

NUVEEN FLOATING RATE INCOME FUND
Form 497
December 14, 2016

Nuveen Floating Rate Income Fund

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Registration Statement No. 333-212355

PROSPECTUS SUPPLEMENT
(To Prospectus dated November 14, 2016)

\$25,000,000

Nuveen Floating Rate Income Fund

TERM PREFERRED SHARES

25,000 Shares, Series 2022

Liquidation Preference \$1,000 Per Share

The Offering. Nuveen Floating Rate Income Fund (the Fund) is offering, on an immediate, continuous or delayed basis, up to 25,000 Term Preferred Shares, Series 2022 (Term Preferred Shares), with a liquidation preference of \$1,000 per share. The Fund intends to use the net proceeds of this offering of Term Preferred Shares to redeem all of the Fund's outstanding Variable Rate Term Preferred Shares (VRTP Shares). Following the redemption of all of the Fund's outstanding VRTP Shares, the Fund may use the proceeds of this offering to repay a portion of the Fund's borrowing under its credit agreement and to increase the Fund's leverage. The series designation, term redemption date, dividend rate and other details concerning this issuance of Term Preferred Shares are disclosed in this Prospectus Supplement.

The Fund. This Prospectus Supplement, together with the accompanying prospectus, sets forth concisely information about the Term Preferred Shares 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.

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 47 of the accompanying prospectus. Certain of these risks are summarized in Prospectus Summary Special Risk Considerations beginning on page 13 of the accompanying 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 Supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

PRICE \$1,000 A SHARE

	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>	<u>Estimated Offering Costs⁽¹⁾⁽²⁾</u>	<u>Proceeds, after expenses, to the Fund</u>
<i>Per Share</i>	\$1,000	\$0	\$9.60	\$990.40
<i>Total</i>	\$25,000,000	\$0	\$240,000	\$24,760,000

⁽¹⁾ Total expenses of issuance and distribution, excluding underwriting discounts and commissions, are estimated to be \$240,000.

⁽²⁾ The Fund has agreed to pay, from its own assets, an upfront structuring fee to Morgan Stanley & Co. LLC. See *Underwriter Additional Compensation to be Paid by the Fund* on page S-30 of this Prospectus Supplement. This fee is included in *Estimated Offering Costs* above.

Book-Entry Only. It is expected that the Term Preferred Shares will be delivered to the underwriter in book-entry form only, through the facilities of The Depository Trust Company, on or about December 15, 2016.

CUSIP No. 67072TAC2

MORGAN STANLEY

December 13, 2016

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Investment Strategies. The Fund invests at least 80% of its Managed Assets (as defined on page 8 of the accompanying prospectus) in adjustable rate secured and unsecured Senior Loans (as defined on page 8 of the accompanying prospectus), which unsecured Senior Loans will be, at the time of investment, investment grade quality. The Fund invests at least 65% of its Managed Assets in adjustable rate Senior Loans that are secured by specific collateral. Senior Loans are made to U.S. or non-U.S. corporations, partnerships and other business entities that operate in various industries and geographical regions. Senior Loans pay interest at rates that are predetermined periodically at short-term intervals on the basis of an adjustable base lending rate plus a premium. Senior Loans that the Fund intends to invest in are usually rated below investment grade, and share the same risks of other below investment grade debt instruments. The Fund may invest its Managed Assets without limit in Senior Loans and other debt instruments that are, at the time of investment, rated below investment grade or unrated but judged to be of comparable quality. However, 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 S&P, Moody's or Fitch or that are unrated but judged to be 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.

The Fund may invest up to 20% of its Managed Assets in securities of non-U.S. issuers, which may include debt securities of issuers located, or conducting their business in, emerging markets countries.

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 (1) borrowings, (2) VRTP Shares, all of which will be redeemed with the proceeds of this offering, and (3) Term Preferred Shares, Series 2019. In addition to regulatory leverage, the Fund may utilize derivatives such as credit default swaps, interest rate swaps and total return swaps that have the economic effect of financial leverage by creating additional investment exposure. See The Fund's Investments. There is no assurance that the Fund's leveraging strategy will be successful. Leverage involves special risks. See Risk Factors Fund Level Risks Leverage Risk in the accompanying prospectus.

Initial Dividend Rate: 2.700% Series 2022 Term Preferred Shares

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

<u>Date</u>	<u>Dividend Rate</u>
From and including the Date of Original Issue to but excluding April 1, 2017	2.700%
From and including April 1, 2017 to but excluding July 1, 2017	2.800%
From and including July 1, 2017 to but excluding October 1, 2017	2.900%
From and including October 1, 2017 to but excluding January 1, 2018	3.050%
From and including January 1, 2018 to but excluding April 1, 2018	3.100%
From and including April 1, 2018 to but excluding July 1, 2018	3.200%
From and including July 1, 2018 to but excluding October 1, 2018	3.250%
From and including October 1, 2018 to but excluding January 1, 2019	3.350%
From and including January 1, 2019 to but excluding April 1, 2019	3.500%
From and including April 1, 2019 to but excluding July 1, 2019	3.600%

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<i>From and including July 1, 2019 to but excluding October 1, 2019</i>	<i>3.700%</i>
<i>From and including October 1, 2019 to but excluding January 1, 2020</i>	<i>3.750%</i>
<i>From and including January 1, 2020 to but excluding April 1, 2020</i>	<i>3.800%</i>
<i>From and including April 1, 2020 to but excluding July 1, 2020</i>	<i>3.850%</i>
<i>From and including July 1, 2020 to but excluding October 1, 2020</i>	<i>3.900%</i>
<i>From and including October 1, 2020 to but excluding January 1, 2021</i>	<i>4.000%</i>
<i>From and including January 1, 2021 to but excluding April 1, 2021</i>	<i>4.000%</i>
<i>From and including April 1, 2021 to but excluding July 1, 2021</i>	<i>4.100%</i>
<i>From and including July 1, 2021 to but excluding October 1, 2021</i>	<i>4.100%</i>
<i>From and including October 1, 2021 to but excluding January 1, 2022</i>	<i>4.150%</i>

See Description of Term Preferred Shares Dividends and Dividend Periods.

Dividends. *Dividends on the Term Preferred Shares will be payable monthly. The first dividend period for the Term Preferred Shares will commence on the date of original issuance of Term Preferred Shares and end*

on January 31, 2017 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).

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Redemption. The Fund is required to redeem the Term Preferred Shares on January 1, 2022 unless earlier redeemed or repurchased by the Fund. In addition, Term Preferred Shares are subject to optional redemption by the Fund in certain circumstances. Term Preferred Shares will be subject to redemption at the option of the Fund, subject to payment of a premium through January 1, 2018, and at their liquidation preference thereafter. See Description of Term Preferred Shares Redemption.

Priority of Payment. The Fund has entered into a credit agreement with several conduit lenders and Citibank, N.A. as a lender, liquidity provider and as agent for the lenders (collectively, Citibank) (the Credit Agreement), and has an outstanding 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 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 Supplement, together with the accompanying prospectus, which contains important information about the Fund, before deciding whether to invest in Term Preferred Shares and retain it for future reference. A Statement of Additional Information, dated November 14, 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 Supplement and the accompanying prospectus. You may request a free copy of the Statement of Additional Information, the table of contents of which is on page 74 of the accompanying 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). The information contained in, or that can be accessed through, the Fund's website is not part of this Prospectus Supplement. 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).

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

government agency.

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You should rely only on the information contained or incorporated by reference into this Prospectus Supplement. 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 Supplement and the accompanying prospectus is accurate as of any date other than the dates on the front of this Prospectus Supplement and the accompanying prospectus. The Fund's business, financial condition and prospects may have changed since such dates. The Fund will update this Prospectus Supplement to reflect any material changes to the disclosures herein.

PROSPECTUS SUPPLEMENT SUMMARY

This is only a summary. You should review the more detailed information contained elsewhere in this Prospectus Supplement, in the accompanying prospectus and in the Statement of Additional Information, dated November 14, 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, Series 2022 (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 in the accompanying prospectus.

The Fund

Nuveen Floating Rate 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 JFR. See Description of Outstanding Shares and Debt Common Shares. As of July 31, 2016, the Fund had 55,169,216 Common Shares outstanding, net assets applicable to Common Shares of \$626,626,729, and 1,080 Variable Rate Term Preferred Shares, Series C-4, with a liquidation preference of \$100,000 per share (the VRTP Shares) outstanding. Term Preferred Shares, Series 2022 (Term Preferred Shares), and any other preferred shares of the Fund, including VRTP Shares and Term Preferred Shares, Series 2019 (Series 2019 Term Preferred Shares), that may then be outstanding are collectively referred to as Preferred Shares. The Fund commenced investment operations on March 25, 2004. Holders of Common Shares are referred to as Common Shareholders.

The Offering

The Fund is offering 25,000 Term Preferred Shares, at a purchase price of \$1,000 per share. Term Preferred Shares are being offered by Morgan Stanley & Co. LLC, acting as underwriter. See Underwriter. The Fund intends to use the net proceeds from the sale of Term Preferred Shares to redeem all of the Fund's outstanding VRTP Shares. Following the redemption of all of the Fund's outstanding VRTP Shares, the Fund may use the proceeds of this offering to repay a portion of the Fund's borrowing under its Credit Agreement (as defined below) and to increase the Fund's leverage. The first issuance date of the Term Preferred Shares upon the closing of this offering is referred to herein as the Date of Original Issue.

Priority of Payment

The Fund has entered into a credit agreement with several conduit lenders and Citibank, N.A. as a lender, liquidity provider and as agent for the lenders (collectively, Citibank) (the Credit Agreement), and has an outstanding 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 in Use of Leverage 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 on which asset coverage is required to be calculated, the Fund must use available funds to prepay Borrowings (as defined below) 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%.

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 Series 2019 Term Preferred Shares. The Fund may not issue additional classes of shares that are senior to the Term Preferred Shares as to payments of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund.

Who May Want to Invest

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

Consistent monthly dividends;

Return of your capital investment after a limited term of approximately 5 years;

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

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

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

Dividend Rate

Term Preferred Shares pay a dividend at an initial rate of 2.700% per annum of the \$1,000 liquidation preference per share, subject to adjustment as set forth below and in accordance with the Statement (the Dividend Rate). The Dividend Rate will not in any event be lower than the initial 2.700% Dividend Rate.

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

<u>Date</u>	<u>Dividend Rate</u>
From and including the Date of Original Issue to but excluding April 1, 2017	2.700%
From and including April 1, 2017 to but excluding July 1, 2017	2.800%
From and including July 1, 2017 to but excluding October 1, 2017	2.900%
From and including October 1, 2017 to but excluding January 1, 2018	3.050%
From and including January 1, 2018 to but excluding April 1, 2018	3.100%
From and including April 1, 2018 to but excluding July 1, 2018	3.200%
From and including July 1, 2018 to but excluding October 1, 2018	3.250%
From and including October 1, 2018 to but excluding January 1, 2019	3.350%
From and including January 1, 2019 to but excluding April 1, 2019	3.500%
From and including April 1, 2019 to but excluding July 1, 2019	3.600%
From and including July 1, 2019 to but excluding October 1, 2019	3.700%
From and including October 1, 2019 to but excluding January 1, 2020	3.750%
From and including January 1, 2020 to but excluding April 1, 2020	3.800%
From and including April 1, 2020 to but excluding July 1, 2020	3.850%

<u>Date</u>	<u>Dividend Rate</u>
From and including July 1, 2020 to but excluding October 1, 2020	3.900%
From and including October 1, 2020 to but excluding January 1, 2021	4.000%
From and including January 1, 2021 to but excluding April 1, 2021	4.000%
From and including April 1, 2021 to but excluding July 1, 2021	4.100%
From and including July 1, 2021 to but excluding October 1, 2021	4.100%
From and including October 1, 2021 to but excluding January 1, 2022	4.150%

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

Dividend Payments

The holders of Term Preferred Shares will be entitled to receive cumulative cash dividends and other distributions on each such share, when, as and if declared by, or under authority granted by, the Board of Trustees of the Fund (the Board of Trustees), out of funds legally available for payment. Dividends on the Term Preferred Shares will be payable monthly. The first dividend period for the Term Preferred Shares will commence on the Date of Original Issue of Term Preferred Shares and end on January 31, 2017 and each subsequent dividend period will be a calendar month (or the portion thereof occurring prior to the redemption of such Term Preferred Shares) (each dividend period a Dividend Period). Dividends will be paid on the first Business Day of the month next following a Dividend Period and upon redemption of the Term Preferred Shares (each payment date a Dividend Payment Date). Dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Term Preferred Shares as their names shall appear on the registration books of the Fund at the close of business on the day immediately preceding such Dividend Payment Date (or, if such day is not a Business Day, the next preceding Business Day). See Description of Term Preferred Shares Dividends and Dividend Periods.

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

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

take the effect of the foregoing provisions into account in evaluating the price to be received or paid for such Term Preferred Shares.

Term Redemption

The Fund is required to provide for the mandatory redemption of all outstanding Term Preferred Shares on January 1, 2022 at a redemption price equal to \$1,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the redemption date (the Term Redemption Price) out of funds legally available therefore and to the extent permitted by any credit agreement in effect on such date. No amendment, alteration or repeal of the obligations of the Fund to redeem all of the Term Preferred Shares on January 1, 2022 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 per share plus accumulated but unpaid dividends thereon (whether or not declared, but excluding interest thereon) to (but excluding) the date fixed for such redemption

(the Asset Coverage Redemption Price). Corrective trades described above may be made at a time when it would be disadvantageous for the Fund to do so.

Optional Redemption

Term Preferred Shares will be subject to optional redemption (in whole or, from time to time, in part) at the sole option of the Fund out of funds legally available therefor and to the extent permitted by any credit agreement in effect on such date, at the redemption price per share equal to the sum of the \$1,000 liquidation preference per share plus (i) a premium of 0.50% of the liquidation preference (with no such premium on or after January 1, 2018) and (ii) an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for such redemption. See Description of Term Preferred Shares Redemption Optional Redemption.

Federal and State Income Taxes

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

Ratings

The Registrant expects that the Term Preferred Shares will be rated by Fitch Ratings, part of the Fitch Group (Fitch) and Moody's Investor 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 the 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.

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 under the governing documents for the Term Preferred Shares, 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 required by either the 1940 Act, or the governing documents for the Term Preferred Shares, 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 maintain the Asset Coverage of at least 225% under the Term Preferred Shares governing documents or as a result of the provisions relating to asset coverage of at least 200% under the 1940 Act. See Description of Term Preferred Shares Asset Coverage.

The Fund estimates that on the Date of Original Issue, the Asset Coverage, based on the composition of its portfolio as of July 31, 2016, and after giving effect to (i) the issuance of 25,000 Term Preferred Shares offered hereby (\$25,000,000), (ii) the redemption of 758 VRTP Shares with an aggregate liquidation preference of \$75,800,000, (iii) the expensing of \$132,808, the portion of the deferred asset amount related to the redemption of the 758 VRTP Shares, (iv) \$240,000 of estimated offering costs that will be amortized over the life of such Term Preferred Shares, (v) the anticipated draw down of \$50,800,000 under the Credit Agreement, to redeem the excess of VRTP Shares being redeemed with the proceeds of this offering over the amount of Term Preferred Shares offered hereby, (vi) the issuance of 10,200 Series 2019 Term Preferred Shares on November 23, 2016 (\$10,200,000), (vii) the redemption on November 29, 2016 of 322 VRTP Shares with an aggregate liquidation preference of \$32,200,000, (viii) the expensing of \$56,417, the portion of the deferred asset amount related to the redemption of such 322 VRTP Shares, (ix) \$125,000 of underwriting discounts and commissions and estimated offering costs that will be amortized over the life of such Series 2019 Term Preferred Shares, and (x) the draw down of \$22,000,000 under the Credit Agreement, to redeem the excess of VRTP Shares previously redeemed with the proceeds of the Series 2019 Term Preferred Shares offering over the amount of Series 2019 Term Preferred Shares previously issued, will be 280%.

Voting Rights

Except as otherwise provided in the Fund's Declaration of Trust, the Statement or as otherwise required by law, (i) each holder of Term Preferred Shares shall be entitled to one vote for each Term Preferred Share held by such holder on each matter submitted to a vote of Shareholders of the Fund and (ii) the holders of outstanding Preferred

Shares, including the Term Preferred Shares, and of Common Shares (Common Shares and Preferred Shares shall hereinafter be referred to together as the Shares) shall vote together as a single class; provided that holders of Preferred Shares, including the Term Preferred Shares, voting separately as a class, shall elect at least two of the Fund's trustees and will elect a majority of the Fund's trustees to the extent the Fund fails to pay dividends on any Preferred Shares, including the Term Preferred Shares, in an amount equal to two full years of dividends on that stock. See Description of Term Preferred Shares Voting Rights.

Liquidation Preference

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

Swap

Prior to the closing date of this offering, the Fund expects to enter into an interest rate swap with Morgan Stanley Capital Services LLC 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 LIBOR index. Morgan Stanley Capital Services LLC has the right, but not the obligation, to terminate the swap agreement on the first business day of each month beginning on January 1, 2019. Settlement of the swap is contingent on the closing of the Term Preferred Shares offering. The swap termination date is not contractually tied to the redemption of the Term Preferred Shares. Terms and conditions of the swap may be modified by the mutual written agreement of the Fund and Morgan Stanley Capital Services LLC.

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 September 30, 2016, TGAM managed approximately \$890.9 billion in assets, of which approximately \$133.6 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 and Series 2019 Term Preferred Shares. The Fund intends to use the proceeds from the sale of Term Preferred Shares to redeem all of the Fund's outstanding VRTP Shares. Following the redemption of all of the Fund's outstanding VRTP Shares, the Fund may use the proceeds from the sale of Term Preferred Shares to repay a portion of the Fund's borrowing under its Credit Agreement and to increase the Fund's leverage. The borrowing capacity under the Credit Agreement is \$324 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 at any time, and any such augmented or replacement credit agreement may contain terms that are materially different than the terms contained in the existing Credit Agreement, including terms that limit payments to holders of Term Preferred Shares. As of July 31, 2016, the Fund's outstanding balance on these Borrowings under the Credit Agreement was \$240,800,000. For the fiscal year ended July 31, 2016, the average daily balance outstanding and the average annual interest rate on these Borrowings were \$238,186,612 and 1.28%, respectively. This credit facility is secured by substantially all of the assets of the Fund.

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

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

In addition to the regulatory leverage described above, the Fund may also enter into 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" in the accompanying 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 Guidance under the 1940 Act.

Unlisted Shares

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

Redemption and Paying Agent

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

CAPITALIZATION

The following table sets forth the capitalization of the Fund as of July 31, 2016 (audited), and as adjusted (unaudited) to give effect to (i) the issuance of 25,000 Term Preferred Shares offered hereby (representing \$25,000,000 in aggregate liquidation preference) (before estimated offering costs), (ii) the redemption of 758 VRTP Shares with an aggregate liquidation preference of \$75,800,000, (iii) the anticipated draw down of \$50,800,000 under the Credit Agreement, to redeem the excess of VRTP Shares being redeemed with the proceeds of this offering over the amount of Term Preferred Shares offered hereby, (iv) the issuance of \$10,200,000 in aggregate liquidation preference of Series 2019 Term Preferred Shares on November 23, 2016, (v) the redemption on November 29, 2016 of 322 VRTP Shares with an aggregate liquidation preference of \$32,200,000 and (vi) the draw down of \$22,000,000 under the Credit Agreement, to redeem the excess of VRTP Shares previously redeemed with the proceeds of the Series 2019 Term Preferred Shares offering over the amount of Series 2019 Term Preferred Shares previously issued. The as adjusted information is illustrative only and the Fund's capitalization following the completion of these transactions is subject to adjustment based on the actual number of Term Preferred Shares sold in the offering.

	Actual	As Adjusted
	July 31, 2016	July 31, 2016
	(Audited)	(Unaudited)
Series C-4 VRTP Shares, \$100,000 stated value per share, at liquidation value; 2,500 shares authorized; 1,080 shares outstanding and 0 shares outstanding, as adjusted, respectively*	\$ 108,000,000	
Series 2019 Term Preferred Shares, \$1,000 stated value per share, at liquidation value; 10,200 shares authorized; 0 shares outstanding and 10,200 shares outstanding, as adjusted, respectively*	\$	\$ 10,200,000