

Nuveen AMT-Free Municipal Credit Income Fund
Form 497
November 20, 2018
Table of Contents

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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities was filed with the Securities and Exchange Commission and became effective. This preliminary prospectus supplement and the accompanying prospectus are 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 Supplement dated November 20, 2018

PROSPECTUS SUPPLEMENT

(To Prospectus dated October 29, 2018)

\$

Nuveen AMT-Free Municipal Credit Income Fund

SERIES B MUNIFUND PREFERRED SHARES

VARIABLE RATE REMARKETED MODE

LIQUIDATION PREFERENCE \$1,000 PER SHARE

Nuveen AMT-Free Municipal Credit Income Fund (the "Fund"), a diversified, closed-end management investment company, is offering Series B MuniFund Preferred Shares (the "Series B MFP Shares"), liquidation preference \$1,000 per share (the "Liquidation Preference"), in the Variable Rate Remarketed Mode (the "VRR Mode," and the Series B MFP Shares, while in the VRR Mode, the "VRRM-MFP Shares"). The VRRM-MFP Shares will be in the VRR Mode until , subject to earlier redemption, repurchase or transition to a new Mode (as defined herein) by the Fund.

The dividend rate generally will be the Regular Dividend Rate, determined by Barclays Capital Inc., as remarketing agent (the "Remarketing Agent"), on each Business Day (as defined herein), commencing on the issue date of ; provided, that the initial dividend rate for the issue date will be equal to % per annum, plus the Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index published at approximately 4:00 p.m., New York City time on Wednesday, , or % per annum if the SIFMA Municipal Swap Index is not so published. The Regular Dividend Rate will be determined by the Remarketing Agent as the minimum rate that would enable the Remarketing Agent to sell all of the outstanding VRRM-MFP Shares on the date of determination for settlement in seven days at a price (without regard to accumulated but unpaid dividends) equal to the aggregate Liquidation Preference thereof. Dividends on the VRRM-MFP Shares generally will be paid monthly on the first Business Day of each month, commencing . Dividends are expected to be exempt from regular U.S. federal income tax and the federal alternative minimum tax applicable to individuals, with exceptions for certain portions that may represent capital gains, if any, from portfolio transactions.

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The Remarketing Agent will use its best efforts to remarket in seven days any VRRM-MFP Shares duly tendered by a beneficial owner. If any tendered VRRM-MFP Share is not successfully remarketed, the Fund will redeem all outstanding VRRM-MFP Shares 365 days after the failed remarketing tender date, subject to a prior successful remarketing by the Remarketing Agent of all outstanding VRRM-MFP Shares, as described below.

(continued on next page)

The VRRM-MFP Shares will not be listed or traded on any securities exchange.

The VRRM-MFP Shares will be subject to mandatory redemption by the Fund on (the Term Redemption Date), unless earlier redeemed or repurchased by the Fund.

Investing in VRRM-MFP Shares involves risks. See Risk Factors beginning on page S-17 and on page 9 of the accompanying prospectus. You should consider carefully these risks together with all of the other information in this prospectus supplement and the accompanying prospectus before making a decision to purchase any of the VRRM-MFP Shares.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

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

⁽¹⁾ Plus accumulated dividends, if any, from the Date of Original Issue (as defined herein).

It is expected that the VRRM-MFP Shares will be delivered to investors in book-entry form only, through the facilities of The Depository Trust Company, on or about , 2018.

BARCLAYS CAPITAL INC.

, 2018

Table of Contents*(continued from previous page)*

As described above, each beneficial owner of VRRM-MFP Shares will have the right on any Business Day to tender VRRM-MFP Shares for remarketing at the Purchase Price on the seventh calendar day after delivery of a tender notice to the Remarketing Agent, or if such seventh calendar day is not a Business Day, the next succeeding Business Day. The Purchase Price is equal to the Liquidation Preference, plus accumulated but unpaid dividends (whether or not earned or declared), if any, to, but excluding, the relevant purchase date. **Except as otherwise permitted by the Remarketing Agent, VRRM-MFP Shares may be optionally tendered for remarketing only in minimum amounts of twenty-five (25) VRRM-MFP Shares and multiples of five (5) VRRM-MFP Shares in excess thereof.** If any tendered VRRM-MFP Share is not successfully remarketed, all tendered VRRM-MFP Shares shall be retained by their respective beneficial owners, no tendered VRRM-MFP Shares will be purchased, a Failed Remarketing Period will commence and all of the VRRM-MFP Shares will be subject to mandatory redemption on the first Business Day falling on or after the 365th calendar day following the failed remarketing tender date (the Failed Remarketing Mandatory Redemption Date), unless, prior to such date, the Remarketing Agent successfully remarkets all of the outstanding VRRM-MFP Shares or the Fund transitions the VRRM-MFP Shares to a new Mode or redeems or repurchases all of the outstanding VRRM-MFP Shares. During the Failed Remarketing Period, the right to optionally tender VRRM-MFP Shares for remarketing will be suspended, dividends will be payable at the Step-Up Dividend Rate (as defined herein), and the Remarketing Agent will use its best efforts to remarket all (but not less than all) of the outstanding VRRM-MFP Shares at the Purchase Price. If the Remarketing Agent finds purchasers for all of the outstanding VRRM-MFP Shares, the VRRM-MFP Shares will be subject to mandatory tender for remarketing by the Remarketing Agent at the Purchase Price. Upon a successful such remarketing, the Remarketing Agent will resume setting the Regular Dividend Rate, the right of beneficial owners to tender their VRRM-MFP Shares for remarketing will resume and the failed remarketing mandatory redemption will be cancelled.

The Fund's investment objectives are to provide current income exempt from regular federal income tax and federal alternative minimum tax applicable to individuals, and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser, Nuveen Fund Advisors, LLC, believes are underrated or undervalued or that represent municipal market sectors that are undervalued. As a fundamental investment policy, under normal circumstances, the Fund will invest at least 80% of its Assets (as defined herein) in municipal securities and other related investments, the income from which is exempt from regular federal income taxes. As non-fundamental investment policies, under normal circumstances, the Fund will invest 100% of its Managed Assets (as defined herein) and at least 80% of its Assets in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase. As a non-fundamental investment policy, under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities rated, at the time of investment, below the three highest grades (Baa or BBB or lower) by at least one nationally recognized statistical rating organization, which includes below-investment-grade or unrated securities judged to be of comparable quality by the Fund's sub-adviser, Nuveen Asset Management, LLC. There can be no assurance that the Fund will achieve its investment objectives.

You should read this prospectus supplement, together with the accompanying prospectus, which contains important information about the Fund, before deciding whether to invest in VRRM-MFP Shares and retain it for future reference. A statement of additional information, dated October 29, 2018, and as it may be supplemented (the SAI), containing additional information about the Fund is being provided with this prospectus supplement and the accompanying prospectus. You may request a free copy of the 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, the accompanying prospectus or the SAI. You also may obtain a copy of other information regarding the Fund from the SEC's website (www.sec.gov).

VRRM-MFP 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

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>Forward-Looking Statements</u>	iv
<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-17
<u>Capitalization</u>	S-22
<u>Asset Coverage Ratio</u>	S-22
<u>Use of Proceeds</u>	S-22
<u>Description of VRRM-MFP Shares</u>	S-23
<u>Tax Matters</u>	S-42
<u>Book-Entry Procedures and Settlement</u>	S-47
<u>Underwriting</u>	S-49
<u>Legal Matters</u>	S-51
<u>Custodian, Transfer Agent, Calculation and Paying Agent</u>	S-51
<u>Independent Registered Public Accounting Firm</u>	S-51
<u>Where You Can Find More Information</u>	S-51

Prospectus

	Page
<u>Forward-Looking Statements</u>	ii
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	9
<u>Financial Highlights</u>	28
<u>The Fund</u>	32
<u>Use of Proceeds</u>	32
<u>Description of Securities</u>	32
<u>The Fund's Investments</u>	37
<u>Use of Leverage</u>	52
<u>Management of the Fund</u>	55
<u>Net Asset Value</u>	58
<u>Distributions</u>	58
<u>Plan of Distribution</u>	59
<u>Certain Provisions in the Declaration of Trust and By-Laws</u>	60
<u>Repurchase of Fund Shares; Conversion to Open-End Fund</u>	62
<u>Tax Matters</u>	64
<u>Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent</u>	67
<u>Legal Matters</u>	68
<u>Independent Registered Public Accounting Firm</u>	68
<u>Where You Can Find More Information</u>	68
<u>Statement of Additional Information Table of Contents</u>	69

You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying 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 VRRM-MFP 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 respective dates on the front covers. The Fund's business, financial condition and prospects may have changed since such dates.

Table of Contents

FORWARD-LOOKING STATEMENTS

Any projections, forecasts and estimates contained or incorporated by reference herein are forward looking statements and are based upon certain assumptions. Projections, forecasts and estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any projections, forecasts or estimates will not materialize or will vary significantly from actual results. Actual results may vary from any projections, forecasts and estimates and the variations may be material. Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties, including changes in tax law, and the timing and frequency of defaults on underlying investments. Consequently, the inclusion of any projections, forecasts and estimates herein should not be regarded as a representation by the Fund or any of its affiliates or any other person or entity of the results that will actually be achieved by the Fund. Neither the Fund nor its affiliates has any obligation to update or otherwise revise any projections, forecasts and estimates including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition. The Fund acknowledges that, notwithstanding the foregoing, the safe harbor for forward-looking statements under the Private Securities Litigation Reform Act of 1995 does not apply to investment companies such as the Fund.

Table of Contents

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 October 29, 2018, and as it may be supplemented (the "SAI"), including the documents incorporated by reference, prior to making an investment in the Fund, especially the information set forth under the heading "Risk Factors" beginning on page S-17 of this prospectus supplement and beginning on page 9 in the accompanying prospectus.

The Fund

Nuveen AMT-Free Municipal Credit Income Fund (the "Fund") is a diversified, closed-end management investment company. The Fund's common shares, \$.01 par value per share ("Common Shares"), are traded on the New York Stock Exchange under the symbol "NVG." See "Description of Securities - Common Shares" in the prospectus. As of September 30, 2018, the Fund had 202,552,895 Common Shares outstanding, and net assets applicable to Common Shares of \$3,215,856,103. The Fund commenced investment operations on March 25, 2002.

As of the date of this prospectus supplement, the Fund has outstanding one series of MuniFund Preferred Shares ("MFP Shares"), consisting of 4,054 Series A MFP Shares, and five series of Variable Rate Demand Preferred Shares ("VRDP Shares"), consisting of 1,790 Series 1 VRDP Shares, 3,854 Series 2 VRDP Shares, 1,800 Series 4 VRDP Shares, 3,405 Series 5 VRDP Shares and 3,267 Series 6 VRDP Shares. See "Description of Securities - Preferred Shares" in the prospectus. MFP Shares, VRDP Shares and any other preferred shares of the Fund as may be outstanding from time to time are collectively referred to as "Preferred Shares."

Investment Objectives and Policies

The Fund's investment objectives are to provide current income exempt from regular federal income tax and federal alternative minimum tax applicable to individuals, and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser, Nuveen Fund Advisors, LLC ("Nuveen Fund Advisors" or the "Investment Adviser"), believes are underrated or undervalued or that represent municipal market sectors that are undervalued.

As a fundamental investment policy, under normal circumstances, the Fund will invest at least 80% of its Assets (as defined below) in municipal securities and other related investments, the income from which is exempt from regular federal income taxes.

Table of Contents

As a non-fundamental investment policy that may be changed by the Fund's trustees without prior shareholder notice, under normal circumstances, the Fund will invest 100% of its Managed Assets (as defined below) in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase. As a non-fundamental investment policy subject to change by the Fund's trustees upon 60 days' notice to shareholders, under normal circumstances, the Fund will invest at least 80% of its Assets in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase.

Assets means net assets of the Fund plus the amount of any borrowings for investment purposes. Managed Assets means the total assets of the Fund, minus the sum of its accrued liabilities (other than Fund liabilities incurred for the express purpose of creating leverage). Total assets for this purpose shall include assets attributable to the Fund's use of leverage (whether or not those assets are reflected in the Fund's financial statements for purposes of generally accepted accounting principles), and derivatives will be valued at their market value.

As a non-fundamental investment policy that may be changed by the Fund's trustees without prior shareholder notice, under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities rated, at the time of investment, below the three highest grades (Baa or BBB or lower) by at least one nationally recognized statistical rating organization (NRSRO), which includes below-investment-grade securities or unrated securities judged to be of comparable quality by the Fund's sub-adviser, Nuveen Asset Management, LLC (NAM or the Sub-Adviser).

There can be no assurance that the Fund will achieve its investment objectives. See Risk Factors and The Fund's Investments Investment Objectives and Policies in the prospectus.

Investment Adviser

Nuveen Fund Advisors is the Fund's investment adviser, responsible for overseeing the Fund's overall investment strategy and its implementation.

Sub-Adviser

NAM serves as the Fund's investment sub-adviser and is an affiliate of Nuveen Fund Advisors. NAM is a registered investment adviser. NAM oversees the day-to-day investment operations of the Fund.

Table of Contents

The Offering

The Fund is offering Series B MuniFund Preferred Shares (the Series B MFP Shares), liquidation preference \$1,000 per share (the Liquidation Preference), in the Variable Rate Remarketed Mode (the Series B MFP Shares, while in the Variable Rate Remarketed Mode, the VRRM-MFP Shares). See Underwriting. The first issuance date of the VRRM-MFP Shares upon the closing of this offering is referred to herein as the Date of Original Issue.

Minimum Purchase Amount

The minimum purchase amount in this offering is twenty-five (25) VRRM-MFP Shares. Purchases in excess of the minimum purchase amount may be made only in multiples of five (5) VRRM-MFP Shares.

VRRM-MFP Shares

The VRRM-MFP Shares are Preferred Shares of the Fund, ranking on parity with each other and other Preferred Shares with respect to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund. Each Preferred Share, including each VRRM-MFP Share, ranks and will rank senior in priority to the Common Shares as to the payment of dividends and as to the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund.

The VRRM-MFP Shares are being issued in the Variable Rate Remarketed Mode (the VRR Mode) designated pursuant to the Statement and the Statement Supplement (each as defined below). So long as the VRRM-MFP Shares are outstanding, they will remain in the VRR Mode until , 20 (the Term Redemption Date), subject to the right of the Fund, at its option, to terminate the VRR Mode and change the VRRM-MFP Shares to a new Mode (as defined below) with different terms. The VRRM-MFP Shares will be subject to mandatory tender in connection with any Mode Change (as defined below), and holders of VRRM-MFP Shares will not have the right or obligation to retain their VRRM-MFP Shares in the new Mode. See Description of VRRM-MFP Shares Mode Change in this prospectus supplement and Description of Securities Preferred Shares MuniFund Preferred Shares Designation of Modes in the prospectus.

Variable Rate Remarketed Mode

The terms and conditions described in this prospectus supplement apply to the Series B MFP Shares during the VRR Mode. As described in this prospectus supplement, during the VRR Mode, generally the regular dividend rate will be reset by the remarketing agent on each Business Day (as defined herein), and the remarketing agent will use its best efforts to

Table of Contents

remarket VRRM-MFP Shares properly tendered by the beneficial owner thereof. See Description of VRRM-MFP Shares. A complete description of the preferences, voting powers, restrictions, limitations as to dividends, qualification, and terms and conditions of redemption of the VRRM-MFP Shares during the VRR Mode can be found in the Fund's Declaration of Trust (the Declaration of Trust), the Statement Establishing and Fixing the Rights and Preferences of Series B MuniFund Preferred Shares (the Statement) and the Supplement to the Statement Establishing and Fixing the Rights and Preferences of Series B MuniFund Preferred Shares (the Statement Supplement). These documents are filed with the SEC as exhibits to the Fund's registration statement of which the prospectus is a part. Copies may be obtained as described under Where You Can Find More Information.

Mode means the VRR Mode, or any subsequent Mode, including any extension thereof, for which terms and conditions of the Series B MFP Shares are designated pursuant to the Statement and the Statement Supplement. See Description of VRRM-MFP Shares Mode Change.

Remarketing Agent

Barclays Capital Inc., or any successor remarketing agent appointed by the Fund, will serve as the remarketing agent for the VRRM-MFP Shares (the Remarketing Agent) pursuant to a remarketing agreement with the Fund and the Investment Adviser (the Remarketing Agreement).

The Remarketing Agent will agree to use its best efforts to remarket all VRRM-MFP Shares properly tendered in connection with an optional tender or mandatory tender of VRRM-MFP Shares, set the regular dividend rate and perform certain other duties. See Description of VRRM-MFP Shares Remarketing Remarketing Agent.

Dividend Provisions

General. Dividends on VRRM-MFP Shares with respect to any Dividend Period will be declared to the holders as their names appear on the registration books of the Fund at the close of business on each day in such Dividend Period and will be paid on each Dividend Payment Date. During the VRR Mode, the Dividend Period will generally be a calendar month, and the Dividend Payment Date will be the first Business Day of each month commencing . The Fund at its discretion may establish Dividend Payment Dates more frequently than monthly. In connection with any transfer of VRRM-MFP Shares, the transferor as beneficial owner of VRRM-MFP Shares will be deemed to have agreed pursuant to the terms of the VRRM-MFP Shares to transfer to the transferee the right to

Table of Contents

receive from the Fund any dividends declared and unpaid for each day prior to the transferee becoming the beneficial owner of the VRRM-MFP Shares in exchange for payment of the Purchase Price for such VRRM-MFP Shares by the transferee.

The amount of dividends per VRRM-MFP Share payable on any Dividend Payment Date will equal the sum of the dividends accumulated but not yet paid for the related Dividend Period. The amount of dividends per VRRM-MFP Share accumulated for each such Dividend Period will be calculated by adding the Dividend Factor for each calendar day in such Dividend Period. The Dividend Factor for each calendar day in a Dividend Period will be equal to: (x) the Dividend Rate in effect for such calendar day; (y) divided by the actual number of days in the year in which such day occurs (365 or 366); and (z) multiplied by the Liquidation Preference.

Regular Dividend Rate. Subject to certain exceptions as described in this prospectus supplement, the Dividend Rate on the VRRM-MFP Shares will be the Regular Dividend Rate.

The initial Regular Dividend Rate, for the Date of Original Issue of _____, will be equal to the sum of _____ % per annum, plus the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index published at approximately 4:00 p.m., New York City time on Wednesday, _____ or _____ % per annum if the SIFMA Municipal Swap Index is not so published. SIFMA Municipal Swap Index means the Securities Industry and Financial Markets Association Municipal Swap Index, a weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Bloomberg.

Thereafter, the Regular Dividend Rate generally will be determined by the Remarketing Agent on each Business Day, commencing on the Date of Original Issue, by 6:00 p.m., New York City time, for applicability on the following day. The Regular Dividend Rate will be determined by the Remarketing Agent as the minimum rate that would enable the Remarketing Agent to sell all of the outstanding VRRM-MFP Shares on such Business Day for settlement in seven (7) days at a price (without regard to accumulated but unpaid dividends) equal to the aggregate Liquidation Preference thereof.

In the event that the Remarketing Agent fails to determine the Regular Dividend Rate on any Business Day as set forth above, then the Regular Dividend Rate applicable for the following day will be the same as the Regular Dividend Rate for the

Table of Contents

immediately preceding Business Day and such rate will continue until the earlier of (A) the Business Day on which the Remarketing Agent determines a new Regular Dividend Rate or Step-Up Dividend Rate, as applicable, or (B) the fifth consecutive Business Day succeeding the first such Business Day on which such Dividend Rate is not determined by the Remarketing Agent. In the event that the Remarketing Agent fails to determine a new Regular Dividend Rate for a period of five consecutive Business Days as described in clause (B) of the immediately preceding sentence, the Dividend Rate will be equal to the Step-Up Dividend Rate until a new Regular Dividend Rate is established by the Remarketing Agent.

Business Day means a 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 New York Stock Exchange is not closed.

Step-Up Dividend Rate. In the event that the Remarketing Agent fails to determine a new Regular Dividend Rate for a period of five consecutive Business Days as described above or during a Failed Remarketing Period, except during an Increased Rate Period, the Dividend Rate on the VRRM-MFP Shares will be the Step-Up Dividend Rate. The Step-Up Dividend Rate will mean a Dividend Rate, determined by the Remarketing Agent, equal to the highest, as of the date of determination, of: (x) 5% per annum; (y) the Fed Funds Rate (as defined herein) plus 2.5% per annum; and (z) the One-Year AAA MMD Rate (as defined herein) plus 2.5% per annum. In the event that the Fed Funds Rate (or a successor thereto) or the One-Year AAA MMD Rate (or a successor thereto) is no longer published or available for purposes of determining the Step-Up Dividend Rate on any date, the Remarketing Agent, with the prior agreement of the Fund, will determine an equivalent rate in good faith on a commercially reasonable basis using a formulation by reference to market practice at such date.

A Failed Remarketing Period is (i) in the case of a failed remarketing in connection with an optional tender for remarketing, the period, if any, commencing on the Tender Notice Date (as defined below) relating to the Failed Remarketing Event with respect to the optional tender and ending upon the earliest to occur of (a) the redemption or repurchase by the Fund of all of the outstanding VRRM-MFP Shares, (b) the date on which all (but not less than all) of the VRRM-MFP Shares are successfully remarketed pursuant to a mandatory tender for remarketing, and (c) the date on which the

Table of Contents

Fund completes a successful transition to a new Mode for all of the VRRM-MFP Shares; and (ii) in the case of a failed transition to a new Mode, the period commencing on the date of the remarketing notice relating to the Failed Remarketing Event with respect to the failed transition and ending upon the earliest to occur of (a) the redemption or repurchase by the Fund of all of the outstanding VRRM-MFP Shares, and (b) as applicable, (x) the date on which all (but not less than all) of the VRRM-MFP Shares are successfully remarketed pursuant to a mandatory tender for remarketing, or (y) the date on which the Fund completes a successful transition to a new Mode for all of the VRRM-MFP Shares. See Remarketing General below.

An Increased Rate Period is the period, if any, commencing on (i) any Dividend Payment Date or Redemption Date for which the Fund fails to timely deposit with the Calculation and Paying Agent (as defined herein) deposit securities sufficient to pay the applicable dividend or redemption price and ending on the Business Day on which the deposit is made by 12:00 noon, New York City time, in same-day funds or (ii) the Business Day on which a court or other applicable governmental authority has made a final determination that for U.S. federal income tax purposes the VRRM-MFP Shares do not qualify as equity in the Fund and such determination results from an act or failure to act on the part of the Fund. See Description of VRRM-MFP Shares Dividends Increased Dividend Rate.

Increased Rate. The Dividend Rate will be adjusted to the Increased Rate for each Increased Rate Period. The Increased Rate means, for any Increased Rate Period, the applicable Regular Dividend Rate or Step-Up Dividend Rate as in effect from time to time plus 5% per annum.

Maximum Rate. The Maximum Rate for the VRRM-MFP Shares will be 15% per annum. Neither the Regular Dividend Rate, the Increased Rate nor the Step-Up Dividend Rate may exceed the Maximum Rate.

The applicable dividend rate for the VRRM-MFP Shares is referred to in this prospectus supplement as the Dividend Rate.

See Description of VRRM-MFP Shares Dividends.

Remarketing General

Except during a Failed Remarketing Period, the VRRM-MFP Shares will be subject to optional tender by the beneficial owners thereof, as described below under Optional Tender for Remarketing. During a Failed Remarketing Period, all of the

Table of Contents

VRRM-MFP Shares will be subject to mandatory tender for remarketing, subject to certain retention rights, if the Remarketing Agent succeeds in identifying a purchaser or purchasers for all of the outstanding VRRM-MFP Shares, as described below under Mandatory Tender for Remarketing Following a Failed Remarketing Event. All of the VRRM-MFP Shares will be subject to mandatory tender for remarketing, with no retention rights, in connection with a Mode Change, as described above under VRRM-MFP Shares.

If for any reason (other than a failure to timely deliver VRRM-MFP Shares by or on behalf of the tendering beneficial owner), any VRRM-MFP Share subject to remarketing in connection with an optional tender or a mandatory tender is not successfully remarketed, a Failed Remarketing Event will occur. The consequences of a Failed Remarketing Event vary depending on whether it occurs in connection with an optional tender for remarketing, a mandatory tender for remarketing following a Failed Remarketing Event or a mandatory tender for remarketing in connection with a Mode Change, as further described in this Summary and under Description of VRRM-MFP Shares.

Minimum Remarketing Amount

Except as otherwise permitted by the Remarketing Agent, VRRM-MFP Shares may be optionally tendered for remarketing only in minimum amounts of twenty-five (25) VRRM-MFP Shares and multiples of five (5) VRRM-MFP Shares in excess thereof.

Optional Tender for Remarketing

Each beneficial owner of VRRM-MFP Shares will have the right to tender such beneficial owner's VRRM-MFP Shares (in whole shares only) for remarketing by delivering an irrevocable written notice (a Tender Notice) by electronic means to the Remarketing Agent on any Business Day (the Tender Notice Date). The number of VRRM-MFP Shares so tendered for remarketing is the Designated Amount. The giving of a Tender Notice will constitute the irrevocable tender for remarketing of the Designated Amount of such VRRM-MFP Shares on the seventh calendar day following the Tender Notice Date or, if such seventh calendar day is not a Business Day, the next succeeding Business Day (the Purchase Date).

Upon receipt of a Tender Notice, the Remarketing Agent will offer for sale, and use its best efforts to sell, the Designated Amount of VRRM-MFP Shares with respect to which a Tender Notice has been received by the Remarketing Agent (the

Table of Contents

Tendered VRRM-MFP Shares) at a price equal to \$1,000 per share plus any accumulated but unpaid dividends (whether or not earned or declared), if any, to, but excluding, the relevant Purchase Date (the Purchase Price) for purchase on the Purchase Date.

If the Remarketing Agent successfully remarkets the Tendered VRRM-MFP Shares by identifying a purchaser for such Tendered VRRM-MFP Shares during the period beginning on the Tender Notice Date for such Tendered VRRM-MFP Shares and ending on the Business Day immediately preceding the Purchase Date for such Tendered VRRM-MFP Shares (a Remarketing Window), the Remarketing Agent will give written notice (a Remarketing Notice) by electronic means to the beneficial owner of such Tendered VRRM-MFP Shares, with a copy to the Fund and the Calculation and Paying Agent, that a purchaser has been identified for a purchase of such Tendered VRRM-MFP Shares on the Purchase Date.

If the Remarketing Agent obtains a bid at the Purchase Price for any VRRM-MFP Shares being remarketed, which, if accepted, would be binding on the bidder for the consummation of the sale of such VRRM-MFP Shares (an actionable bid), and the Remarketing Agent elects in its sole discretion to accept such actionable bid, the Remarketing Agent will (i) purchase the tendered VRRM-MFP Shares, as a principal and not as an agent, from the beneficial owner or holder thereof on the Purchase Date at the Purchase Price, (ii) resell such VRRM-MFP Shares, as a principal and not as an agent, to the person making such actionable bid at the Purchase Price, and (iii) record such purchase and resale on its books and records. Any such purchases by the Remarketing Agent from the beneficial owner or holder will be made with the Remarketing Agent's own funds.

For payment of the Purchase Price on the Purchase Date, Tendered VRRM-MFP Shares must be delivered at or prior to 11:00 a.m., New York City time, on the Purchase Date to the Remarketing Agent by or for the account of the tendering beneficial owner through the Securities Depository, so long as the VRRM-MFP Shares are in book-entry form, or at the principal office of the Remarketing Agent, accompanied by an instrument of transfer thereof, in a form satisfactory to the Remarketing Agent, executed in blank by the holder thereof or by the holder's duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, if the VRRM-MFP Shares are in certificated form. If Tendered VRRM-MFP

Table of Contents

Shares are delivered after that time on any Business Day, the Purchase Price will be paid on the next succeeding Business Day.

See Description of VRRM-MFP Shares Remarketing Optional Tender for Remarketing.

Failed Remarketing Event in Connection with an Optional Tender

If for any reason (other than a failure to timely deliver Tendered VRRM-MFP Shares by or on behalf of the tendering beneficial owner) any Tendered VRRM-MFP Share is not successfully remarketed during the related Remarketing Window, a Failed Remarketing Event will occur.

Upon the occurrence of a Failed Remarketing Event, (a) all Tendered VRRM-MFP Shares shall be retained by their respective beneficial owners, and no such Tendered VRRM-MFP Shares will be purchased on their respective Purchase Date, (b) the Remarketing Agent will provide written notice to the Calculation and Paying Agent, the Fund and the holders of the VRRM-MFP Shares by electronic means, (c) a Failed Remarketing Period will commence and (d) all outstanding VRRM-MFP Shares will become subject to mandatory redemption on the Failed Remarketing Mandatory Redemption Date, which will be the first Business Day falling on or after the 365th calendar day following the Tender Notice Date relating to the Failed Remarketing Event.

During the Failed Remarketing Period, the Remarketing Agent will no longer determine the Regular Dividend Rate on a daily basis; dividends on all VRRM-MFP Shares will be payable at the Step-Up Dividend Rate (as determined by the Remarketing Agent commencing on the date of the Failed Remarketing Event); the right of beneficial owners to make optional tenders of their VRRM-MFP Shares for remarketing will be suspended; and all of the outstanding VRRM-MFP Shares will be subject to mandatory tender for remarketing as described below under Mandatory Tender for Remarketing Following a Failed Remarketing Event.

Mandatory Tender for Remarketing Following a Failed Remarketing Event

During a Failed Remarketing Period, the Remarketing Agent will offer for sale, and use its best efforts to sell, all (but not less than all) of the outstanding VRRM-MFP Shares at a price per share equal to the Purchase Price. Upon identifying a purchaser or purchasers for all of the outstanding VRRM-MFP

Table of Contents

Shares (subject to the retention rights described in the immediately following paragraph) and establishing the Regular Dividend Rate to apply to the VRRM-MFP Shares on the Remarketing Date, the Remarketing Agent will give a Remarketing Notice to the Calculation and Paying Agent, the Fund and the holders of the VRRM-MFP Shares by electronic means stating (A) that a purchaser or purchasers have been identified for the purchase of all (but not less than all) of the VRRM-MFP Shares on the date set forth in such Remarketing Notice (the Remarketing Date), which Remarketing Date will be the fifth Business Day following delivery of the Remarketing Notice, (B) the Regular Dividend Rate to be applicable to the VRRM-MFP Shares on the Remarketing Date and (C) that all VRRM-MFP Shares will be subject to mandatory tender for purchase at a price equal to the Purchase Price on the Remarketing Date.

Any beneficial owner of a VRRM-MFP Share that is not a Tendered VRRM-MFP Share that was part of the related Failed Remarketing Event, as determined by the Remarketing Agent, may deliver written notice to the Remarketing Agent and the Calculation and Paying Agent by electronic means at least three Business Days prior to the related Remarketing Date that such beneficial owner wishes to retain such beneficial owner's VRRM-MFP Shares (each such beneficial owner, a Retaining Beneficial Owner). On the Remarketing Date, the VRRM-MFP Shares held by such Retaining Beneficial Owner will be (a) subject to mandatory tender as set forth in the immediately preceding paragraph and (b) repurchased by the Retaining Beneficial Owner at a price equal to the Purchase Price on the Remarketing Date.

If the Remarketing Agent obtains a bid at the Purchase Price for any VRRM-MFP Shares being remarketed, which, if accepted, would be binding on the bidder for the consummation of the sale of such VRRM-MFP Shares (an actionable bid), and the Remarketing Agent elects in its sole discretion to accept such actionable bid, the Remarketing Agent will (i) purchase the tendered VRRM-MFP Shares, as a principal and not as an agent, from the beneficial owner or holder thereof on the Purchase Date at the Purchase Price, (ii) resell such VRRM-MFP Shares, as a principal and not as an agent, to the person making such actionable bid at the Purchase Price, and (iii) record such purchase and resale on its books and records. Any such purchases by the Remarketing Agent from the beneficial owner or holder will be made with the Remarketing Agent's own funds.

Table of Contents

In the event of a successful remarketing on the Remarketing Date, the Remarketing Agent will resume resetting the Regular Dividend Rate on the VRRM-MFP Shares, the Failed Remarketing Mandatory Redemption Date with respect to the related Failed Remarketing Event shall be cancelled and the VRRM-MFP Shares will no longer be subject to mandatory redemption on such date.

See Description of VRRM-MFP Shares Remarketing Mandatory Tender for Remarketing Following a Failed Remarketing Event.

Failed Remarketing Event in Connection with a Mandatory Tender for Remarketing Following a Failed Remarketing Event

If for any reason (other than a failure to timely deliver VRRM-MFP Shares by or on behalf of a tendering beneficial owner) any VRRM-MFP Share is not successfully remarketed pursuant to the related mandatory tender a Failed Remarketing Event will occur. Upon the occurrence of a Failed Remarketing Event, (a) all VRRM-MFP Shares will be retained by their respective holders, and no VRRM-MFP Shares shall be purchased on the Remarketing Date, (b) the Remarketing Agent will provide a Failed Remarketing Notice in writing to the Calculation and Paying Agent, the Fund and the holders of the VRRM-MFP Shares by electronic means, (c) the then-prevailing Failed Remarketing Period will continue and (d) all Outstanding VRRM-MFP Shares will remain subject to mandatory redemption on the related Failed Remarketing Mandatory Redemption Date.

Coverage and Leverage Tests

The Fund will agree in the Statement Supplement to comply on an ongoing basis with asset coverage and effective leverage requirements. A failure to comply may result in the mandatory redemption of Preferred Shares, which may include some number of VRRM-MFP Shares. See Redemption Provisions Asset Coverage Mandatory Redemption and Effective Leverage Ratio Mandatory Redemption below and Description of VRRM-MFP Shares Coverage and Leverage Tests and Redemptions Asset Coverage Mandatory Redemption and Effective Leverage Ratio Mandatory Redemption.

Redemption Provisions

Optional Redemption. Subject to certain conditions, VRRM-MFP Shares may be redeemed on any Business Day, at the option of the Fund (in whole or from time to time, in part), out of funds legally available therefor, at the Redemption Price

Table of Contents

per share. The Redemption Price per share is equal to the Liquidation Preference per VRRM-MFP Share plus an amount equal to all unpaid dividends and other distributions on such VRRM-MFP Share accumulated from and including the Date of Original Issue to (but excluding) the Term Redemption Date or any redemption dates for optional or mandatory redemption otherwise provided in the Statement Supplement (the Redemption Date) (whether or not earned or declared by the Fund, but without interest thereon).

See Description of VRRM-MFP Shares Redemptions Optional Redemption.

Term Mandatory Redemption. The Fund will redeem all outstanding VRRM-MFP Shares on the Term Redemption Date at the aggregate Redemption Price.

See Description of VRRM-MFP Shares Redemptions Term Mandatory Redemption.

Failed Remarketing Mandatory Redemption. The Fund will redeem all outstanding VRRM-MFP Shares at the aggregate Redemption Price on the Failed Remarketing Mandatory Redemption Date, if a Failed Remarketing Period shall have commenced and be continuing for 365 days, or, if earlier, on the Term Redemption Date.

See Description of VRRM-MFP Shares Redemptions Failed Remarketing Mandatory Redemption.

Asset Coverage Mandatory Redemption. If the Fund fails to have Asset Coverage of at least 225% as required under the Statement Supplement and such failure is not timely cured, the Fund will proceed to redeem Preferred Shares (which may include at the sole option of the Fund any number or proportion of VRRM-MFP Shares) to restore compliance with the Asset Coverage requirement. In the event that any VRRM-MFP Shares then outstanding are to be redeemed, the Fund will redeem such VRRM-MFP Shares at a price per VRRM-MFP Share equal to the Redemption Price on the Redemption Date therefor.

See Description of VRRM-MFP Shares Redemptions Asset Coverage Mandatory Redemption.

Effective Leverage Ratio Mandatory Redemption. If the Effective Leverage Ratio of the Fund exceeds 45% as of the close of business on any Business Day on which such ratio is

Table of Contents

required to be calculated and such failure is not cured as of the close of business on the date that is seven Business Days following the Business Day on which such non-compliance is first determined, the Fund will cause the Effective Leverage Ratio to not exceed 45% by (x) engaging in transactions involving or relating to the floating rate securities not owned by the Fund and/or the inverse floating rate securities owned by the Fund, including the purchase, sale or retirement thereof, (y) proceeding with redeeming a sufficient number of Preferred Shares, which at the Fund's sole option may include any number or proportion of VRRM-MFP Shares, in accordance with the terms of such series, or (z) engaging in any combination of the actions contemplated by (x) and (y) above. In the event that any VRRM-MFP Shares then outstanding are to be redeemed, the Fund will redeem such VRRM-MFP Shares at a price per VRRM-MFP Share equal to the Redemption Price on the Redemption Date thereof.

See Description of VRRM-MFP Shares Redemptions Effective Leverage Ratio Mandatory Redemption.

Any optional or mandatory redemption of VRRM-MFP Shares by the Fund shall be done in accordance with the requirements of the Statement and Statement Supplement and the provisions of the 1940 Act and rules thereunder, including Rule 23c-2.

Tax Exemption

The dividend rate for VRRM-MFP Shares assumes that each month's distribution is comprised solely of dividends exempt from regular U.S. federal income tax and the federal alternative minimum tax. From time to time, the Fund may be required to allocate capital gains and/or ordinary income to a given month's distribution on VRRM-MFP Shares. To the extent that it does so, the Fund will provide notice thereof and make Additional Amount Payments (as defined herein) at the times and in accordance with, and to the extent required in, the provisions relating thereto as described under Description of VRRM-MFP Shares Taxable Allocations. Investors should consult with their own tax advisors before making an investment in the VRRM-MFP Shares. See Tax Matters.

Ratings

The Fund expects that at the Date of Original Issue, the VRRM-MFP Shares will have a long-term rating from Fitch Ratings, Inc. and a long-term credit rating from Moody's Investors Service, Inc. Each NRSRO rating the VRRM-MFP Shares at the request of the Fund is referred to in this prospectus supplement as a Rating Agency.

Table of Contents

There can be no assurance that the Fund will maintain any ratings of the VRRM-MFP Shares or, if at any time the VRRM-MFP Shares have one or more ratings, that any particular ratings will be maintained. See Risk Factors Ratings Risk and Description of VRRM-MFP Shares Ratings.

Voting Rights

Except as otherwise provided in the Declaration of Trust or as otherwise required by law, (i) each holder of VRRM-MFP Shares will be entitled to one vote for each VRRM-MFP 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 each VRRM-MFP Share, and of Common Shares will vote together as a single class; provided, however, that the holders of outstanding Preferred Shares, including VRRM-MFP Shares, voting as a class, to the exclusion of the holders of all other securities and classes of shares of beneficial interest of the Fund, will be entitled to elect two trustees of the Fund at all times, each Preferred Share, including each VRRM-MFP Share, entitling the holder thereof to one vote. The holders of outstanding Common Shares and Preferred Shares, including VRRM-MFP Shares, voting together as a single class, will elect the balance of the trustees. See Description of VRRM-MFP Shares Voting Rights.

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 VRRM-MFP 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 VRRM-MFP Shares Priority of Payment and Liquidation Preference.

Trading Market

The VRRM-MFP Shares are a new issue of securities and there is currently no established trading market for such shares. The Fund does not intend to apply for a listing of the VRRM-MFP Shares on a securities exchange or an automated dealer quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the VRRM-MFP Shares, including in a remarketing by the Remarketing Agent.

Further Issuance

The Fund may issue additional Preferred Shares on parity with VRRM-MFP Shares, including additional VRRM-MFP Shares. The Fund may not issue additional classes of shares that are senior to VRRM-MFP Shares or that are senior to other

Table of Contents

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.

Calculation and Paying Agent

The Fund will enter into a Tender and Paying Agent Agreement with The Bank of New York Mellon (the Calculation and Paying Agent), effective as of the Date of Original Issue in connection with the initial issuance of VRRM-MFP Shares. In connection with the VRR Mode, The Calculation and Paying Agent will serve as the Fund's calculation agent, transfer agent and registrar, dividend disbursing agent, and paying agent and redemption price disbursing agent with respect to the VRRM-MFP Shares. See Custodian, Transfer Agent, Calculation and Paying Agent.

Use of Proceeds

The Fund estimates that the total net proceeds from this offering after deducting the underwriting discounts and commissions and estimated offering expenses payable by the Fund will be approximately \$. The Fund intends to use the net proceeds from the sale of VRRM-MFP Shares, which may be supplemented with cash already held by the Fund, to redeem a portion of the outstanding Series A MFP Shares of the Fund and maintain the Fund's leveraged capital structure. Any remaining net proceeds will be used by the Fund for investment purposes in accordance with the Fund's investment objectives and policies. See Use of Proceeds.

Book-Entry

It is expected that the VRRM-MFP Shares will be delivered to investors in book-entry form only, through the facilities of The Depository Trust Company (DTC). See Book-Entry Procedures and Settlement.

Governing Law

The Declaration of Trust, the Statement and the Statement Supplement are governed by the laws of the Commonwealth of Massachusetts. The Remarketing Agreement is governed by the laws of the State of New York.

Risk Factors

See Risk Factors in this prospectus supplement, as well as Risks Factors and other information included in the accompanying prospectus, for a discussion of the principal risks you should carefully consider before deciding to invest in VRRM-MFP Shares.

Table of Contents

RISK FACTORS

Investing in the VRRM-MFP Shares involves risk, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. Therefore, before investing in the VRRM-MFP Shares you should consider carefully the following risks, as well as the risk factors set forth under Risk Factors beginning on page 9 of the accompanying prospectus.

Remarketing Risk

VRRM-MFP Shares do not have a put option allowing the holder to sell VRRM-MFP Shares back to the Fund at any time. No party, including, but not limited to, the Remarketing Agent and the Fund, is under any obligation to purchase VRRM-MFP Shares on an optional tender. Accordingly, VRRM-MFP Shares are not, and should not be considered by any investors to be, cash equivalents.

Due to the lack of a guaranteed purchaser for VRRM-MFP Shares, liquidity in VRRM-MFP Shares depends upon a successful remarketing. The Purchase Price of a Tendered VRRM-MFP Share will only be paid upon a successful remarketing, and the Purchase Price of the VRRM-MFP Shares is payable exclusively from remarketing proceeds. A remarketing may be unsuccessful for various reasons, including, but not limited to, general market conditions, market disruptions, credit events relating to the Fund, concerns about future liquidity, and participation by the Remarketing Agent as a buyer or seller of VRRM-MFP Shares. Additionally, a successful remarketing does not guarantee any successful remarketing in the future.

In the event that any Tendered VRRM-MFP Shares are not successfully remarketed, all beneficial owners of the VRRM-MFP Shares, regardless of whether they have tendered their VRRM-MFP Shares, may be required to hold their VRRM-MFP Shares until the Failed Remarketing Mandatory Redemption Date. The requirement of the Fund to redeem the VRRM-MFP Shares on a Failed Remarketing Mandatory Redemption Date may increase the financial stress on the Fund, which could have a negative impact on the Fund's ratings. Upon a failed remarketing, all of the VRRM-MFP Shares will pay dividends at the Step-Up Dividend Rate, and optional tenders for remarketing will be suspended. The Step-Up Dividend Rate may be lower than the rate on comparable securities issued by the Fund or on similar securities in the market. Although holders of VRRM-MFP Shares may seek to sell their VRRM-MFP Shares in the secondary market, they may only be able to do so at a discount from the Purchase Price if the Step-Up Dividend Rate is not high enough in relation to the level of liquidity or the Fund's credit.

The Remarketing Agent, in its sole discretion, may purchase VRRM-MFP Shares for its own account in order to achieve a successful remarketing (i.e., because there are otherwise not enough buyers to purchase the VRRM-MFP Shares) or for other reasons. If the Remarketing Agent does purchase Tendered VRRM-MFP Shares for its own account, it may cease doing so at any time without notice, in its sole discretion. The Remarketing Agent may choose to tender for remarketing any VRRM-MFP Shares it holds at any time. Any decision by the Remarketing Agent to purchase VRRM-MFP Shares may be constrained in amount and holding period by internal limits that may be set and changed from time to time.

As described above, the Remarketing Agent has no obligation to purchase VRRM-MFP Shares. The Remarketing Agent has agreed to act as principal in remarketings in the circumstances where the Remarketing Agent has obtained an actionable bid and the Remarketing Agent elects in its sole

Table of Contents

discretion to accept such actionable bid, as described below under [Description of VRRM-MFP Shares](#) [Remarketing](#) [Optional Tender for Remarketing](#) and [Mandatory Tender for Remarketing Following a Failed Remarketing Event](#).

The Remarketing Agent also may make a market by purchasing and selling VRRM-MFP Shares other than in connection with a tender and remarketing, although it is under no obligation to do so and may discontinue any such activities at any time without notice. Such purchases and sales may be made at prices that may be at, above or below the Purchase Price. No notice is required for such purchases or sales. Purchases and sales of VRRM-MFP Shares by the Remarketing Agent may negatively impact the price and/or demand for VRRM-MFP Shares sold into the secondary market by other holders of VRRM-MFP Shares.

The purchase of VRRM-MFP Shares by the Remarketing Agent may create the appearance that there is greater third-party demand for the VRRM-MFP Shares in the market than is actually the case. The practices described above also may result in fewer VRRM-MFP Shares being tendered in a remarketing.

The Ability to Sell the VRRM-MFP Shares Other Than Through a Remarketing May Be Limited

The Remarketing Agent may buy and sell VRRM-MFP Shares other than through a remarketing. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to sell their VRRM-MFP Shares to instead tender their VRRM-MFP Shares for remarketing with appropriate notice. Further, investors who purchase VRRM-MFP Shares should not assume that they will be able to sell their VRRM-MFP Shares other than by tendering the VRRM-MFP Shares in accordance with the remarketing process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the VRRM-MFP Shares, Without a Successor Being Named.

Under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

No Public Trading Market

The VRRM-MFP Shares will be a new issue of securities and there is currently no established trading market for the VRRM-MFP Shares. The Fund does not intend to apply for a listing of the VRRM-MFP Shares on a securities exchange or an automated dealer quotation system. Thus, an investment in VRRM-MFP Shares may be illiquid and there may be no active trading market.

Risk of Mandatory and Optional Redemptions or Mode Change

The Fund may be forced to redeem VRRM-MFP Shares to meet requirements in the Statement Supplement or regulatory or Rating Agency requirements, or may voluntarily redeem VRRM-MFP Shares at any time, or may elect to make a Mode Change, including in circumstances that are unfavorable to VRRM-MFP shareholders, at times when attractive alternative investment opportunities for reinvestment of the proceeds are not available. See [Description of VRRM-MFP Shares](#) [Redemptions](#) and [Mode Change](#).

Table of Contents

Dividend Rate Risk

The VRRM-MFP Shares are variable dividend rate securities. Such securities generally are less sensitive to interest and dividend rate changes but may decline in value if their dividend rate does not rise as much, or as quickly, as interest and dividend rates in general. Conversely, variable dividend rate securities will not generally increase in value if interest and dividend rates decline.

Interest Rate and Income Shortfall Risk

VRRM-MFP Shares generally pay dividends based on short-term interest rates, and the proceeds from the issuance of the Fund's Preferred Shares are used to buy municipal bonds, which pay interest based on long-term yields. Long-term municipal bond yields are typically, although not always, higher than short-term interest rates. Long-term, intermediate-term and short-term interest rates may fluctuate. If short-term interest rates rise, VRRM-MFP Share rates may rise so that the amount of dividends paid to the VRRM-MFP shareholders exceeds the income from the portfolio securities purchased with the proceeds from the sale of VRRM-MFP Shares. Because income from the Fund's entire investment portfolio (not just the portion of the portfolio attributable to the proceeds from the issuance of Preferred Shares) is available to pay dividends on the Fund's outstanding Preferred Shares, however, dividend rates on the Preferred Shares would need to greatly exceed the Fund's net portfolio income before the Fund's ability to pay dividends on the Preferred Shares, including the VRRM-MFP Shares, would be jeopardized. If long-term rates rise, the value of the Fund's investment portfolio will decline, reducing the amount of assets serving as the Asset Coverage for the VRRM-MFP Shares.

Additionally, in certain market environments, short-term market interest rates may be higher than the Maximum Rate allowable for the dividend reset for VRRM-MFP Shares. In such extreme circumstances, this scenario may adversely affect the valuation of VRRM-MFP Shares and the liquidity of VRRM-MFP Shares.

Subordination Risk

While VRRM-MFP shareholders will have equal liquidation and distribution rights to any other Preferred Shares issued or that might be issued by the Fund, they will be subordinated to the rights of holders of indebtedness and the claims of other creditors of the Fund. Therefore, dividends, distributions and other payments to VRRM-MFP shareholders in liquidation or otherwise will be subject to prior payments due, if any, to the holders of indebtedness or other creditors of the Fund. Creditors of the Fund may include lenders and counterparties in connection with any borrowings, delayed delivery purchases and/or forward delivery contracts or derivatives, including interest rate swaps or caps, entered into by the Fund.

Ratings Risk

The Fund expects that, at the Date of Original Issue, the VRRM-MFP Shares will have a long-term rating from Fitch Ratings, Inc. and a long-term credit rating from Moody's Investors Service, Inc.

There can be no assurance that any particular rating will be maintained at the level currently assigned to the VRRM-MFP Shares. Ratings do not eliminate or mitigate the risks of investing in VRRM-MFP Shares. A rating issued by a Rating Agency (including Fitch Ratings, Inc. and Moody's Investors Service, Inc.) 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,

Table of Contents

VRRM-MFP 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 react in a timely manner to changes in an issuer's circumstances (in this case, the Fund) that could influence a particular rating. A Rating Agency downgrade of the VRRM-MFP Shares that results in an increase in the Dividend Rate may make VRRM-MFP Shares less liquid in the secondary market.

Additionally, so long as the VRRM-MFP Shares or other Preferred Shares of the Fund have long-term ratings, the Fund will be required to meet certain asset coverage or other criteria in order to maintain such rating. The Fund's failure to meet such criteria may cause the Fund to sell portfolio positions or to redeem VRRM-MFP Shares at inopportune times in an amount necessary to restore compliance with such criteria, or may result in a downgrade of ratings. The ratings do not eliminate or necessarily mitigate the risks of investing in VRRM-MFP 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 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 (in this case, the Fund's) circumstances that could influence a particular rating. A Rating Agency could downgrade VRRM-MFP Shares, which may make VRRM-MFP Shares less liquid in the secondary market, although the downgrade would probably result in higher dividend rates.

A rating on the VRRM-MFP Shares is not a recommendation to purchase, hold, or sell those shares, inasmuch as the rating does not comment as to market price or suitability for a particular investor. A Rating Agency could downgrade VRRM-MFP Shares.

Tax Risks

The Fund is relying on an opinion of counsel that the VRRM-MFP Shares will qualify as stock in the Fund for U.S. federal income tax purposes. Because there is no direct legal authority on the classification of instruments similar to the VRRM-MFP Shares, investors should be aware that the Internal Revenue Service and other governmental taxing authorities could assert a contrary position. See Tax Matters.

Multiple Series Risk

Following the issuance of the VRRM-MFP Shares, the Fund will have two series of MFP Shares and five series of VRDP Shares outstanding. All Preferred Shares of the Fund have equal priority as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund, but, to the extent that the terms of the various series or types of Preferred Shares differ, there is a risk that market or other events may impact one series of Preferred Shares differently from other series. If market or other events cause the Fund to breach covenants applicable to one series or type of Preferred Shares but not others, the Fund may nevertheless be granted discretion to redeem shares of any series of Preferred Shares, including the affected series, in order to restore compliance, subject to the redemption terms of each series. In addition, the voting power of certain series of Preferred Shares may be more concentrated than others. The Fund, without the consent of VRRM-MFP shareholders, may from time to time issue additional Preferred Shares of a new or existing series in connection with new financings, refinancing or reorganizations. The issuance by the Fund of additional Preferred Shares may require the consent of liquidity providers or other Fund counterparties.

Table of Contents

Dividend Risk

The Fund may be unable to pay dividends on VRRM-MFP Shares in extraordinary circumstances.

The Remarketing Agent is Paid by the Fund

The Remarketing Agent's responsibilities include determining the Regular Dividend Rate and Step-up Dividend Rate from time to time and remarketing VRRM-MFP Shares that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this prospectus supplement. The Remarketing Agent is appointed by the Fund and is paid by the Fund for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of VRRM-MFP Shares.

Table of Contents**CAPITALIZATION**

The following table sets forth the capitalization of the Fund as of September 30, 2018 and as adjusted to give effect to the partial redemption of Series A MFP Shares and the estimated expenses incurred in connection with the offering of the VRRM-MFP Shares.

	Actual September 30, 2018 (Unaudited)	As Adjusted September 30, 2018 (Unaudited)
VRDP Shares, \$100,000 stated value per share, at liquidation value; unlimited Preferred Shares authorized, of which 14,116 are designated as VRDP (14,116 VRDP Shares outstanding and 14,116 VRDP Shares outstanding, as adjusted, respectively)*	\$ 1,411,600,000	\$ 1,411,600,000
MFP Shares, \$100,000 stated value per share, at liquidation value; unlimited Preferred Shares authorized, of which 4,054 are designated as MFP Shares (4,054 MFP Shares outstanding and MFP Shares outstanding, as adjusted, respectively)*	\$ 405,400,000	\$ 405,400,000**
Net assets applicable to Common Shares	\$ 3,215,856,103	\$ ***

* None of these outstanding shares are held by or for the account of the Fund.

** Assumes that the aggregate dollar amount of MFP Series A Shares redeemed will equal the amount of VRRM-MFP Shares issued. The actual amount may vary.

*** Assumes a total of \$ of the estimated offering costs of the VRRM-MFP Shares issuance will be deferred and amortized over the life of the MFP Shares. Assumes a total of \$ of the remaining deferred amount of offering costs of the Series A MFP Shares issuance will be expensed.

ASSET COVERAGE RATIO

As provided in the Investment Company Act of 1940, as amended (1940 Act), and subject to certain exceptions, the Fund may issue Preferred Shares, including VRRM-MFP Shares, with the condition that immediately after the issuance the value of its assets, less certain ordinary course liabilities, exceed 200% of the amount of Preferred Shares outstanding. The Fund estimates that, based on its capitalization as of September 30, 2018, the Fund's asset coverage, after giving effect to this offering, will be 277%.

USE OF PROCEEDS

The Fund estimates that the net proceeds of the offering will be approximately \$, after payment of the underwriting discounts and commissions and estimated offering expenses payable by the Fund. The Fund intends to use the net proceeds from the sale of VRRM-MFP Shares, which may be supplemented with cash already held by the Fund, to redeem a portion of the outstanding Series A MFP Shares of the Fund and maintain the Fund's leveraged capital structure. Pending the redemption of the outstanding Series A MFP Shares, expected to occur on or about , 2018, the Fund will irrevocably deposit the net proceeds from this offering with The Bank of New York Mellon, as tender and paying agent for the Series B MFP Shares, for payment of the aggregate redemption price of the Series A MFP Shares to be redeemed. Any remaining net proceeds will be used by the Fund for investment purposes in accordance with the Fund's investment objectives and policies.

Table of Contents

DESCRIPTION OF VRRM-MFP SHARES

The following is a brief description of the material terms of the VRRM-MFP Shares.

General

The Fund's Declaration of Trust authorizes the issuance of an unlimited number of preferred shares, including the VRRM-MFP Shares. As of September 30, 2018, the Fund had outstanding 1,790 Series 1 VRDP Shares, 3,854 Series 2 VRDP Shares, 1,800 Series 4 VRDP Shares, 3,405 Series 5 VRDP Shares, 3,267 Series 6 VRDP Shares, and 4,054 Series A MFP Shares. The VRRM-MFP Shares and any other preferred shares, including the previously authorized MFP Shares and VRDP Shares, of the Fund that may then be outstanding are collectively referred to as the Preferred Shares. See "Description of Securities" in the prospectus. Copies of the Declaration of Trust and the Statement and Statement Supplement for the VRRM-MFP Shares are filed with the Securities and Exchange Commission as exhibits to the Fund's registration statement of which this prospectus supplement is a part. Copies may be obtained as described under "Where You Can Find More Information."

Priority of Payment and Liquidation Preference

VRRM-MFP Shares will be senior securities that constitute shares of beneficial interest 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. VRRM-MFP Shares will have equal priority as to payments of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Funds with each other and with other Preferred Shares. The Fund may issue additional Preferred Shares on parity with VRRM-MFP Shares. The Fund may not issue additional classes of shares that are senior to VRRM-MFP Shares or that are senior to 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. As a fundamental policy, the Fund may not borrow money, except from banks for temporary or emergency purposes, or for repurchase of its shares, subject to certain restrictions.

In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the holders of VRRM-MFP 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).

Remarketing

Remarketing Agent

The Fund and the Investment Adviser will enter into a Remarketing Agreement with Barclays Capital Inc., pursuant to which Barclays Capital Inc. serves as remarketing agent for the VRRM-MFP Shares. Remarketing Agent as used in this prospectus supplement refers to Barclays Capital Inc., or any successor remarketing agent, as the context requires.

The Remarketing Agent will use its best efforts to remarket all VRRM-MFP Shares properly tendered in connection with an optional tender or mandatory tender of VRRM-MFP Shares as described herein. In addition, the Remarketing Agent will agree in the Remarketing Agreement to

Table of Contents

perform certain other duties, including: (i) establishing the Dividend Rate as provided in the Statement and the Statement Supplement; provided, that the Dividend Rate may not exceed the Maximum Rate; (ii) notifying the Fund and the Calculation and Paying Agent of the Dividend Rate by email transmission, facsimile transmission or other electronic means and posting the Dividend Rate on Bloomberg promptly on each date of determination of the Dividend Rate; (iii) calculating the Purchase Price to be paid in connection with a remarketing of VRRM-MFP Shares; and (iv) carrying out such other duties as are assigned to the Remarketing Agent in the Remarketing Agreement and in the Statement Supplement, or as are reasonably requested by the Fund and agreed to by the Remarketing Agent, all in accordance with the provisions thereof.

The Remarketing Agent may resign and be discharged from its duties and obligations under the Remarketing Agreement with respect to the VRRM-MFP Shares by giving 90 days prior written notice to the Fund and the Calculation and Paying Agent. In such case, the Fund will use its best efforts to appoint a successor Remarketing Agent for the VRRM-MFP Shares and enter into a remarketing agreement with such person as soon as reasonably practicable. In addition, the obligations of the Remarketing Agent under the Remarketing Agreement are subject to conditions, including the absence of certain material adverse developments that in the judgment of the Remarketing Agent, make it impracticable or inadvisable to proceed with remarketing the VRRM-MFP Shares, and in such circumstances the Remarketing Agent may terminate the Remarketing Agreement upon shorter notice, or in the event that all of the VRRM-MFP Shares have been redeemed and redemption proceeds have been paid to the relevant holders.

The Fund may remove the Remarketing Agent with respect to the VRRM-MFP Shares by giving at least 60 days prior written notice to the Remarketing Agent (and will provide prior notice also to the Calculation and Paying Agent); provided, however, that no such removal shall become effective for an additional 30 days unless the Fund has appointed at least one nationally recognized securities dealer with expertise in remarketing variable rate securities as a successor Remarketing Agent for the VRRM-MFP Shares and the successor Remarketing Agent has entered into a remarketing agreement with the Fund, in form and substance reasonably satisfactory to the Fund, in which it has agreed to, among other duties, conduct remarketings in respect of the VRRM-MFP Shares and determine the Dividend Rate for the VRRM-MFP Shares in accordance with the terms and conditions of the Statement and the Statement Supplement.

For the performance of its services as Remarketing Agent under the Remarketing Agreement, the Fund will pay the Remarketing Agent a fee in an amount as agreed to from time to time.

Optional Tender for Remarketing

Each beneficial owner of VRRM-MFP Shares has the right to tender such beneficial owner's VRRM-MFP Shares (in whole shares only) for remarketing by delivering a Tender Notice by electronic means to the Remarketing Agent on the Tender Notice Date. **Except as otherwise permitted by the Remarketing Agent, VRRM-MFP Shares may be optionally tendered for remarketing only in minimum amounts of twenty-five (25) VRRM-MFP Shares and multiples of five (5) VRRM-MFP Shares in excess thereof.**

A Tender Notice shall state the series designation, the CUSIP number and the number of VRRM-MFP Shares tendered for remarketing (the Designated Amount), and shall include an acknowledgement by the tendering beneficial owner that such beneficial owner is required to deliver

Table of Contents

the Designated Amount of VRRM-MFP Shares on or before 11:00 a.m., New York City time, on the Purchase Date. The giving of a Tender Notice will constitute the irrevocable tender for remarketing of the Designated Amount of such VRRM-MFP Shares on the Purchase Date (*i.e.*, the seventh calendar day following the Tender Notice Date or, if such seventh calendar day is not a Business Day, the next succeeding Business Day); provided, however, that if a Tender Notice is not received by the Remarketing Agent prior to 5:00 p.m., New York City time, on any day it will not be deemed received by the Remarketing Agent until the following Business Day. Upon receipt of a Tender Notice, the Remarketing Agent will provide a copy to the Fund as promptly as practicable by electronic means on the date of receipt or deemed receipt.

Upon receipt of a Tender Notice, the Remarketing Agent will offer for sale, and use its best efforts to sell, the Tendered VRRM-MFP Shares at the Purchase Price for purchase on the Purchase Date. If multiple beneficial owners deliver Tender Notices on different Tender Notice Dates, there will be multiple Purchase Dates and the Remarketing Agent will first remarket Tendered VRRM-MFP Shares having the earliest Purchase Date.

If the Remarketing Agent successfully remarkets the Tendered VRRM-MFP Shares by identifying a purchaser for such Tendered VRRM-MFP Shares during the period beginning on the Tender Notice Date for such Tendered VRRM-MFP Shares and ending on the Business Day immediately preceding the Purchase Date for such Tendered VRRM-MFP Shares (a Remarketing Window), the Remarketing Agent will give written notice (a Remarketing Notice) by electronic means to the beneficial owner of such Tendered VRRM-MFP Shares, with a copy to the Fund and the Calculation and Paying Agent, that a purchaser has been identified for a purchase of such Tendered VRRM-MFP Shares on the Purchase Date.

If the Remarketing Agent obtains a bid at the Purchase Price for any VRRM-MFP Shares being remarketed, which, if accepted, would be binding on the bidder for the consummation of the sale of such VRRM-MFP Shares (an actionable bid), and the Remarketing Agent elects in its sole discretion to accept such actionable bid, the Remarketing Agent will (i) purchase the tendered VRRM-MFP Shares, as a principal and not as an agent, from the beneficial owner or holder thereof on the Purchase Date at the Purchase Price, (ii) resell such VRRM-MFP Shares, as a principal and not as an agent, to the person making such actionable bid at the Purchase Price, and (iii) record such purchase and resale on its books and records in accordance with the Remarketing Agreement. Any such purchases by the Remarketing Agent from the beneficial owner or holder will be made with the Remarketing Agent's own funds.

For payment of the Purchase Price on the Purchase Date, Tendered VRRM-MFP Shares must be delivered at or prior to 11:00 a.m., New York City time, on the Purchase Date to the Remarketing Agent by or for the account of the tendering beneficial owner through the Securities Depository, so long as the VRRM-MFP Shares are in book-entry form, or at the principal office of the Remarketing Agent, accompanied by an instrument of transfer thereof, in form satisfactory to the Remarketing Agent, executed in blank by the holder thereof or by the holder's duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, if the VRRM-MFP Shares are in certificated form. If Tendered VRRM-MFP Shares are delivered after that time on any Business Day, the Purchase Price will be paid on the next succeeding Business Day.

Table of Contents

Failed Remarketing Event in Connection with an Optional Tender

If for any reason (other than a failure to timely deliver Tendered VRRM-MFP Shares by or on behalf of the tendering beneficial owner) any Tendered VRRM-MFP Share is not successfully remarketed during the related Remarketing Window a Failed Remarketing Event will occur.

Upon the occurrence of a Failed Remarketing Event, (a) all Tendered VRRM-MFP Shares shall be retained by their respective beneficial owners, and no such Tendered VRRM-MFP Shares will be purchased on their respective Purchase Date, (b) the Remarketing Agent will provide written notice to the Calculation and Paying Agent, the Fund and the holders of the VRRM-MFP Shares by electronic means, (c) a Failed Remarketing Period will commence and (d) all outstanding VRRM-MFP Shares will become subject to mandatory redemption on the Failed Remarketing Mandatory Redemption Date, which will be the first Business Day falling on or after the 365th calendar day following the Tender Notice Date relating to the Failed Remarketing Event.

A Failed Remarketing Period is (i) in the case of a failed remarketing in connection with an optional tender for remarketing, the period, if any, commencing on the Tender Notice Date relating to a Failed Remarketing Event and ending upon the earliest to occur of (a) the redemption or repurchase by the Fund of all of the outstanding VRRM-MFP Shares, (b) the date on which all (but not less than all) of the VRRM-MFP Shares are successfully remarketed pursuant to a mandatory tender for remarketing, and (c) the date on which the Fund completes a successful transition to a new Mode for all of the VRRM-MFP Shares; and (ii) in the case of a failed transition to a new Mode, the period commencing on the date of the remarketing notice relating to the Failed Remarketing Event and ending upon the earliest to occur of (a) the redemption or repurchase by the Fund of all of the outstanding VRRM-MFP Shares, and (b) as applicable, (x) the date on which all (but not less than all) of the VRRM-MFP Shares are successfully remarketed pursuant to a mandatory tender for remarketing, or (y) the date on which the Fund completes a successful transition to a new Mode for all of the VRRM-MFP Shares.

During the Failed Remarketing Period, the Remarketing Agent will no longer determine the Regular Dividend Rate on a daily basis; dividends on all VRRM-MFP Shares will be payable at the Step-Up Dividend Rate (as determined by the Remarketing Agent commencing on the date of the Failed Remarketing Event); the right of beneficial owners to make optional tenders of their VRRM-MFP Shares for remarketing will be suspended; and all of the outstanding VRRM-MFP Shares will be subject to mandatory tender for remarketing as described below under Mandatory Tender for Remarketing Following a Failed Remarketing Event.

Mandatory Tender for Remarketing Following a Failed Remarketing Event

During a Failed Remarketing Period, the Remarketing Agent will offer for sale, and use its best efforts to sell, all (but not less than all) of the outstanding VRRM-MFP Shares at a price per share equal to the Purchase Price. Upon identifying a purchaser or purchasers for all of the outstanding VRRM-MFP Shares (subject to the immediately following paragraph) and establishing the Regular Dividend Rate to apply to the VRRM-MFP Shares on the Remarketing Date, the Remarketing Agent will give a Remarketing Notice to the Calculation and Paying Agent, the Fund and the holders of the VRRM-MFP Shares by electronic means stating (A) that a purchaser or purchasers have been identified for the purchase of all (but not less than all) of the VRRM-MFP Shares on the Remarketing Date, which Remarketing Date will be the fifth Business Day following delivery of the Remarketing

Table of Contents

Notice, (B) the Regular Dividend Rate to be applicable to the VRRM-MFP Shares on the Remarketing Date and (C) that all VRRM-MFP Shares will be subject to mandatory tender for purchase at a price equal to the Purchase Price on the Remarketing Date.

Any beneficial owner of a VRRM-MFP Share that is not a Tendered VRRM-MFP Share that was part of the related Failed Remarketing Event, as determined by the Remarketing Agent, may deliver written notice to the Remarketing Agent and the Calculation and Paying Agent by electronic means at least three Business Days prior to the related Remarketing Date that such beneficial owner wishes to retain such beneficial owner's VRRM-MFP Shares (each such beneficial owner, a Retaining Beneficial Owner). On the Remarketing Date, the VRRM-MFP Shares held by such Retaining Beneficial Owner will be (a) subject to mandatory tender as set forth in the immediately preceding paragraph and (b) repurchased by the Retaining Beneficial Owner at a price equal to the Purchase Price on the Remarketing Date.

If the Remarketing Agent obtains a bid at the Purchase Price for any VRRM-MFP Shares being remarketed, which, if accepted, would be binding on the bidder for the consummation of the sale of such VRRM-MFP Shares (an actionable bid), and the Remarketing Agent elects in its sole discretion to accept such actionable bid, the Remarketing Agent will (i) purchase the tendered VRRM-MFP Shares, as a principal and not as an agent, from the beneficial owner or holder thereof on the Purchase Date at the Purchase Price, (ii) resell such VRRM-MFP Shares, as a principal and not as an agent, to the person making such actionable bid at the Purchase Price, and (iii) record such purchase and resale on its books and records in accordance with the Remarketing Agreement. Any such purchases by the Remarketing Agent from the beneficial owner or holder will be made with the Remarketing Agent's own funds.

In the event of a successful remarketing on the Remarketing Date, the Remarketing Agent will resume resetting the Regular Dividend Rate on the VRRM-MFP Shares, the Failed Remarketing Mandatory Redemption Date with respect to the related Failed Remarketing Event shall be cancelled and the VRRM-MFP Shares will no longer be subject to mandatory redemption on such date.

For payment of the Purchase Price on the Remarketing Date, VRRM-MFP Shares must be delivered at or prior to 11:00 a.m., New York City time, on the Remarketing Date to the Remarketing Agent by or for the account of the tendering beneficial owner through the Securities Depository, so long as the VRRM-MFP Shares are in book-entry form, or at the principal office of the Remarketing Agent, accompanied by an instrument of transfer thereof, in form satisfactory to the Remarketing Agent, executed in blank by the holder thereof or by the holder's duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, if the VRRM-MFP Shares are in certificated form. If any VRRM-MFP Shares are delivered after that time on any Business Day, the Purchase Price for such VRRM-MFP Shares will be paid on the next succeeding Business Day.

Failed Remarketing Event in Connection with a Mandatory Tender for Remarketing Following a Failed Remarketing Event

If for any reason (other than a failure to timely deliver VRRM-MFP Shares by or on behalf of a tendering beneficial holder) any VRRM-MFP Share is not successfully remarketed pursuant to the related mandatory tender a Failed Remarketing Event will occur. Upon the occurrence of a Failed Remarketing Event, (a) all VRRM-MFP Shares will be retained by their respective holders, and no

Table of Contents

VRRM-MFP Shares shall be purchased on the Remarketing Date, (b) the Remarketing Agent will provide a Failed Remarketing Notice in writing to the Calculation and Paying Agent, the Fund and the holders of the VRRM-MFP Shares by electronic means, (c) the then-prevailing Failed Remarketing Period will continue and (d) all outstanding VRRM-MFP Shares will remain subject to mandatory redemption on the related Failed Remarketing Mandatory Redemption Date.

Dividends

General Dividend Provisions

The Dividend Rate for any day that is not a Business Day will be the same as the Dividend Rate for the immediately preceding Business Day. In the event that the Remarketing Agent fails to determine the Regular Dividend Rate on any Business Day, then the Regular Dividend Rate applicable for the following day will be the same as the Regular Dividend Rate for the immediately preceding Business Day and such rate will continue until the earlier of (A) the Business Day on which the Remarketing Agent determines a new Regular Dividend Rate or Step-Up Dividend Rate, as applicable, or (B) the fifth consecutive Business Day succeeding the first such Business Day on which such Dividend Rate is not determined by the Remarketing Agent. In the event that the Remarketing Agent fails to determine a new Regular Dividend Rate for a period of five consecutive Business Days as described in clause (B) of the immediately preceding sentence, the Dividend Rate will be equal to the Step-Up Dividend Rate until a new Regular Dividend Rate is established by the Remarketing Agent.

Dividends on VRRM-MFP Shares with respect to any Dividend Period will be declared to the holders as their names appear on the registration books of the Fund at the close of business on each day in such Dividend Period and will be paid on each Dividend Payment Date. During the VRR Mode, the Dividend Period will generally be a calendar month, and the Dividend Payment Date will be the first Business Day of each month commencing . The Fund at its discretion may establish Dividend Payment Dates more frequently than monthly. In connection with any transfer of VRRM-MFP Shares, the transferor as beneficial owner of VRRM-MFP Shares will be deemed to have agreed pursuant to the terms of the VRRM-MFP Shares to transfer to the transferee the right to receive from the Fund any dividends declared and unpaid for each day prior to the transferee becoming the beneficial owner of the VRRM-MFP Shares in exchange for payment of the Purchase Price for such VRRM-MFP Shares by the transferee.

The amount of dividends per VRRM-MFP Share payable on any Dividend Payment Date will equal the sum of the dividends accumulated but not yet paid for the related Dividend Period. The amount of dividends per VRRM-MFP Share accumulated for each such Dividend Period will be calculated by adding the Dividend Factor for each calendar day in such Dividend Period. The Dividend Factor for each calendar day in a Dividend Period will be equal to: (x) the Dividend Rate in effect for such calendar day; (y) divided by the actual number of days in the year in which such day occurs (365 or 366); and (z) multiplied by the Liquidation Preference.

Regular Dividend Rate

Except as provided in the last sentence of the immediately following paragraph or during a Failed Remarketing Period or an Increased Rate Period, the Dividend Rate on the VRRM-MFP Shares will be the Regular Dividend Rate. The Regular Dividend Rate applicable to the VRRM-MFP Shares for the Date of Original Issue of will be equal to the sum of % per annum, plus the SIFMA

Table of Contents

Municipal Swap Index published at approximately 4:00 p.m., New York City time on Wednesday, or % per annum if the SIFMA Municipal Swap Index is not so published. Thereafter, the Regular Dividend Rate will be determined by the Remarketing Agent on each Business Day, commencing on the Date of Original Issue, by 6:00 p.m., New York City time, for applicability on the following day; provided, that the Regular Dividend Rate for any day that is not a Business Day will be the same as the Dividend Rate for the immediately preceding Business Day. The Regular Dividend Rate will be determined by the Remarketing Agent as the minimum rate that would enable the Remarketing Agent to sell all of the outstanding VRRM-MFP Shares on such Business Day for settlement in seven (7) days at a price (without regard to accumulated but unpaid dividends) equal to the aggregate Liquidation Preference thereof. In determining the Regular Dividend Rate, the Remarketing Agent will consider (but not be limited to considering) the following factors: existing short-term tax-exempt market rates for securities, indices of such short-term rates and the existing market supply and demand for securities bearing such short-term rates; existing yield curves for short-term and long-term securities for securities of issuers of credit quality comparable to the VRRM-MFP Shares; and such general economic conditions, industry and financial conditions as the Remarketing Agent, in its sole discretion, will determine to be relevant.

In the event that the Remarketing Agent fails to determine the Regular Dividend Rate on any Business Day as set forth above, then the Regular Dividend Rate applicable for the following day will be the same as the Regular Dividend Rate for the immediately preceding Business Day and such rate will continue until the earlier of (A) the Business Day on which the Remarketing Agent determines a new Regular Dividend Rate or Step-Up Dividend Rate, as applicable, or (B) the fifth consecutive Business Day succeeding the first such Business Day on which such Dividend Rate is not determined by the Remarketing Agent. In the event that the Remarketing Agent fails to determine a new Regular Dividend Rate for a period of five consecutive Business Days as described in clause (B) of the immediately preceding sentence, the Dividend Rate will be equal to the Step-Up Dividend Rate until a new Regular Dividend Rate is established by the Remarketing Agent.

Step-Up Dividend Rate

In the event that the Remarketing Agent fails to determine a new Regular Dividend Rate for a period of five consecutive Business Days as described above or during a Failed Remarketing Period, except during an Increased Rate Period (as defined below), the Dividend Rate on the VRRM-MFP Shares will be the Step-Up Dividend Rate. The Step-Up Dividend Rate will mean a Dividend Rate, determined by the Remarketing Agent, equal to the highest, as of the date of determination, of: (x) 5% per annum; (y) the Fed Funds Rate plus 2.5% per annum; and (z) the One-Year AAA MMD Rate plus 2.5% per annum. In the event that the Fed Funds Rate (or a successor thereto) or the One-Year AAA MMD Rate (or a successor thereto) is no longer published or available for purposes of determining the Step-Up Dividend Rate on any date, the Remarketing Agent, with the prior agreement of the Fund, will determine an equivalent rate in good faith on a commercially reasonable basis using a formulation by reference to market practice at such date. The Step-Up Dividend Rate will be determined by the Remarketing Agent commencing on the first day of the Failed Remarketing Period and thereafter on each Business Day in the Failed Remarketing Period by 6:00 p.m., New York City time, for applicability on the following day; provided, that the Step-Up Dividend Rate for any day that is not a Business Day will be the same as the Step-Up Dividend Rate for the immediately preceding Business Day. In the event that the Remarketing Agent fails to determine the Step-Up Dividend Rate on any Business Day as set forth above, then the Step-Up Dividend Rate applicable for the following day will be the same as the Step-Up Dividend Rate for the immediately preceding Business Day and such rate

Table of Contents

will continue until the Business Day on which the Remarketing Agent determines a new Step-Up Dividend Rate or Regular Dividend Rate, as applicable.

Fed Funds Rate means, as of any date of determination, the rate labeled Federal Funds (effective) (or any successor thereto) as published in the Federal Reserve Bank Publication H.15 Daily Update (or any successor thereto) on such date.

One-Year AAA MMD Rate means, as of any date of determination, the rate equal to the one-year yield on the Thomson Reuters Municipal Market Data (MMD) AAA Curve (or any successor thereto) made available by Thomson Reuters (or any successor thereto) as the definitive such yield curve on such date.

Increased Dividend Rate

The Dividend Rate will be adjusted to the Increased Rate for each Increased Rate Period (as defined below). The Increased Rate means, for any Increased Rate Period, the applicable Regular Dividend Rate or Step-Up Dividend Rate as in effect from time to time plus 5% per annum. An Increased Rate Period will commence (A) on a Dividend Payment Date for the VRRM-MFP Shares if the Fund has failed to deposit with the Calculation and Paying Agent by 12:00 noon, New York City time, on such Dividend Payment Date, deposit securities that will provide funds available to the Calculation and Paying Agent on such Dividend Payment Date sufficient to pay the full amount of any dividend on the VRRM-MFP Shares payable on such Dividend Payment Date (a **Dividend Default**), and continue to, but exclude, the Business Day on which such Dividend Default has ended; (B) on an applicable Redemption Date for the VRRM-MFP Shares subject to redemption on such date if the Fund has failed to deposit with the Calculation and Paying Agent by 12:00 noon, New York City time, on such Redemption Date, deposit securities that will provide funds available to the Calculation and Paying Agent on such Redemption Date sufficient to pay the full amount of the Redemption Price payable in respect of such VRRM-MFP Shares on such Redemption Date (a **Redemption Default**), and continue to, but exclude, the Business Day on which such Redemption Default has ended; and (C) (x) on the Business Day on which a court or other applicable governmental authority has made a final determination that for U.S. federal income tax purposes the VRRM-MFP Shares do not qualify as equity in the Fund and (y) such determination results from an act or failure to act on the part of the Fund (a **Tax Event**) and continue so long as any VRRM-MFP Shares are outstanding. For the avoidance of doubt, no determination by any court or other applicable governmental authority that requires the Fund to make an Additional Amount Payment in respect of a Taxable Allocation will be deemed to be a Tax Event.

Maximum Rate

The Maximum Rate for the VRRM-MFP Shares will be 15% per annum. Neither the Regular Dividend Rate, the Increased Rate nor the Step-Up Dividend Rate determined as set forth above may exceed the Maximum Rate.

Taxable Allocations

Holders of VRRM-MFP Shares shall be entitled to receive, when, as and if declared by the Board of Trustees of the Fund (the **Board**), out of funds legally available therefor in accordance with

Table of Contents

applicable law, the Declaration of Trust and the Statement, additional dividends or other distributions payable in an amount or amounts equal to the aggregate Additional Amount Payments, as follows:

- (a) Whenever the Fund intends or expects to include a Taxable Allocation in any dividend on VRRM-MFP Shares, the Fund shall, subject to paragraph (b) below, (i) in addition to and in conjunction with the payment of such dividend, pay the Additional Amount Payment, payable in respect of the Taxable Allocation that was included as part of such dividend and (ii) notify the Calculation and Paying Agent and the Remarketing Agent of the fact that a Taxable Allocation will be so included not later than fourteen (14) calendar days preceding the earliest date on which a dividend is declared with respect to which the Taxable Allocation will relate (as provided in paragraph (d) below). Whenever such advance notice is received from the Fund, the Calculation and Paying Agent will, in turn, provide notice thereof to the Remarketing Agent, each holder and to each beneficial owner or its Agent Member that has been identified in writing to the Calculation and Paying Agent.

- (b) If the Fund determines that a Taxable Allocation must be included in a dividend on VRRM-MFP Shares but it is not practicable to pay any required Additional Amount Payment concurrently with such dividend as described in paragraph (a), then the Fund shall pay such Additional Amount Payment as soon as reasonably practicable and without reference to any regular Dividend Payment Date. Similarly, if the Fund determines that a Taxable Allocation must be included in a dividend on VRRM-MFP Shares but it is not practicable to comply with the requirements for prior notice described in paragraph (a), then the Fund shall provide notice thereof to the Calculation and Paying Agent and the Remarketing Agent as soon as practicable, but in any event prior to the end of the calendar year in which such dividend is paid. Whenever such notice is received from the Fund, the Calculation and Paying Agent will, in turn, provide notice thereof to each holder and each beneficial owner or its Agent Member that has been identified in writing to the Calculation and Paying Agent. For the avoidance of doubt, this paragraph (b) is not intended to excuse the Fund's obligations described in paragraph (a), but rather to provide a mechanism for paying Additional Amount Payments and providing notice thereof under circumstances in which the Fund may not become aware of the need to report a dividend as other than as wholly an exempt-interest dividend until it is not practicable to comply fully with paragraph (a). Moreover, the Fund shall not be considered to have failed to comply with the notice provisions described in paragraph (a)(ii) to the extent that (i) the Fund's determination of whether a Taxable Allocation will be required cannot be made prior to the date on which notice would otherwise be required, (ii) such Taxable Allocation cannot be made with respect to a later dividend because the current dividend is the last with respect to the Fund's taxable year, and (iii) the Fund timely complies with its obligations for notice described in this paragraph (b) with respect to such events and Taxable Allocation.

- (c) Notwithstanding anything to the contrary in the Statement Supplement, the Fund shall not be required to make Additional Amount Payments with respect to any net capital gains or ordinary income determined by the Internal Revenue Service to be allocable in a manner different from the manner used by the Fund. The Fund will promptly give notice to the Calculation and Paying Agent and the Remarketing Agent of any such determination, with instructions to the Calculation and Paying Agent to forward such notice to each holder of affected VRRM-MFP Shares during the affected periods at such holder's address as the same appears or last appeared on the record books of the Fund.

Table of Contents

- (d) If the Fund determines that a Taxable Allocation will be made with respect to a dividend to be paid with respect to VRRM-MFP Shares on a date specified for payment of dividends in arrears and notice of such Taxable Allocation is required as described in paragraph (a)(ii) or paragraph (b), to the extent possible the Fund will cause such Taxable Allocation to relate to the last day on which dividends are declared that will be paid on such specified date (and, if the amount of the dividend declared on such last day is less than the Taxable Allocation, the immediately preceding day, with such process continuing to each preceding day in the applicable Dividend Period until the full amount of the Taxable Allocation is exhausted) so that, to the extent possible, the dividends declared on the earlier dates will be reported entirely as exempt-interest dividends and only the dividends declared with respect to such last day or preceding days will include a Taxable Allocation.

Additional Amount Payment means a payment to a beneficial owner of VRRM-MFP Shares of an amount which, when taken together with the aggregate amount of Taxable Allocations made to such beneficial owner to which such Additional Amount Payment relates, would cause such beneficial owner's dividends in dollars (after regular U.S. federal income tax consequences in respect of both the Taxable Allocations and Additional Amount Payment) from the aggregate of such Taxable Allocations and the related Additional Amount Payment to be equal to the dollar amount of the dividends that would have been received by such beneficial owner if the amount of such aggregate Taxable Allocations would have been excludable (for regular U.S. federal income tax purposes) from the gross income of such beneficial owner. Such Additional Amount Payment shall be calculated (i) without consideration being given to the time value of money; (ii) only taking into account the regular U.S. federal income tax with respect to dividends received from the Fund (that is, without giving effect to any other federal tax based on income, such as (A) the alternative minimum tax or (B) the Medicare tax, which at the date hereof is imposed at the rate of 3.8% on the net investment income (which includes taxable dividends and net capital gains) of certain individuals, trusts and estates); and (iii) assuming that each Taxable Allocation and each Additional Amount Payment (except to the extent such Additional Amount Payment is reported as an exempt-interest dividend for purposes of Section 852(b)(5) of the Internal Revenue Code of 1986, as amended (the Code) or successor provisions) would be taxable in the hands of each beneficial owner of VRRM-MFP Shares at the maximum marginal regular U.S. federal income tax rate (taking account of the U.S. federal income tax deductibility of state and local taxes paid or incurred) applicable to ordinary income or net capital gains, as applicable, or the maximum marginal regular federal corporate income tax rate applicable to ordinary income or net capital gains, as applicable, whichever is greater, in effect at the time such Additional Amount Payment is paid.

Agent Member means a person with an account at DTC that holds one or more VRRM-MFP Shares through DTC, directly or indirectly, for a beneficial owner and that will be authorized and instructed, directly or indirectly, by a beneficial owner to disclose information to the Calculation and Paying Agent with respect to such beneficial owner.

Taxable Allocation means the allocation of any net capital gains or ordinary income taxable for regular U.S. federal income tax purposes to a dividend paid in respect of the VRRM-MFP Shares.

Restrictions on Dividends and Other Distributions

Dividends on Preferred Shares. Except as set forth in the next sentence, no dividends and other distributions shall be declared or paid or set apart for payment on the shares of any class or series of

Table of Contents

shares of beneficial interest of the Fund ranking, as to the payment of dividends, on a parity with the VRRM-MFP Shares for any period unless full cumulative dividends and other distributions have been or contemporaneously are declared and paid on the shares of all series of Preferred Shares through their most recent dividend payment date. When dividends and other distributions due are not paid in full upon the shares of all series of Preferred Shares through their most recent dividend payment date or upon the shares of any other class or series of shares of beneficial interest of the Fund ranking on a parity as to the payment of dividends with the VRRM-MFP Shares through their most recent respective dividend payment dates, all dividends declared and paid upon the VRRM-MFP Shares and any other such class or series of shares of beneficial interest ranking on a parity as to the payment of dividends with the VRRM-MFP Shares shall be declared and paid pro rata so that the amount of dividends declared and paid per share on the Preferred Shares of such series and such other class or series of shares of beneficial interest shall in all cases bear to each other the same ratio that accumulated dividends per share on the VRRM-MFP Shares and such other class or series of shares of beneficial interest bear to each other (for purposes of this sentence, the amount of dividends declared and paid per VRRM-MFP Share shall be based on the dividend rate for such share for the dividend periods during which dividends were not paid in full).

Dividends and Other Distributions With Respect to Common Shares Under the 1940 Act. The Board shall not declare or pay any dividend or distribution (except a dividend payable in Common Shares) upon the Common Shares, or purchase or redeem or otherwise acquire for consideration any Common Shares or pay any proceeds of the liquidation of the Fund in respect of any Common Shares, unless in every such case the Preferred Shares have, at the time of any such declaration or purchase, an asset coverage (as defined in and determined pursuant to the 1940 Act) of at least 200% (or such other asset coverage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities which are shares of beneficial interest or stock of a closed-end investment company as a condition of declaring dividends on its common shares or common stock) after deducting the amount of such dividend, distribution or purchase price, as the case may be. See Coverage and Leverage Tests below.

Other Restrictions on Dividends and Other Distributions. For so long as any VRRM-MFP Shares are outstanding, and except as described above under Dividends on Preferred Shares and Priority of Payment and Liquidation Preference, the Fund shall not declare, pay or set apart for payment any dividend or other distribution (other than a dividend or distribution paid in shares of, or in options, warrants or rights to subscribe for or purchase, Common Shares or other shares, if any, ranking junior to the VRRM-MFP Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up) in respect of the Common Shares or any other shares of the Fund ranking junior to or on a parity with the VRRM-MFP Shares as to the payment of dividends or the distribution of assets upon dissolution, liquidation or winding up, or call for redemption, redeem, purchase or otherwise acquire for consideration any Common Shares or any other such junior shares (except by conversion into or exchange for shares of the Fund ranking junior to the VRRM-MFP Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up), or any such parity shares (except by conversion into or exchange for shares of the Fund ranking junior to or on a parity with the Preferred Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up), unless (i) full cumulative dividends on the VRRM-MFP Shares through the most recently ended dividend period therefor shall have been paid or shall have been declared and sufficient funds for the payment thereof deposited with the Calculation and Paying Agent and (ii) the Fund has redeemed the full number of VRRM-MFP Shares required to be redeemed by any provision for mandatory redemption pertaining thereto.

Table of Contents

Coverage and Leverage Tests

Asset Coverage Requirements

Under the 1940 Act, the Fund could issue Preferred Shares, including VRRM-MFP Shares, with an aggregate liquidation value of up to one-half (50%) of the value of the Fund's total net assets, including any liabilities associated with borrowings, measured immediately after issuance of the Preferred Shares. Liquidation value means the original purchase price of the shares being liquidated plus any accrued and unpaid dividends. In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless the liquidation value of the Preferred Shares is less than one-half (50%) of the value of the Fund's total net assets (determined after deducting the amount of such dividend or distribution) immediately after the distribution. The Fund intends to purchase or redeem Preferred Shares, if necessary, to keep that percentage below 50%.

In addition, the Fund will agree in the Statement Supplement to have Asset Coverage of at least 225% as of the close of business on each Business Day. If the Fund shall fail to maintain such Asset Coverage as of the close of business on any Business Day, the provisions described below under Redemptions Asset Coverage Mandatory Redemption shall be applicable, which provisions to the extent complied with shall constitute the sole remedy for the Fund's failure to comply with the Asset Coverage requirement.

Asset Coverage means asset coverage, as defined in Section 18(h) of the 1940 Act as of the Date of Original Issue, of at least 225%, with respect to all outstanding senior securities of the Fund which are stock, including all outstanding VRRM-MFP Shares (or, in each case, if higher, such other asset coverage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities which are stock of a closed-end investment company as a condition of declaring dividends on its common shares or stock).

Calculation of Asset Coverage. For purposes of determining whether the Asset Coverage requirement is satisfied, (i) no VRRM-MFP Shares or other Preferred Shares shall be deemed to be outstanding for purposes of any required 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 the VRRM-MFP Shares or other Preferred Shares) to pay the full redemption price for the VRRM-MFP Shares or other Preferred Shares (or the portion thereof to be redeemed) shall have been deposited in trust with the paying agent for the VRRM-MFP Shares or other Preferred Shares and the requisite notice of redemption for the VRRM-MFP Shares or other Preferred Shares (or the portion thereof to be redeemed) shall have been given, and (ii) the deposit securities or other funds that shall have been so deposited with the applicable paying agent shall not be included as assets of the Fund for purposes of such computation.

Effective Leverage Ratio Requirement

The Fund will agree in the Statement Supplement that the Effective Leverage Ratio will not exceed 45% (or 46% solely by reason of fluctuations in the market value of the Fund's portfolio securities) as of the close of business on any Business Day. If the Effective Leverage Ratio shall exceed the applicable percentage provided in the preceding sentence as of any time as of which such compliance is required to be determined as aforesaid, the provisions described below under Redemptions Effective Leverage Ratio Mandatory Redemption shall be applicable, which provisions to the extent complied with shall constitute the sole remedy for the Fund's failure to comply with the Effective Leverage Ratio requirement.

Table of Contents

Calculation of Effective Leverage Ratio. For purposes of determining whether the effective leverage requirement is satisfied, the Effective Leverage Ratio on any date shall mean the quotient of:

- (i) The sum of (A) the aggregate liquidation preference of the Fund's senior securities (as that term is defined in the 1940 Act) that are stock for purposes of the 1940 Act, excluding, without duplication, (1) any such senior securities for which the Fund has issued a notice of redemption and either has delivered deposit securities or sufficient funds (in accordance with the terms of such senior securities) to the paying agent for such senior securities or otherwise has adequate deposit securities or sufficient funds on hand for the purpose of such redemption and (2) any such senior securities that are to be redeemed with net proceeds from the sale of the VRRM-MFP Shares, for which the Fund has delivered deposit securities or sufficient funds (in accordance with the terms of such senior securities) to the paying agent for such senior securities or otherwise has adequate deposit securities or sufficient funds on hand for the purpose of such redemption; (B) the aggregate principal amount of the Fund's senior securities representing indebtedness (as that term is defined in the 1940 Act); and (C) the aggregate principal amount of floating rate securities not owned by the Fund that correspond to the associated inverse floating rate securities owned by the Fund; divided by

- (ii) The sum of (A) the market value of the Fund's total assets (including amounts attributable to senior securities, but excluding any assets consisting of deposit securities or funds referred to in clauses (A)(1) and (A)(2) of paragraph (i) above), less the amount of the Fund's accrued liabilities (other than liabilities for the aggregate principal amount of senior securities representing indebtedness), and (B) the aggregate principal amount of floating rate securities not owned by the Fund that correspond to the associated inverse floating rate securities owned by the Fund.

Redemptions

Optional Redemption

Subject to certain conditions, VRRM-MFP Shares may be redeemed on any Business Day, at the option of the Fund (in whole or from time to time, in part), out of funds legally available therefor, at the Redemption Price per share. The Redemption Price per share is equal to the Liquidation Preference per VRRM-MFP Share plus an amount equal to all unpaid dividends and other distributions on such VRRM-MFP Share accumulated from and including the Date of Original Issue to (but excluding) the Redemption Date (whether or not earned or declared by the Fund, but without interest thereon).

Term Mandatory Redemption

The Fund will redeem all outstanding VRRM-MFP Shares on the Term Redemption Date at the aggregate Redemption Price.

At least six months prior to the Term Redemption Date, the Fund will earmark assets rated at least A- or the equivalent (and including deposit securities in an amount equal to 20% of the Liquidation Preference of all outstanding VRRM-MFP Shares, with 135 days remaining to the redemption date, increasing to 100% with 15 days remaining) with a market value equal to at least 110% of the Liquidation Preference of all outstanding VRRM-MFP Shares until the redemption of all such outstanding VRRM-MFP Shares.

Table of Contents

Failed Remarketing Mandatory Redemption

The Fund will redeem all outstanding VRRM-MFP Shares at the aggregate Redemption Price on the Failed Remarketing Mandatory Redemption Date, if a Failed Remarketing Period shall have commenced and be continuing for 365 days, or, if earlier, on the Term Redemption Date.

At least six months prior to the Failed Remarketing Mandatory Redemption Date, if any, the Fund will earmark assets rated at least A- or the equivalent (and including deposit securities in an amount equal to 20% of the Liquidation Preference of all outstanding VRRM-MFP Shares, with 135 days remaining to the redemption date, increasing to 100% with 15 days remaining) with a Market Value equal to at least 110% of the Liquidation Preference of all outstanding VRRM-MFP Shares until the redemption of all such outstanding VRRM-MFP Shares.

Similarly, each series of the Fund's outstanding Preferred Shares has one or more provisions relating to a potential early mandatory redemption of all or a portion of the Preferred Shares of the applicable series, pursuant to which the Fund will be required to earmark assets rated at least A- or the equivalent, with a market value equal to at least 110% of the liquidation preference of the Preferred Shares of the applicable series subject to redemption, for a period of three months or six months preceding the redemption date, depending on the series and the redemption event. Also depending on the series and the redemption event, earmarked assets are required to include deposit securities in an amount equal to 20% of the liquidation preference of Preferred Shares of the applicable series subject to redemption, with 45 days to 150 days remaining to the redemption date, increasing to 100%, with five to 30 days remaining, until the earlier of the successful remarketing (if applicable) or redemption of the Preferred Shares of the applicable series subject to redemption.

In the event that the Fund issues any new series of Preferred Shares the terms of which require the Fund to commence earmarking deposit securities earlier than 135 days prior to the redemption date or on a more accelerated schedule relative to the schedule of 135 days to 15 days prior to the redemption date required under the terms of the VRRM-MFP Shares, the Fund will provide notice thereof to the holders of the VRRM-MFP Shares promptly following such issuance.

Asset Coverage Mandatory Redemption

If the Fund fails to have Asset Coverage of at least 225% as of the close of business on any Business Day (meaning a 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 New York Stock Exchange is not closed) on which such Asset Coverage is required to be calculated of each month and such failure is not cured as of thirty (30) calendar days following such Business Day (the Asset Coverage Cure Date), the Fund will proceed to redeem such number of Preferred Shares as determined by the Fund (which may include at the sole option of the Fund any number or proportion of VRRM-MFP Shares) as shall be no fewer than (x) the minimum number of Preferred Shares, the redemption of which, if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, would result in the Fund having Asset Coverage on such Asset Coverage Cure Date of at least 225% (provided, however, that if there is no such minimum number of VRRM-MFP Shares and other Preferred Shares the redemption or retirement of which would have such result, all VRRM-MFP Shares and other Preferred Shares then outstanding shall be redeemed), or more than (y) the maximum number of Preferred Shares that can be redeemed out of funds expected to be legally available therefor in accordance with the Declaration of Trust and applicable law. In the

Table of Contents

event that any VRRM-MFP Shares then outstanding are to be redeemed, the Fund will redeem such VRRM-MFP Shares at a price per VRRM-MFP Share equal to the Redemption Price on the Redemption Date therefor.

Effective Leverage Ratio Mandatory Redemption

If the Effective Leverage Ratio of the Fund exceeds 45% as of the close of business on any Business Day on which such ratio is required to be calculated and such failure is not cured as of the close of business on the date that is seven Business Days following the Business Day on which such non-compliance is first determined, the Fund will cause the Effective Leverage Ratio to not exceed 45% by (x) engaging in transactions involving or relating to the floating rate securities not owned by the Fund and/or the inverse floating rate securities owned by the Fund, including the purchase, sale or retirement thereof, (y) proceeding with redeeming a sufficient number of Preferred Shares, which at the Fund's sole option may include any number or proportion of VRRM-MFP Shares, in accordance with the terms of such series, or (z) engaging in any combination of the actions contemplated by (x) and (y) above. In the event that any VRRM-MFP Shares then outstanding are to be redeemed, the Fund will redeem such VRRM-MFP Shares at a price per VRRM-MFP Share equal to the Redemption Price on the Redemption Date thereof.

Any optional or mandatory redemption of VRRM-MFP Shares by the Fund shall be done in accordance with the requirements of the Statement and Statement Supplement and the provisions of the 1940 Act and rules thereunder, including Rule 23c-2.

Ratings

The Fund expects that at the Date of Original Issue, the VRRM-MFP Shares will have a long-term rating from Fitch Ratings, Inc. and a long-term credit rating from Moody's Investors Service, Inc.

There can be no assurance that the Fund will maintain any ratings of the VRRM-MFP Shares or, if at any time the VRRM-MFP Shares have one or more ratings, that any particular ratings will be maintained. The Fund may, at any time, replace a Rating Agency or terminate the services of any Rating Agencies then providing a rating for the VRRM-MFP Shares without replacement, in either case, without the vote, approval or consent of holders of VRRM-MFP Shares or other shareholders of the Fund.

In addition, the Rating Agency guidelines adopted by the Fund in connection with a Rating Agency's rating the VRRM-MFP Shares may be changed or eliminated at any time without the approval of the VRRM-MFP shareholders or other shareholders of the Fund, including in connection with the change or elimination of any or all long-term ratings of the VRRM-MFP Shares.

An explanation of the significance of ratings may be obtained from the Rating Agencies. Generally, Rating Agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The ratings of the VRRM-MFP Shares should be evaluated independently from similar ratings of other securities. A rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency.

See Risk Factors Ratings Risk.

Table of Contents

Voting Rights

Except as otherwise provided in the Declaration of Trust or as otherwise required by law, (i) each holder of VRRM-MFP Shares will be entitled to one vote for each VRRM-MFP 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 each VRRM-MFP Share, and of Common Shares will vote together as a single class; provided, however, that the holders of outstanding Preferred Shares, including VRRM-MFP Shares, voting as a class, to the exclusion of the holders of all other securities and classes of shares of beneficial interest of the Fund, will be entitled to elect two trustees of the Fund at all times, each Preferred Share, including each VRRM-MFP Share, entitling the holder thereof to one vote. The holders of outstanding Common Shares and Preferred Shares, including VRRM-MFP Shares, voting together as a single class, will elect the balance of the trustees.

If at any time dividends (whether or not earned or declared) on any outstanding Preferred Shares, including the VRRM-MFP Shares, will be due and unpaid in an amount equal to at least two full years' dividends thereon, and sufficient cash or specified securities have not been deposited with the Calculation and Paying Agent for the payment of such dividends, then, as the sole remedy of holders of outstanding Preferred Shares, including VRRM-MFP Shares, the number of trustees constituting the Board will be automatically increased by the smallest number that, when added to the two trustees elected exclusively by the holders of Preferred Shares, including VRRM-MFP Shares, as described above, would constitute a majority of the Board as so increased by such smallest number, and at a special meeting of shareholders which will be called and held as soon as practicable, and at all subsequent meetings at which trustees are to be elected, the holders of Preferred Shares, including VRRM-MFP Shares, voting as a separate class, will be entitled to elect the smallest number of additional trustees that, together with the two trustees which such holders will be in any event entitled to elect, constitutes a majority of the total number of trustees of the Fund as so increased. The terms of office of the persons who are trustees at the time of that election will continue. If the Fund thereafter pays, or declares and sets apart for payment, in full, all dividends payable on all outstanding Preferred Shares, including VRRM-MFP Shares, the voting rights stated in the second preceding sentence will cease, and the terms of office of all of the additional trustees elected by the holders of Preferred Shares, including VRRM-MFP Shares (but not of the trustees with respect to whose election the holders of Common Shares were entitled to vote or the two trustees the holders of Preferred Shares have the right to elect in any event), will terminate automatically.

Except as otherwise permitted by the terms of the Statement, so long as any VRRM-MFP Shares are outstanding, the Fund shall not, without the affirmative vote or consent of the holders of at least a majority of the VRRM-MFP Shares outstanding at the time, voting together as a separate class, amend, alter or repeal the provisions of the Declaration of Trust or the Statement, whether by merger, consolidation or otherwise, (x) to modify certain terms of the Statement relating to ranking, limitations on Mode changes, restrictions on dividends and other distributions, the Fund's obligation to redeem all outstanding VRRM-MFP Shares on the Term Redemption Date, liquidation rights or limitations on amendments to the Statement or (y) so as to materially and adversely affect any preference, right or power of such VRRM-MFP Shares or the holders thereof; provided, however, that (i) a change in the capitalization of the Fund through the permitted issuance of additional Preferred Shares hereof shall not be considered to materially and adversely affect the rights and preferences of the VRRM-MFP Shares, (ii) a division of a VRRM-MFP Share shall be deemed to materially and adversely affect such preferences, rights or powers only if the terms of such division materially and adversely affect the holders of the VRRM-MFP Shares and (iii) a Statement supplement establishing terms and conditions

Table of Contents

for a new Mode in accordance with the Statement or a modification of a Statement supplement then in effect in accordance with the Statement shall not be considered to materially and adversely affect the rights and preferences of the VRRM-MFP Shares. For purposes of the foregoing, no other matter shall be deemed to materially and adversely affect any preference, right or power of a VRRM-MFP Share or the holder thereof unless such matter (i) reduces or abolishes any preferential right of such VRRM-MFP Share or (ii) reduces or abolishes any applicable right in respect of redemption of such VRRM-MFP Share (other than solely as a result of a division of a VRRM-MFP Share or as provided in the Statement supplement designating such Mode in accordance with the Statement).

So long as any VRRM-MFP Shares are outstanding, the Fund shall not, without the affirmative vote or consent of at least 66 2/3% of the holders of the VRRM-MFP Shares outstanding at the time, voting as a separate class, file a voluntary application for relief under federal bankruptcy law or any similar application under state law for so long as the Fund is solvent and does not foresee becoming insolvent.

Additionally, notwithstanding the foregoing, (1) (x) no extension of the Term Redemption Date or (y) reduction or repeal of the Liquidation Preference of the VRRM-MFP Shares that adversely affects the rights of the holders of the VRRM-MFP Shares relative to each other or any other shares of the Fund shall be effected without, in each case, the prior unanimous vote or consent of the holders of the VRRM-MFP Shares, and (2) no change reducing the amount or extending the timing of any payment due on the VRRM-MFP Shares or adversely affecting the taxability of any payments due on the VRRM-MFP Shares under the Statement Supplement in effect, in each case, other than in accordance with the terms of such Statement supplement, or to the obligation of the Fund to (x) pay the Redemption Price on any Redemption Date or (y) accumulate dividends at the Dividend Rate for, or other required distributions on, the VRRM-MFP Shares, shall be effected without, in each case, the prior unanimous vote or consent of the holders of the VRRM-MFP Shares. No vote of the holders of Common Shares shall be required to amend, alter or repeal the provisions of the Statement, including any Statement supplement.

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

Except as otherwise required by the 1940 Act, other applicable law or the Declaration of Trust, (i) whenever a vote of holders of VRRM-MFP Shares is otherwise required by the Statement, holders of outstanding VRRM-MFP Shares will be entitled as a series, to the exclusion of the holders of all other shares, including other Preferred Shares, Common Shares and other classes of shares of beneficial interest of the Fund, to vote on matters affecting VRRM-MFP Shares only and (ii) holders of outstanding VRRM-MFP Shares will not be entitled to vote on matters affecting any other Preferred Shares that do not adversely affect any of the rights of holders of VRRM-MFP Shares, as expressly set forth in the Declaration of Trust and the Statement.

Table of Contents

Notwithstanding the foregoing, nothing in the Statement is intended in any way to limit the ability of the Board of Trustees to amend or alter other provisions of the Statement or any Statement supplement, without the vote, approval or consent of any holder of VRRM-MFP Shares, or any other shareholder of the Fund, as otherwise provided in the Statement or any such Statement supplement; provided, that nothing in the Statement or any Statement supplement shall be deemed to preclude or limit the right of the Fund (to the extent permitted by applicable law) to contractually agree with any holder or beneficial owner of VRRM-MFP Shares with regard to any special rights of such holder or beneficial owner with respect to its investment in the Fund.

In the event that the Fund fails to pay any dividends on the VRRM-MFP Shares, the sole remedy of the holders under the Statement, without limitation of any rights to payment of such dividends or other rights under the Declaration of Trust, the Statement (including the Statement Supplement) and applicable law, shall be the right to vote for trustees pursuant to the provisions of the Statement.

Mode Change

The Fund, at its option, may terminate the VRR Mode and change the VRRM-MFP Shares to a new Mode with different terms (a Mode Change) by delivering a notice of Mode change (a Mode Change Notice) by electronic means to the Remarketing Agent and the Calculation and Paying Agent and by overnight delivery, by first class mail, postage prepaid or by electronic means to the holders of the VRRM-MFP Shares. The Mode Change Notice shall be provided not more than forty-five (45) calendar days and not less than ten (10) Business Days prior to the termination date for the VRR Mode specified in such Mode Change Notice. The Fund may provide in any Mode Change Notice that such Mode change is subject to one or more conditions precedent and that the Fund will not be required to effect such change unless each such condition has been satisfied at the time or times and in the manner specified in such Mode Change Notice.

In connection with a Mode change, the Fund, subject to compliance with the terms and conditions of the Statement and Statement Supplement then in effect, without the vote or consent of any holder of VRRM-MFP Shares, may establish terms for the new Mode that differ from those of the VRR Mode, including, but not limited to, with respect to:

the dividend rate (which may be fixed or floating);

if the dividend may be determined by reference to an index, formula or other method, the manner in which it will be determined, the index rate or formula, the index maturity, the index multiplier, if any, the spread, if any, the spread multiplier, if any, the rate determination date(s), the dividend reset date(s), the dividend reset period(s), the minimum or maximum dividend rate, the day count convention, the dividend period(s) and other dividend-related terms;

optional tender provisions and/or mandatory tender provisions;

a liquidity facility or other credit enhancement, including provisions for mandatory purchase by the provider of the liquidity facility or credit enhancement; and

redemption provisions.

Table of Contents

Notwithstanding the foregoing, the Fund may not use the Mode change provisions to modify the provisions of the Statement or the Statement Supplement governing ranking, preemptive rights, voting rights, restrictions on dividends and other distributions, the term redemption date, restrictions on redemptions if the Fund is not current on paying accumulated and unpaid dividends, compliance with applicable law in connection with redemptions, liquidation rights or restrictions on amendments or supplements to the Statement or the Statement Supplement, or to modify any terms affecting the parity ranking of the VRRM-MFP Shares relative to any other series of Preferred Shares of the Fund at any time outstanding with respect to dividends or distributions of assets upon dissolution, liquidation or winding up of the affairs of the Fund.

Following delivery of the Mode Change Notice, all outstanding VRRM-MFP Shares automatically will be subject to mandatory tender for remarketing and delivered to the Calculation and Paying Agent for delivery to the Remarketing Agent, or directly to the Remarketing Agent, for sale to, and purchase by, purchasers in the remarketing on the New Mode Commencement Date, in the event of a successful remarketing. All tendered VRRM-MFP Shares will be remarketed at the Purchase Price of such VRRM-MFP Shares. VRRM-MFP shareholders will not have the right or the obligation to retain their VRRM-MFP Shares in the event of a transition to a new Mode.

In the event of a successful remarketing, the VRR Mode will terminate, and the new Mode will commence.

If the remarketing for transition to a new Mode is not successful, a Failed Remarketing Event shall have occurred.

In the event that a Failed Remarketing Event occurs, the new Mode designated by the relevant Mode Change Notice will not be established. In such event, the VRR Mode will continue in the form determined by the Fund's election made as described in the following paragraph, a Failed Remarketing Period will commence and the Dividend Rate will be the Step-Up Dividend Rate. All tendered VRRM-MFP Shares will be returned to the relevant tendering holders. Upon the occurrence of a Failed Remarketing Event, all outstanding VRRM-MFP Shares will become subject to mandatory redemption on the related Failed Remarketing Mandatory Redemption Date.

By not later than the Business Day immediately following the occurrence of a Failed Remarketing Event, the Fund will make an election, and provide notice thereof in writing by electronic means to the holders, the Remarketing Agent and the Calculation and Paying Agent, to either (i) cancel the related attempted transition to a new Mode, in which case the provisions relating to a mandatory tender for remarketing due to a Failed Remarketing Event will apply to the Failed Remarketing Period, or (ii) continue to attempt to transition to a new Mode, in which case the Fund will continue to use its reasonable best efforts to successfully establish a new Mode for the VRRM-MFP Shares and, in connection with each such attempt, may designate by a Mode Change Notice a new Mode with new or different terms, until (x) a new Mode is established, (y) the Fund makes a new election to cancel the attempted Mode transition as provided in clause (i) above in connection with a subsequent failure to establish a new Mode, or (z) no VRRM-MFP Shares remain outstanding. If a subsequent Failed Remarketing Event occurs in connection with the remarketing relating to such continued attempt to establish a new Mode, any such Failed Remarketing Event will not alter the Failed Remarketing Period, the Failed Remarketing Mandatory Redemption Date or the Step-Up Dividend Rate.

In the event that, within the Failed Remarketing Period, (i) if the Fund shall have made the election set forth in clause (i) of the preceding paragraph, all (but not less than all) of the VRRM-MFP

Table of Contents

Shares are successfully remarketed pursuant to a mandatory tender for remarketing due to a Failed Remarketing Event, or (ii) if the Fund shall have made the election set forth in clause (ii) of the preceding paragraph, the Fund successfully establishes a new Mode, the Failed Remarketing Period will terminate, the VRRM-MFP Shares will not be subject to redemption on the related Failed Remarketing Mandatory Redemption Date and, as applicable, the VRR Mode will continue or the VRRM-MFP Shares will be subject to the terms established for the new Mode.

TAX MATTERS

Because the discussion below is general in nature and does not address all of the tax consequences of holding the VRRM-MFP Shares and because the tax laws governing the VRRM-MFP Shares are complex, you are encouraged to consult your tax advisor about the tax consequences of investing in the VRRM-MFP Shares under your particular circumstances before making an investment.

The discussion below is the opinion of Sidley Austin LLP (Tax Counsel) on the anticipated U.S. federal income tax consequences to United States persons (as defined by section 7701(a)(30) of the Code) of acquiring, holding and disposing of the VRRM-MFP Shares.

Tax Counsel s opinion is based on the current provisions and interpretations of the Code and the accompanying Treasury regulations and on current judicial and administrative rulings. All of these authorities are subject to change and any change can apply retroactively.

Upon issuance of the VRRM-MFP Shares, and subject to certain assumptions and conditions, and based upon certain representations made by the Fund, including representations regarding the nature of the Fund s assets and the conduct of the Fund s business, it is Tax Counsel s opinion that for U.S. federal income tax purposes (1) the Fund will qualify as a regulated investment company under the Code, (2) the VRRM-MFP Shares will qualify as stock in the Fund, and (3) distributions made with respect to the VRRM-MFP Shares will qualify as exempt-interest dividends to the extent properly reported by the Fund and not otherwise limited under Section 852(b)(5)(A) of the Code (under which the total amount of dividends that may be treated as exempt-interest dividends is limited, based on the total amount of tax-exempt income generated by the Fund).

Investors should be aware that Tax Counsel s opinion is not binding on the Internal Revenue Service or any court. See the discussions below under the caption Treatment of VRRM-MFP Shares as Stock. In addition, the Fund s qualification and taxation as a regulated investment company depends upon the Fund s ability to meet on a continuing basis, through actual annual operating results, certain requirements in the federal tax laws. Tax Counsel will not review the Fund s compliance with those requirements. Accordingly, no assurance can be given that the actual results of the Fund s operations for any particular taxable year will satisfy such requirements.

Tax Act Changes. Numerous changes to the U.S. federal income tax laws have been made by the recently enacted legislation commonly referred to as the Tax Cuts and Jobs Act (the Tax Act). Among other changes, the Tax Act temporarily replaces the individual tax rate structure, which includes a reduction in the highest marginal rate applicable to individuals, estates and trusts. The Tax Act eliminates the graduated corporate tax rate structure and instead taxes domestic corporate taxable income at 21%. It also modifies the individual alternative minimum tax and repeals the corporate alternative minimum tax. In general, these changes are effective for taxable years beginning after December 31, 2017.

Table of Contents

The Fund cannot predict the long-term impact of the Tax Act on an investment in the VRRM-MFP Shares and the effect of any administrative and judicial interpretations of the Tax Act. Prospective investors in the VRRM-MFP Shares are urged to consult their tax advisors regarding the effect of the Tax Act and other potential changes to the U.S. federal tax laws on their investment.

Qualification and Taxation of the Fund. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Code, and intends to distribute substantially all of its net income and gains to its shareholders. Therefore, it is not expected that the Fund will be subject to any U.S. federal income tax to the extent its earnings are so distributed. To qualify under Subchapter M for tax treatment as a regulated investment company, the Fund must, among other requirements: (a) distribute to its shareholders at least 90% of the sum of (i) its investment company taxable income (as that term is defined in the Code) determined without regard to the deduction for dividends paid and (ii) its net tax-exempt income (the excess of its gross tax-exempt interest income over certain disallowed deductions) and (b) diversify its holdings so that, at the end of each fiscal quarter of the Fund (i) at least 50% of the market value of the Fund's total assets is represented by cash, cash items, U.S. Government securities, securities of other regulated investment companies, and other securities, with these other securities limited, with respect to any one issuer, to an amount not greater in value than 5% of the Fund's total assets, and to not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the market value of the Fund's total assets is invested in the securities of any one issuer (other than U.S. Government securities or securities of other regulated investment companies), two or more issuers (other than securities of other regulated investment companies) controlled by the Fund and engaged in the same, similar or related trades or businesses or one or more qualified publicly traded partnerships. In meeting these requirements of Subchapter M of the Code, the Fund may be restricted in the utilization of certain of the investment techniques described under "The Fund's Investments" in the prospectus. If in any year the Fund should fail to qualify under Subchapter M for tax treatment as a regulated investment company and not cure such failure, the Fund would incur a regular federal corporate income tax on its taxable income for that year, and distributions to its shareholders would be taxable to such holders as ordinary income to the extent of the earnings and profits of the Fund.

A regulated investment company that fails to distribute, by the close of each calendar year, an amount equal to the sum of 98% of its ordinary taxable income for such year and 98.2% of its capital gain net income for the one year period ending October 31 in such year, *plus* any shortfalls from the prior year's required distribution, is liable for a 4% excise tax on the excess of the required distribution for such calendar year over the distributed amount for such calendar year. To avoid the imposition of this excise tax, the Fund generally intends to make the required distributions of its ordinary taxable income, if any, and its capital gain net income, to the extent possible, by the close of each calendar year.

Treatment of VRRM-MFP Shares as Stock. In order for any distributions to owners of the Fund's VRRM-MFP Shares to be eligible to be treated as exempt-interest dividends, the VRRM-MFP Shares must be classified as stock for U.S. federal income tax purposes. The Investment Adviser believes and, as discussed above, it is Tax Counsel's opinion that, the VRRM-MFP Shares will qualify as stock in the Fund for U.S. federal income tax purposes. By acquiring VRRM-MFP Shares, an investor agrees to treat the VRRM-MFP Shares as stock for U.S. federal income tax purposes.

Distributions on VRRM-MFP Shares. A VRRM-MFP shareholder will be required to report the dividends declared by the Fund for each day on which such VRRM-MFP shareholder is the

Table of Contents

shareholder of record. Distributions, if any, in excess of the Fund's earnings and profits will first reduce the adjusted tax basis of a shareholder's shares and, after that basis has been reduced to zero, will constitute capital gain to the shareholder (assuming the shares are held as a capital asset). As long as the Fund qualifies as a regulated investment company under the Code, no part of its distributions to shareholders will qualify for the dividends received deduction available to corporate shareholders.

Tax Character of Distributions

In General. The tax character of the Fund's distributions in the hands of the Fund's shareholders will be determined primarily by the tax character of the Fund's underlying income. Although the Fund expects that most of its income will be tax-exempt, some of the Fund's income may be taxable as capital gains or ordinary income. In addition, although the Fund expects that under normal circumstances it will not invest in municipal bonds the interest on which is subject to the federal alternative minimum tax, at times a portion of the Fund's tax-exempt income may be subject to the federal alternative minimum tax. The Internal Revenue Service requires a regulated investment company that has two or more classes of shares outstanding to designate to each such class proportionate amounts of each type of its income for each tax year based upon the percentage of total dividends distributed to each class for such year. The Fund intends each year to allocate, to the fullest extent practicable, net tax-exempt interest, net capital gain and ordinary income, if any, between its Common Shares and Preferred Shares, including the VRRM-MFP Shares, in proportion to the total dividends paid to each class with respect to such year. To the extent permitted under applicable law, the Fund reserves the right to make special allocations of income within a class, consistent with the objectives of the Fund.

Exempt-Interest Dividends. The Fund intends to qualify to pay exempt-interest dividends, as defined in the Code, on its Common Shares and Preferred Shares, including the VRRM-MFP Shares, by satisfying the requirement that at the close of each quarter of its taxable year, at least 50% of the value of its total assets consists of tax-exempt municipal bonds. Exempt-interest dividends are dividends paid by the Fund that are attributable to interest on municipal bonds and are so designated by the Fund. The Fund intends to invest primarily in municipal bonds the income of which is otherwise exempt from regular U.S. federal income tax, the federal alternative minimum tax. Thus, substantially all of the Fund's dividends to the common shareholders and VRRM-MFP shareholders will qualify as exempt-interest dividends. Exempt-interest dividends will be exempt from U.S. federal income tax, subject to the possible application of the federal alternative minimum tax.

Exempt-Interest Dividends Subject to the Federal Alternative Minimum Tax. Subject to the changes made to the Tax Act, discussed below, Federal tax law imposes a federal alternative minimum tax with respect to corporations, individuals, trusts and estates. Interest on certain municipal securities, such as bonds issued to make loans for housing purposes or to private entities (but not to certain tax-exempt organizations such as universities and non-profit hospitals) is included as an item of tax preference in determining the amount of a taxpayer's alternative minimum taxable income. To the extent that the Fund receives income from municipal securities subject to the federal alternative minimum tax, a portion of the dividends paid by it, although otherwise exempt from U.S. federal income tax, will be taxable to its shareholders to the extent that their tax liability is determined under the federal alternative minimum tax. The Fund will annually supply a report indicating the percentage of the Fund's income attributable to municipal securities subject to the federal alternative minimum tax. In addition, for certain corporations, alternative minimum taxable income is increased by 75% of the difference between an alternative measure of income (adjusted current earnings) and the amount

Table of Contents

otherwise determined to be the alternative minimum taxable income. Interest on all municipal securities, and therefore all distributions by the Fund that would otherwise be tax-exempt, is included in calculating a corporation's adjusted current earnings. Certain small corporations are not subject to the federal alternative minimum tax.

The Tax Act repeals the corporate alternative minimum tax effective for taxable years beginning after December 31, 2017.

Dividends Attributable to Ordinary Income and Capital Gains. Distributions to shareholders by the Fund of net income received, if any, from taxable temporary investments and net short-term capital gains, if any, realized by the Fund will be taxable to its shareholders as ordinary income. In addition, gains of the Fund that are attributable to market discount on municipal securities will be treated as ordinary income. Distributions by the Fund of net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss), if any, are taxable as long-term capital gain regardless of the length of time the shareholder has owned Common Shares or VRRM-MFP Shares of the Fund. The amount of capital gains and ordinary income allocable to the Fund's VRRM-MFP Shares will depend upon the amount of such income realized by the Fund, but is not generally expected to be significant. Except for dividends paid on VRRM-MFP Shares that include an allocable portion of any net capital gain or ordinary income, the Fund anticipates that all other dividends paid on VRRM-MFP Shares will constitute exempt-interest dividends for U.S. federal income tax purposes.

If the Fund allocates any net capital gain or ordinary income for regular U.S. federal income tax purposes to a dividend on VRRM-MFP Shares, the Fund has agreed as set forth in the Statement Supplement to make certain payments to holders of VRRM-MFP Shares to offset the regular U.S. federal income tax effect thereof. In addition, the Fund has agreed as set forth in the Statement Supplement in certain circumstances to provide notice of the amount of any allocation prior to the date such dividend is declared. See Description of VRRM-MFP Shares Dividends Taxable Allocations.

Sales, Exchanges and Other Dispositions of VRRM-MFP Shares. On the sale or other disposition of VRRM-MFP Shares (other than redemptions, the rules for which are described below under the caption Redemptions of VRRM-MFP Shares), the amount paid for the seller's right to any dividends that are accumulated but unpaid at the time of such sale or other disposition will be treated as dividends and subject to the rules described above under the caption Tax Character of Distributions. The balance of the amount paid, will generally be treated as (1) capital gain to the extent it exceeds the seller's basis in the VRRM-MFP Shares, and (2) capital loss to the extent it is less than the seller's basis in the VRRM-MFP Shares. In the case of corporate taxpayers, current law taxes both long-term and short-term capital gains at the rates applicable to ordinary income. In the case of non-corporate taxpayers, current law taxes short-term capital gains and ordinary income at a maximum rate of 37% and long-term capital gains at a maximum rate of 20%. In addition, because of certain limitations on itemized deductions and the deduction for personal exemptions, the effective rate of tax may be higher in certain circumstances.

In the case of a taxpayer that is an individual, estate or trust, and for taxable years starting after December 31, 2017 and before January 1, 2026, the Tax Act disallows miscellaneous itemized deductions within the meaning of Code Section 67, repeals the personal exemption and suspends the general limitation imposed on itemized deductions by Code Section 68.

Table of Contents

Losses realized by a shareholder on the sale or exchange of VRRM-MFP Shares held for six months or less are disallowed to the extent of any distribution of exempt-interest dividends received (or deemed received on a sale) with respect to such shares, and, if not disallowed, such losses are treated as long-term capital losses to the extent of any distribution of long-term capital gain received with respect to such shares.

Any loss realized on a sale or exchange of VRRM-MFP Shares will be disallowed to the extent those shares are replaced by other shares within a period of 61 days beginning 30 days before and ending 30 days after the date of disposition of the original shares. In that event, the basis of the replacement shares of the Fund will be adjusted to reflect the disallowed loss.

Redemptions of VRRM-MFP Shares. The Fund may, at its option, redeem VRRM-MFP Shares in whole or in part, or be required to redeem all of the outstanding VRRM-MFP Shares on a Failed Remarketing Mandatory Redemption Date, and will be required to redeem Preferred Shares, which may include VRRM-MFP Shares, in which event the redemption will be made from all VRRM-MFP shareholders pro rata, or by lot or other fair method, to the extent required to maintain Asset Coverage or comply with the Effective Leverage Ratio. Gain or loss, if any, resulting from a redemption of the VRRM-MFP Shares will be taxed as gain or loss from the sale or exchange of the VRRM-MFP Shares under Section 302 of the Code rather than as a dividend, but only if the redemption distribution (a) is deemed not to be essentially equivalent to a dividend, (b) is in complete redemption of an owner's interest in the Fund, (c) is substantially disproportionate with respect to the owner, or (d) with respect to non-corporate owners, is in partial liquidation of the Fund. For purposes of (a), (b) and (c) above, a shareholder's ownership of the Common Shares will be taken into account.

Tax on Net Investment Income. A 3.8% tax is imposed on net investment income of individuals, estates and trusts with incomes above certain threshold amounts. The types of investment income used to calculate net investment income, include taxable distributions (if any) made by the Fund with respect to VRRM-MFP Shares and gains (if any) from the sale or other disposition of VRRM-MFP Shares.

Consequences of Insufficient Distributions. If at any time when the Fund's VRRM-MFP Shares are outstanding the Fund fails to meet 200% asset coverage (as determined pursuant to the 1940 Act), the Fund will be required to suspend distributions to holders of its Common Shares until such maintenance amount or asset coverage, as the case may be, is restored. This may prevent the Fund from distributing at least 90% of its investment company taxable income and net tax-exempt income (as that term is defined in the Code) determined without regard to the deduction for dividends paid, and may therefore jeopardize the Fund's qualification for taxation as a regulated investment company or cause the Fund to incur an income tax liability or the non-deductible 4% excise tax on the undistributed taxable income (including gain), or both. Upon failure to meet the 225% Asset Coverage required under the Statement Supplement, the Fund will be required to redeem Preferred Shares, which may include VRRM-MFP Shares, in order to maintain or restore such asset coverage and avoid the adverse consequences to the Fund and its shareholders of failing to qualify as a regulated investment company. There can be no assurance, however, that any such redemption would achieve such objectives.

The foregoing is a general summary of the provisions of the Code and regulations thereunder presently in effect as they directly govern the taxation of the Fund and its VRRM-MFP shareholders. These provisions are subject to change by legislative, judicial or administrative action, and any such change may be retroactive. Moreover, the foregoing does not

Table of Contents

address many of the factors that may be determinative of whether an investor will be liable for the federal alternative minimum tax. Shareholders are advised to consult their own tax advisors for more detailed information concerning the regular U.S. federal income tax and federal alternative minimum income tax consequences of purchasing, holding and disposing of VRRM-MFP Shares.

BOOK-ENTRY PROCEDURES AND SETTLEMENT

The information in this section concerning DTC and DTC's book-entry system has been obtained by the Fund from DTC.

The VRRM-MFP Shares will be book-entry (global) securities. Upon issuance, all book-entry securities will be represented by one or more fully-registered global securities. Each global security will be deposited with, or on behalf of, DTC, a securities depository, and will be registered in the name of DTC or a nominee of DTC. DTC will thus be the only registered holder of VRRM-MFP Shares.

Purchasers of VRRM-MFP Shares may only hold interests in the global securities directly through DTC if they are participants in the DTC system. Purchasers may also hold interests through a securities intermediary—banks, brokerage houses and other institutions that maintain securities accounts for customers—that has an account with DTC or its nominee. DTC will maintain accounts showing the security holdings of its Agent Members, and these Agent Members will in turn maintain accounts showing the security holdings of their customers. Some of these customers may themselves be securities intermediaries holding securities for their customers. Thus, each beneficial owner of a book-entry security will hold that security indirectly through various intermediaries.

The interest of each beneficial owner in a book-entry security will be evidenced solely by entries on the books of the beneficial owner's securities intermediary or Agent Member. The actual purchaser of the securities will generally not be entitled to have the securities represented by the global securities registered in its name and will not be considered the owner under the terms of the securities and their governing documents. That means that the Fund and the Calculation and Paying Agent or any other agent of the Fund will be entitled to treat the registered holder, DTC or its nominee, as the holder of the securities for all purposes. In most cases, the beneficial owner will also not be able to obtain a paper certificate evidencing its ownership of VRRM-MFP Shares. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive form. These laws may impair the ability to own, transfer or pledge beneficial interests in book-entry securities.

A beneficial owner of book-entry securities represented by a global security may exchange the securities for definitive (paper) securities only if:

DTC is unwilling or unable to continue as depository for such global security and the Fund does not appoint a qualified replacement for DTC within 90 days; or

the Fund in its sole discretion decides to allow some or all book-entry securities to be exchangeable for definitive securities in registered form.

Unless indicated otherwise, any global security that is so exchangeable will be exchangeable in whole for definitive securities in registered form, with the same terms and of an equal aggregate amount. Definitive securities will be registered in the name or names of the person or persons specified

Table of Contents

by DTC in a written instruction to the registrar of the VRRM-MFP Shares. DTC may base its written instruction upon directions that it receives from Agent Members.

In this prospectus supplement, in the case of book-entry securities, references to actions taken by beneficial owners will mean actions taken by DTC upon instructions from its Agent Members, and references to payments and notices relating to redemptions or the tendering of VRRM-MFP Shares will mean payments and notices related to the redemption or tender of VRRM-MFP Shares to DTC as the registered holder of the securities for distribution to Agent Members in accordance with DTC's procedures. If fewer than all the VRRM-MFP Shares are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Agent Member in the VRRM-MFP Shares to be redeemed.

Each sale of a book-entry security will settle in immediately available funds through DTC unless otherwise stated. Neither the Fund nor the Calculation and Paying Agent, or any agent of either, will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in any book-entry securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Neither DTC nor DTC's nominee will consent or vote with respect to the VRRM-MFP Shares unless authorized by a participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (the Omnibus Proxy) to the Fund as soon as possible after the record date. The Omnibus Proxy assigns DTC's nominee consenting or voting rights to the Agent Members to whose accounts the VRRM-MFP Shares are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Dividend payments on the VRRM-MFP Shares and payments upon redemption of VRRM-MFP Shares will be made to DTC's nominee or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit participants' accounts upon DTC's receipt of funds and corresponding detail information from the Fund or the Calculation and Paying Agent on the payment date in accordance with their respective holdings shown on DTC records. Payments by Agent Members to beneficial owners will be governed by standing instructions and customary practices. Payment of dividends or redemption proceeds to DTC's nominee is the responsibility of the Fund or the Calculation and Paying Agent, disbursement of such payments to participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of Agent Members or securities intermediaries who hold through an Agent Member.

IT IS THE DUTY OF EACH BENEFICIAL OWNER TO ARRANGE WITH THE DTC AGENT MEMBER OR SECURITIES INTERMEDIARIES TO RECEIVE FROM SUCH DTC AGENT MEMBER OR SECURITIES INTERMEDIARY DIVIDEND PAYMENTS AND ALL OTHER COMMUNICATIONS WHICH THE DTC AGENT MEMBER OR SECURITIES INTERMEDIARY RECEIVES FROM DTC. THE FUND WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC AGENT MEMBER, SECURITIES INTERMEDIARIES, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DIVIDEND PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC AGENT MEMBERS, THE SECURITIES INTERMEDIARIES OR THE BENEFICIAL OWNERS.

Table of Contents

UNDERWRITING

The Fund, the Investment Adviser, the Sub-Adviser, and Barclays Capital Inc., located at 745 Seventh Avenue, New York, New York 10019, have entered into an underwriting agreement with respect to the VRRM-MFP Shares. The underwriter has agreed, subject to the terms and conditions of the underwriting agreement, to purchase from the Fund VRRM-MFP Shares. The underwriter is committed to purchase and pay for all such VRRM-MFP Shares if any are purchased.

The following table shows the per VRRM-MFP Share and the total underwriting discounts and commissions that the Fund is to pay to the underwriter in connection with this offering.

Per VRRM-MFP Share	\$
Total	\$

The Fund estimates that the total expenses of this offering payable by the Fund, exclusive of the underwriting discount or commission, will be approximately \$.

Shares sold by the underwriter to the public will initially be offered at the public offering price set forth on the cover of this prospectus supplement. **The minimum purchase amount in this offering is twenty-five (25) VRRM-MFP Shares. Purchases in excess of the minimum purchase amount may be made only in multiples of five (5) VRRM-MFP Shares.**

Each of the Fund, the Adviser and the Sub-Adviser has agreed to indemnify the underwriter against certain liabilities, including liabilities under the 1933 Act.

The underwriter also will act as the Remarketing Agent in connection with the VRRM-MFP Shares and receive a fee from the Fund in such capacity. See Description of VRRM-MFP Shares Remarketing Remarketing Agent.

The underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriter and its affiliates have in the past and may in the future perform various financial advisory and investment banking services for the Fund, for which they received or will receive customary fees and expenses. The Fund anticipates that the underwriter may from time to time act as broker and dealer in connection with the execution of the Fund's portfolio transactions after it has ceased to be an underwriter and, subject to certain restrictions, may act as such broker while it is the underwriter.

In the ordinary course of their various business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Table of Contents

Barclays Bank PLC, an affiliate of the underwriter, is one of a group of lenders under a committed unsecured credit facility pursuant to which the Fund and certain other funds managed by Nuveen Fund Advisors may borrow for temporary purposes only. See Prospectus Summary Use of Leverage in the prospectus. Barclays Bank PLC and its affiliates, may routinely hedge their credit exposure to the Fund consistent with their customary risk management policies. Typically, they would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Fund's securities, including potentially the VRRM-MFP Shares offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the VRRM-MFP Shares offered hereby.

S-50

Table of Contents

LEGAL MATTERS

Certain legal matters in connection with the VRRM-MFP Shares will be passed upon for the Fund by Sidley Austin LLP, New York, New York, and for the underwriter and the Remarketing Agent by Cadwalader, Wickersham & Taft LLP, New York, New York. Sidley Austin LLP may rely as to certain matters of Massachusetts law on the opinion of Morgan, Lewis & Bockius LLP, Boston, Massachusetts.

CUSTODIAN, TRANSFER AGENT, CALCULATION AND PAYING AGENT

State Street Bank and Trust Company (the Custodian) serves as custodian of the Fund's assets. Computershare Inc. and Computershare Trust Company, N.A. serve as transfer agent for the Common Shares. See Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent in the accompanying prospectus.

The Bank of New York Mellon will serve as calculation agent and as the transfer agent and registrar, dividend disbursing agent, and paying agent and redemption price disbursing agent for the VRRM-MFP Shares.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audited Financial Statements and Financial Highlights of the Fund appearing in the Fund's Annual Report for the fiscal year ended October 31, 2017 are incorporated by reference into the SAI. The audited financial statements and financial highlights have been audited by KPMG LLP, an independent registered public accounting firm, as set forth in their report thereon and incorporated herein by reference. Such audited financial statements and financial highlights are incorporated by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing. The information with respect to the fiscal years ended prior to October 31, 2014 has been audited by other auditors. The principal business address of KPMG LLP is 200 East Randolph Street, Chicago, Illinois 60601.

WHERE YOU CAN FIND MORE INFORMATION

The Fund is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the 1934 Act), and the 1940 Act and is required to file reports, proxy statements and other information with the SEC. These documents can be inspected and copied for a fee at the SEC's public reference room, 100 F Street, NE, Washington, D.C. 20549. Reports, proxy statements, and other information about the Fund can be inspected at the offices of the SEC.

Additional information about the Fund and VRRM-MFP Shares can be found in the Fund's registration statement (including amendments, exhibits, and schedules) on Form N-2 filed with the SEC. The SEC maintains a web site (<http://www.sec.gov>) that contains the Fund's registration statement, other documents incorporated by reference, and other information the Fund has filed electronically with the SEC, including proxy statements and reports filed under the 1934 Act. Additional information may be found on the Internet at <http://www.nuveen.com>. The information contained in, or that can be accessed through, those websites is not part of this prospectus supplement or the accompanying prospectus.

Table of Contents

BASE PROSPECTUS

\$550,000,000

Nuveen AMT-Free Municipal Credit Income Fund

COMMON SHARES

MUNIFUND PREFERRED SHARES

The Offerings. Nuveen AMT-Free Municipal Credit Income Fund (the Fund) is offering, on an immediate, continuous or delayed basis, in one or more offerings, common shares (the Common Shares) or MuniFund Preferred Shares (MFP Shares, and the Common Shares and the MFP Shares, collectively, the Securities). The Fund may offer and sell Securities to or through underwriters, through dealers or agents that the Fund designates from time to time, directly to purchasers or through a combination of these methods. In connection with any offering of Securities, the Fund will deliver a prospectus supplement describing such offering, including, as applicable, the names of any underwriters, dealers or agents and information regarding any applicable purchase price, fee, commission or discount arrangements made with those underwriters, dealers or agents or the basis upon which such amount may be calculated. For more information about the manners in which the Fund may offer Securities, see Plan of Distribution.

The Fund. This prospectus, together with any 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 objectives are to provide current income exempt from regular federal income tax and federal alternative minimum tax applicable to individuals, and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser, Nuveen Fund Advisors, LLC, believes are underrated or undervalued or that represent municipal market sectors that are undervalued.

Common Shares are listed on the New York Stock Exchange (the NYSE) under the symbol NVG. Unless otherwise specified in the applicable prospectus supplement, the MFP Shares will not be listed or traded on any securities exchange. An investment in MFP Shares may be illiquid and there may be no active secondary trading market.

Investing in the Securities involves risks. See Risk Factors beginning on page 9. You should consider carefully these risks together with all of the other information in this prospectus and any related prospectus supplement before making a decision to purchase any of the Securities.

(continued on next page)

Neither the Securities and Exchange Commission (the 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.

October 29, 2018

Table of Contents

(continued from previous page)

Investment Objectives and Policies. The Fund's investment objectives are to provide current income exempt from regular federal income tax and federal alternative minimum tax applicable to individuals, and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser, Nuveen Fund Advisors, LLC (Nuveen Fund Advisors), believes are underrated or undervalued or that represent municipal market sectors that are undervalued. As a fundamental investment policy, under normal circumstances, the Fund will invest at least 80% of its Assets (as defined herein) in municipal securities and other related investments, the income from which is exempt from regular federal income taxes. As non-fundamental investment policies, under normal circumstances, the Fund will invest 100% of its Managed Assets (as defined herein) and at least 80% of its Assets in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase. As a non-fundamental investment policy, under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities rated, at the time of investment, below the three highest grades (Baa or BBB or lower) by at least one nationally recognized statistical rating organization, which includes below-investment-grade or unrated securities judged to be of comparable quality by the Fund's sub-adviser, Nuveen Asset Management, LLC (NAM). There can be no assurance that the Fund will achieve its investment objectives.

Leverage. The Fund uses leverage to pursue its investment objectives. The Fund may use leverage to the extent permitted by the Investment Company Act of 1940, as amended. The Fund may source leverage through a number of methods including the issuance of preferred shares, investments in inverse floating rate securities, entering into reverse repurchase agreements (effectively a secured borrowing) and borrowings (subject to certain investment restrictions). The Fund pays a management fee to Nuveen Fund Advisors (which in turn pays a portion of its fees to NAM) based on a percentage of Managed Assets. Because Managed Assets for this purpose includes the assets acquired from the Fund's use of leverage, Nuveen Fund Advisors and NAM may have a conflict of interest in determining whether the Fund should use or increase leverage. **See Use of Leverage and The Fund's Investments. There is no assurance that the Fund's leveraging strategy will be successful. Leverage involves special risks. See Risk Factors Leverage Risk.**

You should read this prospectus, together with any prospectus supplement, which contains important information about the Fund, before deciding whether to invest in Securities and retain it for future reference. A statement of additional information, dated October 29, 2018, and as it may be supplemented containing additional information about the Fund (the SAI), 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 SAI, the table of contents of which is on page 69 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). The information contained in, or that can be accessed through, the Fund's website is not part of this prospectus, except to the extent specifically incorporated by reference in the SAI. You also may obtain a copy of the SAI (and other information regarding the Fund) from the SEC's website (www.sec.gov).

The Securities 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

TABLE OF CONTENTS

	Page
<u>Forward-Looking Statements</u>	ii
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	9
<u>Financial Highlights</u>	28
<u>The Fund</u>	32
<u>Use of Proceeds</u>	32
<u>Description of Securities</u>	32
<u>The Fund's Investments</u>	37
<u>Use of Leverage</u>	52
<u>Management of the Fund</u>	55
<u>Net Asset Value</u>	58
<u>Distributions</u>	58
<u>Plan of Distribution</u>	59
<u>Certain Provisions in the Declaration of Trust and By-Laws</u>	60
<u>Repurchase of Fund Shares; Conversion to Open-End Fund</u>	62
<u>Tax Matters</u>	64
<u>Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent</u>	67
<u>Legal Matters</u>	68
<u>Independent Registered Public Accounting Firm</u>	68
<u>Where You Can Find More Information</u>	68
<u>Statement of Additional Information</u> Table of Contents	69

You should rely only on the information contained or incorporated by reference into this prospectus and any related 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 Securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus and any related prospectus supplement is accurate as of any date other than the respective dates on the front covers. The Fund's business, financial condition and prospects may have changed since that date.

Table of Contents

FORWARD-LOOKING STATEMENTS

Any projections, forecasts and estimates contained or incorporated by reference herein are forward looking statements and are based upon certain assumptions. Projections, forecasts and estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any projections, forecasts or estimates will not materialize or will vary significantly from actual results. Actual results may vary from any projections, forecasts and estimates and the variations may be material. Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties, including changes in tax law, and the timing and frequency of defaults on underlying investments. Consequently, the inclusion of any projections, forecasts and estimates herein should not be regarded as a representation by the Fund or any of its affiliates or any other person or entity of the results that will actually be achieved by the Fund. Neither the Fund nor its affiliates has any obligation to update or otherwise revise any projections, forecasts and estimates including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition. The Fund acknowledges that, notwithstanding the foregoing, the safe harbor for forward-looking statements under the Private Securities Litigation Reform Act of 1995 does not apply to investment companies such as the Fund.

Table of Contents

PROSPECTUS SUMMARY

This is only a summary. You should review the more detailed information contained elsewhere in this prospectus, in any prospectus supplement and in the statement of additional information, dated October 29, 2018, and as it may be supplemented (the SAI), including the documents incorporated by reference, prior to making an investment in the Fund, especially the information set forth under the heading Risk Factors.

The Fund

Nuveen AMT-Free Municipal Credit Income Fund (the Fund) is a diversified, closed-end management investment company. The Fund's common shares, \$.01 par value per share (the Common Shares), are traded on the New York Stock Exchange (the NYSE) under the symbol NVG. See Description of Securities Common Shares. As of September 30, 2018, the Fund had 202,552,895 Common Shares outstanding and net assets applicable to Common Shares of \$3,215,856,103.

As of the date of this prospectus, the Fund has outstanding one series of MuniFund Preferred Shares (MFP Shares), consisting of 4,054 Series A MFP Shares, and five series of Variable Rate Demand Preferred Shares (VRDP Shares), consisting of 1,790 Series 1 VRDP Shares, 3,854 Series 2 VRDP Shares, 1,800 Series 4 VRDP Shares, 3,405 Series 5 VRDP Shares and 3,267 Series 6 VRDP Shares. See Description of Securities Preferred Shares. MFP Shares, VRDP Shares and any other preferred shares of the Fund as may be outstanding from time to time are collectively referred to as Preferred Shares.

Investment Objectives and Policies

The Fund's investment objectives are to provide current income exempt from regular federal income tax and federal alternative minimum tax applicable to individuals, and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser, Nuveen Fund Advisors, LLC (Nuveen Fund Advisors or the Investment Adviser), believes are underrated or undervalued or that represent municipal market sectors that are undervalued.

As a fundamental investment policy, under normal circumstances, the Fund will invest at least 80% of its Assets (as defined below) in municipal securities and other related investments, the income from which is exempt from regular federal income taxes.

Table of Contents

As a non-fundamental investment policy that may be changed by the Fund's trustees without prior shareholder notice, under normal circumstances, the Fund will invest 100% of its Managed Assets (as defined below) in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase. As a non-fundamental investment policy subject to change by the Fund's trustees upon 60 days' notice to shareholders, under normal circumstances, the Fund will invest at least 80% of its Assets in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase.

Assets means net assets of the Fund plus the amount of any borrowings for investment purposes. Managed Assets means the total assets of the Fund, minus the sum of its accrued liabilities (other than Fund liabilities incurred for the express purpose of creating leverage). Total assets for this purpose shall include assets attributable to the Fund's use of leverage (whether or not those assets are reflected in the Fund's financial statements for purposes of generally accepted accounting principles), and derivatives will be valued at their market value.

As a non-fundamental investment policy that may be changed by the Fund's trustees without prior shareholder notice, under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities rated, at the time of investment, below the three highest grades (Baa or BBB or lower) by at least one nationally recognized statistical rating organization (NRSRO), which includes below-investment-grade securities or unrated securities judged to be of comparable quality by the Fund's sub-adviser, Nuveen Asset Management, LLC (NAM or the Sub-Adviser).

Additionally, as a non-fundamental policy, the Fund:

may invest in distressed securities but may not invest in the securities of an issuer which, at the time of investment, is in default on its obligations to pay principal or interest thereon when due or that is involved in a bankruptcy proceeding (*i.e.*, rated below C-, at the time of investment); provided, however, that NAM may determine that it is in the best interest of shareholders in pursuing a workout arrangement with issuers of defaulted securities to make loans to the defaulted issuer or another party, or purchase a debt, equity or other interest from the defaulted issuer or

Table of Contents

another party, or take other related or similar steps involving the investment of additional monies, but only if that issuer's securities are already held by the Fund.

may invest up to 15% of its Managed Assets in inverse floating rate securities.

may invest in securities of other open- or closed-end investment companies (including exchange-traded funds (often referred to as "ETFs")) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC.

The Fund also may invest in certain derivative instruments in pursuit of its investment objectives. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts, or other derivative instruments. NAM may use derivative instruments to seek to enhance return, to hedge some of the risk of the Fund's investments in municipal securities or as a substitute for a position in the underlying asset. These types of strategies may generate taxable income. For purposes of determining compliance with the Fund's investment policies and for purposes of calculating Managed Assets, the Fund will value eligible derivatives at market value or fair value instead of notional value. See "The Fund's Investments - Portfolio Composition - Derivatives."

During temporary defensive periods or in order to help keep the Fund's assets fully invested, including during the period within which the net proceeds of an offering of Securities are first being invested, the Fund may deviate from its investment policies and objectives. During such periods, the Fund may invest up to 100% of its total assets in short-term investments, including high quality, short-term debt securities that may be either tax-exempt or taxable.

There can be no assurance that the Fund will achieve its investment objectives. See "Risk Factors" and "The Fund's Investments - Investment Objectives and Policies."

Investment Adviser

Nuveen Fund Advisors 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

Table of Contents

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 an indirect subsidiary of Nuveen, LLC (Nuveen), 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, 2018, Nuveen managed approximately \$988.4 billion in assets, of which approximately \$142.8 billion was managed by Nuveen Fund Advisors.

Sub-Adviser

NAM serves as the Fund's investment sub-adviser and is an affiliate of Nuveen Fund Advisors. NAM is a registered investment adviser. NAM oversees the day-to-day investment operations of the Fund.

The Offerings

The Fund may offer, on an immediate, continuous or delayed basis, in one or more offerings, up to \$550,000,000 of Common Shares or MFP Shares in any combination (collectively, the Securities), at prices and on terms to be determined at the time of the offering. The Fund may offer and sell Securities to or through underwriters, through dealers or agents the Fund designates from time to time, directly to one or more purchasers or through a combination of these methods. In connection with any offering of Securities, the Fund will deliver a prospectus supplement describing such offering, including, as applicable, the names of any underwriters, dealers or agents involved in the sale of Securities and the applicable purchase price, fee, commission and/or discount arrangement between the Fund and the underwriters, or among underwriters, dealers or agents or the basis upon which such amount may be calculated. See Plan of Distribution.

The prospectus supplement for an offering of Common Shares also will include information regarding risk factors specific to an investment in Common Shares, fund expenses, trading and net asset value of the Common Shares, the dividend reinvestment plan for Common Shares and other details concerning the offering. See Description of Securities Common Shares.

The prospectus supplement for an offering of MFP Shares also will include information regarding the risk factors specific to an

Table of Contents

investment in the MFP Shares, the series designation, redemption terms, the dividend rate, material U.S. federal income tax considerations and other details concerning the offering. The terms and conditions of the MFP Shares of each series will be specified in a Statement Establishing and Fixing the Rights and Preferences of MuniFund Preferred Shares (the "Statement") and a Supplement to the Statement Establishing and Fixing the Rights and Preferences of MuniFund Preferred Shares (the "Statement Supplement"), forms of which are filed as exhibits to the registration statement of which this prospectus is a part. See "Description of Securities Preferred Shares MuniFund Preferred Shares."

Use of Proceeds

Unless otherwise specified in a prospectus supplement, the Fund will use the net proceeds from any sales of Securities pursuant to this prospectus to make investments in accordance with the Fund's investment objectives and policies or to redeem outstanding Preferred Shares. See "Use of Proceeds."

Federal Income Tax

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 U.S. federal income tax. To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other requirements, 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 Securities may be adversely affected by changes in tax rates and policies.

In addition, the Fund treats the Preferred Shares, including MFP Shares, as equity in the Fund for U.S. federal income tax purposes. If the Preferred Shares were treated as debt rather than as equity for such purposes, the timing and character of distributions could be affected.

Table of Contents

See Risk Factors Tax Risks and Taxability Risk and Tax Matters.

Use of Leverage

The Fund uses leverage to pursue its investment objectives. The Fund may use leverage to the extent permitted by the Investment Company Act of 1940, as amended (the 1940 Act). The Fund may source leverage through a number of methods including the issuance of Preferred Shares, investments in inverse floating rate securities, entering into reverse repurchase agreements (effectively a secured borrowing) and borrowings (subject to certain investment restrictions). See The Fund's Investments Portfolio Composition Municipal Securities Inverse Floating Rate Securities, Risk Factors Inverse Floating Rate Securities Risk, Risk Factors Reverse Repurchase Agreement Risk and Risk Factors Borrowing Risks in this prospectus and Investment Restrictions in the SAI. The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities. The Fund may also use certain derivatives that have the economic effect of leverage by creating additional investment exposure. The Fund currently employs leverage primarily through its outstanding Preferred Shares.

The Fund may also borrow for temporary purposes permitted by the 1940 Act. The Fund, along with certain other funds managed by Nuveen Fund Advisors (the Participating Funds), are party to a committed unsecured credit facility (the Facility) provided by a group of lenders, under which Participating Funds may borrow for temporary purposes only. Outstanding balances drawn by the Fund, or any other Participating Fund, will bear interest at a variable rate and is the liability of such Fund. The Facility is not intended for sustained levered investment purposes. A large portion of the Facility's capacity (and corresponding annual costs, excluding interest cost) is currently allocated by Nuveen Fund Advisors to a small number of Participating Funds, which does not include the Fund. The Facility has a 364-day term and will expire in July 2019 unless extended or renewed.

The Fund may reduce or increase leverage based upon changes in market conditions and anticipates that its leverage ratio will vary from time to time based upon variations in the value of the Fund's holdings. So long as the rate of net income received on the Fund's investments exceeds the then current expense on any leverage, leverage will generate more net income than if the Fund had not used leverage. If so, the excess net income will be available to pay higher distributions to common shareholders. However, if the rate of net income received from

Table of Contents

the Fund's portfolio investments is less than the then current expense on outstanding leverage, the Fund may be required to utilize other Fund assets to make expense payments on outstanding leverage, which may result in a decline in Common Share net asset value and reduced net investment income available for distribution to common shareholders.

The use of leverage creates additional risks for common shareholders, including increased variability of the Fund's net asset value, net income and distributions in relation to market changes. The prospectus supplement for an offering of Common Shares will describe those risks in more detail.

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, NAM) 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 objectives, 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 objectives. 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 NAM's management fees. Thus, Nuveen Fund Advisors and NAM may have a conflict of interest in determining whether the Fund should use or increase 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 objectives, and by periodically reviewing the Fund's performance and use of leverage with the Board of Trustees of the Fund (the Board).

There is no assurance that the Fund will continue to use leverage or that the Fund's use of leverage will work as planned or achieve its goals.

Exchange Listing

Common Shares: The Common Shares are listed on the NYSE under the symbol NVG.

MFP Shares: Unless otherwise specified in the applicable prospectus supplement, the MFP Shares will not be listed or traded on any securities exchange.

Table of Contents

Custodian and Transfer Agent; Tender and Paying Agent State Street Bank and Trust Company (State Street or the Custodian) serves as custodian of the Fund's assets. Computershare Inc. and Computershare Trust Company, N.A. serve as transfer agent for the Common Shares. See Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent.

The Bank of New York Mellon (the Tender and Paying Agent) will serve as tender and paying agent and as the calculation agent, transfer agent and registrar, dividend disbursing agent, and paying agent and redemption price disbursing agent for the MFP Shares. See Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent.

Risk Factors

Investment in the Fund involves risk. The Fund is designed as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program. See Risk Factors in this prospectus and the applicable prospectus supplement for a discussion of the principal risks you should consider before making an investment in the Fund. The specific risks applicable to a particular offering of Securities will be set forth in the related prospectus supplement.

Governing Law

The Fund's Declaration of Trust (the Declaration of Trust) is, and each Statement and Statement Supplement for MFP Shares will be, governed by the laws of the Commonwealth of Massachusetts.

Table of Contents

RISK FACTORS

Investing in the Securities involves risk, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. The following discussion, together with the risk factors included in the applicable prospectus supplement, describes the principal risks associated with an investment in the Common Shares and MFP Shares of the Fund.

Credit Risk

Credit risk is the risk that one or more municipal securities in the Fund's portfolio will decline in price, or the issuer thereof will fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status. In general, lower-rated municipal securities carry a greater degree of risk that the issuer will lose its ability to make interest and principal payments, which could have a negative impact on the Fund's net asset value or dividends. Credit risk is increased when a portfolio security is downgraded or the perceived creditworthiness of the issuer deteriorates. If a municipal security satisfies the rating requirements described under The Fund's Investments at the time of investment and is subsequently downgraded below that rating, the Fund will not be required to dispose of the security. If a downgrade occurs, NAM will consider what action, including the sale of the security, is in the best interests of the Fund and its shareholders. This means that the Fund may be invested in municipal securities that have become involved in bankruptcy or insolvency proceedings; and may invest in municipal securities that are experiencing other financial difficulties at the time of acquisition (such securities are commonly referred to as distressed securities).

Below Investment Grade Risk

Municipal securities of below investment grade quality, commonly referred to as junk bonds, are regarded as having predominately speculative characteristics with respect to capacity to pay interest and repay principal when due, and are susceptible to default or decline in market value due to adverse economic and business developments. Also, to the extent that the rating assigned to a municipal security in the Fund's portfolio is downgraded by any NRSRO, the market price and liquidity of such security may be adversely affected. The market values for municipal securities of below investment grade quality tend to be volatile, and these securities are less liquid than investment grade municipal securities. For these reasons, an investment in the Fund, compared with a portfolio consisting solely of investment grade securities, may experience the following:

increased price sensitivity resulting from changing interest rates and/or a deteriorating economic environment;

greater risk of loss due to default or declining credit quality;

adverse issuer specific events that are more likely to render the issuer unable to make interest and/or principal payments; and

the possibility that a negative perception of the below investment grade market develops, resulting in the price and liquidity of below investment grade securities becoming depressed, and this negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a below investment grade issuer to make principal payments and interest payments compared to an

Table of Contents

investment grade issuer. The principal amount of below investment grade securities outstanding has proliferated in the past decade as an increasing number of issuers have used below investment grade securities for financing. An economic downturn may severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. In the event of an economic downturn, with decreased tax and other revenue streams of municipal issuers, or in the event interest rates rise sharply, increasing the interest cost on variable rate instruments and negatively impacting economic activity, the number of defaults by below investment grade municipal issuers will likely increase. Similarly, downturns in profitability in specific industries could adversely affect private activity bonds. The market values of lower quality debt securities tend to reflect individual developments of the issuer to a greater extent than do higher quality securities, which react primarily to fluctuations in the general level of interest rates. Factors having an adverse impact on the market value of lower quality securities may have an adverse impact on the Fund's net asset value and the market value of its Common Shares. In addition, the Fund may incur additional expenses to the extent it is required to seek recovery upon a default in payment of principal or interest on its portfolio holdings. In certain circumstances, the Fund may be required to foreclose on an issuer's assets and take possession of its property or operations. In such circumstances, the Fund would incur additional costs in disposing of such assets and potential liabilities from operating any business acquired.

The secondary market for below investment grade securities may not be as liquid as the secondary market for more highly rated securities, a factor that may have an adverse effect on the Fund's ability to dispose of a particular security. There are fewer dealers in the market for below investment grade municipal securities than the market for investment grade municipal securities. The prices quoted by different dealers for below investment grade municipal securities may vary significantly, and the spread between the bid and ask price is generally much larger for below investment grade municipal securities than for higher quality instruments. Under adverse market or economic conditions, the secondary market for below investment grade securities could contract, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund's net asset value.

Issuers of such below investment grade securities are typically highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risk associated with acquiring the securities of such issuers generally is greater than is the case with higher rated securities. For example, during an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of below investment grade securities may experience financial stress. During such periods, such issuers may not have sufficient revenues to meet their interest payment obligations. The issuer's ability to service its debt obligations also may be adversely affected by specific developments, the issuer's inability to meet specific projected forecasts or the unavailability of additional financing. The risk of loss from default by the issuer is significantly greater for the holders of below investment grade securities because such securities are generally unsecured and are often subordinated to other creditors of the issuer. Prices and yields of below investment grade securities will fluctuate over time and, during periods of economic uncertainty, volatility of below investment grade securities may adversely affect the Fund's net asset value. In addition, investments in below investment grade zero coupon bonds rather than income-bearing below investment grade securities, may be more speculative and may be subject to greater fluctuations in value due to changes in interest rates.

Table of Contents

The Fund may invest in distressed securities. This means the Fund may be invested in municipal securities issued by issuers that have become involved in bankruptcy or insolvency proceedings and may invest in municipal securities issued by issuers experiencing financial difficulties at the time of acquisition by the Fund. The issuers of such securities may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics of these issuers can cause their securities to be particularly risky, although they also may offer the potential for high returns. These issuers' securities may be considered speculative, and the ability of the issuers to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the issuers. Distressed securities frequently do not produce income while they are outstanding and may require the Fund to bear certain extraordinary expenses in order to protect and recover its investment.

Investments in lower rated or unrated securities may present special tax issues for the Fund to the extent that the issuers of these securities default on their obligations pertaining thereto, and the U.S. federal income tax consequences to the Fund as a holder of such distressed securities may not be clear.

Economic and Political Events Risk

The Fund may be more sensitive to adverse economic, business or political developments if it invests a substantial portion of its assets in the bonds of similar projects (such as those relating to the education, health care, housing, transportation, or utilities industries), industrial development bonds, or in particular types of municipal securities (such as general obligation bonds, private activity bonds or moral obligation bonds). Such developments may adversely affect a specific industry or local political and economic conditions, and thus may lead to declines in the bonds' creditworthiness and value.

Recent Market Circumstances

Since the financial crisis that started in 2008, the U.S. and many foreign economies continue to experience its after-effects. Conditions in the U.S. and many foreign economies have resulted, and may continue to result, in certain instruments experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. These events have reduced the willingness and ability of some lenders to extend credit, and have made it more difficult for some borrowers to obtain financing on attractive terms, if at all. In some cases, traditional market participants have been less willing to make a market in some types of debt instruments, which has affected the liquidity of those instruments. During times of market turmoil, investors tend to look to the safety of securities issued or backed by the U.S. Treasury, causing the prices of these securities to rise and the yields to decline. Reduced liquidity in fixed income and credit markets may negatively affect many issuers worldwide. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region. A rise in protectionist trade policies, and the possibility of changes to some international trade agreements, could affect the economies of many nations in ways that cannot necessarily be foreseen at the present time.

In response to the financial crisis, the U.S. and other governments and the Federal Reserve and certain foreign central banks have taken steps to support financial markets. In some countries where economic conditions are recovering, such countries are nevertheless perceived as still fragile.

Table of Contents

Withdrawal of government support, failure of efforts in response to the crisis, or investor perception that such efforts are not succeeding, could adversely impact the value and liquidity of certain securities. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations, including changes in tax laws. The impact of new financial regulation legislation on the markets and the practical implications for market participants may not be fully known for some time. Regulatory changes are causing some financial services companies to exit long-standing lines of business, resulting in dislocations for other market participants. In addition, the contentious domestic political environment, as well as political and diplomatic events within the United States and abroad, such as the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat of a federal government shutdown and threats not to increase the federal government's debt limit, may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. The U.S. government has recently reduced federal corporate income tax rates, and future legislative, regulatory and policy changes may result in more restrictions on international trade, less stringent prudential regulation of certain players in the financial markets, and significant new investments in infrastructure and national defense. Markets may react strongly to expectations about the changes in these policies, which could increase volatility, especially if the markets' expectations for changes in government policies are not borne out.

Changes in market conditions will not have the same impact on all types of securities. Interest rates have been unusually low in recent years in the United States and abroad. Because there is little precedent for this situation, it is difficult to predict the impact of a significant rate increase on various markets. For example, because investors may buy securities or other investments with borrowed money, a significant increase in interest rates may cause a decline in the markets for those investments. Because of the sharp decline in the worldwide price of oil, there is a concern that oil producing nations may withdraw significant assets now held in U.S. Treasuries, which could force a substantial increase in interest rates. Regulators have expressed concern that rate increases may cause investors to sell fixed income securities faster than the market can absorb them, contributing to price volatility. In addition, there is a risk that the prices of goods and services in the U.S. and many foreign economies may decline over time, known as deflation (the opposite of inflation). Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and may be difficult to reverse. The precise details and the resulting impact of the United Kingdom's vote to leave the European Union (EU), commonly referred to as Brexit, are not yet known. The effect on the United Kingdom's economy will likely depend on the nature of trade relations with the EU and other major economies following its exit, which are matters to be negotiated. The outcomes may cause increased volatility and have a significant adverse impact on world financial markets, other international trade agreements, and the United Kingdom and European economies, as well as the broader global economy for some time.

The impact of these developments in the near- and long-term is unknown and could have additional adverse effects on economies, financial markets and asset valuations around the world.

Market Disruption and Geopolitical Risk

The aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, possible terrorist attacks in the United States and around the world, growing social and political discord in the United States, the European debt crisis, the response

Table of Contents

of the international community through economic sanctions and otherwise to Russia's recent annexation of the Crimea region of Ukraine and posture vis-a-vis Ukraine, further downgrade of U.S. Government securities and other similar events, may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. The Fund does not know and cannot predict how long the securities markets may be affected by these events and the effects of these and similar events in the future on the U.S. economy and securities markets. The Fund may be adversely affected by abrogation of international agreements and national laws which have created the market instruments in which the Fund may invest, failure of the designated national and international authorities to enforce compliance with the same laws and agreements, failure of local, national and international organization to carry out their duties prescribed to them under the relevant agreements, revisions of these laws and agreements which dilute their effectiveness or conflicting interpretation of provisions of the same laws and agreements. The Fund may be adversely affected by uncertainties such as terrorism, international political developments, and changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which it is invested.

Legislation and Regulatory Risk

At any time after the date of this prospectus, legislation or additional regulations may be enacted that could negatively affect the assets of the Fund, securities held by the Fund or the issuers of such securities. Changing approaches to regulation may have a negative impact on the entities and/or securities in which the Fund invests. Legislation or regulation may also change the way in which the Fund itself is regulated. Fund shareholders may incur increased costs resulting from such legislation or additional regulation. There can be no assurance that future legislation, regulation or deregulation will not have a material adverse effect on the Fund or will not impair the ability of the Fund to achieve its investment objectives.

For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) is designed to impose stringent regulation on the over-the-counter derivatives market in an attempt to increase transparency and accountability and provides for, among other things, new clearing, execution, margin, reporting, recordkeeping, business conduct, disclosure, position limit, minimum net capital and registration requirements. Although the Commodity Futures Trading Commission (the CFTC) has released final rules under the Dodd-Frank Act, many of the provisions are subject to further final rulemaking, and thus the Dodd-Frank Act's ultimate impact remains unclear.

The Securities and Exchange Commission (the SEC) also indicated that it may adopt new policies on the use of derivatives by registered investment companies. Such policies could affect the nature and extent of derivatives use by the Fund. While the nature of any such regulations, if adopted, is uncertain at this time, it is possible that such regulations could limit the implementation of the Fund's use of derivatives, which could have an adverse effect on the Fund.

Additionally, the Fund is operated by persons who have claimed an exclusion, granted to operators of registered investment companies like the Fund, from registration as a commodity pool operator under Rule 4.5 promulgated by the CFTC pursuant to its authority under the Commodity Exchange Act of 1936, as amended (the CEA), and, therefore, is not subject to registration or regulation as a commodity pool operator. As a result, the Fund is limited in its ability to use commodity futures (which include futures on broad-based securities indexes and interest rate futures)

Table of Contents

or options on commodity futures, engage in swaps transactions or make certain other investments (whether directly or indirectly through investments in other investment vehicles) for purposes other than bona fide hedging. With respect to transactions other than for bona fide hedging purposes, either: (1) the aggregate initial margin and premiums required to establish the Fund's positions in such investments may not exceed 5% of the liquidation value of the Fund's portfolio (after accounting for unrealized profits and unrealized losses on any such investments); or (2) the aggregate net notional value of such instruments, determined at the time the most recent position was established, may not exceed 100% of the liquidation value of the Fund's portfolio (after accounting for unrealized profits and unrealized losses on any such positions). In addition to meeting one of the foregoing trading limitations, the Fund may not market itself as a commodity pool or otherwise as a vehicle for trading in the futures, options or swaps markets. If the Fund does not continue to claim the exclusion, it would likely become subject to registration and regulation as a commodity pool operator. The Fund may incur additional expenses as a result of the CFTC's registration and regulatory requirements.

Inflation Risk

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted (or real) value of an investment in shares of the Fund or the income from that investment will be worth less in the future. As inflation occurs, the real value of the Fund's shares and dividends on the Fund's shares may decline.

Deflation Risk

Deflation risk is the risk that prices throughout the economy decline over time, which may have an adverse effect on the market valuation of companies, their assets and revenues. In addition, deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Fund's portfolio.

Inverse Floating Rate Securities Risk

The Fund may invest in inverse floating rate securities. Typically, inverse floating rate securities represent beneficial interests in a special purpose trust (sometimes called a tender option bond trust) formed by a third party sponsor for the purpose of holding municipal bonds. See The Fund's Investments Portfolio Composition Municipal Securities Inverse Floating Rate Securities. In general, income on inverse floating rate securities will decrease when interest rates increase and increase when interest rates decrease. Thus, distributions paid to the Fund on its inverse floaters will be reduced or even eliminated as short-term municipal interest rates rise and will increase when short-term municipal rates fall. Inverse floating rate securities generally will underperform the market for fixed rate municipal bonds in a rising interest rate environment. Investments in inverse floating rate securities may subject the Fund to the risks of reduced or eliminated interest payments and losses of principal. In addition, because of the leveraged nature of such investments, inverse floating rate securities will increase or decrease in value at a greater rate than the underlying fixed rate municipal bonds held by the tender option bond. As a result, the market value of such securities generally is more volatile than that of fixed rate securities.

The Fund may invest in inverse floating rate securities issued by special purpose trusts that have recourse to the Fund. In the Investment Adviser's discretion, the Fund may enter into a separate shortfall and forbearance agreement with the third party granting liquidity to the floating rate security holders of a special purpose trust. The Fund may enter into such recourse agreements (i) when the

Table of Contents

liquidity provider to the special purpose trust requires such an agreement because the level of leverage in the special purpose trust exceeds the level that the liquidity provider is willing to support absent such an agreement; and/or (ii) to seek to prevent the liquidity provider from collapsing the special purpose trust in the event that the municipal obligation held in the trust has declined in value. Such an agreement would require the Fund to reimburse the third-party granting liquidity to the floating rate security holders the special purpose trust, upon termination of the trust issuing the inverse floater, the difference between the liquidation value of the bonds held in the trust and the principal amount due to the holders of floating rate interests. In such instances, the Fund may be at risk of loss that exceeds its investment in the inverse floating rate securities.

The Fund's investments in inverse floating rate securities issued by special purpose trusts that have recourse to the Fund may be highly leveraged. The structure and degree to which the Fund's inverse floating rate securities are highly leveraged will vary based upon a number of factors, including the size of the trust itself and the terms of the underlying municipal security. In the event of a significant decline in the value of an underlying security, the Fund may suffer losses in excess of the amount of its investment (up to an amount equal to the value of the municipal securities underlying the inverse floating rate securities) as a result of liquidating special purpose trusts or other collateral required to maintain the Fund's anticipated effective leverage ratio.

The Fund's investment in inverse floating rate securities creates leverage that provides an opportunity for increased Common Share net income and returns, but also creates the risk that Common Share long-term returns will be reduced if the cost of leverage exceeds the net return on the Fund's investment portfolio.

Inverse floating rate securities have varying degrees of liquidity based upon the liquidity of the underlying securities deposited in a tender option bond trust. The market price of inverse floating rate securities is more volatile than the underlying securities due to leverage. The leverage attributable to such inverse floating rate securities may be called away on relatively short notice and therefore may be less permanent than more traditional forms of leverage. The Fund may be required to sell its inverse floating rate securities at less than favorable prices, or liquidate other Fund portfolio holdings in certain circumstances, including, but not limited to, the following:

If the Fund has a need for cash and the securities in a special purpose trust are not actively trading due to adverse market conditions;

If special purpose trust sponsors (as a collective group or individually) experience financial hardship and consequently seek to terminate their respective outstanding special purpose trusts; and

If the value of an underlying security declines significantly (to a level below the notional value of the floating rate securities issued by the trust) and if additional collateral has not been posted by the Fund.

The amount of fees paid to Nuveen Fund Advisors and NAM for investment advisory services will be higher if the Fund uses leverage because the fees will be calculated based on the Fund's Managed Assets. This may create an incentive for Nuveen Fund Advisors and NAM to leverage the Fund by investing in inverse floating rate securities. Therefore, Nuveen Fund Advisors and NAM may have a conflict of interest in determining whether to increase the Fund's leverage, including through investment in inverse floating rate securities.

Table of Contents

There is no assurance that the Fund's strategy of investing in inverse floating rate securities will be successful.

Reverse Repurchase Agreement Risk

Reverse repurchase agreements involve the sale of securities held by the Fund with an agreement to repurchase the securities at an agreed-upon price and date, thereby establishing an effective interest rate. The Fund's use of reverse repurchase agreements, in economic essence, constitute a secured borrowing by the Fund from the security purchaser. The Fund may enter into reverse repurchase agreements for the purpose of creating a leveraged investment exposure and, as such, their usage involves essentially the same risks associated with a leveraging strategy generally since the proceeds from these agreements may be invested in additional securities. However, the effective borrowing rate paid by the Fund to the reverse repurchase agreement counterparty will be treated as taxable income, unlike the effective borrowing rate paid by the Fund on Preferred Shares or on inverse floating rate securities, which is generally tax-exempt to the recipient, meaning that the effective borrowing rate paid by the Fund on a reverse repurchase agreement would, all other things being equal, tend to be higher than those other forms of leverage. Reverse repurchase agreements tend to be short-term in tenor, and there can be no assurances that the purchaser (lender) will commit to extend or roll a given agreement upon its agreed-upon repurchase date if such roll is requested by the Fund or an alternative purchaser can be identified on similar terms. Reverse repurchase agreements also involve the risk that the purchaser (lender) fails to return the securities as agreed upon, files for bankruptcy or becomes insolvent. The Fund may be restricted from taking normal portfolio actions during such time, could be subject to loss to the extent that the proceeds of the agreement are less than the value of securities subject to the agreement and may experience adverse tax consequences.

Interest Rate Risk

Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the municipal securities in the Fund's portfolio will decline in value because of increases in market interest rates. As interest rates decline, issuers of municipal securities may prepay principal earlier than scheduled, forcing the Fund to reinvest in lower-yielding securities and potentially reducing the Fund's income. As interest rates increase, slower than expected principal payments may extend the average life of securities, potentially locking in a below-market interest rate and reducing the Fund's value. In typical market interest rate environments, the prices of longer-term municipal securities generally fluctuate more than prices of shorter-term municipal securities as interest rates change. In comparison to maturity (which is the date on which a debt instrument ceases and the issuer is obligated to repay the principal amount), duration is a measure of the price volatility of a debt instrument as a result of changes in market rates of interest, based on the weighted average timing of the instrument's expected principal and interest payments. Duration differs from maturity in that it considers a security's yield, coupon payments, principal payments and call features, in addition to the amount of time until the security finally matures. As the value of a security changes over time, so will its duration. Prices of securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. In general, a portfolio of securities with a longer duration can be expected to be more sensitive to interest rate changes than a portfolio with a shorter duration. For example, the price of a bond with an effective duration of two years will rise (fall) two percent for every one percent decrease (increase) in its yield, and the price of a five-year duration bond will rise (fall) five percent for a one percent decrease (increase) in its yield. Greater sensitivity to changes in interest rates typically corresponds to higher volatility and higher risk.

Table of Contents

Yield curve risk is the risk associated with either a flattening or steepening of the yield curve, which is a result of changing yields among comparable bonds with different maturities. When market interest rates, or yields, increase, the price of a bond will decrease and vice versa. When the yield curve shifts, the price of the bond, which was initially priced based on the initial yield curve, will change in price. If the yield curve flattens, then the yield spread between long- and short-term interest rates narrows, and the price of the bond will change accordingly. If the bond is short-term and the yield decreases, the price of this bond will increase. If the yield curve steepens, this means that the spread between long- and short-term interest rates increases. Therefore, long-term bond prices, like the ones held by the Fund, will decrease relative to short-term bonds. Changes in the yield curve are based on bond risk premiums and expectations of future interest rates. Because the Fund will invest generally in longer-term municipal securities, the Common Share net asset value and market price per share will fluctuate more in response to changes in market interest rates than if the Fund invested generally in shorter-term municipal securities. Because the values of lower-rated and comparable unrated debt securities are affected both by credit risk and interest rate risk, the price movements of such lower grade securities typically have not been highly correlated to the fluctuations of the prices of investment grade quality securities in response to changes in market interest rates. The Fund's use of leverage, as described herein, will tend to increase Common Share interest rate risk.

Leverage Risk

The use of leverage creates special risks for common shareholders, including the likelihood of greater volatility of net asset value and market price of, and distributions on, the Common Shares than a comparable portfolio without leverage. The use of leverage in a declining market will likely cause a greater decline in Common Share net asset value, which may result in a greater decline of the Common Share price, than if the Fund were not to have used leverage.

The Fund will pay (and common shareholders will bear) any costs and expenses relating to the Fund's use of leverage, which will result in a reduction in the net asset value of and net income payable with respect to the Common Shares. Because of the costs of leverage, the Fund may incur losses even if the Fund has positive returns if they are not sufficient to cover the costs of leverage. Nuveen Fund Advisors, based on its assessment of market conditions, may increase or decrease the Fund's level of leverage. Such changes may impact the Fund's distributions and the valuation of the Common Shares in the secondary market. There is no assurance that the Fund will continue to utilize leverage or that the Fund's use of leverage will be successful. Furthermore, the amount of fees paid to Nuveen Fund Advisors and NAM for investment advisory services will be higher if the Fund uses leverage because the fees will be calculated based on the Fund's Managed Assets, which may create an incentive for Nuveen Fund Advisors to leverage the Fund or increase the Fund's leverage. Certain types of leverage used by the Fund may result in the Fund being subject to certain covenants, asset coverage or other portfolio composition limits by its lenders, Preferred Share purchasers, liquidity providers, rating agencies that may rate the preferred securities, or reverse repurchase counterparties. Such limitations may be more stringent than those imposed by the 1940 Act and may affect whether the Fund is able to maintain its desired amount of leverage. At this time, Nuveen Fund Advisors does not believe that any such potential investment limitations will impede it from managing the Fund's portfolio in accordance with its investment objectives and policies. See Use of Leverage. The Fund may invest in the securities of other investment companies, which may themselves be leveraged and therefore present similar risks to those described above and magnify the Fund's leverage risk. The risk of loss attributable to the Fund's use of leverage is borne by common shareholders.

Table of Contents

Municipal Securities Market Risk

Investing in the municipal securities market involves certain risks. The municipal market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital, and during the 2008-2009 market turmoil these firms' capital was severely constrained. As a result, some firms were unwilling to commit their capital to purchase and to serve as a dealer for municipal securities. The amount of public information available about the municipal securities in the Fund's portfolio is generally less than that for corporate equities or bonds, and the Fund's investment performance may therefore be more dependent on the Investment Adviser's and/or NAM's analytical abilities than if the Fund were to invest in stocks or taxable bonds. The secondary market for municipal securities, particularly the below investment grade bonds in which the Fund may invest, also tends to be less well-developed or liquid than many other securities markets, which may adversely affect the Fund's ability to sell its municipal securities at attractive prices or at prices approximating those at which the Fund currently values them. Municipal securities may contain redemption provisions, which may allow the securities to be called or redeemed prior to their stated maturity, potentially resulting in the distribution of principal and a reduction in subsequent interest distributions.

The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipalities to levy taxes. Issuers of municipal securities might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, the Fund could experience delays in collecting principal and interest and the Fund may not, in all circumstances, be able to collect all principal and interest to which it is entitled. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, the Fund may take possession of and manage the assets securing the issuer's obligations on such securities, which may increase the Fund's operating expenses. Any income derived from the Fund's ownership or operation of such assets may not be tax-exempt and may not be of the type that would allow the Fund to continue to qualify as a regulated investment company for U.S. federal income tax purposes.

Revenue bonds issued by state or local agencies to finance the development of low-income, multi-family housing involve special risks in addition to those associated with municipal securities generally, including that the underlying properties may not generate sufficient income to pay expenses and interest costs. These bonds are generally non-recourse against the property owner, may be junior to the rights of others with an interest in the properties, may pay interest that changes based in part on the financial performance of the property, may be prepayable without penalty and may be used to finance the construction of housing developments which, until completed and rented, do not generate income to pay interest. Additionally, unusually high rates of default on the underlying mortgage loans may reduce revenues available for the payment of principal or interest on such mortgage revenue bonds.

Special Risks Related to Certain Municipal Securities

The Fund may invest in municipal leases and certificates of participation in such leases. Municipal leases and certificates of participation involve special risks not normally associated with general obligations or revenue bonds. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are

Table of Contents

deemed to be inapplicable because of the inclusion in many leases or contracts of non-appropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event that the governmental issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and may result in a delay in recovering or the failure to fully recover the Fund's original investment. In the event of non-appropriation, the issuer would be in default and taking ownership of the assets may be a remedy available to the Fund, although the Fund does not anticipate that such a remedy would normally be pursued. To the extent that the Fund invests in unrated municipal leases or participates in such leases, the credit quality rating and risk of cancellation of such unrated leases will be monitored on an ongoing basis. Certificates of participation, which represent interests in unmanaged pools of municipal leases or installment contracts, involve the same risks as the underlying municipal leases. In addition, the Fund may be dependent upon the municipal authority issuing the certificate of participation to exercise remedies with respect to the underlying securities. Certificates of participation also entail a risk of default or bankruptcy, both of the issuer of the municipal lease and also the municipal agency issuing the certificate of participation.

The Fund may invest in tobacco settlement bonds. Tobacco settlement bonds are municipal securities that are backed solely by expected revenues to be derived from lawsuits involving tobacco related deaths and illnesses which were settled between certain states and American tobacco companies. Tobacco settlement bonds are secured by an issuing state's proportionate share in the Master Settlement Agreement (the MSA). The MSA is an agreement, reached out of court in November 1998 between 46 states and nearly all of the U.S. tobacco manufacturers. Under the terms of the MSA, the actual amount of future settlement payments by tobacco-manufacturers is dependent on many factors, including, but not limited to, annual domestic cigarette shipments, reduced cigarette consumption, increased taxes on cigarettes, inflation, financial capability of tobacco companies, continuing litigation and the possibility of tobacco manufacturer bankruptcy. Payments made by tobacco manufacturers could be negatively impacted if the decrease in tobacco consumption is significantly greater than the forecasted decline.

Income Risk

The Fund's income is based primarily on the interest it earns from its investments, which can vary widely over the short and long term. If interest rates drop, the Fund's income available over time to make dividend payments with respect to the Preferred Shares, including MFP Shares, could drop as well if the Fund purchases securities with lower interest coupons. This risk is magnified when prevailing short-term interest rates increase and the Fund holds residual interest municipal bonds.

Reinvestment Risk

Reinvestment risk is the risk that income from the Fund's bond portfolio will decline if and when the Fund invests the proceeds from matured, traded or called bonds at market interest rates that will result in a decrease in the portfolio's current earnings rate.

Table of Contents

Call Risk

If interest rates fall, it is possible that issuers of callable bonds with higher interest coupons will call (or prepay) their bonds before their maturity date. If a call were exercised by the issuer during a period of declining interest rates, the Fund is likely to replace such called security with a lower yielding security. For premium bonds (bonds acquired at prices that exceed their par or principal value) purchased by the Fund, call risk may be increased.

Illiquid Securities Risk

The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid. Illiquid securities are securities that are not readily marketable and may include some restricted securities, which are securities that may not be resold to the public without an effective registration statement under the Securities Act of 1933, as amended (the 1933 Act), or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to another exemption from registration. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximating the value at which the Fund is carrying the securities on its books.

Economic Sector Risk

The Fund may invest a significant amount of its total assets in municipal securities in the same economic sector. This may make the Fund more susceptible to adverse economic, political or regulatory occurrences affecting an economic sector. As concentration increases, so does the potential for fluctuation in the value of the Fund's assets. In addition, the Fund may invest a significant portion of its assets in certain sectors of the municipal securities market, such as hospitals and other health care facilities, charter schools and other private educational facilities, special taxing districts and start-up utility districts, and private activity bonds including industrial development bonds on behalf of transportation companies such as airline companies, whose credit quality and performance may be more susceptible to economic, business, political, regulatory and other developments than other sectors of municipal issuers. If the Fund invests a significant portion of its assets in the sectors noted above, the Fund's performance may be subject to additional risk and variability. To the extent that the Fund focuses its assets in the hospital and healthcare facilities sector, for example, the Fund will be subject to risks associated with such sector, including adverse government regulation and reduction in reimbursement rates, as well as government approval of products and services and intense competition. Securities issued with respect to special taxing districts will be subject to various risks, including real-estate development related risks and taxpayer concentration risk. Further, the fees, special taxes or tax allocations and other revenues established to secure the obligations of securities issued with respect to special taxing districts are generally limited as to the rate or amount that may be levied or assessed and are not subject to increase pursuant to rate covenants or municipal or corporate guarantees. Charter schools and other private educational facilities are subject to various risks, including the reversal of legislation authorizing or funding charter schools, the failure to renew or secure a charter, the failure of a funding entity to appropriate necessary funds and competition from alternatives such as voucher programs. Issuers of municipal utility securities can be significantly affected by government regulation, financing difficulties, supply and demand of services or fuel and natural resource conservation. The transportation sector, including airports, airlines, ports and other transportation facilities, can be significantly affected by changes in the economy, fuel prices, labor relations, insurance costs and government regulation.

Table of Contents

Derivatives Risk

The Fund's use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives. Whether the Fund's use of derivatives is successful will depend on, among other things, if Nuveen Fund Advisors and NAM correctly forecasts market values, interest rates and other applicable factors. If Nuveen Fund Advisors and NAM incorrectly forecasts these and other factors, the investment performance of the Fund will be unfavorably affected. The derivatives market is subject to a changing regulatory environment. It is possible that regulatory or other developments in the derivatives market could adversely affect the Fund's ability to successfully use derivative instruments. See Hedging Risk, Counterparty Risk, and Risks Related to the Fund's Clearing Broker and Central Clearing Counterparty below and The Fund's Investments Derivatives and Hedging Strategies in the SAI.

Risk of Swaps and Swap Options

The Fund may enter into debt-related derivatives instruments including credit default swap contracts and interest rate swaps. Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of swaps requires an understanding by NAM not only of the referenced asset, rate or index, but also of the swap itself. If Nuveen Fund Advisors and/or NAM is incorrect in its forecasts of default risks, market spreads or other applicable factors or events, the investment performance of the Fund would diminish compared with what it would have been if these techniques were not used. As the protection seller in a credit default swap, the Fund effectively adds economic leverage to its portfolio because, in addition to being subject to investment exposure on its total net assets, the Fund is subject to investment exposure on the notional amount of the swap.

The Fund generally may only close out a swap, cap, floor, collar or other two-party contract with its particular counterparty, and generally may only transfer a position with the consent of that counterparty. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid. In addition, the price at which the Fund may close out such a two-party contract may not correlate with the price change in the underlying reference asset. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. If the counterparty defaults, the Fund will have contractual remedies, but there can be no assurance that the counterparty will be able to meet its contractual obligations or that the Fund will succeed in enforcing its rights.

The Fund may write (sell) and purchase put and call swap options. When the Fund purchases a swap option, it risks losing only the amount of the premium it has paid should it decide to let the option expire unexercised. When the Fund writes a swap option, upon exercise of the option the Fund would become obligated according to the terms of the underlying agreement.

It is possible that developments in the derivatives market, including changes in government regulation, could adversely affect the Fund's ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

Table of Contents

Risk of Financial Futures and Options Transactions

The Fund may use certain transactions for hedging the portfolio's exposure to credit risk and the risk of increases in interest rates, which could result in poorer overall performance for the Fund. The Fund's use of certain transactions to reduce risk involves costs and will be subject to NAM's ability to predict correctly changes in the relationships of such hedge instruments to the Fund's portfolio holdings or other factors. No assurance can be given that NAM's judgment in this respect will be correct. In addition, no assurance can be given that the Fund will enter into hedging or other transactions at times or under circumstances in which it may be advisable to do so.

There are certain risks associated with the use of financial futures and options to hedge investment portfolios. There may be an imperfect correlation between price movements of the futures and options and price movements of the portfolio securities being hedged. Losses may be incurred in hedging transactions, which could reduce the portfolio gains that might have been realized if the hedging transactions had not been entered into. If the Fund engages in futures transactions or in the writing of options on futures, it will be required to maintain initial margin and maintenance margin and may be required to make daily variation margin payments in accordance with applicable rules of the exchanges and the CFTC. If the Fund purchases a financial futures contract or a call option or writes a put option in order to hedge the anticipated purchase of municipal securities, and if the Fund fails to complete the anticipated purchase transaction, the Fund may have a loss or a gain on the futures or options transaction that will not be offset by price movements in the municipal securities that were the subject of the anticipatory hedge. The cost of put options on debt securities or indexes effectively increases the cost of the securities subject to them, thereby reducing the yield otherwise available from these securities. If the Fund decides to use futures contracts or options on futures contracts for hedging purposes, the Fund will be required to establish an account for such purposes with one or more CFTC-registered futures commission merchants. A futures commission merchant could establish initial and maintenance margin requirements for the Fund that are greater than those which would otherwise apply to the Fund under applicable rules of the exchanges and the CFTC. There can be no assurance that a liquid market will exist at a time when the Fund seeks to close out a derivatives or futures or a futures option position, and the Fund would remain obligated to meet margin requirements until the position is closed. Futures exchanges may limit the amount of fluctuation permitted in certain futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of the current trading session. Once the daily limit has been reached in a futures contract subject to the limit, no more trades may be made on that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses because the limit may work to prevent the liquidation of unfavorable positions. For example, futures prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of positions and subjecting some holders of futures contracts to substantial losses.

Hedging Risk

The Fund's use of derivatives or other transactions to reduce risk involves costs and will be subject to Nuveen Fund Advisors and NAM's ability to predict correctly changes in the relationships of such hedge instruments to the Fund's portfolio holdings or other factors. No assurance can be given that Nuveen Fund Advisors and NAM's judgment in this respect will be correct. In addition, no

Table of Contents

assurance can be given that the Fund will enter into hedging or other transactions at times or under circumstances in which it may be advisable to do so. See The Fund's Investments, Derivatives and Hedging Strategies in the SAI.

Counterparty Risk

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

Risks Related to the Fund's Clearing Broker and Central Clearing Counterparty

The CEA requires swaps and futures clearing brokers registered as futures commission merchants to segregate all funds received from customers with respect to any orders for the purchase or sale of U.S. domestic futures contracts and cleared swaps from the brokers' proprietary assets. Similarly, the CEA requires each futures commission merchant to hold in separate secure accounts all funds received from customers with respect to any orders for the purchase or sale of foreign futures contracts and cleared swaps and segregate any such funds from the funds received with respect to domestic futures contracts. However, all funds and other property received by a clearing broker from its customers are held by the clearing broker on a commingled basis in an omnibus account and may be invested in certain instruments permitted under applicable regulations. There is a risk that assets deposited by the Fund with any swaps or futures clearing broker as margin for futures contracts or cleared swaps may, in certain circumstances, be used to satisfy losses of other clients of the Fund's clearing broker. In addition, the assets of the Fund might not be fully protected in the event of the Fund's clearing broker's bankruptcy, as the Fund would be limited to recovering only a pro rata share of all available funds segregated on behalf of the clearing broker's customers for the relevant account class. Similarly, the CEA requires a clearing organization approved by the CFTC as a derivatives clearing organization to segregate all funds and other property received from a clearing member's clients in connection with domestic cleared derivative contracts from any funds held at the clearing organization to support the clearing member's proprietary trading. Nevertheless, all customer funds held at a clearing organization in connection with any futures contracts are held in a commingled omnibus account and are not identified to the name of the clearing member's individual customers. All customer funds held at a clearing organization with respect to cleared swaps of customers of a clearing broker are also held in an omnibus account, but CFTC rules require that the clearing broker notify the clearing organization of the amount of the initial margin provided by the clearing broker to the clearing organization that is attributable to each customer. With respect to futures and options contracts, a clearing organization may use assets of a nondefaulting customer held in an omnibus account at the clearing organization to satisfy payment obligations of a defaulting customer of the clearing member to the clearing organization. With respect to cleared swaps, a clearing organization generally cannot do so, but may do so if the clearing member does not provide accurate reporting to the clearing organization as to the attribution of margin among its clients. Also, since clearing brokers generally provide to clearing organizations the net amount of variation margin required for cleared swaps for all

Table of Contents

of its customers in the aggregate, rather than the gross amount of each customer, the Fund is subject to the risk that a clearing organization will not make variation margin payments owed to the Fund if another customer of the clearing member has suffered a loss and is in default. As a result, in the event of a default or the clearing broker's other clients or the clearing broker's failure to extend its own funds in connection with any such default, the Fund may not be able to recover the full amount of assets deposited by the clearing broker on behalf of the Fund with the clearing organization.

Tax Risk

To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies (RICs) under Subchapter M of the Code, the Fund must, among other requirements, derive in each taxable year at least 90% of its gross income from certain prescribed sources and satisfy a diversification test on a quarterly basis. If the Fund fails to satisfy the qualifying income or diversification requirements in any taxable year, the Fund may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the diversification requirements where the Fund corrects the failure within a specified period. In order to be eligible for the relief provisions with respect to a failure to meet the diversification requirements, the Fund may be required to dispose of certain assets. If these relief provisions were not available to the Fund and it were to fail to qualify for treatment as a RIC for a taxable year, all of its taxable income (including its net capital gain) would be subject to tax at regular corporate rates (which the Tax Cuts and Jobs Act reduced to 21%) without any deduction for distributions to shareholders, and such distributions would be taxable as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits.

To qualify to pay exempt-interest dividends, which are treated as items of interest excludable from gross income for U.S. federal income tax purposes, at least 50% of the value of the total assets of the Fund must consist of obligations exempt from regular income tax as of the close of each quarter of the Fund's taxable year. If the proportion of taxable investments held by the Fund exceeds 50% of the Fund's total assets as of the close of any quarter of any Fund taxable year, the Fund will not for that taxable year satisfy the general eligibility test that otherwise permits it to pay exempt-interest dividends.

The value of the Fund's investments and its net asset value may be adversely affected by changes in tax rates and policies. Because interest income from municipal securities is normally not subject to regular U.S. federal income taxation, the attractiveness of municipal securities in relation to other investment alternatives is affected by changes in U.S. federal income tax rates or changes in the tax-exempt status of interest income from municipal securities. Any proposed or actual changes in such rates or exempt status, therefore, can significantly affect the demand for and supply, liquidity and marketability of municipal securities. This could in turn affect the Fund's net asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Additionally, the Fund is not a suitable investment for individual retirement accounts, for other tax-exempt or tax-deferred accounts or for investors who are not sensitive to the U.S. federal income tax consequences of their investments.

The Fund treats its Preferred Shares as equity for U.S. federal income tax purposes. If such shares were treated as indebtedness instead, the income from such shares would not qualify as exempt-interest dividends and might have to be reported on an accrual basis. In addition, the Fund's ability to characterize distributions to common shareholders as exempt-interest dividends could be curtailed.

Table of Contents

Generally, the Fund's investments in inverse floating rate securities do not generate taxable income.

See Tax Matters.

Taxability Risk

The Fund invests in municipal securities in reliance at the time of purchase on an opinion of bond counsel to the issuer that the interest paid on those securities will be excludable from gross income for federal income tax purposes, and NAM will not independently verify that opinion. Subsequent to the Fund's acquisition of such a municipal security, however, the security may be determined to pay, or to have paid, taxable income. As a result, the treatment of dividends previously paid or to be paid by the Fund as exempt-interest dividends could be adversely affected, subjecting the Fund's shareholders to increased U.S. federal income tax liabilities.

Distributions of ordinary taxable income (including any net short-term capital gain) will be taxable to shareholders as ordinary income (and not eligible for favorable taxation as qualified dividend income), and capital gain dividends will be taxable as long-term capital gains. See Tax Matters.

Insurance Risk

The Fund may purchase municipal securities that are secured by insurance, bank credit agreements or escrow accounts. The credit quality of the companies that provide such credit enhancements will affect the value of those securities. Certain significant providers of insurance for municipal securities have incurred significant losses as a result of exposure to sub-prime mortgages and other lower credit quality investments that have experienced defaults or otherwise suffered extreme credit deterioration. As a result, such losses have reduced the insurers' capital and called into question their continued ability to perform their obligations under such insurance if they are called upon to do so in the future. While an insured municipal security will typically be deemed to have the rating of its insurer, if the insurer of a municipal security suffers a downgrade in its credit rating or the market discounts the value of the insurance provided by the insurer, the rating of the underlying municipal security will be more relevant and the value of the municipal security would more closely, if not entirely, reflect such rating. In such a case, the value of insurance associated with a municipal security would decline and may not add any value. The insurance feature of a municipal security does not guarantee the full payment of principal and interest through the life of an insured obligation, the market value of the insured obligation or the net asset value of the Common Shares represented by such insured obligation.

Borrowing Risks

The Fund may borrow for temporary or emergency purposes, including to pay dividends, clear portfolio transactions or repurchase its shares. Borrowing may exaggerate changes in the net asset value of the Fund's shares and may affect the Fund's net income. When the Fund borrows money, it must pay interest and other fees, which will reduce the Fund's returns if such costs exceed the returns on the portfolio securities purchased or retained with such borrowings. Any such borrowings are intended to be temporary. However, under certain market conditions, including periods of low demand or decreased liquidity in the municipal bond market such borrowings might be outstanding for longer periods of time.

Table of Contents

Other Investment Companies Risk

The Fund may, subject to the limitations of the 1940 Act and/or pursuant to exemptive relief from the SEC, invest in the securities of other investment companies including open-end and closed-end funds and ETFs. Such securities may be leveraged. As a result, the Fund may be indirectly exposed to leverage through an investment in such securities. Utilization of leverage is a speculative investment technique and involves certain risks. An investment in securities of other investment companies that are leveraged may expose the Fund to higher volatility in the market value of such securities and the possibility that the Fund's long-term returns on such securities (and, indirectly, the long-term returns of the Common Shares) will be diminished. Additionally, the Fund, as a holder of the securities of other investment companies, will bear its pro rata portion of other investment companies' expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund's own operations. An ETF that is based on a specific index, whether stock or otherwise, may not be able to replicate and maintain exactly the composition and relative weighting of securities in the index. An ETF also incurs certain expenses not incurred by its applicable index. The market value of shares of ETFs and closed-end funds may differ from their net asset value.

Cybersecurity Risk

Technology, such as the internet, has become more prevalent in the course of business, and as such, the Fund and its service providers are susceptible to operational and information security risk resulting from cyber incidents. Cyber incidents refer to both intentional attacks and unintentional events including: processing errors, human errors, technical errors including computer glitches and system malfunctions, inadequate or failed internal or external processes, market-wide technical-related disruptions, unauthorized access to digital systems (through hacking or malicious software coding), computer viruses, and cyber-attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality (including denial of service attacks). Cyber incidents could adversely impact the Fund and cause the Fund to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures. Cyber incidents may cause a Fund or its service providers to lose proprietary information, suffer data corruption, lose operational capacity or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber incidents also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the Fund and its service providers. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Fund's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Fund cannot control the cybersecurity plans and systems put in place by its service providers or any other third parties whose operations may affect the Fund.

Certain Affiliations of the Fund

Certain broker-dealers may be considered to be affiliated persons of the Fund, Nuveen Fund Advisors, NAM, Nuveen and/or TIAA. Absent an exemption from the SEC or other regulatory relief, the Fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to purchase securities being underwritten by an affiliated broker or a syndicate including

Table of Contents

an affiliated broker, or to utilize affiliated brokers for agency transactions, is subject to restrictions. This could limit the Fund's ability to engage in securities transactions and take advantage of market opportunities.

Potential Conflicts of Interest Risk

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

Anti-Takeover Provisions

The Declaration of Trust and the Fund's By-Laws (the "By-Laws") include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could have the effect of depriving the common shareholders of opportunities to sell their Common Shares at a premium over the then current price of the Common Shares. See "Certain Provisions in the Declaration of Trust and By-Laws."

Table of Contents

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 Fund's annual financial statements and financial highlights as of and for the fiscal years ended October 31, 2017, October 31, 2016, October 31, 2015 and October 31, 2014 have been audited by KPMG LLP ("KPMG"), an independent registered public accounting firm. KPMG has not reviewed or examined any records, transactions or events after the date of such reports. The information with respect to the six months ended April 30, 2018 is unaudited and is included in the Fund's 2018 Semi-Annual Report which is incorporated into the SAI by reference. The information with respect to the fiscal years ended prior to October 31, 2014 has been audited by other auditors. A copy of the Fund's Annual Reports and Semi-Annual Reports may be obtained from www.sec.gov or by visiting www.nuveen.com. The information contained in, or that can be accessed through, the Fund's websites is not part of this prospectus, except to the extent specifically incorporated by reference in the SAI. 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.

Table of Contents
Selected data for a Common Share outstanding throughout each period:

	Six Months Ended April 30,		Year Ended October 31,			
	2018 (unaudited)	2017	2016	2015	2014	2013
Per Share Operating Performance						
Beginning Common Share Net Asset Value	\$ 16.39	\$ 16.64	\$ 16.03	\$ 16.24	\$ 14.62	\$ 16.33
Investment Operations:						
Net Investment Income (Loss)	0.40	0.84	0.73	0.77	0.71	0.60
Net Realized/Unrealized Gain (Loss)	(0.44)	(0.19)	0.77	(0.13)	1.72	(1.46)
Net Investment Income (Loss) to ARPS Shareholders(a)	0.00	0.00	0.00	0.00	0.00	0.00
Net Realized/Unrealized Gain (Loss) to ARPS Shareholders(a)	0.00	0.00	0.00	0.00	0.00	0.00
Total	(0.04)	0.65	1.50	0.64	2.43	(0.86)
Less Distributions to Common Shareholders:						
From Net Investment Income	(0.44)	(0.87)	(0.86)	(0.75)	(0.70)	(0.74)
From Accumulated Net Realized Gains	0.00	(0.03)	(0.03)	(0.10)	(0.07)	(0.11)
Total	(0.44)	(0.90)	(0.89)	(0.85)	(0.77)	(0.85)
Common Share:						
Discount from Common Shares Repurchased and Retired	0.00	0.00	0.00	0.00*	(0.01)	0.00*
Discount Per Share Repurchased through Tender Offer	0.00	0.00	0.00	0.00	(0.03)	0.00
Ending Net Asset Value	\$ 15.91	\$ 16.39	\$ 16.64	\$ 16.03	\$ 16.24	\$ 14.62
Ending Common Share Price	\$ 14.75	\$ 15.17	\$ 15.05	\$ 14.05	\$ 14.14	\$ 12.75
Common Share Total Returns:						
Based on Net Asset Value(b)	(0.25)%	4.25%	9.40%	4.04%	16.78%	(5.46)%
Based on Share Price(b)	0.15%	7.10%	13.46%	5.53%	17.35%	(14.46)%
SUPPLEMENTAL DATA/RATIOS						
Ending Net Assets (000)	\$ 3,222,459	\$ 3,319,775	\$ 3,370,157	\$ 427,104	\$ 433,092	\$ 434,851
Ratios to Average Net Assets Before Reimbursement(c)						
Expenses(e)	2.32%**	2.05%	1.81%	1.50%	1.75%	2.03%
Net Investment Income Loss	5.00%**	5.26%	4.87%	4.81%	4.56%	3.87%
Ratios to Average Net Assets After Reimbursement(c)(d)						
Expenses(e)	N/A	2.04	1.75	N/A	N/A	N/A
Net Investment Income Loss	N/A	5.27	4.93	N/A	N/A	N/A
Portfolio Turnover Rate(f)	5%	18%	21%	26%	13%	32%
Auction Rate Preferred (ARPS) Shares at the End of Period:						
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$
Asset Coverage Per \$25,000 Share	\$	\$	\$	\$	\$	\$
MuniFund Term Preferred (MTP) Shares at the End of Period(g)						
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$ 108,000
Asset Coverage Per \$25,000 Share	\$	\$	\$	\$	\$	\$ 31.69
Variable Rate MuniFund Term Preferred (VMTP) Shares at the End of Period:						
Aggregate Amount Outstanding (000)	\$	\$ 240,400	\$ 240,400	\$	\$	\$ 92,500
Asset Coverage Per \$100,000 Share	\$	\$ 304,955	\$ 304,005	\$	\$	\$ 316,883
Variable Rate Demand Term Preferred (VRDP) Shares at the End of Period:						
Aggregate Amount Outstanding (000)	\$ 1,411,600	\$ 1,411,600	\$ 1,411,600	\$ 179,000	\$ 179,000	\$
Asset Coverage Per \$100,000 Share	\$ 277,351	\$ 300,955	\$ 304,005	\$ 338,606	\$ 341,951	\$
MuniFund Preferred (MFP) Shares at the End of Period:						
Aggregate Amount Outstanding (000)	\$ 405,400	\$	\$	\$	\$	\$

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Asset Coverage Per \$100,000 Share	\$ 277,351	\$	\$	\$	\$	\$
ARPS, MTP , VMTP, VRDP and/or MFP Shares at the End of Period:						
Asset Coverage Per \$1 Liquidation Preference	\$ 2.77	\$ 3.01	\$ 3.04	\$	\$	\$ 3.17

Table of Contents**Selected data for a Common Share outstanding throughout each period:**

	Year Ended October 31,				
	2012	2011	2010	2009	2008
Per Share Operating Performance					
Beginning Common Share Net Asset Value	\$ 15.03	\$ 15.20	\$ 14.80	\$ 12.85	\$ 15.09
Investment Operations:					
Net Investment Income (Loss)	0.82	0.91	0.90	1.00	1.00
Net Realized/Unrealized Gain (Loss)	1.42	(0.22)	0.39	1.77	(2.25)
Net Investment Income (Loss) to Fund ARPS Shareholders(a)	0.00	(0.01)	(0.01)	(0.06)	(0.29)
Net Realized/Unrealized Gain (Loss) to Fund ARPS Shareholders(a)	0.00	0.00	0.00*	0.00	0.00
Total	2.24	0.68	1.28	2.71	(1.54)
Less Distributions to Common Shareholders:					
From Net Investment Income	(0.90)	(0.85)	(0.84)	(0.76)	(0.70)
From Accumulated Net Realized Gains	(0.04)	0.00*	(0.04)	0.00	0.00
Total	(0.94)	(0.85)	(0.88)	(0.76)	(0.70)
Common Share:					
Discount from Common Shares Repurchased and Retired	0.00	0.00	0.00	0.00*	0.00
Ending Net Asset Value	\$ 16.33	\$ 15.03	\$ 15.20	\$ 14.80	\$ 12.85
Ending Common Share Price	\$ 15.82	\$ 14.32	\$ 14.80	\$ 13.85	\$ 11.42
Common Share Total Returns:					
Based on Net Asset Value(b)	15.30%	4.83%	8.89%	21.54%	(10.64)%
Based on Share Price(b)	17.44%	2.89%	13.51%	28.72%	(12.11)%
SUPPLEMENTAL DATA/RATIOS					
Ending Net Assets (000)	\$ 486,750	\$ 448,070	\$ 452,908	\$ 441,207	\$ 383,035
Ratios to Average Net Assets Before Reimbursement(c)					
Expenses(e)	2.08%	1.95%	1.89%	1.25%	1.32%
Net Investment Income Loss	5.17%	6.12%	5.79%	6.86%	6.48%
Ratios to Average Net Assets After Reimbursement(c)(d)					
Expenses(e)	2.05%	1.84%	1.71%	0.98%	0.98%
Net Investment Income Loss	5.20%	6.23%	5.98%	7.12%	6.82%
Portfolio Turnover Rate(f)	29%	7%	2%	9%	7%
Auction Rate Preferred (ARPS) Shares at the End of Period:					
Aggregate Amount Outstanding (000)	\$	\$	\$ 91,950	\$ 91,950	\$ 226,975
Asset Coverage Per \$25,000 Share	\$	\$	\$ 81,628	\$ 80,165	\$ 67,189
MuniFund Term Preferred (MTP) Shares at the End of Period(g)					
Aggregate Amount Outstanding (000)	\$ 108,000	\$ 108,000	\$ 108,000	\$ 108,000	\$
Asset Coverage Per \$25,000 Share	\$ 34.28	\$ 32.35	\$ 32.65	\$ 32.07	\$
Variable Rate MuniFund Term Preferred (VMTP) Shares at the End of Period:					
Aggregate Amount Outstanding (000)	\$ 92,500	\$ 92,500	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$ 342,768	\$ 323,476	\$	\$	\$
Variable Rate Demand Term Preferred (VRDP) Shares at the End of Period:					
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$	\$	\$	\$	\$
MuniFund Preferred (MFP) Shares at the End of Period:					
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$	\$	\$	\$	\$
ARPS, MTP, VMTP, VRDP and/or MFP Shares at the End of Period:					
Asset Coverage Per \$1 Liquidation Preference	\$ 3.43	\$ 3.23	\$ 3.27	\$ 3.21	\$

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- (a) The amounts shown for ARPS are based on common share equivalents.
- (b) Total Return Based on Common Share net asset value is the combination of changes in common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, 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 net asset value. 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 net asset value), 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

Table of Contents

dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

- (c) Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to Preferred Shares issued by the Fund.
- (d) The expense ratios reflect, among other things, all interest expense and other costs related to Preferred Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, as follows:

Six Months

Ended April 30, 2018 (unaudited)	2017	2016	2015	2014	Year Ended October 31,		2011	2010	2009	2008
					2013	2012				
1.29%**	1.02%	0.78%	0.46%	0.75%	1.06%	1.05%	0.90%	0.84%	0.08%	0.15%

- (e) After expense reimbursement from the Investment Adviser, where applicable. As of March 31, 2012 the Investment Adviser is no longer reimbursing the Fund for any fees and expenses.
- (f) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales divided by the average long-term market value during the period.
- (g) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares outstanding were as follows:

Series 2014 (NVG PRCL)	2014	2013	2012	2011	2010	2009
Ending Market Value per Share	\$	\$ 10.09	\$ 10.12	\$ 10.10	\$ 10.22	\$ 9.98
Average Market Value per Share	10.05 [^]	10.11	10.16	10.12	10.19	10.03 ^{^^}

[^] For the period November 1, 2013 through December 23, 2013.

^{^^} For the period October 19, 2009 (first issuance date of shares) through October 31, 2009.

* Rounds to less than \$0.01 per share.

** Annualized

N/A Fund does not have or no longer has a contractual reimbursement with the Investment Adviser.

Table of Contents**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 July 12, 1999, pursuant to the Declaration of Trust, which is governed by the laws of the Commonwealth of Massachusetts. The Fund's Common Shares are listed on the NYSE under the symbol NVG. 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

Unless otherwise specified in a prospectus supplement, the Fund will use the net proceeds from any sales of Securities pursuant to this prospectus to make investments in accordance with the Fund's investment objectives and policies or to redeem outstanding Preferred Shares.

To the extent a portion of the net proceeds from an offering are used to make investments, the relevant prospectus supplement will include an estimate of the length of time it is expected to take to invest such proceeds. The Fund anticipates that the net proceeds will be invested shortly following completion of the offering and in any event expects the time period to be less than three months. To the extent a portion of the net proceeds from an offering are used to redeem outstanding Preferred Shares, the Fund anticipates that such redemptions will be effected as soon as practicable after completion of the relevant offering.

Pending the use of proceeds, as described above, the Fund anticipates investing the proceeds in high-quality, short-term investments.

DESCRIPTION OF SECURITIES

The following is a brief description of the material terms of the Common Shares and the Preferred Shares, including MFP Shares, of the Fund, except that the series designation, redemption terms, dividend rate or rates, and other details concerning any MFP Shares issued under the registration statement of which this prospectus is a part will be disclosed in a prospectus supplement.

The following provides information about the Fund's outstanding Securities as of September 30, 2018:

Title of Class	Amount Authorized	Amount Held by the Fund or for its Account	Amount Outstanding
Common Shares	Unlimited	0	202,552,895
Preferred Shares	Unlimited		
VRDP:			
Series 1	1,790	0	1,790
Series 2	3,854	0	3,854
Series 4	1,800	0	1,800
Series 5	3,405	0	3,405
Series 6	3,267	0	3,267
MFP:			
Series A	4,054	0	4,054

Table of Contents

Common Shares

The Declaration of Trust authorizes the issuance of an unlimited number of Common Shares. The Common Shares have a par value of \$0.01 per share and, subject to the rights of holders of Preferred Shares, including MFP Shares issued, have equal rights to the payment of dividends and the distribution of assets upon liquidation. The Common Shares when issued, are fully paid and, subject to matters discussed in Certain Provisions in the Declaration of Trust and By-Laws, non-assessable, and have no preemptive or conversion rights or rights to cumulative voting. A copy of the Declaration of Trust is filed with the SEC as an exhibit to the Fund's registration statement of which this prospectus is a part. A copy may be obtained as described under Where You Can Find More Information.

Each whole Common Share has one vote with respect to matters upon which a shareholder vote is required, and each fractional share shall be entitled to a proportional fractional vote consistent with the requirements of the 1940 Act and the rules promulgated thereunder, and will vote together as a single class. Whenever the Fund incurs borrowings and/or Preferred Shares are outstanding, common shareholders will not be entitled to receive any cash distributions from the Fund unless all interest on such borrowings has been paid and all accumulated dividends on Preferred Shares have been paid, unless asset coverage (as defined in the 1940 Act) with respect to any borrowings would be at least 300% after giving effect to the distributions and asset coverage (as defined in the 1940 Act) with respect to Preferred Shares would be at least 200% after giving effect to the distributions. See Preferred Shares below.

The Common Shares are listed on the NYSE and trade under the ticker symbol NVG. The Fund intends to hold annual meetings of shareholders so long as the Common Shares are listed on a national securities exchange and such meetings are required as a condition to such listing. The Fund will not issue share certificates.

Unlike open-end funds, closed-end funds like the Fund do not provide daily redemptions. Rather, if a shareholder determines to buy additional Common Shares or sell shares already held, the shareholder may conveniently do so by trading on the exchange through a broker or otherwise. Common shares of closed-end investment companies may frequently trade on an exchange at prices lower than net asset value. Common shares of closed-end investment companies like the Fund have during some periods traded at prices higher than net asset value and have during other periods traded at prices lower than net asset value.

Because the market value of the Common Shares may be influenced by such factors as distribution levels (which are in turn affected by expenses), call protection, dividend stability, portfolio credit quality, net asset value, relative demand for and supply of such shares in the market, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot assure you that Common Shares will trade at a price equal to or higher than net asset value in the future. The Common Shares are designed primarily for long-term investors, and investors in the Common Shares should not view the Fund as a vehicle for trading purposes. See Repurchase of Fund Shares; Conversion to Open-End Fund.

Preferred Shares

The Fund's Declaration of Trust authorizes the issuance of an unlimited number of Preferred Shares in one or more classes or series, with rights as determined by the Board, by action of the Board

Table of Contents

without the approval of the common shareholders. As indicated above, the Fund currently has outstanding Preferred Shares consisting of VRDP Shares and MFP Shares. Copies of the Declaration of Trust, and the applicable statement establishing and fixing the rights and preferences of Preferred Shares of the applicable series, and, if applicable, the related supplement, are (or will be when the relevant MFP Shares are issued, in the case of MFP Shares offered and sold under the Fund's registration statement of which this prospectus is a part) filed with the SEC as exhibits to the registration statement. Copies may be obtained as described under *Where You Can Find More Information*.

Currently, the outstanding VRDP Shares of certain series have a remarketing feature and the benefit of an unconditional demand feature pursuant to a purchase agreement provided by a bank acting as liquidity provider to ensure full and timely repayment of the liquidation preference amount plus any accumulated and unpaid dividends to holders upon the occurrence of certain events. The purchase agreement for the outstanding VRDP Shares of each such series requires the applicable liquidity provider to purchase from holders all outstanding VRDP Shares of such series tendered for sale that were not successfully remarketed. The liquidity provider also must purchase all outstanding VRDP Shares of the applicable series prior to termination of the purchase agreement for such series, including by reason of the failure of the liquidity provider to maintain the requisite level of short-term ratings, if the Fund has not obtained an alternate purchase agreement before the termination date. The liquidity provider for the outstanding VRDP Shares of each applicable series entered into a purchase agreement with respect to such series, subject to periodic extension by agreement with the Fund.

The outstanding VRDP Shares and MFP Shares of each series have a specified term redemption date and may be subject to earlier optional or mandatory redemption by the Fund, in whole or in part, in certain circumstances, such as in the event of a failure by the Fund to comply with asset coverage and/or effective leverage ratio requirements and any such failure is not cured within the applicable cure period. With respect to each series of outstanding VRDP Shares that has a liquidity provider, the Fund has an obligation to redeem, at a redemption price equal to \$100,000 per share plus accumulated but unpaid dividends thereon (whether or not earned or declared), shares of such series purchased by the liquidity provider pursuant to its obligation under the purchase agreement if the liquidity provider continues to be the beneficial owner for a period of six months and such shares cannot be successfully remarketed.

Ranking and Priority of Payment

Each Preferred Share, including each MFP Share, ranks and will rank on parity with each other and other Preferred Shares with respect to the payment of dividends and the distribution of assets upon liquidation. Each Preferred Share, including each MFP Share, ranks and will rank senior in priority to the Common Shares as to the payment of dividends and as to the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund.

Dividends and Distributions

The holders of Preferred Shares of each series are entitled to receive, when, as and if declared by the Board, out of funds legally available therefor in accordance with the Declaration of Trust and applicable law, cumulative cash dividends at the dividend rate for the Preferred Shares of such series payable on the dividend payment dates with respect to the Preferred Shares of such series. Holders of Preferred Shares are not entitled to any dividend, whether payable in cash, property or shares, in excess

Table of Contents

of full cumulative dividends on the Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on Preferred Shares which may be in arrears, and no additional sum of money will be payable in respect of such arrearage.

Voting Rights

Preferred Shares, including MFP Shares, are required to be voting shares and to have equal voting rights with Common Shares. Except as otherwise indicated in this prospectus, the applicable prospectus supplement or the SAI and except as otherwise required by applicable law, Preferred Shares, including MFP Shares, would vote together with the holders of Common Shares as a single class.

Holders of Preferred Shares, including MFP Shares, voting as a separate class, will be entitled to elect two of the Fund's trustees. The remaining trustees will be elected by the holders of Common Shares and the holders of Preferred Shares, voting together as a single class. In the unlikely event that two full years of accumulated dividends are unpaid on the Preferred Shares, including MFP Shares, the holders of all outstanding Preferred Shares, including MFP Shares, voting as a separate class, will be entitled to elect a majority of the Fund's trustees until all dividends in arrears have been paid or declared and set apart for payment. In order for the Fund to take certain actions or enter into certain transactions, a separate class vote of holders of Preferred Shares would be required, in addition to the single class vote of the holders of Preferred Shares and Common Shares. See Certain Provisions in the Declaration of Trust and By-Laws.

Redemption, Purchase and Sale of Preferred Shares

The terms of the Preferred Shares of any series may provide that they may be subject to optional or mandatory redemption by the Fund at certain times or under certain circumstances, in whole or in part, at the liquidation preference per share plus accumulated dividends. The terms for optional redemption of MFP Shares of any series may provide for the payment of a redemption premium, which will be described in the applicable prospectus supplement. Any redemption or purchase of Preferred Shares, including MFP Shares, by the Fund will reduce the leverage applicable to Common Shares, while any issuance of Preferred Shares by the Fund would increase such leverage.

Ratings and Asset Coverage

The Fund currently expects that each series of MFP Shares offered will have a long-term rating from at least one NRSRO at the time of issuance. Each of the Fund's currently outstanding series of Preferred Shares has a long-term rating from one or more NRSROs.

As long as MFP Shares or other Preferred Shares are outstanding, the composition of the Fund's portfolio will reflect guidelines established by the NRSRO or NRSROs rating such shares. These guidelines may impose requirements different from or in addition to those required under the 1940 Act, and generally include asset coverage requirements, portfolio characteristics such as portfolio diversification and credit rating criteria, and qualitative views on the Fund and Fund management. Although the Fund's failure to meet such requirements or criteria under applicable guidelines may cause the Fund to sell portfolio positions or to redeem Preferred Shares at inopportune times in an amount necessary to restore compliance with the guidelines, or may result in a downgrade of ratings, the Fund currently does not anticipate that these restrictions or guidelines will impede the management of the Fund's portfolio in accordance with the Fund's investment objectives and policies.

Table of Contents

There can be no assurance that one or more NRSROs will not alter its or their rating criteria resulting in downgrades of ratings, that the Fund will maintain any ratings of the Preferred Shares, including MFP Shares or, if at any time the Preferred Shares, including MFP Shares, have one or more ratings, that any particular ratings will be maintained. The Fund may, at any time, replace a NRSRO with another NRSRO or terminate the services of any NRSROs then providing a rating for Preferred Shares without replacement, in either case, without the approval of shareholders of the Fund (except as may be otherwise specifically provided for a series of Preferred Shares). In addition, the NRSRO guidelines adopted by the Fund in connection with a NRSRO's rating of Preferred Shares, including MFP Shares, may be changed or eliminated at any time without the approval of shareholders of the Fund, including in connection with the change or elimination of any or all long-term ratings of the Preferred Shares.

Ratings of the Preferred Shares, including MFP Shares, neither eliminate nor mitigate the risks of investing in Common Shares or Preferred Shares. See "Risk Factors" above and in the applicable prospectus supplement.

MuniFund Preferred Shares

The description of the MFP Shares that may be offered pursuant to the registration statement of which this prospectus is a part set forth below will be supplemented in a related prospectus supplement and will include the following:

the series and title of the security;

the liquidation preference per share and aggregate liquidation preference of the MFP Shares being offered;

the dividend rate or rates on the MFP Shares being offered, or the manner in which the dividend rate or rates will be calculated;

any optional or mandatory redemption provisions;

any changes in paying agents or security registrar; and

any other terms of the MFP Shares being offered.

The prospectus supplement also will contain a description of material U.S. federal income tax consequences relating to the purchase and ownership of the MFP Shares that are described in the prospectus supplement.

The decision to issue MFP Shares or other Preferred Shares is subject to market conditions and to the Board's belief that leveraging the Fund's capital structure through the issuance of Preferred Shares is likely to achieve the benefits to the common shareholders described in this prospectus.

Designation of Modes

Initial Mode and Subsequent Modes. The terms and conditions applicable to any series of MFP Shares will be set forth in the Statement relating to that series, as supplemented by the Statement Supplement setting forth the additional terms and conditions applicable to that series upon initial

Table of Contents

issuance for the period specified in the Statement Supplement. The Fund may have the option with respect to any series of MFP Shares to effect a Mode extension or change after the initial issuance of MFP Shares of that series. The additional or different terms and conditions applicable to the MFP Shares in any subsequent Modes or extensions of any Mode will be set forth in future new or amended Statement supplements effective on the dates set forth in any such new or amended Statement supplements.

Designation of Mode Provisions. In connection with any Mode designated or extended, the Fund, subject to compliance with the terms and conditions of the applicable Statement and Statement Supplement then in effect, without the vote or consent of any holder of MFP Shares, may (i) provide in the Statement Supplement for such Mode for provisions relating solely to such Mode that differ from those provided in the Statement or any other Statement supplement, including, but not limited to, with respect to optional tender provisions, mandatory tender provisions, a liquidity facility or other credit enhancement, mandatory purchase provisions, the dividend rate setting provisions (including as to any maximum rate), and, if the dividend may be determined by reference to an index, formula or other method, the manner in which it will be determined, redemption provisions and modified or new definitions, and (ii), subject to any restrictions on modification specifically set forth in such Statement supplement for a Mode then in effect, modify such Statement supplement then in effect to provide for optional tender provisions, and/or mandatory tender provisions, a liquidity facility or other credit enhancement, and other provisions. Extension of any Mode, and the modification of any provisions relating to such Mode, will be subject to any restrictions on extension or modification set forth in the Statement or in the Statement Supplement for such Mode.

Notices in Respect of Mode Designation or Extension. The Fund will deliver a notice of Mode designation or extension or proposed Mode designation or extension as specified in and otherwise in accordance with the Statement Supplement.

Mandatory Tender of MFP Shares in connection with a Mode Change or Extension. The Statement Supplement will provide that any Mode change or extension will trigger a mandatory tender of all outstanding MFP Shares of the applicable series for transition remarketing into the extended Mode or new Mode.

THE FUND'S INVESTMENTS

Investment Objectives and Policies

The Fund's investment objectives are:

to provide current income exempt from regular federal income tax and federal alternative minimum tax applicable to individuals;
and

to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Investment Adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.

Underrated municipal securities are those whose ratings do not, in the Investment Adviser's opinion, reflect their true value. Municipal securities may be underrated because of the time that has elapsed since their rating was assigned or reviewed, or because of positive factors that may not have been fully taken into account by NRSROs, or for other similar reasons. Municipal securities that are

Table of Contents

undervalued or that represent undervalued municipal market sectors are municipal securities that, in the Investment Adviser's opinion, are worth more than the value assigned to them in the marketplace. Municipal securities of particular types or purposes (e.g., hospital bonds, industrial revenue bonds or bonds issued by a particular municipal issuer) may be undervalued because there is a temporary excess of supply in that market sector, or because of a general decline in the market price of municipal securities of the market sector for reasons that do not apply to the particular municipal securities that are considered undervalued. The Fund's investment in underrated or undervalued municipal securities will be based on the Investment Adviser's belief that the prices of such municipal securities should ultimately reflect their true value. Accordingly, enhancement of portfolio value relative to the municipal bond market refers to the Fund's objective of attempting to realize above-average capital appreciation in a rising market, and to experience less than average capital losses in a declining market. Thus, the Fund's second investment objective is not intended to suggest that capital appreciation is itself an objective of the Fund. Instead, the Fund seeks enhancement of portfolio value relative to the municipal bond market by prudent selection of municipal securities, regardless of which direction the market may move. Any capital appreciation realized by the Fund will generally result in the distribution of taxable capital gains to holders of Common Shares and holders of Preferred Shares. The Fund is currently required to allocate net capital gains and ordinary income taxable for U.S. federal income tax purposes, if any, proportionately between Common Shares and Preferred Shares. See Tax Matters.

It is a fundamental policy that, under normal circumstances, the Fund will invest at least 80% of its Assets (as defined below) in municipal securities and other related investments, the income from which is exempt from regular federal income taxes.

As a non-fundamental investment policy that may be changed by the Fund's trustees without prior shareholder notice, under normal circumstances, the Fund will invest 100% of its Managed Assets (as defined below) in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase. As a non-fundamental policy subject to change by the Fund's trustees upon 60 days' notice to shareholders, under normal circumstances, the Fund will invest at least 80% of its Assets in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase.

Assets means net assets of the Fund plus the amount of any borrowings for investment purposes. Managed Assets means the total assets of the Fund, minus the sum of its accrued liabilities (other than Fund liabilities incurred for the express purpose of creating leverage). Total assets for this purpose shall include assets attributable to the Fund's use of leverage (whether or not those assets are reflected in the Fund's financial statements for purposes of generally accepted accounting principles), and derivatives will be valued at their market value.

As a non-fundamental policy that may be changed by the Fund's trustees without prior shareholder notice, under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities rated, at the time of investment, below the three highest grades (Baa or BBB or lower) by at least one NRSRO, which includes below-investment-grade securities or unrated securities judged to be of comparable quality by NAM. The Fund may invest in distressed securities. The Fund may not invest in the securities of an issuer which, at the time of investment, is in default on its obligations to pay principal or interest thereon when due or that is involved in a bankruptcy proceeding (i.e. rated below C-, at the time of investment), provided, however, that NAM may determine that it is in the best

Table of Contents

interest of shareholders in pursuing a workout arrangement with issuers of defaulted securities to make loans to the defaulted issuer or another party, or purchase a debt, equity or other interest from the defaulted issuer or another party, or take other related or similar steps involving the investment of additional monies, but only if that issuer's securities are already held by the Fund.

The Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully higher net earnings. However, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when due. In addition, the Fund's greater allocation to lower rated municipal securities may have a negative effect on one or more long-term ratings of the Fund's Preferred Shares. See **Risk Factors** for a discussion of the risks associated with an increased exposure to lower rated municipal securities and for a discussion of ratings risks.

Securities of below investment grade quality (Ba/BB or below) are commonly referred to as junk bonds. Issuers of securities rated Ba/BB or B are regarded as having current capacity to make principal and interest payments but are subject to business, financial or economic conditions which could adversely affect such payment capacity. Municipal securities rated Baa or BBB are considered investment grade securities; municipal securities rated Baa are considered medium grade obligations which lack outstanding investment characteristics and have speculative characteristics, while municipal securities rated BBB are regarded as having adequate capacity to pay principal and interest. Municipal securities rated AAA in which the Fund may invest may have been so rated on the basis of the existence of insurance guaranteeing the timely payment, when due, of all principal and interest. Municipal securities rated below investment grade quality are obligations of issuers that are considered predominately speculative with respect to the issuer's capacity to pay interest and repay principal according to the terms of the obligation and, therefore, carry greater investment risk, including the possibility of issuer default and bankruptcy and increased market price volatility. Municipal securities rated below investment grade tend to be less marketable than higher quality securities because the market for them is less broad. The market for unrated municipal securities is even narrower. During periods of thin trading in these markets, the spread between bid and asked prices is likely to increase significantly and the Fund may have greater difficulty selling its portfolio securities. The Fund will be more dependent on the Investment Adviser and/or the Sub-Adviser's research and analysis when investing in these securities.

The foregoing credit quality policy targets apply only at the time a security is purchased, and the Fund is not required to dispose of a security in the event that a NRSRO upgrades or downgrades its assessment of the credit characteristics of a particular issuer or that valuation changes of various municipal securities cause the Fund's portfolio to fail to satisfy those targets. In determining whether to retain or sell such a security, the Investment Adviser and/or the Sub-Adviser may consider such factors as the Investment Adviser's and/or the Sub-Adviser's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other NRSROs. The ratings of S&P Global Ratings, Moody's Investors Service, Inc. and Fitch Ratings, Inc. represent their opinions as to the quality of the municipal securities they rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, municipal securities with the same maturity, coupon and rating may have different yields while obligations of the same maturity and coupon with different ratings may have the same yield.

The Fund will invest primarily in municipal securities with long-term maturities in order to maintain an average effective maturity of 15 to 30 years, including the effects of leverage, but the

Table of Contents

average effective maturity of obligations held by the Fund may be lengthened or shortened as a result of portfolio transactions effected by the Investment Adviser and/or the Sub-Adviser, depending on market conditions and on an assessment by the portfolio manager of which segments of the municipal securities markets offer the most favorable relative investment values and opportunities for tax-exempt income and total return. As a result, the Fund's portfolio at any given time may include both long-term and intermediate-term municipal securities. Moreover, during temporary defensive periods (e.g., times when, in the Investment Adviser's and/or the Sub-Adviser's opinion, temporary imbalances of supply and demand or other temporary dislocations in the tax-exempt bond market adversely affect the price at which long-term or intermediate-term municipal securities are available), and in order to keep the Fund's cash fully invested, the Fund may invest any percentage of its total assets in short-term investments including high quality, short-term debt securities that may be either tax-exempt or taxable. The Fund may not achieve its investment objectives during such periods.

The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities. The economic effect of leverage through the Fund's purchase of inverse floating rate securities creates an opportunity for increased net income and returns for common shareholders but also creates the possibility that the Fund's long-term returns will be diminished if the cost of leverage exceeds the return of the inverse floating rate securities purchased by the Fund.

The Fund may invest in tobacco settlement bonds. Tobacco settlement bonds are bonds that are secured or payable solely from the collateralization of the proceeds from class action or other litigation against the tobacco industry. See Risk Factors Special Risks Related to Certain Municipal Securities.

The Fund may invest in securities of other open- or closed-end investment companies (including exchange-traded funds) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC. See Portfolio Composition Other Investment Companies below.

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.

The Fund may purchase municipal securities that are additionally secured by insurance, bank credit agreements or escrow accounts. The credit quality of companies which provide such credit enhancements may affect the value of those securities. Although the insurance feature may reduce certain financial risks, the premiums for insurance and the higher market price paid for insured obligations may reduce the Fund's income. The insurance feature guarantees only the payment of principal and interest on the obligation when due and does not guarantee the market value of the insured obligations, which will fluctuate with the bond market and the financial success of the issuer and the insurer, and the effectiveness and value of the insurance itself is dependent on the continued creditworthiness of the insurer. No representation is made as to the insurers' ability to meet their commitments.

Obligations of issuers of municipal securities are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Bankruptcy

Table of Contents

Reform Act of 1978. In addition, the obligations of such issuers may become subject to the laws enacted in the future by Congress, state legislatures or referenda extending the time for payment of principal or interest, or both, or imposing other constraints upon enforcement of such obligations or upon municipalities to levy taxes. There is also the possibility that, as a result of legislation or other conditions, the power or ability of any issuer to pay, when due, the principal of and interest on its municipal securities may be materially affected.

The Fund is diversified for purposes of the 1940 Act. Consequently, as to 75% of its assets, the Fund may not invest more than 5% of its total assets in the securities of any single issuer (and in not more than 10% of the outstanding voting securities of an issuer), except that this limitation does not apply to cash, securities of the U.S. government, its agencies and instrumentalities, and securities of other investment companies.

The Fund cannot change its investment objectives without the approval of the holders of a majority of the outstanding Common and Preferred Shares, voting together as a single class, and of the holders of a majority of the outstanding Preferred Shares voting as a separate class, and with the prior written consent of the liquidity providers for VRDP Shares, such consent to be determined in each liquidity provider's good faith discretion, and certain other Fund counterparties. A majority of the outstanding, under the 1940 Act, means (i) 67% or more of the shares present at a meeting, if the holders of more than 50% of the shares are present or represented by proxy, or (ii) more than 50% of the shares, whichever is less. See Description of Securities for additional information with respect to the voting rights of holders of Common Shares and Preferred Shares.

Portfolio Composition

The Fund's portfolio will be composed principally of the following investments.

Municipal Securities

General. The Fund may invest in various municipal securities, including municipal bonds and notes, other securities issued to finance and refinance public projects, and other related securities and derivative instruments creating exposure to municipal bonds, notes and securities that provide for the payment of interest income that is exempt from both regular federal income taxes and the federal alternative minimum tax applicable to individuals. Municipal securities are generally debt obligations issued by state and local governmental entities and may be issued by U.S. territories to finance or refinance public projects such as roads, schools, and water supply systems. Municipal securities may also be issued for private activities, such as housing, medical and educational facility construction, or for privately owned transportation, electric utility and pollution control projects. Municipal securities may be issued on a long term basis to provide permanent financing. The repayment of such debt may be secured generally by a pledge of the full faith and credit taxing power of the issuer, a limited or special tax, or any other revenue source including project revenues, which may include tolls, fees and other user charges, lease payments, and mortgage payments. Municipal securities may also be issued to finance projects on a short term interim basis, anticipating repayment with the proceeds on long term debt. Municipal securities may be issued and purchased in the form of bonds, notes, leases or certificates of participation; structured as callable or non-callable; with payment forms including fixed coupon, variable rate, zero coupon, capital appreciation bonds, tender option bonds, and residual interest bonds or inverse floating rate securities; or acquired through investments in pooled vehicles, partnerships or other investment companies. Inverse floating rate securities are securities that pay

Table of Contents

interest at rates that vary inversely with changes in prevailing short-term tax-exempt interest rates and represent a leveraged investment in an underlying municipal security, which may increase the leverage of the Fund.

The Fund may invest in municipal bonds issued by United States territories and possessions (such as Puerto Rico or Guam) that are exempt from regular federal income taxes.

The yields on municipal securities depend on a variety of factors, including prevailing interest rates and the condition of the general money market and the municipal bond market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The market value of municipal bonds will vary with changes in interest rate levels and as a result of changing evaluations of the ability of their issuers to meet interest and principal payments.

Municipal Leases and Certificates of Participation. The Fund also may purchase municipal securities that represent lease obligations and certificates of participation in such leases. These carry special risks because the issuer of the securities may not be obligated to appropriate money annually to make payments under the lease. A municipal lease is an obligation in the form of a lease or installment purchase that is issued by a state or local government to acquire equipment and facilities. Income from such obligations generally is exempt from state and local taxes in the state of issuance. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of non-appropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event the issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment or facilities. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and result in a delay in recovering, or the failure to recover fully, the Fund's original investment. To the extent that the Fund invests in unrated municipal leases or participates in such leases, the credit quality rating and risk of cancellation of such unrated leases will be monitored on an ongoing basis. In order to reduce this risk, the Fund will only purchase municipal securities representing lease obligations where the Investment Adviser believes the issuer has a strong incentive to continue making appropriations until maturity.

A certificate of participation represents an undivided interest in an unmanaged pool of municipal leases, an installment purchase agreement or other instruments. The certificates typically are issued by a municipal agency, a trust or other entity that has received an assignment of the payments to be made by the state or political subdivision under such leases or installment purchase agreements. Such certificates provide the Fund with the right to a pro rata undivided interest in the underlying municipal securities. In addition, such participations generally provide the Fund with the right to demand payment, on not more than seven days' notice, of all or any part of the Fund's participation interest in the underlying municipal securities, plus accrued interest.

Municipal Notes. Municipal securities in the form of notes generally are used to provide for short-term capital needs, in anticipation of an issuer's receipt of other revenues or financing, and

Table of Contents

typically have maturities of up to three years. Such instruments may include tax anticipation notes, revenue anticipation notes, bond anticipation notes, tax and revenue anticipation notes and construction loan notes. Tax anticipation notes are issued to finance the working capital needs of governments. Generally, they are issued in anticipation of various tax revenues, such as income, sales, property, use and business taxes, and are payable from these specific future taxes. Revenue anticipation notes are issued in expectation of receipt of other kinds of revenue, such as federal revenues available under federal revenue sharing programs. Bond anticipation notes are issued to provide interim financing until long-term bond financing can be arranged. In most cases, the long-term bonds then provide the funds needed for repayment of the bond anticipation notes. Tax and revenue anticipation notes combine the funding sources of both tax anticipation notes and revenue anticipation notes. Construction loan notes are sold to provide construction financing. Mortgage notes insured by the Federal Housing Authority secure these notes; however, the proceeds from the insurance may be less than the economic equivalent of the payment of principal and interest on the mortgage note if there has been a default. The anticipated revenues from taxes, grants or bond financing generally secure the obligations of an issuer of municipal notes. An investment in such instruments, however, presents a risk that the anticipated revenues will not be received or that such revenues will be insufficient to satisfy the issuer's payment obligations under the notes or that refinancing will be otherwise unavailable.

Pre-Refunded Municipal Securities. The principal of, and interest on, pre-refunded municipal securities are no longer paid from the original revenue source for the securities. Instead, the source of such payments is typically an escrow fund consisting of U.S. government securities. The assets in the escrow fund are derived from the proceeds of refunding bonds issued by the same issuer as the pre-refunded municipal securities. Issuers of municipal securities use this advance refunding technique to obtain more favorable terms with respect to securities that are not yet subject to call or rede