a portion of the Fund's outstanding VRTP Shares, and/or after paying a portion of the Fund's borrowings under its Credit Agreement. In addition, the Fund may use the proceeds of this offering 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 such 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. The series designation, Term Redemption Date, dividend rate and other details concerning any issuance of Term Preferred Shares under this Prospectus will be disclosed in a prospectus supplement.*

**General**

## Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

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 Citibank and has an outstanding borrowing balance. The rights of lenders, such as Citibank, 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 Preferred Shares, including 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 Preferred Shares, including the Term Preferred Shares, and Common Shares or redeem such 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 payments in redemption.

Term Preferred Shares will rank equally with any other series of Preferred Shares of the Fund, including VRTP Shares and any Preferred Shares 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**

*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 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 will be an initial rate set forth in the Statement and disclosed in a prospectus supplement. Additional details concerning dividends can also be found in the Statement and will be disclosed in a prospectus supplement. The Dividend Rate for Term Preferred Shares will be adjusted periodically as set forth in the Statement and/or upon the occurrence of certain events resulting in a Default (as defined below). See Description of Term Preferred Shares Dividends and Dividend Periods Increased Rate Default. The Dividend Rate will not in any event be lower than the initial Dividend Rate.

*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 the date specified in the Statement and disclosed in a prospectus supplement, 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.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-2/A

*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 Nationally Recognized Statistical Rating Organization ( 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 any VRTP Shares and 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. See Description of Term Preferred Shares Redemption Redemption Procedures.

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.

Notwithstanding the 1940 Act's requirements, as described below, Term Preferred Shares have an Asset Coverage (as defined for purposes of the Term Preferred Shares) of at least 225% instead of 200%. 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). 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. In maintaining Asset Coverage as described above, the Fund may be required to sell a portion of its investments at a time that it may be disadvantageous for the Fund to do so if, as a result of market fluctuations or otherwise, the Fund fails to have Asset Coverage of at least 200%.

### **Redemption**

*Term Redemption.* The Fund is required to redeem all of the Term Preferred Shares on the date specified in the Statement and disclosed in a prospectus supplement, 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 without interest thereon) to (but excluding) the Term Redemption Date 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 without interest thereon), *plus* the applicable *Optional Redemption Premium* per share (as calculated below) (the *Optional Redemption Price*). Details regarding the *Optional Redemption Premium* with respect to each Term Preferred Share will be specified in the Statement and disclosed in a prospectus supplement

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 irr