PROSPECTUS

11,200,000 Shares
AllianzGI Diversified Income & Convertible Fund
Common Shares
$25.00 per Share

Investment Objective. AllianzGI Diversified Income & Convertible Fund (the "Fund") is a newly organized, diversified, limited term closed-end management investment company with no operating history. The Fund's investment objective is to provide total return through a combination of current income and capital appreciation, while seeking to provide downside protection against capital loss. No assurance can be given that the Fund will achieve its investment objective, and you could lose all of your investment in the Fund.

No Prior History. **Because the Fund is newly organized, its common shares of beneficial interest ("Common Shares") have no history of public trading. Shares of closed-end funds frequently trade at a significant discount from their net asset value, which creates a risk of loss for investors. This risk is greater for investors who expect to sell their shares in a relatively short period after completion of the initial public offering.** The Common Shares have been approved for listing on the New York Stock Exchange ("NYSE") under the trading or "ticker" symbol "ACV."

Investment in the Fund's Common Shares involves substantial risks arising from, among other strategies, the Fund's ability to invest in debt instruments and convertible securities that are, at the time of purchase, rated below investment grade or unrated but determined by Allianz Global Investors U.S. LLC ("AGI U.S." or the "Sub-Adviser"), the Fund's sub-adviser, to be of comparable quality, the Fund's use of the Option Strategy (as defined herein) and the Fund's anticipated use of leverage. Instruments of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal and are commonly referred to as "high yield securities" or "junk bonds." An investment in the Fund should be considered speculative. Before buying any of the Fund's Common Shares, you should read the discussion of the principal risks of investing in the Fund in "Risk Factors" beginning on page 50 of this prospectus.

You should read this prospectus, which concisely sets forth information about the Fund, before deciding whether to invest in the Common Shares and retain it for future reference. The Fund has filed with the Securities and Exchange Commission a Statement of Additional Information (the "SAI") dated May 21, 2015 containing additional information about the Fund. The SAI is incorporated by reference in its entirety into this prospectus. The Fund will also produce both annual and semi-annual reports that will contain important information about the Fund. Copies of the SAI and the Fund's annual and semi-annual reports, when available, may be obtained upon request, without charge, by calling toll-free (800) 254-5197 or by writing to the Fund at 1633 Broadway, New York, New York 10019. You may also call this toll-free telephone number to request other information about the Fund or to make shareholder inquiries. The SAI is (for a period of 60 days after completion of the initial public offering of the Fund's Common Shares), and the annual report and the semi-annual report will be, made available free of charge on the Fund's website at www.allianzinvestors.com. Information on, or accessible through, the Fund's website is not a part of, and is not incorporated into, this prospectus. The Securities and Exchange Commission maintains an internet website (www.sec.gov) that contains other information regarding the Fund. The table of contents for the Statement of Additional Information appears on page 101 of this prospectus.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total(3)
Public offering price	$25.00	$280,000,000
Sales load(1)	$1.125	$12,600,000
Estimated offering expenses	$.05	$560,000
Proceeds, after expenses, to the Fund(2)	$23.825	$266,840,000

(footnotes on inside front cover)

The underwriters expect to deliver the Common Shares to purchasers on or about May 27, 2015.

BofA Merrill Lynch **Wells Fargo Securities**

RBC Capital Markets **Stifel** **Citigroup**

BB&T Capital Markets **Comerica Securities** **D.A. Davidson & Co.**

Dawson James Securities, Inc. **Hennion & Walsh, Inc.** **Janney Montgomery Scott**

Ladenburg Thalmann **MLV & Co.** **National Securities Corporation**

Newbridge Securities Corporation **Pershing LLC** **RCS Capital**

Southwest Securities **Wedbush Securities Inc.** **Wunderlich**

The date of this prospectus is May 21, 2015.

(notes from previous page)

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(1) Allianz Global Investors Fund Management LLC (the "Investment Manager") (and not the Fund) has agreed to pay from its own assets upfront structuring fees to Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, RBC Capital Markets, LLC, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. The Investment Manager (and not the Fund) has agreed to pay from its own assets upfront sales incentive fees to D.A. Davidson & Co., Ladenburg Thalmann & Co. Inc., MLV & Co. LLC and Pershing LLC.

(2) The Investment Manager has agreed to pay (i) all organizational expenses of the Fund and (ii) offering expenses (other than the sales load) that exceed $.05 per Common Share. The Fund will pay offering expenses of the Fund (other than the sales load) up to $.05 per Common Share. Any offering expenses paid by the Fund will be deducted from the proceeds of the offering received by the Fund. After payment of such expenses, assuming offering expenses paid by the Fund are $.05 per Common Share, proceeds to the Fund would be $23.825 per share. The aggregate offering expenses (other than the sales load) to be borne by the Fund are estimated to be $560,000 (approximately $.05 per Common Share). The aggregate offering expenses payable by the Investment Manager are estimated to be $890,000 (approximately $.08 per Common Share). See "Summary of Fund Expenses."

(3) The Fund has granted the underwriters an option to purchase up to 1,680,000 additional Common Shares at the public offering price, less the sales load, within 45 days of the date of this prospectus. If such option is exercised in full, the public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund will be $322,000,000, $14,490,000, $644,000 and $306,866,000, respectively. See "Underwriting."

Investment Strategy. Under normal market conditions, the Fund will seek to achieve its investment objective by investing in a combination of convertible securities, debt and other income-producing instruments and common stocks and other equity securities. The Fund will normally invest at least 80% of its net assets (plus any borrowings for investment purposes) in a diversified portfolio of convertible securities, income-producing equity securities and income-producing debt and other instruments of varying maturities. It is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities rated below investment grade or unrated but determined by AGI U.S. to be of comparable quality (sometimes referred to as "high yield securities" or "junk bonds"). The Fund also expects to normally employ a strategy of writing (selling) covered call options on the stocks held in the equity portion of the portfolio (the "Option Strategy"). The Option Strategy is designed to generate gains from option premiums in an attempt to enhance amounts available for distributions payable to the Fund's shareholders.

Leverage. The Fund currently anticipates that it will initially engage in bank borrowings through the use of a short-term credit facility for leverage, as soon as practicable after the closing of this offering, with an aggregate principal amount equal to approximately 28% of the Fund's managed assets (including the assets obtained through such borrowings) immediately after issuance of such borrowings. The Fund currently expects to replace all or a portion of such short-term borrowings with longer-term, fixed-rate financing within the Fund's first year of operations. If the Fund uses leverage, the amount of fees paid to the Investment Manager for its services will be higher than if the Fund does not use leverage, because the fees paid are calculated based on managed assets, which includes assets acquired with leverage. Leverage is a speculative technique and there are special risks and costs involved. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is employed. See "Use of Leverage," and "Risk Factors—Leverage Risk."

Limited Term. **The Fund will terminate on the first business day following the fifteenth anniversary of the effective date of this registration statement, May 22, 2030, unless such term is extended by the Trustees and absent Trustee and shareholder approval to amend the limited term.**

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

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You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not, and the underwriters have not, authorized anyone to provide you with inconsistent information. If anyone provides you with inconsistent information, you should not assume that the Fund or the underwriters have authorized or verified it. The Fund is not, and the underwriters are not, making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. The Fund's business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in the Fund's common shares of beneficial interest ("Common Shares"). You should review the more detailed information contained in this prospectus and in the Statement of Additional Information. In particular, you should carefully read the risks of investing in the Fund's Common Shares, as discussed under "Risk Factors."

The Fund . . . . AllianzGI Diversified Income & Convertible Fund (the "Fund") is a newly organized, diversified, limited term closed-end management investment company.

Limited Term . . . . The Fund will terminate on the first business day following the fifteenth anniversary of the effective date of this registration statement, which the Fund currently expects to occur on May 22, 2030 (as may be extended, as described below, the "Dissolution Date"), absent Trustee and shareholder approval to amend the limited term provision of the Fund's Amended and Restated Agreement and Declaration of Trust (the "Declaration of Trust" or the "Declaration"), as provided therein. If the Board of Trustees of the Fund (the "Board of Trustees" or "Board") believes that under then-current market conditions it is in the best interests of the Fund to do so, the Fund may extend the termination date for up to one year (*i.e.*, up to May 21, 2031) without a shareholder vote, upon the affirmative vote or consent of a majority of the Board of Trustees and 75% of the Continuing Trustees (as defined under "Limited Term" in this prospectus). The Fund's investment objective and policies are not designed to seek to return to investors that purchase Common Shares in this offering their initial investment of $25.00 per Common Share on the termination date, and such investors and investors that purchase Common Shares after the completion of this offering may receive more or less than their original investment upon termination.

Common Share Repurchase Plan . . . . The Fund's Board of Trustees has approved a Repurchase Plan (the "Repurchase Plan") with respect to the Fund's Common Shares for a defined period following the Fund's initial public offering in an attempt to provide additional liquidity in the marketplace for the Fund's Common Shares. Pursuant to the Repurchase Plan, during the period beginning on the 61st day following the date on which the over-allotment period ends (106 days after the date of the prospectus (*i.e.*, September 4, 2015)) and ending 230 days after the commencement of the Repurchase Plan (*i.e.*, April 21, 2016) (the "Repurchase Period"), the Fund will repurchase its Common Shares in the open market on any trading day when the Fund's Common Shares are trading at a discount of 2% or more from the Common Shares' closing net asset value ("NAV") on the prior trading day and only so long as shares of the SPDR Barclays Convertible Securities ETF have not, at any time during such trading day, traded down 2% or more from their closing market price on the prior trading day. Any repurchases will be made through a single broker-dealer who is not an underwriter in this initial public offering of the Common Shares acting as the Fund's agent. On any day that shares are repurchased under the Repurchase Plan, the Fund will, subject to certain conditions under Rule 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and other applicable laws, including Regulation M, which may prohibit such repurchases under certain circumstances, repurchase its shares in an amount equal to the lesser of (i) $125,000 based on the aggregate purchase price of the Common Shares or (ii) the maximum number of Common Shares the Fund may purchase under Rule 10b-18, which, generally, is currently 25% of the average daily trading volume of the Common Shares over the trailing four week period. In addition to providing potential additional liquidity in the marketplace, any repurchases under the Repurchase Plan will be made by the Fund at a discount to then current NAV of the Common Shares and therefore would be accretive to the NAV of the remaining Common Shares following the repurchases, and the Repurchase Plan may also have the effect of preventing or reducing a significant decline in the market price of the Common Shares in comparison to their NAV. However, there can be no assurance that repurchases of Common Shares under the Repurchase Plan will cause the Common Shares to trade at a price equal to or in excess of NAV or prevent or reduce any trading discount. See "Common Share Repurchase Plan" and "Risk Factors—Repurchase Plan Risk."

The Offering .... The Fund is offering 11,200,000 common shares of beneficial interest, with a par value of $.00001 per share, at $25.00 per share through a group of underwriters led by Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC. The common shares of beneficial interest are sometimes called "Common Shares," and the holders "Common Shareholders" in the rest of this prospectus. You must purchase at least 100 Common Shares in order to participate in this offering. The Fund has given the underwriters an option to purchase up to 1,680,000 additional Common Shares to cover over-allotments. See "Underwriting." The Investment Manager has agreed to pay (i) all organizational expenses of the Fund and (ii) offering expenses (other than the sales load) that exceed $.05 per Common Share.

Investment Objective and Strategies .... *Investment Objective.* The Fund's investment objective is to provide total return through a combination of current income and capital appreciation, while seeking to provide downside protection against capital loss. As described below, it is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities rated below investment grade or unrated but determined by Allianz Global Investors U.S. LLC ("AGI U.S." or the "Sub-Adviser") to be of comparable quality (sometimes referred to as "high yield securities" or "junk bonds"). There is no assurance that the Fund will achieve its investment objective or that the Fund's investment program will be successful.

Portfolio Management Strategies. Under normal market conditions, the Fund will seek to achieve its investment objective by investing in a combination of convertible securities, debt and other income-producing instruments and common stocks and other equity securities. The allocation of the Fund's investments across these asset classes will vary from time to time, based upon the portfolio managers' assessment of economic conditions and market factors, such that an asset class may be more heavily weighted in the Fund's portfolio than the other classes at any time and from time to time, and sometimes to a substantial extent. The Fund also expects to normally employ a strategy of writing (selling) covered call options on the stocks held in the equity portion of the portfolio (the "Option Strategy"). The Option Strategy is designed to generate gains from option premiums in an attempt to enhance amounts available for distributions payable to the Fund's shareholders. Through a combination of these asset classes and strategies, the Fund attempts to simultaneously capture equity market exposure and current income utilizing a disciplined, fundamental, bottom-up research process combined with traditional credit analysis. The Fund attempts to reduce the risk of capital loss through, among other things, independent credit analysis focused on downgrade and default risks and the implementation of a clearly defined sell discipline strategy.

Investment Process. The portfolio managers utilize a disciplined, fundamental, bottom-up, company-specific analysis coupled with extensive credit research. The portfolio managers seek to identify companies demonstrating improving fundamental characteristics. The portfolio managers utilize a forward-looking philosophy and employ a disciplined fundamental approach, which is intended to facilitate the early identification of companies demonstrating the ability to improve their fundamental characteristics. The companies/issues selected for the portfolio typically exceed minimum fundamental metrics and exhibit what AGI U.S. believes is the highest visibility of future operating performance. Equity and bond instruments are evaluated in an attempt to achieve an optimal balance of income generation and capital appreciation potential, with the goal of including attractive total return candidates in the Fund's portfolio.

Independent Credit Analysis. The Sub-Adviser's investment process is centered on identifying and attempting to reduce credit risk through the use of its proprietary Upgrade Alert Model, which helps the investment team to recognize and seek to avoid companies that are likely to be downgraded or default on their obligations. The Upgrade Alert Model generates an internal credit quality rating, which the portfolio managers use to analyze a company's operating performance. The Upgrade Alert Model uses current and forecasted financial data to generate over sixty operating statistics, and the portfolio managers use those statistics that are most commonly used by third-party rating agencies to calculate an objective independent credit rating. By comparing internally generated credit ratings to external ratings published by third-party rating agencies, the investment team attempts to identify market opportunities through rating inefficiencies. Additionally, the investment team uses the model to identify deteriorating credits.

Sell Discipline. The portfolio managers have a clearly defined sell discipline. An investment is sold if the reason for its original purchase changes or a better investment candidate consistent with the Fund's investment objective is identified. Buy candidates challenge current holdings so each holding must continue to earn its place in the portfolio. There are a number of sell alerts or early indicators that the investment team reviews that signal that an asset is in decline. If a portfolio company displays quarterly earnings deceleration, negative estimate revisions, negative change in research ranking or declining relative price strength, then fundamental analysis is undertaken to determine whether the portfolio company is a sell candidate. Once the risk/reward profile of a portfolio company becomes unattractive, it becomes a sell candidate. A convertible security might become too bond-like and not have the potential for significant upside equity participation. Conversely, a convertible security might become too equity-sensitive, to a point where it participates fully with any equity movement. With respect to high yield securities, spread, yield-to-maturity and yield-to-worst are analyzed weekly to determine relative value.

Portfolio Contents . . . . *The Fund will normally invest at least 80% of its net assets (plus any borrowings for investment purposes) in a diversified portfolio of convertible securities, income-producing equity securities and income-producing debt and other instruments of varying maturities. For purposes of this policy, "income-producing equity securities" include, among other instruments, dividend-paying common and preferred stocks. Under normal circumstances, the Fund's portfolio is expected to be composed principally of the following types of investments, among others:*

Convertible Securities. The Fund will normally invest at least 50% of its managed assets (as defined below) in convertible securities. Convertible securities include bonds, debentures, notes (including structured notes), preferred stocks or other securities that may be converted or exchanged at either a stated price or stated rate into underlying shares of common stock. Convertible securities have general characteristics similar to both debt securities and equity securities. Convertible securities are investments that provide for a stable stream of income with generally higher yields than common stocks. There can be no assurance of current income because the issuers of the convertible securities may default on their obligations. Convertible securities, however, generally offer lower interest or dividend yields than non-convertible debt securities of similar credit quality because of the potential for equity-related capital appreciation.

The Fund also may invest in "synthetic" convertible securities, which will be selected based on the similarity of their economic characteristics to those of a traditional convertible security due to the combination of separate securities or instruments that possess the two principal characteristics of a traditional convertible security, *i.e.*, an income-producing security ("income-producing component") and the right to acquire an equity security ("convertible component"). The income-producing component is achieved by investing in non-convertible, income-producing securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by purchasing warrants or options to buy common stock at a certain exercise price, or options on a stock index. The Fund may also purchase synthetic securities created by other parties, typically investment banks, including convertible structured notes. The Fund's holdings of synthetic convertible securities are considered convertible securities for purposes of the Fund's investment policies.

Debt Instruments. Debt instruments may include, without limitation, bonds, debentures, notes, and other debt securities of U.S. and foreign (non-U.S.) corporate and other issuers, including commercial paper; debt securities of exchange-listed real estate investment trusts ("REITs") (the Fund may purchase unlisted securities of REITs that have another listed class of securities); U.S. Government securities; obligations of foreign governments or their sub-divisions, agencies and government sponsored enterprises and obligations of international agencies and supranational entities; payment-in-kind securities; zero-coupon bonds; structured notes, including hybrid or indexed securities; structured credit products, including, without limitation, collateralized loan obligations ("CLOs"); loans (including, among others, senior loans, mezzanine and other subordinate loans and loan participations and assignments); bank certificates of deposit, fixed time deposits; bankers' acceptances; and credit-linked notes. The Fund's investments in debt instruments may have fixed, floating or variable principal payments and any kind of interest rate and dividend payment and reset terms, including fixed rate, adjustable rate, zero-coupon, contingent, deferred, payment-in-kind and auction-rate features.

The Fund will not normally invest more than 5% of its managed assets in CLOs. The Fund will not invest in collateralized debt obligations that are not mortgage-backed securities, asset-backed securities or CLOs.

High Yield Securities. It is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities that are, at the time of purchase, rated below investment grade (below Baa3 by Moody's Investors Service, Inc. ("Moody's") or below BBB- by either Standard & Poor's Ratings Services, a division of the McGraw Hill Companies ("S&P"), or Fitch Ratings Inc. ("Fitch")) or that are unrated but determined by AGI U.S. to be of comparable quality. Below investment grade securities are commonly referred to as "high yield securities" or "junk bonds."

The Fund will not normally invest more than 30% of its managed assets in high yield securities (such limit does not apply to convertible securities). The Fund may invest in convertible securities regardless of rating (*i.e.*, of any credit quality), including unrated convertible securities. The Fund may invest in high yield securities of any rating, including securities given the lowest non-default rating (Caa by Moody's or C by S&P or Fitch, as described in Appendix A) or unrated securities judged to be of comparable quality by AGI U.S. The Fund may also purchase distressed securities that are in default or the issuers of which are in bankruptcy. However, the Fund will not normally invest more than 15% of its managed assets in debt instruments that are, at the time of purchase, rated Caa1 or lower by Moody's and CCC+ or lower by S&P and Fitch (such limit does not apply to convertible securities). High yield securities involve a greater degree of risk (in particular, a greater risk of default) than, and special risks in addition to the risks associated with, investment grade debt obligations. While offering a greater potential opportunity for capital appreciation and higher yields, high yield securities typically entail greater potential price volatility and may be less liquid than higher-rated securities. High yield securities may be regarded as predominantly speculative with respect to the issuer's continuing ability to make timely interest payments and repay principal. They also may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities.

Equity Securities. The Fund will not normally invest more than 40% of its managed assets in equity securities. Equity securities include common and preferred stocks of companies, as well as warrants, rights, depository receipts and other equity interests. Although the Fund may invest in companies of any market capitalization, the Fund's equity investments will normally be focused on common stock investments in companies with market capitalizations of $3 billion or greater at the time of investment that are, in the opinion of AGI U.S., exhibiting strong earnings growth.

Option Strategy. The Fund expects to normally employ a strategy of writing (selling) covered call options on the stocks held in its portfolio. It is expected that the Fund will ordinarily write call options on the individual stocks held in its portfolio, and with respect to approximately 70% of the value of each position. The Fund initially intends to write covered call options on approximately 50% of the Fund's common stocks, but may write covered call options on approximately 30% to 80% of the Fund's common stocks from time to time, depending on market conditions. As the Fund writes covered call options over more of its portfolio, its ability to benefit from capital appreciation of its common stock holdings becomes more limited. The Fund's use of the Option Strategy may vary from time to time, depending on market conditions and other factors. The Option Strategy is designed to generate gains from option premiums in an attempt to enhance amounts available for distributions payable to the Fund's shareholders. However, there is no assurance that the Option Strategy will achieve its objective.

Call options on individual securities are contracts representing the right to purchase the underlying equity security at a specified price (the "strike price") at or before a specified future date (the "expiration date"). The price of the option is determined by trading activity in the broad options market and generally reflects the relationship between factors including the current value of the underlying equity security and the strike price, the volatility of the underlying equity security and the time remaining until the expiration date. As the writer (seller) of a call option, the Fund would receive cash (the premium) from the purchaser of the option, and the purchaser would have the right to receive from the Fund either the underlying security or any appreciation in the value of the underlying security above the strike price upon exercise. In effect, the Fund would forgo the potential appreciation in the underlying security above the strike price in exchange for the premium, although it would retain the risk of loss should the price of the underlying security decline. Therefore, the Fund's use of the Option Strategy will generally limit the Fund's ability to benefit from the full upside potential of its equity portfolio.

Derivatives. In addition to the Option Strategy, the Fund may (but is not required to) utilize various derivative strategies (both long and short positions) involving the purchase or sale of futures and forward contracts (including foreign currency exchange contracts), call and put options, credit default swaps, total return swaps, basis swaps, interest rate swaps and other swap agreements and other derivative instruments for investment purposes, leveraging purposes or in an attempt to hedge against market, credit, interest rate, currency and other risks in the portfolio. The Fund will not write "naked" or uncovered put and call options other than those that are "covered" by the segregation or earmarking of liquid assets or other methods. The Fund may purchase and sell securities on a when-issued, delayed delivery or forward commitment basis.

Loans. The Fund may invest in loans, including senior secured loans, unsecured and/or subordinated loans, loan participations and assignments and unfunded contracts. Loans typically bear interest at a floating rate, although some loans pay a fixed rate. Due to their lower place in the borrower's capital structure, unsecured and/or subordinated loans involve a higher degree of overall risk than senior loans of the same borrower.

Master Limited Partnerships. The Fund may invest in the equity securities (including common units) of master limited partnerships ("MLPs"). MLPs are investment vehicles generally organized under state law as limited partnerships or limited liability companies.

REITs. The Fund may invest in the equity and debt securities of exchange-listed REITs (the Fund may purchase unlisted securities of REITs that have another class of listed securities). REITs primarily invest in income-producing real estate or real estate related loans or interests. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. REITs are not taxed on income distributed to shareholders provided they comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Fund will indirectly bear its proportionate share of any management and other expenses paid by REITs in which it invests in addition to the expenses paid by the Fund.

Foreign (Non-U.S.) Investments. Although the Fund expects to invest primarily in U.S. issuers, the Fund may invest a portion of its assets in foreign (non-U.S.) securities, including emerging market securities. The Fund will not normally invest more than 40% of its managed assets in securities of foreign issuers.

Foreign Currencies and Related Transactions. The Fund’s Common Shares are priced in U.S. dollars and the distributions paid by the Fund to Common Shareholders are paid in U.S. dollars. However, a portion of the Fund’s assets may be denominated in foreign (non-U.S.) currencies and the income received by the Fund from many foreign debt obligations will be paid in foreign currencies. The Fund also may invest in or gain exposure to foreign currencies for hedging purposes. Please see “Investment Objective and Policies—Non-U.S. Securities,” “Investment Objective and Policies—Foreign Currency Transactions” and “Investment Objective and Policies—Foreign Currency Exchange-Related Securities” in the Statement of Additional Information.

Restricted Securities. The Fund may invest without limit in securities that have not been registered for public sale in the United States or relevant non-U.S. jurisdiction, including, without limitation, securities eligible for purchase and sale pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), or relevant provisions of applicable non-U.S. law, and other securities issued in private placements. Restricted securities may be deemed illiquid for purposes of the Fund’s limitation on investments in illiquid securities, although the Fund may determine that certain restricted securities are liquid in accordance with procedures adopted by the Board of Trustees.

Duration of Investments. The Fund may invest in debt instruments and other credit-related instruments of any duration or maturity. Duration is the weighted average term-to-maturity of a security’s cash flows. It is a measure of the price sensitivity of a debt security or portfolio to interest rate changes. Duration is a mathematical calculation of the average life of a debt security (or portfolio of debt securities) that serves as a measure of its price risk. Duration differs from maturity in that it considers a security’s next interest re-set date and call features, whereas maturity does not. In general, each year of duration represents an expected 1% change in the value for every 1% immediate change in interest rates. As a result, prices of securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. By comparison, a debt security’s “maturity” is the date on which the security ceases and the issuer is obligated to repay principal.

Bonds. The Fund may invest in a wide variety of bonds of varying maturities issued by non-U.S. (foreign) and U.S. corporations and other business entities, governments and quasi-governmental entities and municipalities and other issuers. Bonds may include, among other things, fixed or variable/floating-rate debt obligations, including bills, notes, debentures, money market instruments and similar instruments and securities.

Preferred Securities. Preferred securities represent an equity interest in a company that generally entitles the holder to receive, in preference to the holders of other stocks such as common stocks, dividends and a fixed share of the proceeds resulting from liquidation of the company. Unlike common stocks, preferred stocks usually do not have voting rights. Preferred stocks in some instances are convertible into common stock. Some preferred stocks also entitle their holders to receive additional liquidation proceeds on the same basis as holders of a company's common stock, and thus also represent an ownership interest in the company. Some preferred stocks offer a fixed rate of return with no maturity date. Other preferred stocks have a variable dividend, generally determined on a quarterly or other periodic basis, either according to a formula based upon a specified premium or discount to the yield on particular U.S. Treasury securities or based on an auction process, involving bids submitted by holders and prospective purchasers of such stocks. Although they are equity securities, preferred securities have certain characteristics of both debt securities and common stock. For more information, see "Investment Objective and Strategies—Portfolio Contents—Preferred Securities."

U.S. Government Securities. U.S. Government securities are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. The U.S. Government does not guarantee the NAV of the Fund's shares. Some U.S. Government securities, such as U.S. Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association ("GNMA"), are supported by the full faith and credit of the United States; others, such as those of the Federal Home Loan Banks ("FHLBs"), are supported by the right of the issuer to borrow from the U.S. Treasury; others, such as those of the Federal National Mortgage Association ("FNMA"), are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations; and still others, such as those of the Student Loan Marketing Association, are supported only by the credit of the instrumentality.

Zero-Coupon Bonds, Step-Ups and Payment-in-Kind Securities. Zero-coupon bonds pay interest only at maturity rather than at intervals during the life of the security. Like zero-coupon bonds, "step up" bonds pay no interest initially but eventually begin to pay a coupon rate prior to maturity, which rate may increase at stated intervals during the life of the security. Payment-in-kind securities are debt obligations that pay "interest" in the form of other debt obligations, instead of in cash.

Variable- and Floating-Rate Securities. Variable- and floating-rate instruments are instruments that pay interest at rates that adjust whenever a specified interest rate changes and/or that reset on predetermined dates (such as the last day of a month or calendar quarter). In addition to Senior Loans (as defined in "Investment Objective and Strategies—Portfolio Contents—Loans"), variable- and floating-rate instruments may include, without limitation, bank capital securities, unsecured bank loans, corporate bonds and money market instruments.

Certain Interest Rate Transactions. In order to reduce the interest rate risk inherent in the Fund's underlying investments and capital structure, the Fund may (but is not required to) enter into interest rate swap transactions. Interest rate swaps involve the exchange by the Fund with a counterparty of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. These transactions generally involve an agreement with the swap counterparty to pay a fixed or variable rate payment in exchange for the counterparty paying the Fund the other type of payment stream (*i.e.*, variable or fixed). The payment obligation would be based on the notional amount of the swap. Other forms of interest rate swap agreements in which the Fund may invest include without limitation interest rate caps, interest rate floors and interest rate "collars." Any termination of an interest rate swap transaction could result in a termination payment by or to the Fund.

Hybrid Instruments. A hybrid instrument is a type of potentially high-risk derivative that combines a traditional bond, stock or commodity with an option or forward contract. Generally, the principal amount, amount payable upon maturity or redemption, or interest rate of a hybrid is tied (positively or negatively) to the price of some commodity, currency or securities index or another interest rate or some other economic factor (each a "benchmark"). The interest rate or (unlike most fixed income securities) the principal amount payable at maturity of a hybrid security may be increased or decreased, depending on changes in the value of the benchmark.

Structured Notes and Related Instruments. The Fund may invest in "structured" notes and other related instruments, which are privately negotiated debt obligations in which the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an "embedded index"), such as selected securities, an index of securities or specified interest rates, or the differential performance of two assets or markets, such as indexes reflecting bonds. Structured instruments may be issued by corporations, including banks, as well as by governmental agencies. Structured instruments frequently are assembled in the form of medium-term notes, but a variety of forms are available and may be used in particular circumstances. The terms of such structured instruments normally provide that their principal and/or interest payments are to be adjusted upwards or downwards (but ordinarily not below zero) to reflect changes in the embedded index while the structured instruments are outstanding.

Other Investment Companies. The Fund may invest in securities of other open- or closed-end investment companies, including, without limitation, exchange-traded funds ("ETFs"), to the extent that such investments are consistent with the Fund's investment objective, strategies and policies and permissible under the Investment Company Act of 1940, as amended (the "1940 Act").

Other Investments. The Fund may invest in securities other than the securities and other instruments described above, including debt instruments that are rated investment grade, such as U.S. Government securities. The Fund will not normally invest more than 15% of its managed assets in illiquid securities (*i.e.*, securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Fund has valued the securities).

Leverage . . . . The Fund may, but is not required to, add leverage to its portfolio by issuing preferred shares, borrowing money or issuing debt securities. The Fund currently anticipates that it will initially engage in bank borrowings through the use of a short-term credit facility for leverage, as soon as practicable after the closing of this offering, with an aggregate principal amount equal to approximately 28% of the Fund's managed assets (including the assets obtained through such borrowings) immediately after issuance of such borrowings (the "initial short-term borrowings"). The Fund currently intends to seek to replace all or a portion of the initial short-term borrowings with longer-term, fixed-rate financing (*e.g.,* with a term in the range of 5 to 15 years) by issuing preferred shares and/or through borrowings within the first year of the Fund's operations, subject to availability, market conditions and AGI U.S.'s market outlook. Any issuance of preferred shares or longer-term borrowing would have the effect of securing a stable financing rate over a longer period (as a means to protect against potentially rising market interest rates), but would have significantly higher financing costs than short-term borrowing alternatives. As a non-fundamental policy, the aggregate liquidation preference of preferred shares and principal amount of borrowings and debt securities issued by the Fund may not exceed 38% of the Fund's managed assets (including the assets attributable to such instruments). The 1940 Act and the rules and regulations promulgated thereunder also generally limit the extent to which the Fund may utilize borrowings and other senior securities representing indebtedness to 33 1/3% of the Fund's total net assets (as defined in the 1940 Act) at the time utilized, and the extent to which the Fund may use leverage through the issuance of preferred shares to 50% of the Fund's total net assets. The Fund intends to utilize leverage opportunistically and may choose to increase or decrease, or eliminate entirely, its use of leverage over time and from time to time depending on a variety of factors, including AGI U.S.'s outlook for the market and the costs that the Fund would incur as a result of such leverage. By using leverage, the Fund will seek to obtain a higher return for holders of Common Shares than if the Fund did not use leverage. Leveraging is a speculative technique and there are special risks and costs involved. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is employed.

Although not currently anticipated, in addition to borrowings or a future issuance of debt securities and/or preferred shares, the Fund may engage in other transactions that may give rise to a form of leverage including, among others, reverse repurchase agreements, dollar rolls or similar transactions, futures and forward contracts (including foreign currency exchange contracts), credit default swaps, total return swaps, basis swaps and other derivative transactions, loans of portfolio securities, when-issued and delayed delivery and forward commitment transactions (collectively, "effective leverage"). Effective leverage does not include exposure obtained for hedging purposes, from securities lending, or to manage the Fund's interest rate exposure. The Fund will not enter into any leverage transaction if, immediately after such transaction, the Fund's total leverage including any borrowings and preferred shares and effective leverage incurred would exceed 50% of the Fund's managed assets.

The net proceeds the Fund obtains from any leverage utilized will be invested in accordance with the Fund's investment objective and policies as described in this prospectus. So long as the rate of return, net of applicable Fund expenses, on the debt obligations and other investments purchased by the Fund exceeds the costs to the Fund of the leverage it utilizes, the investment of the Fund's assets attributable to leverage will generate more income than will be needed to pay the costs of the leverage. If so, and all other things being equal, the excess may be used to pay higher dividends to Common Shareholders than if the Fund were not so leveraged.

Leveraging is a speculative technique and there are special risks and costs involved. There is no assurance that the Fund will utilize borrowings or issue debt securities and/or preferred shares or utilize any other forms of leverage (such as the use of derivatives strategies). There is also no assurance as to whether or when the Fund may use short-term/variable versus longer-term/fixed-rate financing as contemplated above. If used, there can be no assurance that the Fund's leveraging strategies will be successful or result in a higher yield on the Common Shares. When leverage is used, the NAV and market price of the Common Shares and the yield to Common Shareholders will be more volatile. In addition, interest, dividends paid to preferred shareholders, if any, and other expenses borne by the Fund with respect to its use of borrowings, issuance of preferred shares or any other forms of leverage are borne by the Common Shareholders and result in a reduction of the NAV of the Common Shares.

If the Fund uses leverage, the amount of fees paid to the Investment Manager for its services will be higher than if the Fund does not use leverage. Because the fees received by the Investment Manager and the Sub-Adviser are based on the managed assets of the Fund (as defined in "Investment Manager" below), the Investment Manager and the Sub-Adviser have a financial incentive for the Fund to use certain forms of leverage, such as borrowings, debt securities or preferred shares, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on the one hand, and the Common Shareholders, on the other hand.

Please see "Use of Leverage," "Risk Factors—Leverage Risk" and "Risk Factors—Segregation and Coverage Risk" for additional information regarding leverage and related risks.

Investment Manager .... Allianz Global Investors Fund Management LLC ("AGIFM" or "Investment Manager") serves as the investment manager of the Fund. Organized as a Delaware limited liability company, the Investment Manager is registered as an investment adviser with the Securities and Exchange Commission (the "SEC"). Subject to the supervision of the Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the investment activities of the Fund and the Fund's business affairs and other administrative matters. The Investment Manager receives an annual management fee from the Fund, payable monthly, in an amount equal to 1.00% of the Fund's average daily managed assets. "Managed assets" means the total assets of the Fund (including assets attributable to any borrowings, issued debt securities or preferred shares that may be outstanding, reverse repurchase agreements and dollar rolls) minus accrued liabilities (other than liabilities representing borrowings, issued debt securities, reverse repurchase agreements and dollar rolls). For purposes of calculating "managed assets," the liquidation preference of any preferred shares outstanding shall not be considered a liability.

The Investment Manager is located at 1633 Broadway, New York, New York 10019. Organized in 2000, the Investment Manager provides investment management and advisory services to open-end mutual funds and closed-end funds. The Investment Manager is a wholly-owned indirect subsidiary of Allianz Asset Management of America L.P. ("AAMA") and of Allianz SE, a publicly-traded European insurance and financial services company. As of March 31, 2015, the Investment Manager had approximately $35.35 billion in assets under management.

The Investment Manager has retained its affiliate, AGI U.S., as a sub-adviser to manage the Fund's portfolio investments. See "Sub-Adviser" below.

Sub-Adviser .... AGI U.S. serves as the Fund's sub-adviser and is responsible for managing the Fund's portfolio investments. AGI U.S. has full investment discretion and makes all determinations with respect to the investment of the Fund's assets, subject to the general supervision of the Investment Manager and the Board. The Investment Manager will pay a monthly fee to AGI U.S. at the annual rate of .65% of the Fund's average daily managed assets.

AGI U.S. is registered as an investment adviser with the SEC and is organized as a Delaware limited liability company. Its principal place of business is located at 1633 Broadway, New York, New York 10019. AGI U.S. also has offices at 600 West Broadway, San Diego, CA 92101 and 555 Mission Street, Suite 1700, San Francisco, CA 94105. The portfolio management team for the Fund is based in AGI U.S.'s San Diego office.

AGI U.S. provides investment management services across a broad class of assets including equity, fixed income, futures and options, convertibles and other securities and derivative instruments. AGI U.S.'s primary business is to provide discretionary advisory services to institutional clients through its separate account management services. In addition, AGI U.S. provides discretionary investment advisory services to a variety of commingled funds (including SEC registered open-end investment companies, SEC registered closed-end investment companies and other commingled funds that are not registered with the SEC), which may be sponsored or established by AGI U.S., its affiliates or by unaffiliated third parties. AGI U.S. also participates as a non-discretionary investment adviser providing investment models to unaffiliated third parties. As of March 31, 2015, AGI U.S. had assets under management of approximately $96.11 billion.

Dividends and Distributions . . . . Commencing with the Fund's first dividend, the Fund intends to make monthly cash distributions to Common Shareholders at rates that reflect the past and projected net income of the Fund. Subject to applicable law, monthly distributions may include net investment income and capital gains, including short-term and or long-term capital gains, depending on the circumstances. Premiums earned on call options written pursuant to the Option Strategy are generally not included in Fund income until the option contract expires, the option is exercised by the holder or the Fund transfers or otherwise terminates the option contract. The tax treatment of option premiums varies depending on several factors. See "Tax Matters" for more information.

The dividend rate that the Fund pays on its Common Shares may vary as portfolio and market conditions change, and will depend on a number of factors, including without limitation the amount of the Fund's undistributed net investment income and net short- and long-term capital gains, as well as the costs of any leverage obtained by the Fund (including interest expenses on any borrowings or issued debt securities and dividends payable on any preferred shares issued by the Fund). As portfolio and market conditions change, the rate of distributions on the Common Shares and the Fund's dividend policy could change. For a discussion of factors that may cause the Fund's income and capital gains (and therefore potentially the dividend level) to vary, see "Risk Factors." The Fund intends to distribute each year all of its net investment income and net short-term capital gains. In addition, at least annually, the Fund intends to distribute net realized long-term capital gains not previously distributed, if any. The net investment income of the Fund consists of all income (other than net short-term and long-term capital gains) less all expenses of the Fund (after it pays accrued dividends on any outstanding preferred shares). The Fund's initial distribution is expected to be declared approximately 30 to 60 days, and paid approximately 60 to 90 days, from the completion of this offering, depending on market conditions.

To permit the Fund to maintain more stable distributions, the Fund's distribution rates will be based, in part, on projections as to annual cash available for distribution and, therefore, the distributions paid by the Fund for any particular month may be more or less than the amount of cash available to the Fund for distribution for that monthly period. Undistributed net investment income will be added to the Fund's NAV and, correspondingly, distributions from undistributed net investment income will be deducted from the Fund's NAV.

The tax treatment and characterization of the Fund's distributions may vary significantly from time to time because of the varied nature of the Fund's investments. To the extent required by the 1940 Act and other applicable laws, absent an exemption, a notice will accompany each monthly distribution with respect to the estimated source (as between net income and gains based on generally accepted accounting principles ("GAAP")) of the distribution made. The tax characterization of the Fund's distributions made in a taxable year cannot finally be determined until at or after the end of the year. As a result, there is a possibility that the Fund may make total distributions during a taxable year in an amount that exceeds the Fund's net investment income and net realized capital gains for the relevant year (including as reduced by any capital loss carry-forwards). In such a situation, the amount by which the Fund's total distributions exceed net investment income and net realized capital gains would generally be treated as a tax-free return of capital up to the amount of a shareholder's tax basis in his or her Common Shares, with any amounts exceeding such basis treated as gain from the sale of Common Shares. Although return of capital distributions may not be taxable, such distributions would reduce the basis of a shareholder's Common Shares and therefore may increase a shareholder's capital gain, or decrease a shareholder's capital loss, thereby potentially increasing a shareholder's tax liability upon a sale of Common Shares. The Fund will send shareholders detailed tax information with respect to the Fund's distributions annually. See "Tax Matters."

Unless a Common Shareholder elects to receive distributions in cash, all distributions to Common Shareholders whose shares are registered with the plan agent will be automatically reinvested in additional Common Shares under the Fund's Dividend Reinvestment Plan. See "Distributions" and "Dividend Reinvestment Plan."

Listing	The Common Shares have been approved for listing on the New York Stock Exchange ("NYSE") under the trading or "ticker" symbol "ACV." See "Description of Capital Structure."
Custodian and Transfer Agent	Brown Brothers Harriman & Co. will serve as custodian of the Fund's assets and will also provide certain fund accounting, sub-administrative and compliance services to the Investment Manager on behalf of the Fund. American Stock Transfer & Trust Company, LLC serves as the transfer agent, registrar and dividend disbursement agent for the Fund.
Market Price of Shares	Shares of closed-end investment companies frequently trade at prices lower than NAV. The Fund cannot assure you that Common Shares will trade at a price equal to or higher than NAV in the future. The value of a Common Shareholder's investment and the NAV of the Fund will be reduced immediately following the offering by the sales load and the amount of offering expenses paid or reimbursed by the Fund. See "Use of Proceeds." In addition to NAV, market price may be affected by factors relating to the Fund such as dividend levels and stability (which will in turn be affected by Fund expenses, including the costs of any leverage used by the Fund (which would increase substantially if the Fund utilizes longer-term instead of short-term financing to obtain leverage), levels of dividend and/or interest payments by the Fund's portfolio holdings, levels of appreciation/depreciation of the Fund's portfolio holdings, level of gains produced by the Fund's Option Strategy, regulation affecting the timing and character of Fund distributions and other factors), portfolio credit quality, liquidity, call protection, market supply and demand and similar factors relating to the Fund's portfolio holdings. See "Use of Leverage," "Risk Factors," "Description of Capital Structure," "Common Share Repurchase Plan" and "Repurchase of Common Shares; Conversion to Open-End Fund" in this prospectus, and see "Repurchase of Common Shares; Conversion to Open-End Fund" in the Statement of Additional Information. The Common Shares are designed for long-term investors and should not be treated as short-term trading vehicles.
Risk Factors	*No Prior History.* The Fund is a newly organized, diversified, limited term closed-end management investment company with no history of operations. The Fund does not have any historical financial statements or other meaningful operating or financial data on which potential investors may evaluate the Fund and its performance. An investment in the Fund is therefore subject to all of the risks and uncertainties associated with a new business, including the risk that the Fund will not achieve its investment objective and that the value of any potential investment in the Common Shares could decline substantially as a consequence. *Limited Term Risk.* Beginning one year before the Dissolution Date (the "wind-down period"), the Fund may begin liquidating all or a portion of the Fund's portfolio, and the Fund may deviate from its investment strategy. As a result, during the wind-down period, the

Fund's distributions may decrease, and such distributions may include a return of capital. It is expected that shareholders will receive cash in any liquidating distribution from the Fund, regardless of their participation in the Fund's Dividend Reinvestment Plan. However, if on the Dissolution Date the Fund owns securities for which no market exists or securities trading at depressed prices, such securities may be placed in a liquidating trust. The Fund does not seek to return $25.00 per Common Share upon termination. As the assets of the Fund will be liquidated in connection with its termination, the Fund may be required to sell portfolio securities when it otherwise would not, including at times when market conditions are not favorable, which may cause the Fund to lose money.

Repurchase Plan Risk. There can be no assurance that repurchases of Common Shares pursuant to the Repurchase Plan will cause the Common Shares to trade at a price equal to or in excess of NAV or prevent or reduce any decline in the market price of the Common Shares. Any acquisition of Common Shares by the Fund would decrease the managed assets of the Fund and therefore tend to have the effect of increasing the Fund's gross expense ratio and decreasing the asset coverage with respect to any leverage outstanding. Because of the nature of the Fund's investment objective, policies and portfolio, the Investment Manager and the Sub-Adviser do not anticipate that repurchases of Common Shares should interfere with the ability of the Fund to manage its investments in order to seek its investment objective, and do not anticipate any material difficulty in borrowing money or disposing of portfolio securities to consummate repurchases, although no assurance can be given that this will be the case. The Fund's repurchase of shares under the Repurchase Plan will be subject to certain conditions under Rule 10b-18 of the Exchange Act and other applicable laws, including Regulation M, which may prohibit such repurchases under certain circumstances.

Market Discount Risk. As with any stock, the price of the Fund's Common Shares will fluctuate with market conditions and other factors. If you sell your Common Shares, the price received may be more or less than your original investment. The value of a Common Shareholder's investment and the NAV of the Fund will be reduced immediately following the initial offering by the sales load and offering expenses paid or reimbursed by the Fund. Common Shares are designed for long-term investors and the Fund should not be treated as a trading vehicle. Shares of closed-end management investment companies frequently trade at a discount from their NAV.

Market Risk. An investment in the Fund's Common Shares is subject to investment risk, including the possible loss of the entire amount you invest. The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets.

Issuer Risk. The value of securities may decline for a number of reasons that directly relate to a security's issuer, such as its financial strength, management performance, financial leverage and reduced demand for the issuer's goods and services, as well as the historical and prospective earnings of the issuer and the value of its assets.

Management Risk. The Fund is subject to management risk because it is an actively managed portfolio. AGI U.S. and the portfolio managers will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund may be subject to a relatively high level of management risk because the Fund is expected to employ leverage and employ the Option Strategy and may also invest in other highly specialized instruments that require investment techniques and risk analyses different from those associated with equities and bonds.

Interest Rate Risk. Generally, when market interest rates rise, the prices of debt obligations fall, and vice versa. Interest rate risk is the risk that debt obligations and other instruments in the Fund's portfolio will decline in value because of increases in market interest rates. **This risk may be particularly acute in the current market environment because market interest rates are currently at historically low levels.** The prices of long-term debt obligations generally fluctuate more than prices of short-term debt obligations as interest rates change. There is no limit on the maturity or duration of any individual security in which the Fund may invest. Securities with longer durations tend to be more sensitive to changes in interest rates than securities with shorter durations, usually making them more volatile.

Credit Risk. Credit risk is the risk that one or more of the Fund's investments in debt securities or other instruments will decline in price, or fail to pay interest, liquidation value or principal when due, because the issuer of the obligation or the issuer of a reference security experiences an actual or perceived decline in its financial status.

High Yield Securities Risk. It is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities rated below investment grade or unrated but determined by AGI U.S. to be of comparable quality. In general, lower rated debt 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 effect on the NAV of the Fund's Common Shares or Common Share dividends. Instruments of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as "high yield securities" or "junk bonds." High yield securities involve a greater risk of default and their prices are generally more volatile and sensitive to actual or perceived negative developments than are the prices of higher grade securities. Debt securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain rating agencies. An economic downturn could severely affect the ability of issuers to service their debt obligations or to repay their obligations upon maturity. Lower-rated securities are generally less liquid than higher-rated securities. See "Risk Factors—Liquidity Risk." To the extent the Fund invests in below investment grade debt obligations, AGI U.S.'s capabilities in analyzing credit quality and associated risks will be particularly important, and there can be no assurance that AGI U.S. will be successful in this regard. See "Investment Objective and Strategies—Portfolio Contents—High Yield Securities" for additional information. Due to the risks involved in investing in high yield securities, an investment in the Fund should be considered speculative.

Subject to the Fund's investment policies, the Fund may invest in securities rated in the lower rating categories (Ca or lower by Moody's or CC or lower by either S&P or Fitch) or that are unrated but determined by AGI U.S. to be of comparable quality to securities so rated. The Fund may also purchase distressed securities that are in default or the issuers of which are in bankruptcy. For these securities, the risks associated with below investment grade instruments are more pronounced. Also see "Risk Factors—Distressed and Defaulted Securities Risk."

Distressed and Defaulted Securities Risk. The Fund may invest in the debt securities of financially stressed or distressed issuers, including those that are in default or the issuers of which are in bankruptcy. Investments in the securities of financially stressed or distressed issuers involve substantial risks. These securities may present a substantial risk of default or may be in default at the time of investment. The Fund may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. Among the risks inherent in investments in a troubled issuer is that it frequently may be difficult to obtain information as to the true financial condition of such issuer. AGI U.S.'s judgments about the credit quality of a financially stressed or distressed issuer and the relative value of its securities may prove to be wrong. Distressed securities and any securities received in exchange for such securities may be subject to restrictions on resale.

Convertible Securities Risk. Convertible securities generally offer lower interest or dividend yields than non-convertible debt securities of similar quality. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security's market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price." The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis and so the price of the convertible security tends to be influenced more by the yield of the convertible security. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations. The Fund may invest in synthetic convertible securities. The values of synthetic convertible securities will respond differently to market fluctuations than a traditional convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. Synthetic convertible securities are also subject to the risks associated with derivatives. See "Risk Factors—Derivatives Risk." In addition, if the value of the underlying common stock or the level of the index involved in the convertible element falls below the strike price of the warrant or option, the warrant or option may lose all value.

Corporate Bond Risk. The market value of a corporate bond generally may be expected to rise and fall inversely with interest rates. The value of intermediate- and longer-term corporate bonds normally fluctuates more in response to changes in interest rates than does the value of shorter-term corporate bonds. The market value of a corporate bond also may be affected by factors directly relating to the issuer, such as investors' perceptions of the creditworthiness of the issuer. Certain risks associated with investments in corporate bonds are described elsewhere in this prospectus in further detail. See, for example, "Risk Factors—Interest Rate Risk" and "Risk Factors—Credit Risk." There is a risk that the issuers of corporate bonds may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. Also see "Risk Factors—High Yield Securities Risk."

Equity Securities and Related Market Risk. Although equity securities have historically generated higher average total returns than fixed income securities over the long-term, equity securities also have experienced significantly more volatility in those returns and, in certain periods, have significantly underperformed relative to fixed income securities. The value of a company's equity securities may fall as a result of factors directly relating to that company. The value of an equity security may also fall because of factors affecting not just the company, but also companies in the same industry or in a number of different industries. The value of a company's equity securities may also be affected by changes in financial markets that are relatively unrelated to the company or its industry. In addition, because a company's equity securities rank junior in priority to the interests of creditors, a company's equity securities will usually react more strongly than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects.

Structured Products and Structured Notes Risk. Structured products include, among other instruments, CLOs, mortgage-backed securities, other types of asset-backed securities and certain types of structured notes. The cash flow or rate of return on a structured investment may be determined by applying a multiplier to the rate of total return on the investments underlying the structured product or note or a referenced indicator. Application of a multiplier is comparable to the use of financial leverage, a speculative technique. Structured products are generally not registered under the securities laws. Certain structured products may be illiquid. In addition to the general risks associated with fixed income securities discussed herein, structured products carry additional risks including, but not limited to: (i) the possibility that distributions from underlying investments will not be adequate to make interest or other payments; (ii) the quality of the underlying investments may decline in value or default; (iii) the possibility that the security may be subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. See “Risk Factors—Structured Products and Structured Notes Risk” for more information.

Risks Associated with the Fund’s Option Strategy. The ability of the Fund to achieve current gains to support Fund dividends is partially dependent on the successful implementation of its Option Strategy. There are several risks associated with transactions in options on securities. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objective. The Fund’s ability to use options successfully will depend on the Sub-Adviser’s ability to predict pertinent market movements, which cannot be assured. As the writer of a covered call option, the Fund forgoes, during the option’s life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline.

Derivatives Risk. In addition to the Option Strategy, the Fund may (but is not required to) utilize a variety of derivative instruments (both long and short positions) for investment or risk management purposes. The Fund may use derivatives to gain exposure to securities markets in which it may invest. The Fund may also use derivatives to add leverage to its portfolio. See “Risk Factors—Leverage Risk.” Derivatives are highly specialized instruments that require investment techniques and risk analyses different from those associated with equities and bonds. Although the Fund generally will not do so, to the extent the Fund writes call options on individual securities that it does not hold in its portfolio (*i.e.*, “naked” call options), it is subject to the risk that a liquid market for the underlying security may not exist at the time an option is exercised or when the Fund otherwise seeks to close out an option position. Naked call options have speculative characteristics and the potential for unlimited loss. Derivatives are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, interest rate risk, issuer risk, credit risk, leveraging risk, counterparty risk, management risk and, if applicable, smaller company risk. See also "Risk Factors—Segregation and Coverage Risk." They also involve the risk of mispricing or improper valuation, the risk of unfavorable or ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If the Fund invests in a derivative instrument, it could lose more than the principal amount invested. Derivatives markets may be illiquid due to various factors. Daily limits on price fluctuations and speculative position limits on exchanges on which the Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses. The prices of many derivative instruments are highly volatile.

Counterparty Risk. The Fund will be subject to the credit risk presented by another party to the extent it engages in transactions that involve a promise by the counterparty to honor an obligation to the Fund. In the event that the Fund enters into a derivative transaction with a counterparty that subsequently becomes insolvent or becomes the subject of a bankruptcy case, the derivative transaction may be terminated in accordance with its terms and the Fund's ability to realize its rights under the derivative instrument and its ability to distribute the proceeds could be adversely affected. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery or may obtain only a limited recovery or no recovery.

Focused Investment Risk. To the extent that the Fund focuses its investments in a particular asset class, sector or industry, the NAV of the Common Shares will be more susceptible to events or factors affecting companies in that asset class, sector or industry. The Fund also will be subject to focused investment risk to the extent that it invests a substantial portion of its assets in a particular country or geographic region. See "—Foreign (Non-U.S.) Investment Risk," "—Emerging Markets Risk" and "—Foreign Currency Risk."

Loans, Participations and Assignments Risk. In addition to credit risk and interest rate risk, the Fund's exposure to loan interests may be subject to additional risks. For example, purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the corporate borrower for payment of principal and interest. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's share price and yield could be adversely affected. There is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation, or that the collateral can be liquidated. Investments in loans through a direct assignment of the financial institution's interests with respect to the loan may involve additional risks to the Fund. For example, if a loan is foreclosed, the

Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. Assignments may be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. In connection with purchasing loan participations, the Fund generally will have limited direct enforcement rights with respect to the borrower. As a result, the Fund may be subject to the credit risk of both the borrower and the lender that is selling the participation. The Fund may have difficulty disposing of loans and loan participations because there is no liquid market for many such securities. Subordinated or unsecured loans are lower in priority of payment to secured loans. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Subordinated and unsecured loans generally have greater price volatility than secured loans and may be less liquid. There may be less readily available information about most loans and the underlying borrowers than is the case for many other types of securities.

Economic exposure to loan interests through the use of derivative transactions may involve greater risks than if the Fund had invested in the loan interest directly since, in addition to the risks described above, certain derivative transactions may be subject to leverage risk and greater illiquidity risk, counterparty risk, valuation risk and other risks. See “Risk Factors—Derivatives Risk.”

Reinvestment Risk. Income from the Fund’s portfolio will decline if and when the Fund invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio’s current earnings rate. The Fund also may choose to sell higher yielding portfolio securities and to purchase lower yielding securities to achieve greater portfolio diversification, because the portfolio managers believe the current holdings are overvalued or for other investment-related reasons. A decline in income received by the Fund from its investments is likely to have a negative effect on dividend levels and the market price, NAV and/or overall return of the Common Shares.

U.S. Government Securities Risk. The Fund may invest in debt securities issued or guaranteed by agencies, instrumentalities and sponsored enterprises of the U.S. Government. Some U.S. Government securities are supported by the full faith and credit of the United States; others are supported by the right of the issuer to borrow from the U.S. Treasury; others are supported by the discretionary authority of the U.S. Government to purchase the agency’s obligations; and still others are supported only by the credit of the issuing agency, instrumentality or enterprise. U.S. Government-sponsored enterprises are not funded by Congressional appropriations, and their securities are not issued by the U.S. Treasury or supported by the full faith and credit of the U.S.

Government and involve increased credit risks. There is no assurance that the obligations of such entities will be satisfied in full, or that such obligations will not decrease in value or default. In addition, certain governmental entities have been subject to regulatory scrutiny regarding their accounting policies and practices and other concerns that may result in legislation, changes in regulatory oversight and/or other consequences that could adversely affect the credit quality, availability or investment character of securities issued by these entities. See "Investment Objective and Policies—Mortgage-Related and Other Asset-Backed Securities" in the Statement of Additional Information. The yields available from U.S. Government debt securities are generally lower than the yields available from such other securities. Like other debt securities, the values of U.S. Government securities change as interest rates fluctuate.

Leverage Risk. The Fund's use of leverage (as described under "Use of Leverage" in the body of this prospectus) creates the opportunity for increased Common Share net income, but also creates special risks for Common Shareholders. To the extent used, there is no assurance that the Fund's leveraging strategies will be successful. Leverage is a speculative technique that may expose the Fund to greater risk and increased costs. To the extent the Fund uses short-term financing to obtain leverage (such as is contemplated for the Fund's initial short-term borrowings), it is anticipated that interest expense payable by the Fund with respect to its borrowings or issuance of debt securities or dividends payable with respect to any outstanding preferred shares will generally be based on shorter-term interest rates that would be periodically reset. To the extent the Fund uses longer-term, fixed-rate financing (which is expected to be pursued within the first year of the Fund's operations in replacement of initial short-term borrowings), the Fund would secure an interest rate or dividend rate for a specified term (*e.g.,* 5 to 15 years), which would not change as a result of changes in market interest rates (whether they decrease or increase), but the financing costs associated therewith would be significantly higher than for short-term borrowings. So long as the Fund's portfolio investments provide a higher rate of return (net of applicable Fund expenses) than the interest expenses and other costs to the Fund of such leverage, the investment of the proceeds thereof will generate more income than will be needed to pay the costs of the leverage. With respect to the initial short-term borrowings, if interest rates rise relative to the rate of return on the Fund's portfolio, the interest and other costs to the Fund of leverage could exceed the rate of return on the debt obligations and other investments held by the Fund, thereby reducing return to Common Shareholders. Longer-term financing typically is subject to a significantly higher interest rate or dividend rate than shorter-term financing. Accordingly, relative to shorter-term borrowings, any longer-term financing used by the Fund would likely require significantly higher interest and/or dividend payments, and would diminish the likelihood that the returns on the Fund's investment portfolio would exceed the cost of the Fund's leverage, thereby potentially adversely affecting the Fund's market performance, NAV and yield. In addition, fees and expenses of any form of leverage used by the Fund will be borne entirely by the Common Shareholders (and not by preferred shareholders, if any) and will reduce the investment return of the Common Shares. Therefore, there can be no assurance that the Fund's use of leverage will result in a higher yield on the Common Shares, and it may result in losses. In addition, any preferred shares issued by the Fund are expected to pay cumulative dividends, which may tend to increase leverage risk.

If the Fund uses leverage, the amount of fees paid to the Investment Manager for its services will be higher than if the Fund does not use leverage. Because the fees received by the Investment Manager and the Sub-Adviser are based on the managed assets of the Fund, the Investment Manager and the Sub-Adviser have a financial incentive for the Fund to use certain forms of leverage, such as borrowings, debt securities or preferred shares, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on the one hand, and the Common Shareholders, on the other hand. See "Use of Leverage" and "Risk Factors—Leverage Risk" for more information.

Segregation and Coverage Risk. Certain portfolio management techniques, such as, among other things, entering into reverse repurchase agreements, futures contracts or other derivative transactions, may be considered senior securities for the purposes of the 1940 Act unless steps are taken to segregate the Fund's assets or otherwise cover its obligations. To avoid having these instruments considered senior securities, the Fund may segregate liquid assets with a value equal to its obligations under these types of leveraged transactions, enter into offsetting transactions or otherwise cover such transactions. See "Use of Leverage" in this prospectus.

Preferred Securities Risk. In addition to equity securities risk (see "Risk Factors—Equity Securities and Related Market Risk"), credit risk (see "Risk Factors—Credit Risk") and possibly high yield risk (see "Risk Factors—High Yield Securities Risk"), investment in preferred securities involves certain other risks. Certain preferred securities contain provisions that allow an issuer under certain conditions to skip or defer distributions. If the Fund owns a preferred security that is deferring its distribution, the Fund may be required to include the amount of the deferred distribution in its taxable income for tax purposes despite the fact that it does not currently receive such amount. Preferred securities often are subject to call provisions. In the event of redemption, the Fund may not be able to reinvest the proceeds at comparable rates of return. Preferred securities are subordinated to debt securities in an issuer's capital structure, and therefore will be subject to greater credit risk than those debt securities. Preferred securities may be illiquid.

Private Placements Risk. In addition to the general risks to which all securities are subject, securities received in a private placement generally are subject to strict restrictions on resale, and there may be no liquid secondary market or ready purchaser for such securities. See "Risk Factors—Liquidity Risk." Therefore, the Fund may be unable to dispose of such securities when it desires to do so, or at the most favorable time or price. Private placements may also raise valuation risks. See "Risk Factors—Valuation Risk."

Inflation/Deflation Risk. Inflation risk is the risk that the value of assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of payments at future dates. Deflation risk is the risk that prices throughout the economy decline over time. 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 and Common Shares.

Liquidity Risk. Illiquid securities may trade at a discount from comparable, more liquid investments, and may be subject to wide fluctuations in market value. Illiquid securities are subject to legal or contractual restrictions on disposition or lack an established secondary trading market. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Fund may not be able to dispose readily of illiquid securities when that would be beneficial at a favorable time or price or at prices approximating those at which the Fund then values them. Further, the lack of an established secondary market for illiquid securities may make it more difficult to value such securities, which may negatively affect the price the Fund would receive upon disposition of such securities. See "Risk Factors—Valuation Risk." In addition, certain derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss.

Potential Conflicts of Interest Risk—Allocation of Investment Opportunities. The Investment Manager and the Sub-Adviser and their affiliates are involved worldwide with a broad spectrum of financial services and asset management activities and may engage in the ordinary course of business in activities in which their interests or the interests of their clients may conflict with those of the Fund. The Investment Manager and the Sub-Adviser and their affiliates may provide investment management services to other funds and discretionary managed accounts that follow an investment program similar to that of the Fund. Subject to the requirements of the 1940 Act, the Investment Manager and the Sub-Adviser intend to engage in such activities and may receive compensation from third parties for their services. Neither the Investment Manager, the Sub-Adviser nor any of their affiliates is under any obligation to share any investment opportunity, idea or strategy with the Fund. As a result, the Investment Manager, the Sub-Adviser and their affiliates may compete with the Fund for appropriate investment opportunities. The results of the Fund's investment activities may differ from those of the Fund's affiliates, or another account managed by the Investment Manager, Sub-Adviser or their affiliates, and it is possible that the Fund could sustain losses during periods in which one or more of the Fund's affiliates and/or other accounts achieve profits on their trading for proprietary or other accounts, or otherwise perform less favorably.

Anti-Takeover Provisions. The Fund's Declaration of Trust includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or to convert the Fund to open-end status. See "Anti-Takeover and Other Provisions in the Declaration of Trust."

Additional Risks. For additional risks relating to investments in the Fund, including "Smaller Company Risk," "Senior Debt Risk," "Foreign (Non-U.S.) Investment Risk," "Valuation Risk," "Emerging Markets Risk," "Foreign (Non-U.S.) Government Securities Risk," "Redenomination Risk," "Repurchase Agreements Risk," "Foreign Currency Risk," "Confidential Information Access Risk," "Other Investment Companies Risk," "Risk of Regulatory Changes," "Regulatory Risk—Commodity Pool Operator," "Recent Economic Conditions Risk," "Market Disruption and Geopolitical Risk," "Failure of Futures Commission Merchants and Clearing Organizations," "Certain Affiliations," "Real Estate Risk," "Master Limited Partnership Risk" and "Portfolio Turnover Risk," please see "Risk Factors—Additional Risks" beginning on page 64 of this prospectus.

SUMMARY OF FUND EXPENSES

The following table and the expenses shown assume the use by the Fund of leverage in the form of borrowings in an amount equal to 28% of the Fund's managed assets (including the amounts of leverage obtained through the use of such instruments), and shows estimated Fund expenses as a percentage of net assets attributable to Common Shares. Footnote 4 to the table also shows Fund expenses as a percentage of net assets attributable to Common Shares, but assumes that the Fund does not utilize borrowings or other leverage. The purpose of the following table and the example below is to help you understand the fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. Shareholders should understand that some of the percentages indicated in the tables below are estimates and may vary. The expenses shown in the table under "Estimated Annual Expenses" are based on estimated amounts for the Fund's first full year of operations and assume that the Fund issues 11,200,000 Common Shares. See "Management of the Fund" and "Dividend Reinvestment Plan." The following table should not be considered a representation of the Fund's future expenses. Actual expenses may be greater or less than shown.

Common Shareholder transaction expenses	
Sales load paid by you (as a percentage of offering price)	4.50%
Offering expenses borne by the Fund (as a percentage of offering price)(1)(2)	.20%
Dividend Reinvestment Plan fees(3)	None

	Percentage of Net Assets Attributable to Common Shares (assuming leverage through borrowings is used)(4)
Estimated Annual Expenses	
Management fees(5)	1.39%
Interest payments on borrowed funds(6)	1.17%
Other expenses(7)	.13%
Total annual expenses	2.69%

(1) The Investment Manager has agreed to pay (i) all organizational expenses of the Fund and (ii) offering expenses (other than the sales load) that exceed $.05 per Common Share. The Fund will reimburse reasonable and documented out-of-pocket expenses related to the initial public offering of the Fund's Common Shares incurred by certain affiliates, or associated persons thereof, and employees of the Investment Manager and the Sub-Adviser, including in connection with participation in the road show and related activities ("affiliate expenses"), but only to the extent that reimbursement of affiliate expenses when added to any other Fund offering costs (other than the sales load) does not exceed $.05 per Common Share sold in this offering (to such extent, "affiliate reimbursable amounts"). Affiliate expenses in excess of affiliate reimbursable amounts will be assumed without reimbursement by the affiliate incurring such expense. The Fund will pay offering expenses of the Fund (other than the sales load) up to $.05 per Common Share. After payment of such expenses, assuming offering expenses paid by the Fund are $.05 per Common Share, proceeds to the Fund will be $23.825 per share. The aggregate offering expenses (other than the sales load) to be borne by the Fund are estimated to be $560,000 (approximately $.05 per Common Share). The aggregate offering expenses payable by the Investment Manager are estimated to be $890,000 (approximately $.08 per Common Share). The offering costs to be paid or reimbursed by the Fund are not included in the Estimated Annual Expenses table above or in footnote 4 below. However, these expenses will be borne by Common Shareholders and result in a reduction of the NAV of the Common Shares.

(footnotes continued on following page)

(2) The Investment Manager (and not the Fund) has agreed to pay from its own assets, upfront structuring fees to Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, RBC Capital Markets, LLC, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. The Investment Manager (and not the Fund) has agreed to pay from its own assets upfront sales incentive fees to D.A. Davidson & Co., Ladenburg Thalmann & Co. Inc., MLV & Co. LLC and Pershing LLC. Because these fees are paid by the Investment Manager (and not the Fund), they are not reflected under sales load in the table above. In accordance with Financial Industry Regulatory Authority, Inc. rules, these upfront structuring fees are underwriting compensation to the recipients of such fees. See "Underwriting."

(3) You will pay brokerage charges if you direct your broker or the plan agent to sell your Common Shares that you acquired pursuant to a dividend reinvestment plan. You may also pay a *pro rata* share of brokerage commissions incurred in connection with open-market purchases pursuant to the Fund's Dividend Reinvestment Plan. See "Dividend Reinvestment Plan."

(4) The table presented below in this footnote 4 estimates what the Fund's annual expenses would be, stated as percentages of the Fund's net assets attributable to Common Shares, but, unlike the table above, assumes that the Fund does not utilize borrowings or other leverage. See "Use of Leverage." In accordance with these assumptions, the Fund's expenses would be estimated to be as follows:

	Percentage of Net Assets Attributable to Common Shares (assuming no leverage)
Estimated Annual Expenses	
Management fees	1.00%
Other expenses(7)	.13%
Total annual expenses	1.13%

(5) The Fund pays an annual management fee, payable monthly, to the Investment Manager in an annual amount equal to 1.00% of the Fund's average daily managed assets. The management fee of 1.00% of the Fund's average daily managed assets represents 1.39% of the Fund's net assets attributable to Common Shareholders assuming the use of leverage in an amount of 28% of the Fund's managed assets.

(6) Assumes the use of leverage in the form of borrowings representing 28% of the Fund's managed assets (including the amounts of leverage obtained through the use of such instruments) (*i.e.*, leverage representing approximately 39% of the Fund's net assets attributable to Common Shares). The Fund currently anticipates that it will initially obtain leverage with bank borrowings though the use of a short-term credit facility, for which Interest payments on borrowed funds in the Estimated Annual Expenses table would be estimated at .46% (based on a short-term market interest rate of 1.17% for such borrowings under current market conditions, assuming that such borrowings remain in place for a full year). The short-term credit facility may also include commitment fees and other expenses. As described under "Leverage," the Fund currently intends to seek to replace all or a portion of the initial short-term borrowings with longer-term, fixed-rate financing (*e.g.*, with a term in the range of 5 to 15 years) through the issuance of preferred shares and/or borrowings within the first year of the Fund's operations. Although there is no assurance that the Fund will pursue or obtain such longer-term, fixed-rate financing, or at what point it may do so, Interest payments on borrowed funds in the Estimated Annual Expenses table assumes that the Fund will incur interest expenses attributable to longer-term, fixed-rate borrowings for its entire first year of operations at an annual estimated rate of 3.00% (based on estimated market interest rates for longer-term financing under current market conditions). The term of and actual interest or dividend expenses of any longer-term, fixed-rate financing the Fund may obtain may be higher or lower than is estimated in the table, perhaps to a significant extent, and it is possible that the Fund may continue to use short-term financing (with relatively lower interest expenses) for its entire first year of operations and beyond. See "Use of Leverage—Effects of Leverage."

(footnotes continued on following page)

The Fund may use forms of leverage other than and/or in addition to borrowings, including issuing preferred shares, which may be subject to different interest and other expenses than those estimated above. The actual amount of interest expense borne by the Fund will vary over time in accordance with the level of the Fund's use of long-term and short-term borrowings or other forms of leverage and variations in market interest rates. Interest expense is required to be treated as an expense of the Fund for accounting purposes. Any associated income or gains (or losses) realized from leverage obtained through such instruments is not reflected in the Annual Expenses table above, but would be reflected in the Fund's performance results.

(7) Other expenses are based on estimated amounts for the Fund's first year of operations and assume that the Fund issues 11,200,000 Common Shares.

The purpose of the table above is to help you understand all fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. See "Management of the Fund" and "Dividend Reinvestment Plan."

Example

As required by relevant SEC regulations, the following example illustrates the expenses (including the sales load of $45 and estimated offering expenses of this offering of approximately $2) that you would pay on a $1,000 investment in Common Shares, assuming (a) the sales load and the offering expenses listed in the parenthetical above, (b) total annual expenses of 2.69% of net assets attributable to Common Shares in years 1 through 10 (assuming leverage through borrowings (at an interest rate for long-term borrowings as noted above) is utilized in an amount equal to approximately 28% of the Fund's managed assets) and (c) a 5% annual return[1]:

1 year	3 years	5 years	10 years
$73	$127	$183	$335

(1) **The example above should not be considered a representation of future expenses. Actual expenses may be higher or lower than those shown.** The example assumes that the estimated Interest payments on borrowed funds and Other expenses set forth in the Estimated Annual Expenses table are accurate, that the rate listed under Total annual expenses remains the same each year and that all dividends and distributions are reinvested at NAV. **Actual expenses may be greater or less than those assumed.** Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% annual return shown in the example.

USE OF PROCEEDS

The net proceeds of the offering of Common Shares will be approximately $266,840,000 (or $306,866,000 if the underwriters exercise the over-allotment option in full) after payment or reimbursement of the estimated offering costs. The Investment Manager has agreed to pay the amount by which the Fund's offering costs (other than the sales load) exceed $.05 per Common Share. The Investment Manager has agreed to pay all of the Fund's organizational expenses. The Fund will invest the net proceeds of the offering in accordance with the Fund's investment objective and policies as set forth below. It is presently anticipated that the Fund will be able to invest substantially all of the net proceeds in investments that meet its investment objective and policies within three months after the completion of the offering. Pending such investment, it is anticipated that the proceeds will be invested in high grade, short-term securities, convertible bonds and/or high yield securities, index futures contracts or similar derivative instruments designed to give the Fund exposure to the securities and markets in which it intends to invest while AGI U.S. selects specific investments. A delay in the anticipated use of proceeds could lower returns, reduce the Fund's distribution to Common Shareholders and reduce the amount of cash available to make interest payments on borrowings and debt securities.

THE FUND

The Fund is a newly organized diversified, limited term closed-end management investment company. The Fund was organized as an unincorporated voluntary association with transferable shares of beneficial interest (commonly referred to as a "Massachusetts business trust") on March 10, 2015, pursuant to an Agreement and Declaration of Trust governed by the laws of the Commonwealth of Massachusetts. As a newly organized entity, the Fund has no operating history. The Fund's principal office is located at 1633 Broadway, New York, New York, 10019 and its telephone number is (800) 254-5197.

The Fund will terminate on the first business day following the fifteenth anniversary of the effective date of this registration statement, which the Fund currently expects to occur on May 22, 2030, absent Trustee and shareholder approval to amend the limited term provision of the Fund's Declaration of Trust, as provided therein. If the Fund's Board of Trustees believes that under then-current market conditions it is in the best interests of the Fund to do so, the Fund may extend the termination date for up to one year (*i.e.*, up to May 21, 2031) without a shareholder vote, upon the affirmative vote or consent of a majority of the Board of Trustees and 75% of the Continuing Trustees (as defined under "Limited Term" in this prospectus). The Fund's investment objective and policies are not designed to seek to return to investors that purchase Common Shares in this offering their initial investment of $25.00 per Common Share on the termination date, and such investors and investors that purchase Common Shares after the completion of this offering may receive more or less than their original investment upon termination.

The Fund's Board of Trustees has approved a Repurchase Plan with respect to the Fund's Common Shares for a defined period following the Fund's initial public offering in an attempt to provide additional liquidity in the marketplace for the Fund's Common Shares. Pursuant to the Repurchase Plan, during the period beginning on the 61st day following the date on which the over-allotment period ends (106 days after the date of the prospectus (*i.e.*, September 4, 2015)) and ending 230 days after the commencement of the Repurchase Plan (*i.e.*, April 21, 2016), the Fund will repurchase its Common Shares in the open market on any trading day when the Fund's Common Shares are trading at a discount of 2% or more from the Common Shares' closing NAV on the prior trading day and only so long as shares of the SPDR Barclays Convertible Securities ETF have not, at any time during such trading day, traded down 2% or more from their closing market price on the prior trading day. Any repurchases will be made through a single broker-dealer who is not an underwriter in this initial public offering of the Common Shares acting as the Fund's agent. On any day that shares are repurchased under the Repurchase Plan, the Fund will, subject to certain conditions under Rule 10b-18 of the Exchange Act and other applicable laws, including Regulation M, which may prohibit such repurchases under certain circumstances, repurchase its shares in an amount equal to the lesser of (i) $125,000 based on the aggregate purchase price of the Common Shares or (ii) the maximum number of Common Shares the Fund may purchase under Rule 10b-18, which, generally, is currently 25% of the average daily trading volume of the Common Shares over the trailing four week period.

In addition to providing potential additional liquidity in the marketplace, any repurchases under the Repurchase Plan will be made by the Fund at a discount to then current NAV of the Common Shares and therefore would be accretive to the NAV of the remaining Common Shares following the repurchases, and the Repurchase Plan may also have the effect of preventing or reducing a significant decline in the market price of the Common Shares in comparison to their NAV. However, there can be no assurance that repurchases of Common Shares under the Repurchase Plan will cause the Common Shares to trade at a price equal to or in excess of NAV or prevent or reduce any trading discount. Although there is no current expectation or assurance that the Fund will repurchase Common Shares at any time following the Repurchase Period, which may result in a decline in the market price of the Common Shares following the conclusion of the Repurchase Period, the Board of Trustees reserves the right to extend the Repurchase Period or authorize additional repurchases of Common Shares by the Fund at some time after the conclusion of the Repurchase Plan if the Board determines such repurchases are in the best interests of the Fund and the Common Shareholders. Also, any acquisition of Common Shares by the Fund would decrease the managed assets of the Fund and therefore tend to have the effect of increasing the Fund's gross expense ratio and decreasing the asset coverage with respect to any leverage outstanding. Further, the Fund may be required to liquidate portfolio investments at an inopportune time or price in order to fund share repurchases under the Repurchase Plan and will incur related transaction costs borne by the remaining Common Shareholders. See "Risk Factors—Repurchase Plan Risk."

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to provide total return through a combination of current income and capital appreciation, while seeking to provide downside protection against capital loss. As described below, it is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities rated below investment grade or unrated but determined by AGI U.S. to be of comparable quality (sometimes referred to as "high yield securities" or "junk bonds"). There is no assurance that the Fund will achieve its investment objective or that the Fund's investment program will be successful.

Portfolio Management Strategies

Under normal market conditions, the Fund will seek to achieve its investment objective by investing in a combination of convertible securities, debt and other income-producing instruments and common stocks and other equity securities. It is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities rated below investment grade or unrated but determined by AGI U.S. to be of comparable quality (sometimes referred to as "high yield securities" or "junk bonds"). The allocation of the Fund's investments across these asset classes will vary from time to time, based upon the portfolio managers' assessment of economic conditions and market factors, including equity price levels, interest rate levels and their anticipated direction, such that an asset class may be more heavily weighted in the Fund's portfolio than the other classes at any time and from time to time, and sometimes to a substantial extent. The Fund also expects to normally employ a strategy of writing (selling) covered call options on the stocks held in the equity portion of the portfolio. The Option Strategy is designed to generate gains from option premiums in an attempt to enhance amounts available for distributions payable to the Fund's shareholders. Through a combination of these asset classes and strategies, the Fund attempts to simultaneously capture equity market exposure and current income utilizing a disciplined, fundamental, bottom-up research process combined with traditional credit analysis. The Fund attempts to reduce the risk of capital loss through, among other things, independent credit analysis focused on downgrade and default risks and the implementation of a clearly defined sell discipline strategy.

Investment Process

The portfolio managers utilize a disciplined, fundamental, bottom-up, company-specific analysis coupled with extensive credit research. The portfolio managers seek to identify companies demonstrating improving fundamental characteristics. The portfolio managers utilize a forward-looking philosophy and employ a disciplined fundamental approach, which is intended to facilitate the early identification of companies demonstrating the ability to improve their fundamental characteristics. The companies/issues selected for the portfolio typically exceed minimum fundamental metrics and exhibit what AGI U.S. believes is the highest visibility of future operating performance. Equity and bond instruments are evaluated in an attempt to achieve an optimal balance of income generation and capital appreciation potential, with the goal of including attractive total return candidates in the Fund's portfolio. The Fund's high-yield and convertible investments are examined through a proprietary Upgrade Alert Model for evaluating credit upgrades, which looks at the historical strength of a company's balance sheet, income statement and cash flow. The portfolio managers normally seek to identify convertible securities offering exposure to 60%–80% of the upside participation in the underlying equity with less than 50% of the downside risk. The Option Strategy is designed to generate gains from option premiums in an attempt to enhance amounts available for distributions payable to the Fund's shareholders and to reduce portfolio risk by generally investing in near term maturity, out-of-the money single call options on stocks held in the portfolio.

Independent Credit Analysis

The Sub-Adviser's investment process is centered on identifying and attempting to reduce credit risk through the use of its proprietary Upgrade Alert Model, which helps the investment team to recognize and seek to avoid companies that are likely to be downgraded or default on their obligations. The Upgrade Alert Model generates an internal credit quality rating, which the portfolio managers use to analyze a company's operating performance. The income statement, cash-flow statement and balance sheet are projected out five years on a pro-forma basis to gain perspective of a company's ability to service its debt obligations over time. Critical factors in the scenario analysis include the operating capabilities and prospects of the issuer and how this might impact cash flow, capital expenditures and financing needs. The Upgrade Alert Model uses current and forecasted financial data to generate over sixty operating statistics, and the portfolio managers use those statistics that are most commonly used by third-party rating agencies to calculate an objective independent credit rating. By comparing internally generated credit ratings to external ratings published by third-party rating agencies, the investment team attempts to identify market opportunities through rating inefficiencies. Additionally, the investment team uses the model to identify deteriorating credits.

Sell Discipline

The portfolio managers have a clearly defined sell discipline. An investment is sold if the reason for its original purchase changes or a better investment candidate consistent with the Fund's investment objective is identified. Buy candidates challenge current holdings so each holding must continue to earn its place in the portfolio. There are a number of sell alerts or early indicators that the investment team reviews that signal that an asset is in decline. If a portfolio company displays quarterly earnings deceleration, negative estimate revisions, negative change in research ranking or declining relative price strength, then fundamental analysis is undertaken to determine whether the portfolio company is a sell candidate. Other potential negative fundamental changes include: new competitors, product delay, deteriorating pricing environment, possible accounting irregularities, rising input costs, adverse legislation, and loss of major customers. The risk/reward profile of the structure of each investment candidate is constantly reviewed. Once a risk/reward profile becomes unattractive, it becomes a sell candidate. A convertible security might become too bond-like and not have the potential for significant upside equity participation. Conversely, a convertible security might become too equity-sensitive, to a point where it participates fully with any equity movement. With respect to high yield securities, spread, yield-to-maturity and yield-to-worst are analyzed weekly to determine relative value.

Fundamental Investment Restrictions

As more fully described in the Fund's Statement of Additional Information, the investment restrictions set forth below are fundamental policies of the Fund and may not be changed without the approval of the holders of a majority of the Fund's outstanding Common Shares and, if issued, 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. Under these restrictions, the Fund: (1) may not invest in a security if, as a result of such investment, more than 25% of its total assets (taken at market value at the time of such investment) would be invested in the securities of issuers in any particular industry, except that this restriction does not apply to securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities (or repurchase agreements with respect thereto); (2) may not purchase or sell real estate, although it may purchase securities secured by real estate or interests therein, or securities issued by companies in the real estate industry or which invest in real estate or interests therein; (3) may not purchase or sell commodities, except that the Fund may purchase and sell futures contracts and options, may enter into foreign exchange contracts, and may enter into swap agreements and other financial transactions not requiring delivery of physical commodities; (4) may borrow money to the maximum extent permitted by law, as interpreted or modified, or otherwise permitted by regulatory authority having jurisdiction from time to time; (5) may not issue senior securities, except as permitted borrowings or as otherwise permitted under the 1940 Act; (6) may not make loans, except that this restriction shall not prohibit the purchase of debt obligations or entering into repurchase agreements or the lending of the Fund's portfolio securities; and (7) may not act as an underwriter of securities of other issuers, except to the extent that in connection with the disposition of portfolio securities, it may be deemed to be an underwriter under the federal securities laws. In addition, as a fundamental policy, the Fund will not, with respect to 75% of its total assets, purchase the securities of any issuer, except securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities or securities issued by other investment companies, if, as a result, (i) more than 5% of the Fund's total assets would be invested in the securities of that issuer, or (ii) the Fund would hold more than 10% of the outstanding voting securities of that issuer. In connection with (4) and (5) above, see descriptions of relevant limitations on borrowings and the use of senior securities under the 1940 Act in "Use of Leverage" and "Use of Leverage—Credit Facility" in this prospectus and "Leverage and Borrowing" in the Statement of Additional Information.

PORTFOLIO CONTENTS

The Fund will normally invest at least 80% of its net assets (plus any borrowings for investment purposes) in a diversified portfolio of convertible securities, income-producing equity securities and income-producing debt and other instruments of varying maturities. For purposes of this policy, "income-producing equity securities" include, among other instruments, dividend-paying common and preferred stocks. Under normal circumstances, the Fund's portfolio is expected to be composed principally of the following types of investments, among others:

Convertible Securities

The Fund will normally invest at least 50% of its managed assets in convertible securities. Convertible securities include bonds, debentures, notes (including structured notes), preferred stocks or other securities that may be converted or exchanged at either a stated price or stated rate into underlying shares of common stock. Convertible securities have general characteristics similar to both debt securities and equity securities. Although to a lesser extent than with debt obligations, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stocks and, therefore, also will react to variations in the general market for equity securities. Convertible securities are investments that provide for a stable stream of income with generally higher yields than common stocks. There can be no assurance of current income because the issuers of the convertible securities may default on their obligations. Convertible securities, however, generally offer lower interest or dividend yields than non-convertible debt securities of similar credit quality because of the potential for equity-related capital appreciation. A convertible security, in addition to providing current income, offers the potential for capital appreciation through the conversion feature, which enables the holder to benefit from increases in the market price of the underlying common stock.

The Fund also may invest in "synthetic" convertible securities, which will be selected based on the similarity of their economic characteristics to those of a traditional convertible security due to the combination of separate securities or instruments that possess the two principal characteristics of a traditional convertible security, *i.e.*, an income-producing security ("income-producing component") and the right to acquire an equity security ("convertible component"). The income-producing component is achieved by investing in non-convertible, income-producing securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by purchasing warrants or options to buy common stock at a certain exercise price, or options on a stock index. The Fund may also purchase synthetic securities created by other parties, typically investment banks, including convertible structured notes. The income-producing and convertible components of a synthetic convertible security may be issued separately by different issuers and at different times. The values of synthetic convertible securities will respond differently to market fluctuations than a traditional convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. Synthetic convertible securities are also subject to the risks associated with derivatives. See "Risk Factors—Derivatives Risk." In addition, if the value of the underlying common stock or the level of the index involved in the convertible element falls below the strike price of the warrant or option, the warrant or option may lose all value. The Fund's holdings of synthetic convertible securities are considered convertible securities for purposes of the Fund's investment policies.

Debt Instruments

Debt instruments may include, without limitation, bonds, debentures, notes, and other debt securities of U.S. and foreign (non-U.S.) corporate and other issuers, including commercial paper; debt securities of exchange-listed REITs (the Fund may purchase unlisted securities of REITs that have another listed class of securities); U.S. Government securities; obligations of foreign governments or their sub-divisions, agencies and government sponsored enterprises and obligations of international agencies and supranational entities; payment-in-kind securities; zero-coupon bonds; structured notes, including hybrid or indexed securities; structured credit products, including, without limitation, collateralized loan obligations; loans (including, among others, senior loans, mezzanine and other subordinate loans and loan participations and assignments); bank certificates of deposit, fixed time deposits; bankers' acceptances; and credit-linked notes. The Fund's investments in debt instruments may have fixed, floating or variable principal payments and any kind of interest rate and dividend payment and reset terms, including fixed rate, adjustable rate, zero-coupon, contingent, deferred, payment-in-kind and auction-rate features. Debt securities in the lowest investment grade category may be considered to possess some speculative characteristics by certain ratings agencies with respect to the issuer's continuing ability to make timely principal and interest payments.

The Fund will not normally invest more than 5% of its managed assets in CLOs. The Fund will not invest in collateralized debt obligations that are not mortgage-backed securities, asset-backed securities or CLOs.

High Yield Securities

It is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities that are, at the time of purchase, rated below investment grade (below Baa3 by Moody's or below BBB- by either S&P or Fitch) or that are unrated but determined by AGI U.S. to be of comparable quality. Below investment grade securities are commonly referred to as "high yield securities" or "junk bonds."

The Fund will not normally invest more than 30% of its managed assets in high yield securities (such limit does not apply to convertible securities). The Fund may invest in convertible securities regardless of rating (*i.e.*, of any credit quality), including unrated convertible securities. The Fund may invest in high yield securities of any rating, including securities given the lowest non-default rating (Caa by Moody's or C by S&P or Fitch, as described in Appendix A) or unrated securities judged to be of comparable quality by AGI U.S. The Fund may also purchase distressed securities that are in default or the issuers of which are in bankruptcy. However, the Fund will not normally invest more than 15% of its managed assets in debt instruments that are, at the time of purchase, rated Caa1 or lower by Moody's and CCC+ or lower by S&P and Fitch (such limit does not apply to convertible securities). High yield securities involve a greater degree of risk (in particular, a greater risk of default) than, and special risks in addition to the risks associated with, investment grade debt obligations. While offering a greater potential opportunity for capital appreciation and higher yields, high yield securities typically entail greater potential price volatility and may be less liquid than higher-rated securities. High yield securities may be regarded as predominantly speculative with respect to the issuer's continuing ability to make timely interest payments and repay principal. They also may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities.

It is expected that substantially all of the Fund's debt securities and a substantial portion of its convertible securities will consist of securities rated below investment grade or unrated but determined by AGI U.S. to be of comparable quality.

Equity Securities

The Fund will not normally invest more than 40% of its managed assets in equity securities. Equity securities include common and preferred stocks of companies, as well as warrants, rights, depository receipts and other equity interests. Although the Fund may invest in companies of any market capitalization, the Fund's equity investments will normally be focused on common stock investments in companies with market capitalizations of $3 billion or greater at the time of investment that are, in the opinion of AGI U.S., exhibiting strong earnings growth.

Option Strategy

The Fund expects to normally employ a strategy of writing (selling) covered call options on the stocks held in its portfolio. It is expected that the Fund will ordinarily write call options on the individual stocks held in its portfolio, and with respect to approximately 70% of the value of each position. The Fund initially intends to write covered call options on approximately 50% of the Fund's common stocks, but may write covered call options on approximately 30% to 80% of the Fund's common stocks from time to time, depending on market conditions. As the Fund writes covered call options over more of its portfolio, its ability to benefit from capital appreciation of its common stock holdings becomes more limited. The Fund's use of the Option Strategy may vary from time to time, depending on market conditions and other factors. The Option Strategy is designed to generate gains from option premiums in an attempt to enhance amounts available for distributions payable to the Fund's shareholders. However, there is no assurance that the Option Strategy will achieve its objective.

Call options on individual securities are contracts representing the right to purchase the underlying equity security at a specified price (the "strike price") at or before a specified future date (the "expiration date"). The price of the option is determined by trading activity in the broad options market and generally reflects the relationship between factors including the current value of the underlying equity security and the strike price, the volatility of the underlying equity security and the time remaining until the expiration date. As the writer (seller) of a call option, the Fund would receive cash (the premium) from the purchaser of the option, and the purchaser would have the right to receive from the Fund either the underlying security or any appreciation in the value of the underlying security above the strike price upon exercise. In effect, the Fund would forgo the potential appreciation in the underlying security above the strike price in exchange for the premium, although it would retain the risk of loss should the price of the underlying security decline. Therefore, the Fund's use of the Option Strategy will generally limit the Fund's ability to benefit from the full upside potential of its equity portfolio.

As part of the Option Strategy, the Fund will generally write call options with a strike price that is above ("out-of-the-money") the market value of the underlying security at the time the option is written. In addition to providing possible gains through premiums, out-of-the-money call options allow the Fund to potentially benefit from appreciation in the underlying security held by the Fund up to the strike price, but the Fund forgoes any appreciation above the strike price. The Fund also reserves the flexibility to write "at-the-money" (*i.e.*, with a strike price equal to the market value of the underlying security) and "in-the-money" call options (*i.e.*, with a strike price below the market value of the underlying security). The Fund will typically only write call options on individual securities if those options are "covered." The Fund's written call options on individual securities will ordinarily be covered by the Fund holding the underlying security in its portfolio throughout the term of the option. The Fund will generally not write options with respect to individual equity securities (other than ETFs, as described below) that are not held in the Fund's portfolio (*i.e.*, "naked" options). The Fund may also write call options on equity indexes and ETFs. The Fund will normally cover any options on equity indexes and ETFs either by segregating liquid assets in an amount equal to its net obligations under the contract or by entering into offsetting positions.

The Fund generally will write "listed" call options that are originated and standardized by the Options Clearing Corporation and trade on a major exchange, although it also may write unlisted (or "over-the-counter") call options and so-called "flex" options (options that are traded on an exchange, but with customized strike prices and expiration dates). The Fund's Option Strategy could cause the Fund to recognize larger amounts of net short-term capital gains, which are taxable at the higher ordinary income tax rates when distributed to shareholders, than it otherwise would in the absence of such strategy. The Fund's Option Strategy also could terminate or suspend the Fund's holding period in the underlying securities, and, as a result, any dividends received by the Fund on those securities may not qualify for treatment as "qualified dividend income" (which generally is taxable to individual shareholders at the lower rates applicable to long-term capital gain).

Derivatives

In addition to the Option Strategy, the Fund may (but is not required to) utilize various derivative strategies (both long and short positions) involving the purchase or sale of futures and forward contracts (including foreign currency exchange contracts), call and put options, credit default swaps, total return swaps, basis swaps, interest rate swaps and other swap agreements and other derivative instruments for investment purposes, leveraging purposes or in an attempt to hedge against market, credit, interest rate, currency and other risks in the portfolio. The Fund will not write "naked" or uncovered put and call options other than those that are "covered" by the segregation or earmarking of liquid assets or other methods. The Fund may purchase and sell securities on a when-issued, delayed delivery or forward commitment basis.

Loans

The Fund may invest in loans, which include senior secured loans, unsecured and/or subordinated loans, loan participations, unfunded contracts and fixed- and floating-rate loans issued by banks or other financial institutions (including, among others, interests in senior floating rate loans made to or issued by U.S. or non-U.S. banks or other corporations ("Senior Loans"), delayed funding loans and revolving credit facilities). Loan interests may take the form of direct interests acquired during a primary distribution and may also take the form of assignments of, novations of or participations in a loan acquired in secondary markets. The Fund may also gain exposure to loans and related investments through the use of, among other strategies, total return swaps and/or other derivative instruments.

The Fund may purchase or gain economic exposure to "assignments" of loans from lenders. The purchaser of an assignment typically succeeds to all the rights and obligations under the loan agreement with the same rights and obligations as the assigning lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender.

The Fund also may invest in "participations" in loans. Participations by the Fund in a lender's portion of a loan typically will result in the Fund having a contractual relationship only with such lender, not with the borrower. As a result, the Fund may have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by such lender of such payments from the borrower. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights with respect to any funds acquired by other lenders through set-off against the borrower, and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the Fund may assume the credit risk of both the borrower and the lender selling the participation.

Among the types of loan investments that the Fund may make are interests in Senior Loans. Senior Loans typically pay interest at rates that are re-determined periodically on the basis of a floating base lending rate (such as the London Inter-Bank Offered Rate ("LIBOR")) plus a premium. Senior Loans are typically of below investment grade quality. Senior Loans may hold a senior position in the capital structure of a borrower and are often secured with collateral. A Senior Loan is typically originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution (the "Agent") for a lending syndicate of financial institutions ("Lenders"). The Agent typically administers and enforces the Senior Loan on behalf of the other Lenders in the syndicate. In addition, an institution, typically but not always the Agent, holds any collateral on behalf of the Lenders. A financial institution's employment as an Agent might be terminated in the event that it fails to observe a requisite standard of care or becomes insolvent. A successor Agent would generally be appointed to replace the terminated Agent, and assets held by the Agent under the loan agreement would likely remain available to holders of such indebtedness. However, if assets held by the Agent for the benefit of the Fund were determined to be subject to the claims of the Agent's general creditors, the Fund might incur certain costs and delays in realizing payment on a loan or loan participation and could suffer a loss of principal and/or interest. In situations involving other interposed financial institutions (*e.g.*, an insurance company or government agency) similar risks may arise.

Purchasers of Senior Loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the corporate or other borrower for payment of principal and interest. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the NAV, market price and/or yield of the Common Shares could be adversely affected. Senior Loans that are fully secured may offer the Fund more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of any collateral from a secured Senior Loan would satisfy the borrower's obligation, or that such collateral could be liquidated. Also, the Fund may invest in or gain economic exposure to Senior Loans that are unsecured.

Senior Loans and interests in other loans may not be readily marketable and may be subject to restrictions on resale. In some cases, negotiations involved in disposing of indebtedness may require weeks to complete. Consequently, some indebtedness may be difficult or impossible to dispose of readily at what AGI U.S. believes to be a fair price.

Senior Loans usually require, in addition to scheduled payments of interest and principal, the prepayment of the Senior Loan from free cash flow. The degree to which borrowers prepay Senior Loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among lenders, among others. As such, prepayments cannot be predicted with accuracy. Upon a prepayment, either in part or in full, the actual outstanding debt on which the Fund derives interest income will be reduced. However, the Fund may receive both a prepayment penalty fee from the prepaying borrower and a facility fee upon the purchase of a new Senior Loan with the proceeds from the prepayment of the former. The effect of prepayments on the Fund's performance may be mitigated by the receipt of prepayment fees and the Fund's ability to reinvest prepayments in other Senior Loans that have similar or identical yields.

Economic exposure to loan interests through the use of derivative transactions, including, among others, total return swaps, generally involves greater risks than if the Fund had invested in the loan interest directly during a primary distribution or through assignments of, novations of or participations in a loan acquired in secondary markets since, in addition to the risks described above, certain derivative transactions may be subject to leverage risk and greater illiquidity risk, counterparty risk, valuation risk and other risks. See "Risk Factors—Derivatives Risk" for more information on these risks.

Master Limited Partnerships

The Fund may invest in the equity securities (including common units) of master limited partnerships. MLPs are investment vehicles generally organized under state law as limited partnerships or limited liability companies. MLPs typically issue general partner and limited partner interests, or managing member and member interests, and MLP-issued securities are often listed and traded on a security exchange. Such securities are structured by contract and may incorporate both equity-like and debt-like components. The general partner or manager of the MLP generally controls the operation and management of the MLP, and typically is eligible for certain incentive distributions under the terms of the MLP. The Fund will not typically invest in general partner or manager interests of MLPs. Limited partner or member interests in MLPs may have either preferred or subordinated rights to MLP assets and distributions.

REITs

The Fund may invest in the equity and debt securities of exchange-listed REITs (the Fund may purchase unlisted securities of REITs that have another class of listed securities). REITs primarily invest in income-producing real estate or real estate related loans or interests. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. REITs are not taxed on income distributed to shareholders provided they comply with the applicable requirements of the Code. The Fund will indirectly bear its proportionate share of any management and other expenses paid by REITs in which it invests in addition to the expenses paid by the Fund. Debt securities issued by REITs are, for the most part, general and unsecured obligations and are subject to risks associated with REITs.

Foreign (Non-U.S. Investments)

Although the Fund expects to invest primarily in U.S. issuers, the Fund may invest a portion of its assets in foreign (non-U.S.) securities, including emerging market securities. The Fund will not normally invest more than 40% of its managed assets in securities of foreign issuers. For this purpose, foreign securities include, but are not limited to, foreign convertible securities and non-convertible income-producing securities, foreign equity securities (including preferred securities of foreign issuers), foreign bank obligations, obligations of foreign governments or their subdivisions, agencies and instrumentalities, international agencies and supranational entities, including Brady Bonds, Eurodollar obligations and “Yankee Dollar” obligations. For this purpose, foreign securities do not include American Depository Receipts or securities guaranteed by a United States person, but may include foreign securities in the form of Global Depository Receipts, European Depositary Receipts or other securities representing underlying shares of foreign issuers. Although the Fund intends initially to invest only in U.S. dollar-denominated securities, the Fund may over time also invest in securities and instruments denominated in currencies other than the U.S. dollar if AGI U.S. determines that such investments present favorable investment opportunities. The Fund may (but is not required to) attempt to hedge some of its exposure to foreign currencies in order to reduce the risk of loss due to fluctuations in currency exchange rates relative to the U.S. dollar.

The Fund may invest in Brady Bonds, which are securities created through the exchange of existing commercial bank loans to sovereign entities for new obligations in connection with a debt restructuring. Investments in Brady Bonds may be viewed as speculative. Brady Bonds acquired by the Fund may be subject to restructuring arrangements or to requests for new credit, which may cause the Fund to realize a loss of interest or principal on any of its portfolio holdings.

The foreign securities in which the Fund may invest include without limitation Eurodollar obligations and “Yankee Dollar” obligations. Eurodollar obligations are U.S. dollar-denominated certificates of deposit and time deposits issued outside the U.S. capital markets by foreign branches of U.S. banks and by foreign banks.

Yankee Dollar obligations are U.S. dollar-denominated obligations issued in the U.S. capital markets by foreign banks. Eurodollar and Yankee Dollar obligations are generally subject to the same risks that apply to domestic debt issues, notably credit risk, interest rate risk, market risk and liquidity risk. Additionally, Eurodollar (and to a limited extent, Yankee Dollar) obligations are subject to certain sovereign risks. One such risk is the possibility that a sovereign country might prevent capital, in the form of U.S. dollars, from flowing across its borders. Other risks include adverse political and economic developments; the extent and quality of government regulation of financial markets and institutions; the imposition of foreign withholding or other taxes; and the expropriation or nationalization of foreign issuers.

Foreign Currencies and Related Transactions

The Fund's Common Shares are priced in U.S. dollars and the distributions paid by the Fund to Common Shareholders are paid in U.S. dollars. However, a portion of the Fund's assets may be denominated in foreign (non-U.S.) currencies and the income received by the Fund from many foreign debt obligations will be paid in foreign currencies. The Fund also may invest in or gain exposure to foreign currencies for hedging purposes. The Fund's investments in securities that trade in, or receive revenues in, foreign currencies will be subject to currency risk, which is the risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect an investment. See "Risk Factors—Foreign Currency Risk." The Fund may (but is not required to) hedge some or all of its exposure to foreign currencies through the use of derivative strategies. For instance, the Fund may enter into forward foreign currency exchange contracts, and may buy and sell foreign currency futures contracts and options on foreign currencies and foreign currency futures. A forward foreign currency exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, may reduce the Fund's exposure to changes in the value of the currency it will deliver and increase its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of the Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. Contracts to sell foreign currency would limit any potential gain that might be realized by the Fund if the value of the hedged currency increases. The Fund may enter into these contracts to hedge against foreign exchange risk arising from the Fund's investment or anticipated investment in securities denominated in foreign currencies. Suitable hedging transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in such transactions at any given time or from time to time when they would be beneficial. Although AGI U.S. has the flexibility to engage in such transactions for the Fund, it may determine not to do so or to do so only in unusual circumstances or market conditions. Also, these transactions may not be successful and may eliminate any chance for the Fund to benefit from favorable fluctuations in relevant foreign currencies.

The Fund may also use derivatives contracts for purposes of increasing exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one currency to another. To the extent that it does so, the Fund will be subject to the additional risk that the relative value of currencies will be different than anticipated by AGI U.S.

Please see "Investment Objective and Policies—Non-U.S. Securities," "Investment Objective and Policies—Foreign Currency Transactions" and "Investment Objective and Policies—Foreign Currency Exchange-Related Securities" in the Statement of Additional Information for a more detailed description of the types of foreign investments and foreign currency transactions in which the Fund may invest or engage and their related risks.

Restricted Securities

The Fund may invest without limit in securities that have not been registered for public sale in the United States or relevant non-U.S. jurisdiction, including, without limitation, securities eligible for purchase and sale pursuant to Rule 144A under the Securities Act, or relevant provisions of applicable non-U.S. law, and other securities issued in private placements. Rule 144A under the Securities Act provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for the resale of certain "restricted" securities to certain qualified institutional buyers, such as the Fund. Restricted securities may be deemed illiquid for purposes of the Fund's limitation on investments in illiquid securities, although the Fund may determine that certain restricted securities are liquid in accordance with procedures adopted by the Board of Trustees.

Duration of Investments

The Fund may invest in debt instruments and other credit-related instruments of any duration or maturity. Duration is the weighted average term-to-maturity of a security's cash flows. It is a measure of the price sensitivity of a debt security or portfolio to interest rate changes. Duration is a mathematical calculation of the average life of a debt security (or portfolio of debt securities) that serves as a measure of its price risk. Duration differs from maturity in that it considers a security's next interest re-set date and call features, whereas maturity does not. In general, each year of duration represents an expected 1% change in the value for every 1% immediate change in interest rates. For example, if a portfolio of fixed income securities has an average duration of four years, its value can be expected to fall about 4% if interest rates rise by 1%. Conversely, the portfolio's value can be expected to rise about 4% if interest rates fall by 1%. As a result, prices of securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. By comparison, a debt security's "maturity" is the date on which the security ceases and the issuer is obligated to repay principal.

Bonds

The Fund may invest in a wide variety of bonds of varying maturities issued by non-U.S. (foreign) and U.S. corporations and other business entities, governments and quasi-governmental entities and municipalities and other issuers. Bonds may include, among other things, fixed or variable/floating-rate debt obligations, including bills, notes, debentures, money market instruments and similar instruments and securities. Bonds generally are used by corporations as well as governments and other issuers to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and normally must repay the amount borrowed on or before maturity. Certain bonds are "perpetual" in that they have no maturity date.

Preferred Securities

Preferred securities represent an equity interest in a company that generally entitles the holder to receive, in preference to the holders of other stocks such as common stocks, dividends and a fixed share of the proceeds resulting from liquidation of the company. Unlike common stocks, preferred stocks usually do not have voting rights. Preferred stocks in some instances are convertible into common stock. Some preferred stocks also entitle their holders to receive additional liquidation proceeds on the same basis as holders of a company's common stock, and thus also represent an ownership interest in the company. Some preferred stocks offer a fixed rate of return with no maturity date. Because they never mature, these preferred stocks may act like long-term bonds, can be more volatile than other types of preferred stocks and may have heightened sensitivity to changes in interest rates. Other preferred stocks have a variable dividend, generally determined on a quarterly or other periodic basis, either according to a formula based upon a specified premium or discount to the yield on particular U.S. Treasury securities or based on an auction process, involving bids submitted by holders and prospective purchasers of such stocks. Although they are equity securities, preferred securities have certain characteristics of both debt securities and common stock. They are like debt securities in that their stated income is generally contractually fixed. They are like common stocks in that they do not have rights to precipitate bankruptcy proceedings or collection activities in the event of missed payments. Furthermore, preferred securities have many of the key characteristics of equity due to their subordinated position in an issuer's capital structure and because their quality and value are heavily dependent on the profitability of the issuer rather than on any legal claims to specific assets or cash flows. Because preferred securities represent an equity ownership interest in a company, their value usually will react more strongly than bonds and other debt instruments to actual or perceived changes in a company's financial condition or prospects, or to fluctuations in the equity markets.

In order to be payable, dividends on preferred securities must be declared by the issuer's board of directors. In addition, distributions on preferred securities may be subject to deferral and thus may not be automatically payable. Income payments on some preferred securities are cumulative, causing dividends and distributions to accrue even if they are not declared by the board of directors of the issuer or otherwise made payable. Other preferred securities are non-cumulative, meaning that skipped dividends and distributions do not continue to accrue. There is no assurance that dividends on preferred securities in which the Fund invests will be declared or otherwise made payable.

Preferred securities have a liquidation value that generally equals their original purchase price at the date of issuance. The market values of preferred securities may be affected by favorable and unfavorable changes affecting the issuers' industries or sectors. They also may be affected by actual and anticipated changes or ambiguities in the tax status of the security and by actual and anticipated changes or ambiguities in tax laws, such as changes in corporate and individual income tax rates or the characterization of dividends as tax-advantaged. The dividends paid on the preferred securities in which the Fund may invest might not be eligible for tax-advantaged "qualified dividend" treatment. See "Tax Matters." Because the claim on an issuer's earnings represented by preferred securities may become disproportionately large when interest rates fall below the rate payable on the securities or for other reasons, the issuer may redeem preferred securities, generally after an initial period of call protection in which the security is not redeemable. Thus, in declining interest rate environments in particular, the Fund's holdings of higher dividend-paying preferred securities may be reduced and the Fund may be unable to acquire securities paying comparable rates with the redemption proceeds.

U.S. Government Securities

U.S. Government securities are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. The U.S. Government does not guarantee the NAV of the Fund's shares. Some U.S. Government securities, such as U.S. Treasury bills, notes and bonds, and securities guaranteed by GNMA, are supported by the full faith and credit of the United States; others, such as those of the FHLBs, are supported by the right of the issuer to borrow from the U.S. Treasury; others, such as those of FNMA, are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations; and still others, such as those of the Student Loan Marketing Association, are supported only by the credit of the instrumentality. U.S. Government securities may include zero coupon securities, which do not distribute interest on a current basis and tend to be subject to greater risk than interest-paying securities of similar maturities.

Zero-Coupon Bonds, Step-ups and Payment-in-Kind Securities

Zero-coupon bonds pay interest only at maturity rather than at intervals during the life of the security. Like zero-coupon bonds, "step up" bonds pay no interest initially but eventually begin to pay a coupon rate prior to maturity, which rate may increase at stated intervals during the life of the security. Payment-in-kind securities are debt obligations that pay "interest" in the form of other debt obligations, instead of in cash. Each of these instruments is normally issued and traded at a deep discount from face value. Zero-coupon bonds, step-ups and payment-in-kind securities allow an issuer to avoid or delay the need to generate cash to meet current interest payments and, as a result, may involve greater credit risk than bonds that pay interest currently or in cash. The Fund would be required to distribute the income on these instruments as it accrues, even though the Fund will not receive the income on a current basis or in cash. Thus, the Fund may have to sell other investments, including when it may not be advisable to do so, to make income distributions to its shareholders.

Variable- and Floating-Rate Securities

Variable- and floating-rate instruments are instruments that pay interest at rates that adjust whenever a specified interest rate changes and/or that reset on predetermined dates (such as the last day of a month or calendar quarter). In addition to Senior Loans, variable- and floating-rate instruments may include, without limitation, bank capital securities, unsecured bank loans, corporate bonds and money market instruments. Due to their variable- or floating-rate features, these instruments will generally pay higher levels of income in a rising interest rate environment and lower levels of income as interest rates decline. For the same reason, the market value of a variable- or floating-rate instrument is generally expected to have less sensitivity to fluctuations in market interest rates than a fixed-rate instrument, although the value of a variable- or floating-rate instrument may nonetheless decline as interest rates rise and due to other factors, such as changes in credit quality.

The Fund also may engage in credit spread trades. A credit spread trade is an investment position relating to a difference in the prices or interest rates of two bonds or other securities, in which the value of the investment position is determined by changes in the difference between the prices or interest rates, as the case may be, of the respective securities.

Certain Interest Rate Transactions

In order to reduce the interest rate risk inherent in the Fund's underlying investments and capital structure, the Fund may (but is not required to) enter into interest rate swap transactions. Interest rate swaps involve the exchange by the Fund with a counterparty of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. These transactions generally involve an agreement with the swap counterparty to pay a fixed or variable rate payment in exchange for the counterparty paying the Fund the other type of payment stream (*i.e.*, variable or fixed). The payment obligation would be based on the notional amount of the swap. Other forms of interest rate swap agreements in which the Fund may invest include without limitation interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap;" interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor;" and interest rate "collars," under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels. The Fund may (but is not required to) use interest rate swap transactions with the intent to reduce or eliminate the risk that an increase in short-term interest rates could pose for the performance of the Fund's Common Shares as a result of leverage, and also may use these instruments for other hedging or investment purposes. Any termination of an interest rate swap transaction could result in a termination payment by or to the Fund.

Hybrid Instruments

A hybrid instrument is a type of potentially high-risk derivative that combines a traditional bond, stock or commodity with an option or forward contract. Generally, the principal amount, amount payable upon maturity or redemption, or interest rate of a hybrid is tied (positively or negatively) to the price of some commodity, currency or securities index or another interest rate or some other economic factor (each a "benchmark"). The interest rate or (unlike most fixed income securities) the principal amount payable at maturity of a hybrid security may be increased or decreased, depending on changes in the value of the benchmark. An example of a hybrid could be a bond issued by an oil company that pays a small base level of interest with additional interest that accrues in correlation to the extent to which oil prices exceed a certain predetermined level. Such a hybrid instrument would be a combination of a bond and a call option on oil.

Hybrids can be used as an efficient means of pursuing a variety of investment goals, including currency hedging, duration management and increased total return. Hybrids may not bear interest or pay dividends. The value of a hybrid or its interest rate may be a multiple of a benchmark and, as a result, may be leveraged and move (up or down) more steeply and rapidly than the benchmark. These benchmarks may be sensitive to economic and political events, such as commodity shortages and currency devaluations, which cannot be readily foreseen by the purchaser of a hybrid. Under certain conditions, the redemption value of a hybrid could be zero. Thus, an investment in a hybrid may entail significant market risks that are not associated with a similar investment in a traditional, U.S. dollar-denominated bond that has a fixed principal amount and pays a fixed rate or floating rate of interest. The purchase of hybrids also exposes the Fund to the credit risk of the issuer of the hybrids. These risks may cause significant fluctuations in the NAV of the Common Shares if the Fund invests in hybrid instruments.

Certain hybrid instruments may provide exposure to the commodities markets. These are derivative securities with one or more commodity-linked components that have payment features similar to commodity futures contracts, commodity options or similar instruments. Commodity-linked hybrid instruments may be either equity or debt securities, leveraged or unleveraged, and are considered hybrid instruments because they have both security and commodity-like characteristics. A portion of the value of these instruments may be derived from the value of a commodity, futures contract, index or other economic variable.

Certain issuers of structured products such as hybrid instruments may be deemed to be investment companies as defined in the 1940 Act. As a result, the Fund's investments in these products may be subject to limits applicable to investments in investment companies and may be subject to restrictions contained in the 1940 Act.

Structured Notes and Related Instruments

The Fund may invest in "structured" notes and other related instruments, which are privately negotiated debt obligations in which the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an "embedded index"), such as selected securities, an index of securities or specified interest rates, or the differential performance of two assets or markets, such as indexes reflecting bonds. Structured instruments may be issued by corporations, including banks, as well as by governmental agencies. Structured instruments frequently are assembled in the form of medium-term notes, but a variety of forms are available and may be used in particular circumstances. The terms of such structured instruments normally provide that their principal and/or interest payments are to be adjusted upwards or downwards (but ordinarily not below zero) to reflect changes in the embedded index while the structured instruments are outstanding. As a result, the interest and/or principal payments that may be made on a structured product may vary widely, depending on a variety of factors, including the volatility of the embedded index and the effect of changes in the embedded index on principal and/or interest payments. The rate of return on structured notes may be determined by applying a multiplier to the performance or differential performance of the referenced index(es) or other asset(s). Application of a multiplier involves leverage that will serve to magnify the potential for gain and the risk of loss.

The Fund may use structured instruments for investment purposes and also for risk management purposes, such as to reduce the duration and interest rate sensitivity of the Fund's portfolio, and for leveraging purposes. While structured instruments may offer the potential for a favorable rate of return from time to time, they also entail certain risks. Structured instruments may be less liquid than other debt securities, and the price of structured instruments may be more volatile. In some cases, depending on the terms of the embedded index, a structured instrument may provide that the principal and/or interest payments may be adjusted below zero. Structured instruments also may involve significant credit risk and risk of default by the counterparty. Structured instruments may also be illiquid. Like other sophisticated strategies, the Fund's use of structured instruments may not work as intended. If the value of the embedded index changes in a manner other than that expected by AGI U.S., principal and/or interest payments received on the structured instrument may be substantially less than expected. Also, if AGI U.S. chooses to use structured instruments to reduce the duration of the Fund's portfolio, this may limit the Fund's return when having a longer duration would be beneficial (for instance, when interest rates decline).

Other Investment Companies

The Fund may invest in securities of other open- or closed-end investment companies, including, without limitation, ETFs, to the extent that such investments are consistent with the Fund's investment objective, strategies and policies and permissible under the 1940 Act. The Fund may invest in other investment companies to gain broad market or sector exposure, including during periods when it has large amounts of uninvested cash (such as the period shortly after the Fund receives the proceeds of the offering of its Common Shares) or when AGI U.S. believes share prices of other investment companies offer attractive values. The Fund treats its investments in other investment companies that invest primarily in types of securities in which the Fund may invest directly as investments in such types of securities for purposes of the Fund's investment policies (*e.g.*, the Fund's investment in an investment company that invests primarily in debt securities will be treated by the Fund as an investment in a debt security). As a shareholder in an investment company, the Fund would bear its ratable share of that investment company's expenses and would remain subject to payment of the Fund's management fees and other expenses with respect to assets so invested. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. The securities of other investment companies may be leveraged, in which case the NAV and/or market value of the investment company's shares will be more volatile than unleveraged investments. See "Risk Factors—Leverage Risk."

Other Investments

The Fund may invest in securities other than the securities and other instruments described above, including debt instruments that are rated investment grade, such as U.S. Government securities and securities of other open- or closed-end investment companies, including, but not limited to, ETFs. The Fund will not normally invest more than 15% of its managed assets in illiquid securities (*i.e.*, securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Fund has valued the securities).

Please see "Investment Objective and Policies" in the Statement of Additional Information for additional information regarding the investments of the Fund and their related risks.

USE OF LEVERAGE

The Fund may, but is not required to, add leverage to its portfolio by issuing preferred shares, borrowing money or issuing debt securities. The Fund currently anticipates that it will initially engage in bank borrowings through the use of a short-term credit facility for leverage, as soon as practicable after the closing of this offering, with an aggregate principal amount equal to approximately 28% of the Fund's managed assets (including the assets obtained through such borrowings) immediately after issuance of such borrowings. The Fund currently intends to seek to replace all or a portion of the initial short-term borrowings with longer-term, fixed-rate financing (*e.g.,* with a term in the range of 5 to 15 years) by issuing preferred shares and/or through borrowings within the first year of the Fund's operations, subject to availability, market conditions and AGI U.S.'s market outlook. Any issuance of preferred shares or longer-term borrowing would have the effect of securing a stable financing rate over a longer period (as a means to protect against potentially rising market interest rates), but would have significantly higher financing costs than short-term borrowing alternatives. As a non-fundamental policy, the aggregate liquidation preference of preferred shares and principal amount of borrowings and debt securities issued by the Fund may not exceed 38% of the Fund's managed assets (including the assets attributable to such instruments). The 1940 Act, and the rules and regulations promulgated thereunder, also generally limit the extent to which the Fund may utilize borrowings and other senior securities representing indebtedness to 33 1/3% of the Fund's total net assets (as defined in the 1940 Act) at the time utilized, and the extent to which the Fund may use leverage through the issuance of preferred shares to 50% of the Fund's total net assets. The Fund intends to utilize leverage opportunistically and may choose to increase or decrease, or eliminate entirely, its use of leverage over time and from time to time depending on a variety of factors, including AGI U.S.'s outlook for the market and the costs that the Fund would incur as a result of such leverage. By using leverage, the Fund will seek to obtain a higher return for holders of Common Shares than if the Fund did not use leverage. Leveraging is a speculative technique and there are special risks and costs involved. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is employed.

Although not currently anticipated, in addition to borrowings or a future issuance of debt securities and/or preferred shares, the Fund may engage in other transactions that may give rise to a form of leverage including, among others, reverse repurchase agreements, dollar rolls or similar transactions, futures and forward contracts (including foreign currency exchange contracts), credit default swaps, total return swaps, basis swaps and other derivative transactions, loans of portfolio securities, when-issued and delayed delivery and forward commitment transactions (collectively, "effective leverage"). Effective leverage does not include exposure obtained for hedging purposes, from securities lending, or to manage the Fund's interest rate exposure. The Fund will not enter into any leverage transaction if, immediately after such transaction, the Fund's total leverage including any borrowings and preferred shares and effective leverage incurred would exceed 50% of the Fund's managed assets.

The net proceeds the Fund obtains from any leverage utilized will be invested in accordance with the Fund's investment objective and policies as described in this prospectus. So long as the rate of return, net of applicable Fund expenses, on the debt obligations and other investments purchased by the Fund exceeds the costs to the Fund of the leverage it utilizes, the investment of the Fund's assets attributable to leverage will generate more income than will be needed to pay the costs of the leverage. If so, and all other things being equal, the excess may be used to pay higher dividends to Common Shareholders than if the Fund were not so leveraged.

The 1940 Act generally prohibits the Fund from engaging in most forms of leverage (including bank loans, commercial paper or other credit facilities, reverse repurchase agreements, dollar rolls and similar transactions, credit default swaps, total return swaps and other derivative transactions, loans of portfolio securities, short sales and when-issued, delayed delivery and forward commitment transactions, to the extent that these instruments are not covered as described below) unless immediately after the issuance of the leverage the Fund has satisfied the asset coverage test with respect to senior securities representing indebtedness prescribed by the 1940 Act; that is, the value of the Fund's total assets less all liabilities and indebtedness not represented by senior securities (for these purposes, "total net assets") is at least 300% of the senior securities representing indebtedness (effectively limiting the use of leverage through senior securities representing indebtedness to 33 1/3% of the Fund's total assets, including assets attributable to such leverage). In addition, the Fund is not permitted to declare any cash dividend or other distribution on Common Shares unless, at the time of such declaration, this asset coverage test is satisfied. Under the 1940 Act, certain short-term borrowings (such as for cash management purposes) are not subject to the limitations if (i) repaid within 60 days, (ii) not extended or renewed and (iii) not in excess of 5% of the total assets of the Fund. The Fund may (but is not required to) cover its commitments under derivatives and certain other instruments by the segregation of liquid assets, or by entering into offsetting transactions or owning positions covering its obligations. To the extent that the Fund maintains segregated assets or otherwise covers certain of these instruments, they will not be considered "senior securities" under the 1940 Act and therefore will not be subject to the 1940 Act 300% asset coverage requirement otherwise applicable to forms of leverage used by the Fund. However, such instruments, even if covered, may represent a form of economic leverage and create special risks. The use of these forms of leverage increases the volatility of the Fund's investment portfolio and could result in larger losses to Common Shareholders than if these strategies were not used. See "Risk Factors—Leverage Risk." To the extent that the Fund engages in borrowings, it may prepay a portion of the principal amount of the borrowing to the extent necessary in order to maintain the required asset coverage. Failure to maintain certain asset coverage requirements could result in an event of default.

As noted above, the Fund may also issue preferred shares to add leverage to its portfolio, including as a form of long-term financing to be secured in the first year of operations. Any such preferred shares would have complete priority upon distribution of assets over the Common Shares. Under the 1940 Act, the Fund would not be permitted to issue preferred shares unless immediately after such issuance the value of the Fund's total net assets (as defined in the 1940 Act) was at least 200% of the liquidation value of the outstanding preferred shares plus the aggregate amount of any senior securities representing indebtedness (as defined in the 1940 Act) held by the Fund as described above (*i.e.*, such liquidation value plus the aggregate amount of senior securities representing indebtedness may not exceed 50% of the Fund's total net assets). In addition, if the Fund issues preferred shares, the 1940 Act prohibits the declaration of any dividend (except a dividend payable in Common Shares of the Fund) or distribution upon the Common Shares of the Fund, or purchase of any such Common Shares, unless in every such case the preferred share class has, at the time of the declaration of any such dividend or distribution or at the time of any such purchase, an asset coverage of at least 200% (as described above) after deducting the amount of such dividend, distribution, or purchase price, as the case may be. The 1940 Act requires that the holders of any preferred shares, voting separately as a single class, have the right to elect two Trustees at all times, and, if dividends on preferred shares shall be unpaid in an amount equal to two full years' dividends on such preferred shares, to elect a majority of the Trustees. The Fund might also be subject to certain restrictions imposed by guidelines of one or more rating agencies that may issue ratings for preferred shares issued by the Fund. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed on the Fund by the 1940 Act.

Leveraging is a speculative technique and there are special risks and costs involved. There is no assurance that the Fund will utilize borrowings or issue debt securities and/or preferred shares or utilize any other forms of leverage (such as the use of derivatives strategies). There is also no assurance as to whether or when the Fund may use short-term/variable versus longer-term/fixed-rate financing as contemplated above. If used, there can be no assurance that the Fund's leveraging strategies will be successful or result in a higher yield on the Common Shares. When leverage is used, the NAV and market price of the Common Shares and the yield to Common Shareholders will be more volatile. See "Risk Factors—Leverage Risk." In addition, interest, dividends paid to preferred shareholders, if any, and other expenses borne by the Fund with respect to its use of borrowings, issuance of preferred shares or any other forms of leverage are borne by the Common Shareholders and result in a reduction of the NAV of the Common Shares. If the Fund uses leverage, the amount of fees paid to the Investment Manager for its services will be higher than if the Fund does not use leverage. Because the fees received by the Investment Manager and by the Sub-Adviser are based on the managed assets of the Fund, the Investment Manager and the Sub-Adviser have a financial incentive for the Fund to use certain forms of leverage, such as borrowings, debt securities or preferred shares, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on the one hand, and the Common Shareholders, on the other hand.

The Fund also may borrow money in order to repurchase its shares or as a temporary measure for extraordinary or emergency purposes, including for the payment of dividends or the settlement of securities transactions which otherwise might require untimely dispositions of portfolio securities held by the Fund.

The Board reserves the right to change the amount and type of leverage that the Fund uses, and reserves the right to implement changes to the Fund's borrowings that it believes are in the best long-term interests of the Fund and its shareholders, even if such changes impose a higher interest rate or other costs or impacts over the intermediate, or short-term time period. There is no guarantee that the Fund will maintain leverage at the current rate, and the Board reserves the right to raise, decrease, or eliminate the Fund's leverage exposure.

Please see "Risk Factors—Leverage Risk" and "Risk Factors—Segregation and Coverage Risk" for additional information regarding leverage and related risks.

Effects of Leverage

Assuming that leverage will represent approximately 28% of the Fund's total assets (including the amounts of such leverage) and that the Fund will bear expenses relating to that leverage at an annual effective expense rate of 3.00% payable by the Fund (assuming that the Fund will incur interest expenses attributable to longer-term, fixed-rate borrowings for its entire first year of operations and based on estimated market interest rates for such financing under current market conditions), the annual return that the Fund's portfolio must experience (net of expenses) in order to cover such costs of the leverage would be .84%. These figures are merely estimates based on current market conditions, used for illustration purposes only. Actual expenses associated with leverage used by the Fund may vary frequently and may be significantly higher or lower that the rate used for the example above, including depending on whether and when the Fund obtains longer-term financing in lieu of all or a portion of its anticipated initial short-term borrowings.

The following table is furnished in response to requirements of the SEC. It is designed to illustrate the effects of leverage on Common Share total return, assuming investment portfolio total returns (net of expenses) (consisting of income and changes in the value of investments held in the Fund's portfolio) of -10%, -5%, 0%, 5%

and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of the investment portfolio returns expected to be experienced by the Fund. The table further assumes that the Fund utilizes borrowings representing approximately 28% of the Fund's total assets (including the amounts of leverage obtained through the use of such borrowings) and a projected annual rate of interest expense on the Fund's borrowings of 3.00%, as discussed above. Your actual returns may be greater or less than those appearing below.

Assumed Portfolio Total Return (net of expenses)	(10)%	(5)%	0%	5%	10%
Common Share Total Return	(15.06)%	(8.11)%	(1.17)%	5.78%	12.72%

Common Share total return is composed of two elements—the Common Share dividends paid by the Fund (the amount of which is largely determined by the net investment income of the Fund after paying interest expenses on the Fund's leveraging transactions as described above and dividend payments on any preferred shares issued by the Fund) and gains or losses on the value of the securities the Fund owns. As required by SEC rules, the table assumes that the Fund is more likely to suffer capital losses than to enjoy capital appreciation. For example, to assume a total return of 0%, the Fund must assume that the income it receives on its investments is entirely offset by losses in the value of those investments. This table reflects hypothetical performance of the Fund's portfolio and not the performance of the Fund's Common Shares, the value of which will be determined by market forces and other factors.

Any benefits of leverage used by the Fund cannot be fully achieved until the proceeds resulting from the use of leverage have been received by the Fund and invested in accordance with the Fund's investment objective and policies. The Fund's willingness to use leverage, and the extent to which leverage is used at any time, will depend on many factors, including, among other things, AGI U.S.'s assessment of the yield curve environment, interest rate trends, market conditions and other factors.

Credit Facility

For purposes of obtaining its initial short-term borrowings, the Fund expects to enter into an agreement with commercial banks or other entities with respect to a credit facility under which the Fund would be entitled to borrow an amount up to approximately 28% of the Fund's managed assets (including the amount borrowed) (the "credit facility"). Any such borrowings would constitute financial leverage. The credit facility is not expected to be convertible into any other securities of the Fund. Outstanding amounts may be prepayable by the Fund prior to final maturity only with a penalty payment. There are not expected to be any sinking fund or mandatory retirement provisions. Outstanding amounts would be payable at maturity or such earlier times as required by the agreement. The Fund may be required to prepay outstanding amounts under the facility or incur a penalty rate of interest in the event of the occurrence of certain events of default. The Fund would be expected to indemnify the lenders under the facility against liabilities they may incur in connection with the facility. The credit facility would likely require the Fund to pay fees that are in addition to the required interest payments (which may be based on a fixed or floating rate), including, among others, a commitment fee, a facility fee on the unused portion of the credit facility, closing costs and related fees and expenses. See "Summary of Fund Expenses."

In addition, the Fund expects that such credit facility would contain covenants that, among other things, likely will limit the Fund's ability to pay dividends in certain circumstances, incur additional debt, change its fundamental investment policies and engage in certain transactions, including mergers and consolidations, and may require asset coverage ratios in addition to those required by the 1940 Act. The Fund may be required to pledge its assets and to maintain a portion of its assets in cash or high-grade securities, including as a reserve against interest or principal payments and expenses. Any borrowings from a credit facility may be required to be secured by a pledge of the Fund's assets. Only certain of the Fund's assets may be eligible to be pledged under the terms of a credit facility. Consequently, the Fund may be limited in its ability to draw on the credit facility by the amount of eligible securities the Fund holds in its portfolio and is able to pledge. The Fund expects that any credit facility would have customary covenant, negative covenant and default provisions.

Under the 1940 Act, the Fund would not be permitted to issue any senior security representing indebtedness unless immediately after such issuance the value of the Fund's total assets less all liabilities and indebtedness not represented by senior securities is at least 300% of the value of the outstanding amount of any senior securities representing indebtedness (as defined in the 1940 Act). In addition, the Fund would not be permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the value of the Fund's total assets satisfies the above-referenced 300% coverage requirement after deducting the amount of such dividend or distribution.

Short Term Investments / Temporary Defensive Strategies

Upon AGI U.S.'s recommendation, for temporary defensive purposes and in order to keep the Fund's cash fully invested, including the period during which the net proceeds of the initial public offering of the Fund's Common Shares are being invested, the Fund may invest up to 100% of its managed assets in investment grade debt securities, including, among other instruments, high quality, short-term debt instruments. Such investments may prevent the Fund from achieving its investment objective.

RISK FACTORS

No Prior History

The Fund is a newly organized, diversified, limited term closed-end management investment company with no history of operations. The Fund does not have any historical financial statements or other meaningful operating or financial data on which potential investors may evaluate the Fund and its performance. An investment in the Fund is therefore subject to all of the risks and uncertainties associated with a new business, including the risk that the Fund will not achieve its investment objective and that the value of any potential investment in the Common Shares could decline substantially as a consequence.

Limited Term Risk

Beginning one year before the Dissolution Date, the Fund may begin liquidating all or a portion of the Fund's portfolio, and the Fund may deviate from its investment strategy. As a result, during the wind-down period, the Fund's distributions may decrease, and such distributions may include a return of capital. It is expected that shareholders will receive cash in any liquidating distribution from the Fund, regardless of their participation in the Fund's Dividend Reinvestment Plan. However, if on the Dissolution Date the Fund owns securities for which no market exists or securities trading at depressed prices, such securities may be placed in a liquidating trust. The Fund does not seek to return $25.00 per Common Share upon termination. As the assets of the Fund will be liquidated in connection with its termination, the Fund may be required to sell portfolio securities when it otherwise would not, including at times when market conditions are not favorable, which may cause the Fund to lose money. As the Fund approaches its Dissolution Date, the portfolio composition of the Fund may change, which may cause the Fund's returns to decrease and the market price of the Common Shares to fall. Rather than reinvesting the proceeds of its securities, the Fund may distribute the proceeds in one or more liquidating distributions prior to the final liquidation, which may cause the Fund's fixed expenses to increase when expressed as a percentage of net assets attributable to Common Shares, or the Fund may invest the proceeds in lower yielding securities or hold the proceeds in cash or cash equivalents, which may adversely affect the performance of the Fund. Upon its termination, the Fund will distribute substantially all of its net assets to shareholders which may be more than, equal to or less than $25.00 per Common Share or the price at which any investor has purchased Common Shares.

Repurchase Plan Risk

There can be no assurance that repurchases of Common Shares pursuant to the Repurchase Plan will cause the Common Shares to trade at a price equal to or in excess of NAV or prevent or reduce any decline in the market price of the Common Shares. Any acquisition of Common Shares by the Fund would decrease the managed assets of the Fund and therefore tend to have the effect of increasing the Fund's gross expense ratio and decreasing the asset coverage with respect to any leverage outstanding. Because of the nature of the Fund's investment objective, policies and portfolio, the Investment Manager and the Sub-Adviser do not anticipate that repurchases of Common Shares should interfere with the ability of the Fund to manage its investments in order to seek its investment objective, and do not anticipate any material difficulty in borrowing money or disposing of portfolio securities to consummate repurchases, although no assurance can be given that this will be the case. The Repurchase Plan is expected to be in effect for the Repurchase Period only and there is no current expectation or assurance that the Fund will repurchase Common Shares at any time following the Repurchase Period, which may result in a decline in the market price of the Common Shares following the conclusion of the Repurchase Period (however, the Board of Trustees reserves the right to extend the Repurchase Period or authorize additional repurchases of Common Shares by the Fund at some time after the conclusion of the Repurchase Plan if the Board determines such repurchases are in the best interests of the Fund and the Common Shareholders). Further, the Fund may be required to liquidate portfolio investments at an inopportune time or price in order to fund share repurchases under the Repurchase Plan and will incur transaction costs borne by the remaining Common Shareholders. The Fund's repurchase of shares under the Repurchase Plan will be subject to certain conditions under Rule 10b-18 of the Exchange Act and other applicable laws, including Regulation M, which may prohibit such repurchases under certain circumstances.

Market Discount Risk

As with any stock, the price of the Fund's Common Shares will fluctuate with market conditions and other factors. If you sell your Common Shares, the price received may be more or less than your original investment. The value of a Common Shareholder's investment and the NAV of the Fund will be reduced immediately following the initial offering by the sales load and offering expenses paid or reimbursed by the Fund. Common Shares are designed for long-term investors and the Fund should not be treated as a trading vehicle. Shares of closed-end management investment companies frequently trade at a discount from their NAV. This risk is separate and distinct from the risk that the Fund's NAV could decrease as a result of its investment activities. At any point in time an investment in the Fund's Common Shares may be worth less than the original amount invested, even after taking into account distributions paid by the Fund. This risk may be greater for investors who sell their shares relatively shortly after completion of the initial offering. During periods in which the Fund may use leverage, the Fund's market discount and certain other risks will be magnified.

Market Risk

An investment in the Fund's Common Shares is subject to investment risk, including the possible loss of the entire amount you invest. The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in political conditions, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

Issuer Risk

The value of securities may decline for a number of reasons that directly relate to a security's issuer, such as its financial strength, management performance, financial leverage and reduced demand for the issuer's goods and services, as well as the historical and prospective earnings of the issuer and the value of its assets. These risks can apply to the Common Shares issued by the Fund and to the issuers of securities and other instruments in which the Fund invests.

Management Risk

The Fund is subject to management risk because it is an actively managed portfolio. AGI U.S. and the portfolio managers will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund may be subject to a relatively high level of management risk because the Fund is expected to employ leverage and employ the Option Strategy and may also invest in synthetic convertible securities, derivative instruments and other highly specialized instruments that require investment techniques and risk analyses different from those associated with equities and bonds.

Interest Rate Risk

Generally, when market interest rates rise, the prices of debt obligations fall, and vice versa. Interest rate risk is the risk that debt obligations and other instruments in the Fund's portfolio will decline in value because of increases in market interest rates. **This risk may be particularly acute in the current market environment because market interest rates are currently at historically low levels.** The prices of long-term debt obligations generally fluctuate more than prices of short-term debt obligations as interest rates change. There is no limit on the maturity or duration of any individual security in which the Fund may invest. Securities with longer durations tend to be more sensitive to changes in interest rates than securities with shorter durations, usually making them more volatile. During periods of rising interest rates, the average life of certain types of securities may be extended due to lower than expected rates of prepayments, which could cause the securities' durations to extend and expose the securities to more price volatility. This may lock in a below market yield, increase the security's duration and reduce the security's value. In addition to directly affecting debt securities, rising interest rates may also have an adverse effect on the value of convertible securities and equity securities held by the Fund. The Fund's use of leverage will tend to increase Common Share interest rate risk. AGI U.S. may utilize certain strategies, including without limitation investments in structured notes or interest rate futures contracts or swap, cap, floor or collar transactions, for the purpose of reducing the interest rate sensitivity of the Fund's portfolio, although there is no assurance that it will do so or that, if used, such strategies will be successful.

The Fund may invest in variable- and floating-rate debt securities, which generally are less sensitive to interest rate changes than longer duration fixed-rate instruments, but may decline in value in response to rising interest rates if, for example, the rates at which they pay interest do not rise as much, or as quickly, as market interest rates in general. Conversely, variable- and floating-rate instruments generally will not increase in value if interest rates decline. The Fund also may invest in inverse floating-rate debt securities, which may decrease in value if interest rates increase, and which also may exhibit greater price volatility than fixed-rate debt obligations of similar credit quality. To the extent the Fund holds variable- or floating-rate instruments, a decrease (or, in the case of inverse floating-rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the NAV of the Fund's Common Shares.

Credit Risk

Credit risk is the risk that one or more of the Fund's investments in debt securities or other instruments will decline in price, or fail to pay interest, liquidation value or principal when due, because the issuer of the obligation or the issuer of a reference security experiences an actual or perceived decline in its financial status.

High Yield Securities Risk

It is expected that substantially all of the Fund's debt instruments and a substantial portion of its convertible securities will consist of securities rated below investment grade or unrated but determined by AGI U.S. to be of comparable quality. In general, lower rated debt 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 effect on the NAV of the Fund's Common Shares or Common Share dividends. Instruments of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as "high yield securities" or "junk bonds." High yield securities involve a greater risk of default and their prices are generally more volatile and sensitive to actual or perceived negative developments, such as a decline in the issuer's revenues or revenues of underlying borrowers or a general economic downturn, than are the prices of higher grade securities. Debt securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain rating agencies. An economic downturn could severely affect the ability of issuers (particularly those that are highly leveraged) to service their debt obligations or to repay their obligations upon maturity. Lower-rated securities are generally less liquid than higher-rated securities, which may have an adverse effect on the Fund's ability to dispose of a particular security. For example, under adverse market or economic conditions, the secondary market for below investment grade securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and certain securities in the Fund's portfolio may become illiquid or less liquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell these securities only at prices lower than if such securities were widely traded. See "—Liquidity Risk." To the extent the Fund invests in below investment grade debt obligations, AGI U.S.'s capabilities in analyzing credit quality and associated risks will be particularly important, and there can be no assurance that AGI U.S. will be successful in this regard. See "Investment Objective and Strategies—Portfolio Contents—High Yield Securities" for additional information. Due to the risks involved in investing in high yield securities, an investment in the Fund should be considered speculative.

The Fund's credit quality policies 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 rating agency or AGI U.S. changes its assessment of the credit characteristics of a particular issue. In determining whether to retain or sell a security that has experienced a change in credit rating, AGI U.S. may consider factors including, but not limited to, AGI U.S.'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 rating agencies. Analysis of creditworthiness may be more complex for issuers of high yield securities than for issuers of higher quality debt securities. For purposes of applying the Fund's credit-quality policies, in the case of securities with split ratings (*i.e.*, a security receiving two different ratings from two different rating agencies), the Fund will apply the higher of the applicable ratings.

The prices of fixed income securities generally are inversely related to interest rate changes; however, below investment grade securities historically have been somewhat less sensitive to interest rate changes than higher quality securities of comparable maturity because credit quality is also a significant factor in the valuation of lower grade securities. On the other hand, an increased rate environment results in increased borrowing costs generally, which may impair the credit quality of low-grade issuers and thus have a more significant effect on the value of some lower grade securities. In addition, the current extraordinary low rate environment has expanded the historic universe of buyers of lower grade securities as traditional investment grade oriented investors have been forced to accept more risk in order to maintain income. As rates rise, these recent entrants to the low-grade securities market may exit the market and reduce demand for lower grade securities, potentially resulting in greater price volatility.

Subject to the Fund's investment policies, the Fund may invest in securities rated in the lower rating categories (Ca or lower by Moody's or CC or lower by either S&P or Fitch) or that are unrated but determined by AGI U.S. to be of comparable quality to securities so rated. The Fund may also purchase distressed securities that are in default or the issuers of which are in bankruptcy. However, the Fund will not normally invest more than 15% of its managed assets in debt instruments that are, at the time of purchase, rated Caa1 or lower by Moody's and CCC+ or lower by S&P and Fitch (such limit does not apply to convertible securities). For these securities, the risks associated with below investment grade instruments are more pronounced. The Fund may purchase stressed, distressed and defaulted securities, which involve heightened risks. See "—Distressed and Defaulted Securities Risk."

Distressed and Defaulted Securities Risk

The Fund may invest in the debt securities of financially stressed or distressed issuers, including those that are in default or the issuers of which are in bankruptcy. Investments in the securities of financially stressed or distressed issuers involve substantial risks. These securities may present a substantial risk of default or may be in default at the time of investment. The Fund may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. In any reorganization or liquidation proceeding relating to an investment, the Fund may lose its entire investment or may be required to accept cash or securities with a value substantially less than its original investment. Among the risks inherent in investments in a troubled issuer is that it frequently may be difficult to obtain information as to the true financial condition of such issuer. AGI U.S.'s judgments about the credit quality of a financially stressed or distressed issuer and the relative value of its securities may prove to be wrong. Distressed securities and any securities received in exchange for such securities may be subject to restrictions on resale.

Convertible Securities Risk

Convertible securities generally offer lower interest or dividend yields than non-convertible debt securities of similar quality. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security's market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price." The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis and so the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

The Fund may invest in synthetic convertible securities, which are created through a combination of separate securities or instruments that possess the two principal characteristics of a traditional convertible security, *i.e.*, an income-producing security ("income-producing component") and the right to acquire an equity security ("convertible component"). The income-producing component is achieved by investing in non-convertible, income-producing securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by purchasing warrants or options to buy common stock at a certain exercise price, or options on a stock index. The values of synthetic convertible securities will respond differently to market fluctuations than a traditional convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. Synthetic convertible securities are also subject to the risks associated with derivatives. See "—Derivatives Risk." In addition, if the value of the underlying common stock or the level of the index involved in the convertible element falls below the strike price of the warrant or option, the warrant or option may lose all value.

Corporate Bond Risk

The market value of a corporate bond generally may be expected to rise and fall inversely with interest rates. The value of intermediate- and longer-term corporate bonds normally fluctuates more in response to changes in interest rates than does the value of shorter-term corporate bonds. The market value of a corporate bond also may be affected by factors directly relating to the issuer, such as investors' perceptions of the creditworthiness of the issuer, the issuer's financial performance, perceptions of the issuer in the market place, performance of management of the issuer, the issuer's capital structure and use of financial leverage and demand for the issuer's goods and services. Certain risks associated with investments in corporate bonds are described elsewhere in this prospectus in further detail. See, for example, "—Interest Rate Risk" and "—Credit Risk." There is a risk that the issuers of corporate bonds may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. As described above, the Fund may invest in below investment grade corporate bonds, often referred to as "high yield securities" or "junk bonds." High yield corporate bonds are often high risk and have speculative characteristics. High yield corporate bonds may be particularly susceptible to adverse issuer-specific developments. High yield corporate bonds are subject to the risks described under "—High Yield Securities Risk."

Equity Securities and Related Market Risk

Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities may take the form of shares of common stock of a corporation, membership interests in a limited liability company, limited partnership interests, or other forms of ownership interests. Equity securities also include, among other things, preferred stocks, convertible securities and warrants. Although equity securities have historically generated higher average total returns than fixed income securities over the long-term, equity securities also have experienced significantly more volatility in those returns and, in certain periods, have significantly underperformed relative to fixed income securities. The value of a company's equity securities may fall as a result of factors directly relating to that company, such as decisions made by its management, the issuer's historical or prospective earnings, the value of its assets or lower demand for the company's products or services. The value of an equity security may also fall because of factors affecting not just the company, but also companies in the same industry or in a number of different industries, such as increases in production costs. The value of a company's equity securities may also be affected by changes in financial markets that are relatively unrelated to the company or its industry, such as changes in interest rates or currency exchange rates or adverse circumstances involving the credit markets. In addition, because a company's equity securities rank junior in priority to the interests of bond holders and other creditors, a company's equity securities will usually react more strongly than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects. The Fund may invest in equity securities of companies that its portfolio managers believe will experience relatively rapid earnings growth (growth securities) or that their portfolio managers believe are selling at a price lower than their true value (value securities). Growth securities typically trade at higher multiples of current earnings than other securities. Therefore, the value of growth securities may be more sensitive to changes in current or expected earnings than the value of other securities. Companies that issue value securities may have experienced adverse business developments or may be subject to special risks that have caused their securities to be out of favor. If a portfolio manager's assessment of a company's prospects is wrong, or if the market does not recognize the value of the company, the price of its securities may decline or may not approach the value that the portfolio manager anticipates.

Structured Products and Structured Notes Risk

Generally, structured investments are interests in entities organized and operated for the purpose of restructuring the investment characteristics of underlying investment interests or securities. These investment entities may be structured as trusts or other types of pooled investment vehicles. This type of restructuring generally involves the deposit with or purchase by an entity of the underlying investments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying investments or referencing an indicator related to such investments. The cash flow or rate of return on the underlying investments may be apportioned among the newly issued securities to create different investment characteristics, such as varying maturities, credit quality, payment priorities and interest rate provisions. Structured products include, among other instruments, CLOs, mortgage-backed securities, other types of asset-backed securities and certain types of structured notes.

The cash flow or rate of return on a structured investment may be determined by applying a multiplier to the rate of total return on the underlying investments or referenced indicator. Application of a multiplier is comparable to the use of financial leverage, a speculative technique. Leverage magnifies the potential for gain and the risk of loss. As a result, a relatively small decline in the value of the underlying investments or referenced indicator could result in a relatively large loss in the value of a structured product. Holders of structured products indirectly bear risks associated with the underlying investments, index or reference obligation, and are subject to counterparty risk. The Fund generally has the right to receive payments to which it is entitled only from the structured product, and generally does not have direct rights against the issuer. While certain structured investment vehicles enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in structured vehicles generally pay their share of the investment vehicle's administrative and other expenses.

Structured products are generally privately offered and sold, and thus, are not registered under the securities laws. Certain structured products may be thinly traded or have a limited trading market and may have the effect of increasing the Fund's illiquidity to the extent that the Fund, at a particular point in time, may be unable to find qualified buyers for these securities. In addition to the general risks associated with fixed income securities discussed herein, structured products carry additional risks including, but not limited to: (i) the possibility that distributions from underlying investments will not be adequate to make interest or other payments; (ii) the quality of the underlying investments may decline in value or default; (iii) the possibility that the security may be subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Structured notes are derivative securities for which the amount of principal repayment and/or interest payments is based on the movement of one or more "factors." These factors may include, but are not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices. Some of these factors may or may not correlate to the total rate of return on one or more underlying instruments referenced in such notes. In some cases, the impact of the movements of these factors may increase or decrease through the use of multipliers or deflators.

Investments in structured notes involve risks including, among others, interest rate risk, credit risk and market risk. Where the Fund's investments in structured notes are based upon the movement of one or more factors, depending on the factor used and the use of multipliers or deflators, changes in interest rates and movement of the factor may cause significant price fluctuations. Additionally, changes in the reference instrument or security may cause the interest rate on the structured note to be reduced to zero and any further changes in the reference instrument may then reduce the principal amount payable on maturity.

Risks Associated with the Fund's Option Strategy

The ability of the Fund to achieve current gains to support Fund dividends is partially dependent on the successful implementation of its Option Strategy. There are several risks associated with transactions in options on securities. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objective. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. The Fund's ability to use options successfully will depend on the Sub-Adviser's ability to predict pertinent market movements, which cannot be assured. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. In other words, as the Fund writes covered calls over more of its portfolio, the Fund's ability to benefit from capital appreciation of its common stock holdings becomes more limited.

Derivatives Risk

In addition to the Option Strategy, the Fund may (but is not required to) utilize a variety of derivative instruments (both long and short positions) for investment or risk management purposes. The Fund may use derivatives to gain exposure to securities markets in which it may invest (*e.g.*, pending investment of the proceeds of this offering in individual securities, as well as on an ongoing basis). The Fund may also use derivatives to add leverage to its portfolio. See "—Leverage Risk." Derivatives are highly specialized instruments that require investment techniques and risk analyses different from those associated with equities and bonds. The use of a derivative instrument requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Fund and the ability to forecast price, interest rate or currency rate movements correctly. Derivatives transactions that the Fund may utilize include, but are not limited to, purchases or sales of futures and forward contracts (including foreign currency exchange contracts), call and put options, credit default swaps, total return swaps, basis swaps and other swap agreements. The Fund may also have exposure to derivatives, such as interest rate or credit-default swaps, through investment in other securities issued by special purpose or structured vehicles. The Fund's use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Although the Fund generally will not do so, to the extent the Fund writes call options on individual securities that it does not hold in its portfolio (*i.e.*, "naked" call options), it is subject to the risk that a liquid market for the underlying security may not exist at the time an option is exercised or when the Fund otherwise seeks to close out an option position. Naked call options have speculative characteristics and the potential for unlimited loss. Derivatives are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, interest rate risk, issuer risk, credit risk, leveraging risk, counterparty risk, management risk and, if applicable, smaller company risk. See also "—Segregation and Coverage Risk." They also involve the risk of mispricing or improper valuation, the risk of unfavorable or ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Fund from achieving the intended hedging effect or expose the Fund to the risk of loss. The imperfect correlation between the value of a derivative and the underlying assets of the Fund may result in losses on the derivative transaction that are greater than the gain in the value of the underlying assets in the Fund's portfolio.

If the Fund invests in a derivative instrument, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial. The Fund's use of derivatives also may affect the amount, timing or character of distributions payable to, and thus taxes payable by Common Shareholders. Derivatives markets may be illiquid due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.

The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or currencies underlying them.

Counterparty Risk

The Fund will be subject to the credit risk presented by another party (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of uncleared over-the-counter instruments) to the extent it engages in transactions, such as options contracts, securities loans, repurchase agreements or certain derivatives (including swaps), which involve a promise by the counterparty to honor an obligation to the Fund. In the event that the Fund enters into a derivative transaction with a counterparty that subsequently becomes insolvent or becomes the subject of a bankruptcy case, the derivative transaction may be terminated in accordance with its terms and the Fund's ability to realize its rights under the derivative instrument and its ability to distribute the proceeds could be adversely affected. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery (including recovery of any collateral it has provided to the counterparty) in a dissolution, assignment for the benefit of creditors, liquidation, winding-up, bankruptcy, or other analogous proceeding. In addition, in the event of the insolvency of a counterparty to a derivative transaction, the derivative transaction would typically be terminated at its fair market value. If the Fund is owed this fair market value in the termination of the derivative transaction and its claim is unsecured, the Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to any underlying security or asset. The Fund may obtain only a limited recovery or no recovery in such circumstances.

The counterparty risk for cleared derivatives is generally lower than for uncleared over-the-counter derivatives since generally a clearing organization becomes substituted for each counterparty to a cleared derivative and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Fund. In addition, cleared derivative transactions benefit from daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Uncleared over-the-counter derivative transactions generally do not benefit from such protections. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties.

Focused Investment Risk

To the extent that the Fund focuses its investments in a particular asset class, sector or industry, the NAV of the Common Shares will be more susceptible to events or factors affecting companies in that asset class, sector or industry. These may include, but are not limited to, governmental regulation, inflation, rising interest rates, cost increases in raw materials, fuel and other operating expenses, technological innovations that may render existing products and equipment obsolete, competition from new entrants, high research and development costs, increased costs associated with compliance with environmental or other regulation and other economic, market, political or other developments specific to that industry. Also, the Fund may invest a substantial portion of its assets in companies in related sectors that may share common characteristics, are often subject to similar business risks and regulatory burdens and whose securities may react similarly to the types of events and factors described above, which will subject the Fund to greater risk. The Fund also will be subject to focused investment risk to the extent that it invests a substantial portion of its assets in a particular country or geographic region. See "—Foreign (Non-U.S.) Investment Risk," "—Emerging Markets Risk" and "—Foreign Currency Risk."

Loans, Participations and Assignments Risk

Loan interests may take the form of direct interests acquired during a primary distribution and may also take the form of assignments of, novations of or participations in a loan acquired in secondary markets. In addition to credit risk and interest rate risk, the Fund's exposure to loan interests may be subject to additional risks. For example, purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the corporate borrower for payment of principal and interest. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's share price and yield could be adversely affected. Loans that are fully secured offer the Fund more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation, or that the collateral can be liquidated.

Investments in loans through a direct assignment of the financial institution's interests with respect to the loan may involve additional risks to the Fund. For example, if a loan is foreclosed, the Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, the Fund could be held liable as co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities law protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Fund will rely on AGI U.S.'s research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Fund. The purchaser of an assignment typically succeeds to all the rights and obligations under the loan agreement with the same rights and obligations as the assigning lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender.

In connection with purchasing loan participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the loan participation. As a result, the Fund may be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. Certain loan participations may be structured in a manner designed to prevent purchasers of participations from being subject to the credit risk of the lender with respect to the participation, but even under such a structure, in the event of the lender's insolvency, the lender's servicing of the participation may be delayed and the assignability of the participation impaired.

The Fund may have difficulty disposing of loans and loan participations because to do so it will have to assign or sell such securities to a third party. Because there is no liquid market for many such securities, the Fund anticipates that such securities could be sold only to a limited number of institutional investors. The lack of a liquid secondary market may have an adverse impact on the value of such securities and the Fund's ability to dispose of particular loans and loan participations when that would be desirable, including in response to a specific economic event such as a deterioration in the creditworthiness of the borrower. The lack of a liquid secondary market for loans and loan participations also may make it more difficult for the Fund to assign a value to these securities for purposes of valuing the Fund's portfolio.

The Fund's investments in subordinated and unsecured loans generally are subject to similar risks as those associated with investments in secured loans. Subordinated or unsecured loans are lower in priority of payment to secured loans and are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Subordinated and unsecured loans generally have greater price volatility than secured loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in subordinated or unsecured loans, which would create greater credit risk exposure for the holders of such loans. Subordinate and unsecured loans share the same risks as other below investment grade securities.

There may be less readily available information about most loans and the underlying borrowers than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act, or registered under the Exchange Act, and borrowers subject to the periodic reporting requirements of Section 13 of the Exchange Act. Loans may be issued by companies that are not subject to SEC reporting requirements and therefore may not be required to file reports with the SEC or may file reports that are not required to comply with SEC form requirements. In addition, such companies may be subject to a less stringent liability disclosure regime than companies subject to SEC reporting requirements. Because there is limited public information available regarding loan investments, the Fund is particularly dependent on the analytical abilities of the Fund's portfolio managers.

Economic exposure to loan interests through the use of derivative transactions may involve greater risks than if the Fund had invested in the loan interest directly during a primary distribution or through assignments of, novations of or participations in a loan acquired in secondary markets since, in addition to the risks described above, certain derivative transactions may be subject to leverage risk and greater illiquidity risk, counterparty risk, valuation risk and other risks. See "—Derivatives Risk."

Reinvestment Risk

Income from the Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio's current earnings rate. For instance, during periods of declining interest rates, an issuer of debt obligations may exercise an option to redeem securities prior to maturity, forcing the Fund to invest in lower-yielding securities. The Fund also may choose to sell higher yielding portfolio securities and to purchase lower yielding securities to achieve greater portfolio diversification, because the portfolio managers believe the current holdings are overvalued or for other investment-related reasons. A decline in income received by the Fund from its investments is likely to have a negative effect on dividend levels and the market price, NAV and/or overall return of the Common Shares.

U.S. Government Securities Risk

The Fund may invest in debt securities issued or guaranteed by agencies, instrumentalities and sponsored enterprises of the U.S. Government. Some U.S. Government securities, such as U.S. Treasury bills, notes and bonds, and mortgage-related securities guaranteed by GNMA, are supported by the full faith and credit of the United States; others, such as those of the FHLBs or the Federal Home Loan Mortgage Corporation ("FHLMC"), are supported by the right of the issuer to borrow from the U.S. Treasury; others, such as those of FNMA, are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations; and still others, such as those of the Student Loan Marketing Association, are supported only by the credit of the issuing agency, instrumentality or enterprise. Although U.S. Government-sponsored enterprises, such as the FHLBs, FHLMC, FNMA and the Student Loan Marketing Association, may be chartered or sponsored by Congress, they are not funded by Congressional appropriations, and their securities are not issued by the U.S. Treasury or supported by the full faith and credit of the U.S. Government and involve increased credit risks. Although legislation has been enacted to support certain government sponsored entities, including the FHLBs, FHLMC and FNMA, there is no assurance that the obligations of such entities will be satisfied in full, or that such obligations will not decrease in value or default. It is difficult, if not impossible, to predict the future political, regulatory or economic changes that could impact the government sponsored entities and the values of their related securities or obligations. In addition, certain governmental entities, including FNMA and FHLMC, have been subject to regulatory scrutiny regarding their accounting policies and practices and other concerns that may result in legislation, changes in regulatory oversight and/or other consequences that could adversely affect the credit quality, availability or investment character of securities issued by these entities. See "Investment Objective and Policies—Mortgage-Related and Other Asset-Backed Securities" in the Statement of Additional Information.

U.S. Government debt securities generally involve lower levels of credit risk than other types of debt securities of similar maturities, although, as a result, the yields available from U.S. Government debt securities are generally lower than the yields available from such other securities. Like other debt securities, the values of U.S. Government securities change as interest rates fluctuate.

Leverage Risk

The Fund's use of leverage (as described under "Use of Leverage" in the body of this prospectus) creates the opportunity for increased Common Share net income, but also creates special risks for Common Shareholders. To the extent used, there is no assurance that the Fund's leveraging strategies will be successful. Leverage is a speculative technique that may expose the Fund to greater risk and increased costs. The net proceeds that the Fund obtains from its use of borrowings and any future issuance of preferred shares or debt will be invested in accordance with the Fund's investment objective and policies as described in this prospectus. To the extent the Fund uses short-term financing to obtain leverage (such as is contemplated for the Fund's initial short-term borrowings), it is anticipated that interest expense payable by the Fund with respect to its borrowings or issuance of debt securities or dividends payable with respect to any outstanding preferred shares will generally be based on shorter-term interest rates that would be periodically reset. To the extent the Fund uses longer-term, fixed-rate financing (which is expected to be pursued within the first year of the Fund's operations in replacement of initial short-term borrowings), the Fund would secure an interest rate or dividend rate for a specified term (*e.g.,* 5 to 15 years), which would not change as a result of changes in market interest rates (whether they decrease or increase), but the financing costs associated therewith would be significantly higher than for short-term borrowings. So long as the Fund's portfolio investments provide a higher rate of return (net of applicable Fund expenses) than the interest expenses and other costs to the Fund of such leverage, the investment of the proceeds thereof will generate more income than will be needed to pay the costs of the leverage. If so, and all other things being equal, the excess may be used to pay higher dividends to Common Shareholders than if the Fund were not so leveraged. With respect to the initial short-term borrowings, if interest rates rise relative to the rate of return on the Fund's portfolio, the interest and other costs to the Fund of leverage (including interest expenses on borrowings and outstanding debt securities and the dividend rate on any outstanding preferred shares) could exceed the rate of return on the debt obligations and other investments held by the Fund, thereby reducing return to Common Shareholders. The Fund's longer-term, fixed rate financing, if any, will reduce the risk of the Fund's borrowings or outstanding preferred shares being subject to higher interest or dividend rates in the future. However, longer-term financing typically is subject to a significantly higher interest rate or dividend rate than shorter-term financing. Accordingly, relative to shorter-term borrowings, any longer-term financing used by the Fund would likely require significantly higher interest and/or dividend payments, and would diminish the likelihood that the returns on the Fund's investment portfolio would exceed the cost of the Fund's leverage, thereby potentially adversely affecting the Fund's market performance, NAV and yield. In addition, fees and expenses of any form of leverage used by the Fund will be borne entirely by the Common Shareholders (and not by preferred shareholders, if any) and will reduce the investment return of the Common Shares. Therefore, there can be no assurance that the Fund's use of leverage will result in a higher yield on the Common Shares, and it may result in losses. In addition, any preferred shares issued by the Fund are expected to pay cumulative dividends, which may tend to increase leverage risk.

Leverage creates several major types of risks for Common Shareholders, including:

- the likelihood of greater volatility of NAV and market price of, and distributions on, Common Shares, and of the investment return to Common Shareholders, than a comparable portfolio without leverage;
- the possibility either that Common Share dividends will fall if interest rates (to the extent the Fund has not obtained fixed-rate financing) and other costs of leverage rise, or that dividends paid on Common Shares will fluctuate because such costs vary over time;
- to the extent the Fund commits to longer-term, fixed-rate financing, that it will pay higher financing costs for an extended period than may be available through short-term borrowings, which could adversely affect the Fund's market price performance, NAV and yield (for instance, in comparison to similar closed-end funds that are levered through short-term financing arrangements); and
- the effects of leverage in a declining market or a rising interest rate environment, as leverage is likely to cause a greater decline in the NAV of the Common Shares than if the Fund were not leveraged and may result in a greater decline in the market value of the Common Shares.

In addition, the counterparties to the Fund's leveraging transactions and any preferred shareholders of the Fund will have priority of payment over the Fund's Common Shareholders.

In addition to borrowings or a future issuance of debt securities and/or preferred shares, the Fund may engage in other transactions that may give rise to a form of leverage including, among others, reverse repurchase agreements, dollar rolls or similar transactions, futures and forward contracts (including foreign currency exchange contracts), credit default swaps, total return swaps, basis swaps and other derivative transactions, loans of portfolio securities, when-issued and delayed delivery and forward commitment transactions. The Fund's use of such transactions gives rise to associated leverage risks described above, and may adversely affect the Fund's income, distributions and total returns to Common Shareholders. The Fund manages some of its derivative positions by segregating an amount of cash or liquid securities equal to the notional value or the market value, as applicable, of those positions. See "—Segregation and Coverage Risk." The Fund may also offset derivatives positions against one another or against other assets to manage effective market exposure resulting from derivatives in its portfolio. To the extent that any offsetting positions do not behave in relation to one another as expected, the Fund may perform as if it is leveraged through use of these derivative strategies. See "Use of Leverage." Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Fund and could cause the Fund's NAV to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in derivative instruments.

If the Fund uses leverage, the amount of fees paid to the Investment Manager for its services will be higher than if the Fund does not use leverage. Because the fees received by the Investment Manager and the Sub-Adviser are based on the managed assets of the Fund, the Investment Manager and the Sub-Adviser have a financial incentive for the Fund to use certain forms of leverage, such as borrowings, debt securities or preferred shares, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on the one hand, and the Common Shareholders, on the other hand.

Segregation and Coverage Risk

Certain portfolio management techniques, such as, among other things, entering into reverse repurchase agreements, dollar rolls or similar transactions, purchasing securities on a when-issued or delayed delivery basis, entering into swap agreements, futures contracts or other derivative transactions may be considered senior securities for the purposes of the 1940 Act unless steps are taken to segregate the Fund's assets or otherwise cover its obligations. To avoid having these instruments considered senior securities, the Fund may segregate liquid assets with a value equal (on a daily mark-to-market basis) to its obligations under these types of leveraged transactions, enter into offsetting transactions or otherwise cover such transactions. See "Use of Leverage" in this prospectus. The Fund may be unable to use such segregated assets for certain other purposes, which could result in the Fund earning a lower return on its portfolio than it might otherwise earn if it did not have to segregate those assets in respect of, or otherwise cover, such portfolio positions. To the extent the Fund's assets are segregated or committed as cover, it could limit the Fund's investment flexibility. Segregating assets and covering positions will not limit or offset losses on related positions.

Preferred Securities Risk

In addition to equity securities risk (see "—Equity Securities and Related Market Risk"), credit risk (see "—Credit Risk") and possibly high yield risk (see "—High Yield Securities Risk"), investment in preferred securities involves certain other risks. Certain preferred securities contain provisions that allow an issuer under certain conditions to skip or defer distributions. If the Fund owns a preferred security that is deferring its distribution, the Fund may be required to include the amount of the deferred distribution in its taxable income for tax purposes despite the fact that it does not currently receive such amount. Therefore, the Fund may be required to pay out as an income distribution in any such tax year an amount greater than the total amount of cash income the Fund actually received, and to sell portfolio securities, including at potentially disadvantageous times or prices, to obtain cash needed for these income distributions. Preferred securities often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer's call. In the event of redemption, the Fund may not be able to reinvest the proceeds at comparable rates of return. Preferred securities are subordinated to bonds and other debt securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt securities. Preferred securities may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movements than many other securities, such as common stocks, corporate debt securities and U.S. Government securities.

Private Placements Risk

A private placement involves the sale of securities that have not been registered under the Securities Act, or relevant provisions of applicable non-U.S. law, to certain institutional and qualified individual purchasers. In addition to the general risks to which all securities are subject, securities received in a private placement generally are subject to strict restrictions on resale, and there may be no liquid secondary market or ready purchaser for such securities. See "—Liquidity Risk." Therefore, the Fund may be unable to dispose of such securities when it desires to do so, or at the most favorable time or price. Private placements may also raise valuation risks. See "—Valuation Risk."

Inflation/Deflation Risk

Inflation risk is the risk that the value of assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of payments at future dates. As inflation increases, the real value of the Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy decline over time. 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 and Common Shares.

Liquidity Risk

Under normal circumstances, the Fund may invest up to 15% of its managed assets in illiquid securities (*i.e.*, securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Fund has valued the securities). Illiquid securities may trade at a discount from comparable, more liquid investments, and may be subject to wide fluctuations in market value. Illiquid securities are subject to legal or contractual restrictions on disposition or lack an established secondary trading market. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Fund may not be able to dispose readily of illiquid securities when that would be beneficial at a favorable time or price or at prices approximating those at which the Fund then values them. Further, the lack of an established secondary market for illiquid securities may make it more difficult to value such securities, which may negatively affect the price the Fund would receive upon disposition of such securities. See "—Valuation Risk."

In addition, certain derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss. Although both over-the-counter and exchange-traded derivatives markets may experience the lack of liquidity, over-the-counter non-standardized derivative transactions are generally less liquid than exchange-traded instruments. Derivatives markets may be illiquid due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.

Potential Conflicts of Interest Risk—Allocation of Investment Opportunities

The Investment Manager and the Sub-Adviser and their affiliates are involved worldwide with a broad spectrum of financial services and asset management activities and may engage in the ordinary course of business in activities in which their interests or the interests of their clients may conflict with those of the Fund. The Investment Manager and the Sub-Adviser and their affiliates may provide investment management services to other funds and discretionary managed accounts that follow an investment program similar to that of the Fund. Subject to the requirements of the 1940 Act, the Investment Manager and the Sub-Adviser intend to engage in such activities and may receive compensation from third parties for their services. Neither the Investment Manager, the Sub-Adviser nor any of their affiliates is under any obligation to share any investment opportunity, idea or strategy with the Fund. As a result, the Investment Manager, the Sub-Adviser and their affiliates may compete with the Fund for appropriate investment opportunities. The results of the Fund's investment activities may differ from those of the Fund's affiliates, or another account managed by the Investment Manager, Sub-Adviser or their affiliates, and it is possible that the Fund could sustain losses during periods in which one or more of the Fund's affiliates and/or other accounts achieve profits on their trading for proprietary or other accounts, or otherwise perform less favorably.

Zero-Coupon Bond and Payment-in-Kind Securities Risk

Investments in zero-coupon and payment-in-kind securities are subject to certain risks, including that market prices of zero-coupon and payment-in-kind securities generally are more volatile than the prices of securities that pay interest periodically and in cash, and are likely to respond to changes in interest rates to a greater degree than other types of debt securities with similar maturities and credit quality. Because zero-coupon securities bear no interest, their prices are especially volatile. And because zero-coupon bondholders do not receive interest payments, the prices of zero-coupon securities generally fall more dramatically than those of bonds that pay interest on a current basis when interest rates rise. However, when interest rates fall, the prices of zero-coupon securities generally rise more rapidly in value than those of similar interest paying bonds. Under many market and other conditions, the market for the zero-coupon and payment-in-kind securities may suffer decreased liquidity making it difficult for the Fund to dispose of them or to determine their current value. In addition, as these securities may not pay cash interest, the Fund's investment exposure to these securities and their risks, including credit risk, will increase during the time these securities are held in the Fund's portfolio. Further, to maintain its qualification for treatment as a regulated investment company ("RIC") and to avoid Fund-level U.S. federal income and/or excise taxes, the Fund is required to distribute to its shareholders any income it is deemed to have received in respect of such investments, notwithstanding that cash has not been received currently. Consequently, the Fund may have to dispose of portfolio securities under disadvantageous circumstances to generate the cash, or may have to leverage itself by borrowing the cash to satisfy this distribution requirement. The required distributions, if any, would result in an increase in the Fund's exposure to these securities.

Anti-Takeover Provisions

The Fund's Declaration of Trust includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or to convert the Fund to open-end status. See "Anti-Takeover and Other Provisions in the Declaration of Trust." These provisions in the Declaration of Trust could have the effect of depriving the Common Shareholders of opportunities to sell their Common Shares at a premium over the then-current market price of the Common Shares or at NAV.

Additional Risks

In addition to the principal risk factors described above, an investment in the Fund is also subject to the following additional risk factors:

Smaller Company Risk

The general risks associated with equity securities or debt securities are particularly pronounced for securities issued by companies with small market capitalizations. Small capitalization companies involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a smaller, inexperienced management group. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and their values may fluctuate more sharply than other securities. They may also have limited liquidity. These securities may therefore be more vulnerable to adverse developments than securities of larger companies, and the Fund may have difficulty purchasing or selling securities positions in smaller companies at prevailing market prices. Smaller capitalization securities may be particularly sensitive to changes in interest rates, borrowing costs and earnings. Also, there may be less publicly available information about smaller companies or less market interest in their securities as compared to larger companies. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

Senior Debt Risk

Because it may invest in below investment-grade senior debt, the Fund may be subject to greater levels of credit risk than funds that do not invest in such debt. The Fund may also be subject to greater levels of liquidity risk than funds that do not invest in senior debt. Restrictions on transfers in loan agreements, a lack of publicly available information and other factors may, in certain instances, make senior debt more difficult to sell at an advantageous time or price than other types of securities or instruments. Additionally, if the issuer of senior debt prepays, the Fund will have to consider reinvesting the proceeds in other senior debt or similar instruments that may pay lower interest rates.

Foreign (Non-U.S.) Investment Risk

Although the Fund expects to invest primarily in U.S. issuers, the Fund may invest a portion of its assets in securities of foreign (non-U.S.) issuers and securities traded principally outside of the United States. The Fund's investments in and exposure to foreign securities involve special risks. For example, the value of these investments may decline in response to unfavorable political and legal developments, unreliable or untimely information or economic and financial instability. Foreign securities may experience more rapid and extreme changes in value than investments in securities of U.S. issuers. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, auditing and custody standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or other confiscation, currency blockage, political changes or diplomatic developments could adversely affect the Fund's investments in foreign securities. In the event of nationalization, expropriation or other confiscation, the Fund could lose its entire investment in foreign securities. To the extent that the Fund invests a significant portion of its assets in a particular foreign country or a concentrated geographic area (such as Europe, Asia or South America), the Fund will generally have more exposure to regional economic risks associated with foreign investments. Also, adverse conditions in a certain region can adversely affect securities from other countries whose economies appear to be unrelated. The costs of investing in foreign countries frequently are higher than the costs of investing in the United States. Foreign countries may impose taxes on income from or upon disposition of foreign securities, thereby reducing the Fund's return on such securities. Additionally, investments in securities of foreign issuers may be denominated in foreign currencies, subjecting the Fund to foreign currency risk. Rules adopted under the 1940 Act permit the Fund to maintain its non-U.S. securities and foreign currency in the custody of certain eligible non-U.S. banks and securities depositories, and the Fund generally holds its foreign (non-U.S.) securities and foreign currency in foreign banks and securities depositories. Some foreign banks and securities depositories may be recently organized or new to the foreign custody business. In addition, there may be limited or no regulatory oversight of their operations. Also, the laws of certain countries limit the Fund's ability to recover its assets if a foreign bank, depository or issuer of a security, or any of their agents, goes bankrupt. In addition, it is often more expensive for the Fund to buy, sell and hold securities in certain foreign markets than in the United States. The increased expense of investing in foreign markets reduces the amount the Fund can earn on its investments and typically results in a higher operating expense ratio for the Fund than for investment companies invested only in the United States. See "—Foreign Currency Risk."

Valuation Risk

When market quotations are not readily available or are deemed to be unreliable, the Fund values its investments at fair value as determined in good faith pursuant to policies and procedures approved by the Board of Trustees. See "Net Asset Value." Fair value pricing may require subjective determinations about the value of a security or other asset. The Fund is not required to but may utilize the services of one or more independent valuation firms to aid in determining the fair value of these investments. Valuation of such investments may involve application of one or more of the following factors: (i) analysis of valuations of publicly traded companies in a similar line of business, (ii) analysis of valuations for comparable merger or acquisition transactions, (iii) yield analysis and (iv) discounted cash flow analysis. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of the Fund's investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the amounts the Fund may realize on any dispositions of such investments. In addition, the impact of changes in the market environment and other events on the fair values of the Fund's investments that have no readily available market values may differ from the impact of such changes on the readily available market values for the Fund's other investments. The Fund's NAV could be adversely affected if the Fund's determinations regarding the fair value of the Fund's investments were materially higher than the values that the Fund ultimately realizes upon the disposal of such investments. Additionally, many over-the-counter derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should the Fund wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the Fund's NAV and may materially adversely affect the Fund in situations in which the Fund is required to sell derivative instruments.

Emerging Markets Risk

The Fund may invest in securities of issuers economically tied to "emerging market" countries. Foreign investment risk may be particularly high to the extent that the Fund invests in securities of issuers based in or doing business in emerging market countries or invests in securities denominated in the currencies of emerging market countries. Investing in securities of issuers based in or doing business in emerging markets entails all of the risks of investing in foreign securities noted above, but to a heightened degree.

Investments in emerging market countries pose a greater degree of systemic risk (*i.e.*, the risk of a cascading collapse of multiple institutions within a country, and even multiple national economies). The interrelatedness of economic and financial institutions within and among emerging market economies has deepened over the years, with the effect that institutional failures and/or economic difficulties that are of initially limited scope may spread throughout a country, a region or even among all or most emerging market countries. This may undermine any attempt by the Fund to reduce risk through geographic diversification of its portfolio investments among emerging market countries.

There is a heightened possibility of imposition of withholding taxes on interest or dividend income generated from emerging market securities. Governments of emerging market countries are more likely to take actions that are hostile or detrimental to private enterprise or foreign investment than those of more developed countries and may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. In the past, emerging market countries have nationalized assets, companies and even entire sectors, including the assets of foreign investors, with inadequate or no compensation to the prior owners. There can be no assurance that the Fund will not suffer a loss of any or all of its investments or, interest or dividends thereon, due to adverse fiscal or other policy changes in emerging market countries.

There is also a greater risk that an emerging market government may take action that impedes or prevents the Fund from taking income and/or capital gains earned in the local currency and converting into U.S. dollars (*i.e.*, "repatriating" local currency investments or profits). Certain emerging market countries have sought to maintain foreign exchange reserves and/or address the economic volatility and dislocations caused by the large international capital flows by controlling or restricting the conversion of the local currency into other currencies. This risk tends to become more acute when economic conditions otherwise worsen. There can be no assurance that if the Fund earns income or capital gains in an emerging market currency or AGI U.S. otherwise seeks to withdraw the Fund's investments from a given emerging market country, capital controls imposed by such country will not prevent, or cause significant expense in, doing so.

Bankruptcy law and creditor reorganization processes may differ substantially from those in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. In addition, it may be impossible to seek legal redress against an issuer that is a sovereign state.

Other heightened risks associated with emerging markets investments include without limitation: (i) risks due to uncertain national policies and less social, political and economic stability; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and requirements that government approval be obtained prior to investment by foreign persons; (iv) certain national policies that may restrict the Fund's repatriation of investment income, capital or the proceeds of sales of securities, including temporary restrictions on foreign capital remittances; (v) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in the United States; (vi) less publicly available financial and other information regarding issuers; (vii) potential difficulties in enforcing contractual obligations; and (viii) higher rates of inflation, higher likelihood of currency devaluations, higher interest rates and other economic concerns, which adversely affect returns to U.S. investors. The Fund may invest to a substantial extent in emerging market securities that are denominated in local currencies, subjecting the Fund to a greater degree of foreign currency risk. See "—Foreign Currency Risk." Also, investing in emerging market countries may entail purchases of securities of issuers that are insolvent, bankrupt or otherwise of questionable ability to satisfy their payment obligations as they become due, subjecting the Fund to a greater amount of credit risk and/or high yield risk. See "—Credit Risk" and "—High Yield Securities Risk."

Foreign (Non-U.S.) Government Securities Risk

The Fund's investments in debt obligations of foreign (non-U.S.) governments or their sub-divisions, agencies and government sponsored enterprises and obligations of international agencies and supranational entities (together "Foreign Government Securities") can involve a high degree of risk. The foreign governmental entity that controls the repayment of debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Foreign governmental entities also may be dependent on expected disbursements from other governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on the implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the foreign governmental entity, which may further impair such debtor's ability or willingness to timely service its debts. Consequently, foreign governmental entities may default on their debt. Holders of Foreign Government Securities may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. In the event of a default by a governmental entity, there may be few or no effective legal remedies for collecting on such debt. These risks are particularly severe with respect to the Fund's investments in Foreign Government Securities of emerging market countries. See "—Emerging Markets Risk." Among other risks, if the Fund's investments in Foreign Government Securities issued by an emerging market country need to be liquidated quickly, the Fund could sustain significant transaction costs. Also, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth, and which may in turn diminish the value of the Fund's holdings in emerging market Foreign Government Securities and the currencies in which they are denominated and/or pay revenues. Since 2010, the risks of investing in certain foreign sovereign debt have increased dramatically as a result of the ongoing European debt crisis which began in Greece and spread throughout various other European countries. These debt crises and the ongoing efforts of governments around the world to address these debt crises have also resulted in increased volatility and uncertainty in the United States and the global economy and securities markets, and it is impossible to predict the effects of these or similar events in the future on the United States and the global economy and securities markets or on the Fund's investments, though it is possible that these or similar events could have a significant adverse impact on the value and risk profile of the Fund.

Redenomination Risk

Continuing uncertainty as to the status of the euro and the European Monetary Union (the "EMU") has created significant volatility in currency and financial markets generally. Any partial or complete dissolution of the EMU could have significant adverse effects on currency and financial markets, and on the values of the Fund's portfolio investments. If one or more EMU countries were to stop using the euro as its primary currency, the Fund's investments in such countries may be redenominated into a different or newly adopted currency. As a result, the value of those investments could decline significantly and unpredictably. In addition, securities or other investments that are redenominated may be subject to foreign currency risk, liquidity risk and valuation risk to a greater extent than similar investments currently denominated in euros. See "—Foreign Currency Risk," "—Liquidity Risk" and "—Valuation Risk." To the extent a currency used for redenomination purposes is not specified in respect of certain EMU-related investments, or should the euro cease to be used entirely, the currency in which such investments are denominated may be unclear, making such investments particularly difficult to value or dispose of. The Fund may incur additional expenses to the extent it is required to seek judicial or other clarification of the denomination or value of such securities.

Repurchase Agreements Risk

The Fund may enter into repurchase agreements, in which the Fund purchases a security from a bank or broker-dealer, which agrees to repurchase the security at the Fund's cost plus interest within a specified time. If the party agreeing to repurchase should default, the Fund will seek to sell the securities which it holds. This could involve procedural costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. Repurchase agreements maturing in more than seven days and which may not be terminated within seven days at approximately the amount at which the Fund has valued the agreements are considered illiquid securities. These events could also trigger adverse tax consequences for the Fund.

Foreign Currency Risk

The Fund may engage in practices and strategies that will result in exposure to fluctuations in foreign exchange rates, in which case the Fund will be subject to foreign currency risk. The Fund's Common Shares are priced in U.S. dollars and the distributions paid by the Fund to Common Shareholders are paid in U.S. dollars. The Fund may invest in or gain exposure to foreign currencies for hedging purposes. The Fund's investments in or exposure to foreign currencies or in securities or instruments that trade, or receive revenues, in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions (if utilized), that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, rates of inflation, balance of payments and governmental surpluses or deficits, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. These fluctuations may have a significant adverse impact on the value of the Fund's portfolio and/or the level of Fund distributions made to Common Shareholders. As noted above, the Fund may (but is not required to) seek exposure to foreign currencies, or attempt to hedge exposure to reduce the risk of loss due to fluctuations in currency exchange rates relative to the U.S. dollar. There is no assurance, however, that these strategies will be available or will be used by the Fund or, if used, that they will be successful.

On August 5, 2011, S&P lowered its long-term sovereign credit rating on U.S. Government debt to AA+ from AAA. The downgrade by S&P and any future downgrades by other rating agencies could increase volatility in both stock and bond markets, result in higher interest rates and higher U.S. Treasury yields and increase borrowing costs generally. These events could have significant adverse effects on the economy generally and could result in significant adverse impacts on securities issuers and the Fund. AGI U.S. cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on the Fund's portfolio.

Confidential Information Access Risk

In managing the Fund, AGI U.S. may from time to time have the opportunity to receive material, non-public information ("Confidential Information") about the issuers of certain investments, including, without limitation, senior floating rate loans, other bank loans and related investments being considered for acquisition by the Fund or held in the Fund's portfolio. For example, a bank issuer of privately placed senior floating rate loans considered by the Fund may offer to provide AGI U.S. with financial information and related documentation regarding the bank issuer that is not publicly available. Pursuant to applicable policies and procedures, AGI U.S. may (but is not required to) seek to avoid receipt of Confidential Information from the issuer so as to avoid possible restrictions on its ability to purchase and sell investments on behalf of the Fund and other clients to which such Confidential Information relates (*e.g.*, other securities issued by the bank used in the example above). In such circumstances, the Fund (and other AGI U.S. clients) may be disadvantaged in comparison to other investors, including with respect to the price the Fund pays or receives when it buys or sells an investment. Further, AGI U.S.'s and the Fund's abilities to assess the desirability of proposed consents, waivers or amendments with respect to certain investments may be compromised if they are not privy to available Confidential Information. AGI U.S. may also determine to receive such Confidential Information in certain circumstances under its applicable policies and procedures. If AGI U.S. intentionally or unintentionally comes into possession of Confidential Information, it may be unable, potentially for a substantial period of time, to purchase or sell investments to which such Confidential Information relates.

Other Investment Companies Risk

The Fund may invest in securities of other open- or closed-end investment companies, including, without limitation, ETFs, to the extent that such investments are consistent with the Fund's investment objective and policies and permissible under the 1940 Act. As a shareholder in an investment company, the Fund will bear its ratable share of that investment company's expenses, and would remain subject to payment of the Fund's investment management fees with respect to the assets so invested. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. In addition, these other investment companies may utilize leverage, in which case an investment would subject the Fund to additional risks associated with leverage. See "—Leverage Risk." Investment companies are not considered to constitute an industry for purposes of the Fund's investment policies and restrictions.

Risk of Regulatory Changes

To the extent that legislation or national or sub-national bank or other regulators in the United States or relevant foreign jurisdiction impose additional requirements or restrictions on the ability of certain financial institutions to make loans, particularly in connection with highly leveraged transactions, the availability of investments sought after by the Fund may be reduced. Further, such legislation or regulation could depress the market value of investments held by the Fund. Additionally, legislative, regulatory or tax developments may affect the investment techniques available to AGI U.S. and the portfolio managers in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment objective.

On July 21, 2010, the President signed into law major financial services reform legislation in the form of the Dodd-Frank Act. The Dodd-Frank Act, among other things, grants regulatory authorities, such as the CFTC and the SEC, broad rulemaking authority to implement various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives market. Although various aspects of the Dodd-Frank Act have been implemented, it remains unclear how these regulators will fully exercise these revised and expanded powers and whether they will undertake rulemaking, supervisory or enforcement actions (in addition to those that have been proposed or taken thus far) that would adversely affect the Fund or investments made by the Fund. Possible regulatory actions taken under these revised and expanded powers may include actions related to, among others, financial consumer protection, proprietary trading and derivatives. There can be no assurance that future regulatory actions authorized by the Dodd-Frank Act will not adversely affect the Fund's performance and/or yield, perhaps to a significant extent. For example, the implementation of the Dodd-Frank Act could adversely affect the Fund by increasing transaction and/or regulatory compliance costs. In particular, the Dodd-Frank Act requires that certain derivatives with U.S. persons must be executed on a regulated market and a substantial portion of over-the-counter derivatives must be submitted for clearing to regulated clearinghouses. As a result, swap transactions entered into by the Fund have, and may continue to, become subject to various requirements applicable to swaps under the Dodd-Frank Act, including clearing, exchange-execution, reporting and recordkeeping requirements, which may make it more difficult and costly for the Fund to enter into swap transactions and may also render certain strategies in which the Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. Furthermore, the number of counterparties that may be willing to enter into swap transactions with the Fund may also be limited if the swap transactions with the Fund are subject to the swap regulation under the Dodd-Frank Act. In addition, greater regulatory scrutiny may increase the Fund's and the Investment Manager's or Sub-Adviser's exposure to potential liabilities or restrictions. Increased regulatory oversight can also impose administrative burdens on the Fund and the Investment Manager or Sub-Adviser including, without limitation, making them subject to examinations or investigations and requiring them to implement new policies and procedures. Over-the-counter derivatives dealers have also become subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These new margin and regulatory requirements will increase the overall costs for over-the-counter derivatives dealers and may also render certain strategies in which the Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. Dealers can be expected to try to pass those increased costs along, at least partially, to market participants such as a Fund in the form of higher fees or less advantageous dealer marks. The overall impact of the Dodd-Frank Act on the Fund is highly uncertain and it is unclear how the over-the-counter derivatives markets will adapt to this new regulatory regime.

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 used by the Fund, including the Option Strategy. On August 31, 2011, the SEC issued a concept release to seek public comment on a wide range of issues raised by the use of derivatives by investment companies. The SEC noted that it intends to consider the comments to help determine whether regulatory initiatives or guidance are needed to improve the current regulatory regime for investment companies and, if so, the nature of any such initiatives or guidance. While the nature of any such regulations 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 impact on the Fund.

Regulatory Risk—Commodity Pool Operator

The CFTC has adopted certain regulatory changes that subject registered investment companies and their investment advisers to regulation by the CFTC if the registered investment company invests more than a prescribed level of its liquidation value in commodity futures, options on commodities or commodity futures, swaps, or other financial instruments regulated under the CEA, or if the investment company markets itself as providing investment exposure to such instruments. In connection with these regulatory changes, the Investment Manager has registered with the National Futures Association ("NFA") as a commodity pool operator ("CPO") under the Commodity Exchange Act ("CEA") with respect to certain funds it manages. The Sub-Adviser also is registered with the NFA as a CPO and a commodity trading adviser ("CTA"). The Investment Manager has claimed an exclusion from CPO registration pursuant to CFTC Rule 4.5 with respect to the Fund. For the Investment Manager to remain eligible for this exclusion, the Fund must comply with certain limitations, including limits on its ability to use any commodity interests and limits on the manner in which the Fund holds out its use of such commodity interests. These limitations may restrict the Fund's ability to pursue its investment objective and strategies, increase the costs of implementing its strategies, result in higher expenses for the Fund, and/or adversely affect the Fund's total return. Further, in the event the Investment Manager becomes unable to rely on the exclusion in CFTC Rule 4.5 with respect to the Fund and is required to register as a CPO with respect to the Fund, the Fund will be subject to additional regulation and its expenses may increase.

Recent Economic Conditions Risk

The debt and equity capital markets in the United States and in foreign countries in the recent past were negatively affected by significant write-offs in the banking and financial services sectors relating to subprime mortgages and the re-pricing of credit risk in the broadly syndicated market, among other things. These events, along with the deterioration of housing markets, the failure of banking and other major financial institutions and resulting governmental actions led to worsening general economic conditions, which materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These developments may increase the volatility of the value of securities owned by the Fund, and also may make it more difficult for the Fund to accurately value securities or to sell securities on a timely basis. These developments adversely affected the broader global economy, and may continue to do so, which in turn may adversely affect the ability of issuers of securities owned by the Fund to make payments of principal and interest when due, lead to lower credit ratings and increase the rate of defaults. Such developments could, in turn, reduce the value of securities owned by the Fund and adversely affect the NAV and/or market value of the Fund's Common Shares.

The instability in the financial markets discussed above has led the U.S. and certain foreign governments to take a number of unprecedented actions designed to support certain banking and other financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal, state and other governments and their regulatory agencies or self-regulatory organizations may take actions that affect the regulation of the instruments in which the Fund invests, or the issuers of such instruments, in ways that are unforeseeable or not fully understood or anticipated. Governments or their agencies have and may in the future acquire distressed assets from financial institutions and acquire ownership interests in those institutions. See "—Risk of Regulatory Changes."

U.S. legislation or regulation may also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund's ability to achieve its investment objective. See "—Risk of Regulatory Changes."

According to various reports, certain financial institutions, commencing as early as 2005 and throughout the global financial crisis, routinely made artificially low submissions in the LIBOR rate setting process. In June 2012, one such financial institution was fined a significant amount by various financial regulators in connection with allegations of manipulation of LIBOR rates, and other financial institutions in various countries are being investigated for similar actions. These developments may have adversely affected the interest rates on securities whose interest payments were determined by reference to LIBOR. Any future similar developments could, in turn, adversely affect the value of securities owned by the Fund.

Market Disruption and Geopolitical Risk

The wars with Iraq and Afghanistan and similar conflicts and geopolitical developments, their aftermath and substantial military presence in Afghanistan, along with instability in Pakistan, Egypt, Libya, Syria, Russia, Ukraine, Yemen 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 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, the outbreak of infectious diseases such as Ebola 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 potential costs of rebuilding infrastructure cannot be predicted with any certainty. Terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 closed some of the U.S. securities markets for a four-day period and similar future events cannot be ruled out. The war and occupation, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as the earthquake and tsunami in Japan in early 2011, and systemic market dislocations of the kind surrounding the insolvency of Lehman Brothers in 2008, if repeated, could be highly disruptive to economies and markets. Those events, as well as other changes in foreign and domestic economic and political conditions also could have an acute effect on individual issuers or related groups of issuers. These risks also could adversely affect individual issuers and securities markets, interest rates, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to the Fund's investments and the market value and NAV of the Fund's Common Shares.

Failure of Futures Commission Merchants and Clearing Organizations

The Fund may deposit funds required to margin open positions in the derivative instruments subject to the CEA with a clearing broker registered as a "futures commission merchant" ("FCM"). The CEA requires an FCM 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 FCM's proprietary assets. Similarly, the CEA requires each FCM to hold in a separate secure account all funds received from customers with respect to any orders for the purchase or sale of foreign futures contracts 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 freely accessed by the clearing broker, which may also invest any such funds in certain instruments permitted under the applicable regulation. 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 may not be fully protected in the event of the 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 combined domestic customer accounts.

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 futures, swaps and options contracts from any funds held at the clearing organization to support the clearing member's proprietary trading. Nevertheless, with respect to futures and options contracts, a clearing organization may use assets of a non-defaulting 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. As a result, in the event of a default or the clearing broker's other clients or the clearing broker's failure to extend own funds in connection with any such default, the Fund would not be able to recover the full amount of assets deposited by the clearing broker on its behalf with the clearing organization.

Certain Affiliations

Certain broker-dealers may be considered to be affiliated persons of the Fund, the Investment Manager and/or AGI U.S. due to their possible affiliations with Allianz SE, the ultimate parent of the Investment Manager and AGI U.S. 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 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.

Real Estate Risk

To the extent that the Fund invests in real estate related investments, including REITs or real-estate linked derivative instruments, it will be subject to the risks associated with owning real estate and with the real estate industry generally. These include difficulties in valuing and disposing of real estate, the possibility of declines in the value of real estate, risks related to general and local economic conditions, the possibility of adverse changes in the climate for real estate, environmental liability risks, the risk of increases in property taxes and operating expenses, possible adverse changes in zoning laws, the risk of casualty or condemnation losses, limitations on rents, the possibility of adverse changes in interest rates and in the credit markets and the possibility of borrowers paying off mortgages sooner than expected, which may lead to reinvestment of assets at lower prevailing interest rates. To the extent that the Fund invests in REITs, it will also be subject to the risk that a REIT may default on its obligations or go bankrupt. By investing in REITs indirectly through the Fund, a shareholder will bear not only his or her proportionate share of the expenses of the Fund, but also, indirectly, similar expenses of the REITs. The Fund's investments in REITs could cause the Fund to recognize income in excess of cash received from those securities and, as a result, the Fund may be required to sell portfolio securities, including when it is not advantageous to do so, in order to make distributions.

Master Limited Partnership Risk

Investments in MLPs (either limited partner or member interests) differ from investments in securities with similar characteristics, such as common stock of a corporation. Typically holders of limited partner or member interests have more limited control and limited rights to vote on matters affecting the MLP. A primary advantage of investing in MLPs is that MLPs are generally treated as partnerships for U.S. income tax purposes, but there is a risk that the change of an MLP's business or a change in tax law could alter or eliminate this tax advantage. The classification of an MLP as a corporation for U.S. federal income tax purposes would have the effect of reducing the amount of cash available for distribution by the MLP and cause any such distributions received by the Fund to be taxed as dividend income to the extent of the MLP's current or accumulated earnings and profits. Such effects would tend to lower the after-tax return of an investment in an MLP. MLPs are also subject to the risk of potential conflicts of interest between unit holders and general partners or managing members of MLPs.

Portfolio Turnover Risk

The Sub-Adviser manages the Fund without regard generally to restrictions on portfolio turnover. The use of futures contracts and other derivative instruments with relatively short maturities may tend to exaggerate the portfolio turnover rate for the Fund. Trading in fixed income securities does not generally involve the payment of brokerage commissions, but does involve indirect transaction costs. The use of futures contracts may involve the payment of commissions to futures commission merchants. Higher portfolio turnover involves correspondingly greater expenses to the Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. The higher the rate of portfolio turnover of the Fund, the higher these transaction costs borne by the Fund generally will be. Such sales may result in realization of taxable capital gains (including net short-term capital gains, which are generally taxed to shareholders at ordinary income tax rates when distributed), and may adversely impact the Fund's after-tax returns. See "Tax Matters."

HOW THE FUND MANAGES RISK

The Fund may (but is not required to) use various investment strategies to seek exposure to foreign currencies, or attempt to hedge exposure to reduce the risk of loss and preserve capital, due to fluctuations in currency exchange rates relative to the U.S. dollar. See "Investment Objective and Strategies—Portfolio Contents—Foreign Currencies and Related Transactions." The Fund may also purchase credit default swaps for the purpose of hedging the Fund's credit exposure to certain issuers and, thereby, seek to decrease its exposure to credit risk, and it may invest in structured notes or interest rate futures contracts or swap, cap, floor or collar transactions for the purpose of reducing the interest rate sensitivity of the Fund's portfolio and, thereby, seek to decrease the Fund's exposure to interest rate risk. See "Investment Objective and Strategies—Portfolio Contents—Structured Notes and Related Instruments" and "Investment Objective and Strategies—Portfolio Contents—Certain Interest Rate Transactions" in this prospectus and "Investment Objective and Policies—Credit Default Swaps" in the Statement of Additional Information. Other derivatives strategies and instruments that the Fund may use include without limitation: financial futures contracts; other types of swap agreements or options thereon; options on financial futures; and options based on either an index or individual debt securities whose prices, AGI U.S. believes, correlate with the prices of the Fund's investments. Income earned by the Fund from its hedging and related transactions may be subject to one or more special U.S. federal income tax rules that can affect the amount, timing and/or character of distributions to shareholders. For instance, income earned by the Fund from its foreign currency hedging activities, if any, may give rise to ordinary income that, to the extent not offset by losses from such activities, may be distributed to shareholders and taxable at ordinary income rates. Therefore, any foreign currency hedging activities by the Fund can increase the amount of distributions taxable to shareholders as ordinary income. See "Tax Matters." There is no assurance that these hedging strategies will be available at any time or that AGI U.S. will determine to use them for the Fund or, if used, that the strategies will be successful. AGI U.S. may determine not to engage in hedging strategies or to do so only in unusual circumstances or market conditions. In addition, the Fund may be subject to certain restrictions on its use of hedging strategies imposed by guidelines of one or more regulatory authorities or ratings agencies that may issue ratings on any preferred shares issued by the Fund. See "Risk Factors—Regulatory Risk—Commodity Pool Operator."

MANAGEMENT OF THE FUND

Trustees and Officers

The Board of Trustees is responsible for the management of the Fund, including supervision of the duties performed by the Investment Manager and AGI U.S. The Fund's Board of Trustees consists of eleven Trustees, seven of whom are not "interested persons" (within the meaning of Section 2(a)(19) of the 1940 Act) of the Fund or of the Investment Manager (the "Independent Trustees"), which represents over 63% of Board members that are Independent Trustees. Two additional Trustees who will not initially be treated as Independent Trustees due to their ownership of shares of members of the underwriting syndicate for the initial public offering of the Fund's Common Shares are expected to qualify as Independent Trustees following the completion of the initial public offering, with the result that over 81% of Board members are expected to be Independent Trustees. The names and business addresses of the Trustees and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under "Management of the Fund" in the Statement of Additional Information.

Investment Manager

AGIFM serves as the investment manager of the Fund. Organized as a Delaware limited liability company, the Investment Manager is registered as an investment adviser with the SEC. Subject to the supervision of the Board, the Investment Manager is responsible for managing, either directly or through others selected by it, the investment activities of the Fund and the Fund's business affairs and other administrative matters. The Investment Manager is located at 1633 Broadway, New York, New York 10019.

Organized in 2000, the Investment Manager provides investment management and advisory services to open-end mutual funds and closed-end funds. The Investment Manager is a wholly-owned indirect subsidiary of AAMA and of Allianz SE, a publicly-traded European insurance and financial services company. As of March 31, 2015, the Investment Manager had approximately $35.35 billion in assets under management.

The Investment Manager has retained its affiliate, AGI U.S., as a sub-adviser to manage the Fund's portfolio investments. See "Sub-Adviser" below. The Investment Manager may retain affiliates to provide various administrative and other services required by the Fund.

Sub-Adviser

AGI U.S. serves as the Fund's sub-adviser and is responsible for managing the Fund's portfolio investments. AGI U.S. has full investment discretion and makes all determinations with respect to the investment of the Fund's assets, subject to the general supervision of the Investment Manager and the Board. The Investment Manager will pay a monthly fee to AGI U.S. at the annual rate of .65% of the Fund's average daily managed assets.

AGI U.S. is registered as an investment adviser with the SEC and is organized as a Delaware limited liability company. Its principal place of business is located at 1633 Broadway, New York, New York 10019. AGI U.S. also has offices at 600 West Broadway, San Diego, CA 92101 and 555 Mission Street, Suite 1700, San Francisco, CA 94105. The portfolio management team for the Fund is based in AGI U.S.'s San Diego office.

AGI U.S. provides investment management services across a broad class of assets including equity, fixed income, futures and options, convertibles and other securities and derivative instruments. AGI U.S.'s primary business is to provide discretionary advisory services to institutional clients through its separate account management services. In addition, AGI U.S. provides discretionary investment advisory services to a variety of commingled funds (including SEC registered open-end investment companies, SEC registered closed-end investment companies and other commingled funds that are not registered with the SEC), which may be sponsored or established by AGI U.S., its affiliates or by unaffiliated third parties. AGI U.S. also participates as a non-discretionary investment adviser providing investment models to unaffiliated third parties. As of March 31, 2015, AGI U.S. had assets under management of approximately $96.11 billion.

The individuals at AGI U.S. listed below are jointly and primarily responsible for the day-to-day management of the Fund.

Portfolio Managers	Since	Recent Professional Experience
Douglas Forsyth, CFA	2015 (Inception)	Mr. Forsyth, CFA, lead portfolio manager, is a managing director and CIO Fixed Income US with AGI U.S., whose predecessor he joined in 1994. He is the head of the Income and Growth Strategies team. Mr. Forsyth has portfolio management, trading and research responsibilities, and oversees all aspects of the Income and Growth platform's business, including product development and implementation. He has 22 years of investment-industry experience and was previously an analyst at AEGON USA. Mr. Forsyth has a B.B.A. from the University of Iowa.
Justin Kass, CFA	2015 (Inception)	Mr. Kass, CFA, is a portfolio manager and managing director with AGI U.S., whose predecessor he joined in 2000. He has portfolio management and research responsibilities for the Income and Growth Strategies team. Mr. Kass has 16 years of investment-industry experience. He has a B.S. from the University of California, Davis, and an M.B.A. from the UCLA Anderson School of Management.
William (Brit) L. Stickney	2015 (Inception)	Mr. Stickney is a portfolio manager and a managing director with AGI U.S., whose predecessor he joined in 1999. He has portfolio-management and research responsibilities for the Income and Growth Strategies team. Mr. Stickney has 26 years of investment-industry experience. He was previously a vice president of institutional fixed-income sales with ABN AMRO, Inc., where his primary focus was on high-yield corporate securities; before that, he worked for Cowen & Company and Wayne Hummer & Company. Mr. Stickney has a B.S. in finance from Miami University, Ohio, and an M.B.A. from the Kellogg School of Management, Northwestern University.
Michael E. Yee	2015 (Inception)	Mr. Yee is a portfolio manager and director with AGI U.S., whose predecessor he joined in 1995. He has portfolio-management and research responsibilities for the Income and Growth Strategies team. Mr. Yee was previously an analyst for the Global and Systematic team. He has 20 years of investment-industry experience. Before joining the firm, Mr. Yee was a financial consultant for Priority One Financial/Liberty Foundation. He has a B.S. from the University of California, San Diego, and an M.B.A. from San Diego State University.

The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

Investment Management Agreement

Pursuant to an investment management agreement between the Investment Manager and the Fund (the "Investment Management Agreement"), the Fund has agreed to pay the Investment Manager an annual fee, payable monthly, in an amount equal to 1.00% of the Fund's average daily managed assets, for its services rendered, for the facilities furnished and for certain expenses borne by the Investment Manager pursuant to the Investment Management Agreement. "Managed assets" means the total assets of the Fund (including assets attributable to any borrowings, issued debt securities or preferred shares that may be outstanding, reverse repurchase agreements and dollar rolls) minus accrued liabilities (other than liabilities representing borrowings, issued debt securities, reverse repurchase agreements and dollar rolls). For purposes of calculating "managed assets," the liquidation preference of any preferred shares outstanding shall not be considered a liability. By way of clarification, with respect to any reverse repurchase agreement, dollar roll or similar transaction, "managed assets" includes any proceeds from the sale of an asset of the Fund to a counterparty in such a transaction, in addition to the value of the underlying asset as of the relevant measuring date.

In addition to the fees of the Investment Manager, the Fund pays all other costs and expenses of its operations, including compensation of its trustees (other than those affiliated with the Investment Manager), custodial expenses, shareholder servicing expenses, transfer agency, sub-transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of preparing, printing and distributing prospectuses, shareholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any.

Pursuant to a portfolio management agreement between the Investment Manager and AGI U.S., the Investment Manager (and not the Fund) pays a portion of the fees it receives under the Investment Management Agreement (as defined above) to AGI U.S. in return for AGI U.S.'s services. The Investment Manager will pay a monthly fee to AGI U.S. at the annual rate of .65% of the Fund's average daily managed assets.

Because the fees received by the Investment Manager and the Sub-Adviser are based on the managed assets of the Fund, the Investment Manager and the Sub-Adviser have a financial incentive for the Fund to use certain forms of leverage, such as borrowings, debt securities or preferred shares, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on the one hand, and the Common Shareholders, on the other hand.

A discussion regarding the considerations of the Fund's Board of Trustees for approving the Investment Management Agreement and the portfolio management agreement between the Investment Manager and AGI U.S. will be included in the Fund's first semi-annual report to shareholders for the period ended July 31, 2015.

Control Person

To provide the initial capitalization of the Fund, AAMA has purchased Common Shares from the Fund in an amount sufficient to satisfy the Fund's net worth requirements under Section 14(a) of the 1940 Act. Therefore, as of April 30, 2015 AAMA owned 100% of the outstanding Common Shares. AAMA may be deemed to directly control the Fund until such time as it owns less than 25% of the outstanding Common Shares. However, it is anticipated that AAMA will no longer be a direct control person due to its ownership position once the offering is completed.

NET ASSET VALUE

The NAV of the Fund's Common Shares is determined by dividing the total value of the Fund's portfolio investments and other assets, less any liabilities, by the total number of shares outstanding. Fund shares are valued as of a particular time (the "Valuation Time") on each day that the NYSE is open for trading. The Valuation Time is ordinarily at the close of regular trading on the NYSE (normally 4:00 p.m., Eastern time) (the "NYSE Close"). In unusual circumstances, the Board of Trustees may determine that the Valuation Time shall be as of 4:00 p.m., Eastern time, notwithstanding an earlier, unscheduled close or halt of trading on the NYSE.

For purposes of calculating NAV, the Fund's investments for which market quotations are readily available are valued at market value. Market values for various types of securities and other instruments are determined on the basis of closing prices or last sales prices on an exchange or other market, or based on quotes or other market information obtained from quotation reporting systems, established market makers or pricing services. Short-term investments having a maturity of 60 days or less may be valued at amortized cost.

If market quotations are not readily available (including in cases where available market quotations are deemed to be unreliable), the Fund's investments will be valued at fair value as determined in good faith pursuant to policies and procedures approved by the Board of Trustees (so called "fair value pricing"). Fair value pricing may require subjective determinations about the value of a security or other asset, and fair values used to determine the Fund's NAV may differ from quoted or published prices, or from prices that are used by others, for the same investments. Also, the use of fair value pricing may not always result in adjustments to the prices of securities or other assets held by the Fund.

The Fund may determine that market quotations are not readily available due to events relating to a single issuer (*e.g.*, corporate actions or announcements) or events relating to multiple issuers (*e.g.*, governmental actions or natural disasters). The Fund may determine the fair value of investments based on information provided by pricing services and other third-party vendors, which may recommend fair value prices or adjustments with reference to other securities, indices or assets. In considering whether fair value pricing is required and in determining fair values, the Fund may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the Valuation Time. The Fund may use modeling tools provided by third-party vendors to determine fair values of certain non-U.S. securities.

For purposes of calculating NAV, the Fund normally uses pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. Domestic fixed income and non-U.S. securities are normally priced using data reflecting the earlier closing of the principal markets for those securities, subject to possible fair value adjustments. Information that becomes known to the Fund or its agents after NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or NAV determined earlier that day.

Investments initially valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. As a result, NAV of the Fund's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of investments traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the NYSE is closed. The calculation of the Fund's NAV may not take place contemporaneously with the determination of the prices of non-U.S. securities used in NAV calculations.

DISTRIBUTIONS

Commencing with the Fund's first dividend, the Fund intends to make monthly cash distributions to Common Shareholders at rates that reflect the past and projected net income of the Fund. Subject to applicable law, monthly distributions may include net investment income and capital gains, including short-term and or long-term capital gains, depending on the circumstances. Premiums earned on call options written pursuant to the Option Strategy are generally not included in Fund income until the option contract expires, the option is exercised by the holder or the Fund transfers or otherwise terminates the option contract. The tax treatment of option premiums varies depending on several factors. See "Tax Matters" for more information.

The dividend rate that the Fund pays on its Common Shares may vary as portfolio and market conditions change, and will depend on a number of factors, including without limitation the amount of the Fund's undistributed net investment income and net short- and long-term capital gains, as well as the costs of any leverage obtained by the Fund (including interest expenses on any borrowings or issued debt securities and dividends payable on any preferred shares issued by the Fund). As portfolio and market conditions change, the rate of distributions on the Common Shares and the Fund's dividend policy could change. For a discussion of factors that may cause the Fund's income and capital gains (and therefore potentially the dividend level) to vary, see "Risk Factors." The Fund intends to distribute each year all of its net investment income and net short-term capital gains. In addition, at least annually, the Fund intends to distribute net realized long-term capital gains not previously distributed, if any. The net investment income of the Fund consists of all income (other than net short-term and long-term capital gains) less all expenses of the Fund (after it pays accrued dividends on any outstanding preferred shares). The Fund's initial distribution is expected to be declared approximately 30 to 60 days, and paid approximately 60 to 90 days, from the completion of this offering, depending on market conditions. To permit the Fund to maintain more stable distributions, the Fund's distribution rates will be based, in part, on projections as to annual cash available for distribution and, therefore, the distributions paid by the Fund for any particular month may be more or less than the amount of cash available to the Fund for distribution for that monthly period.

The tax treatment and characterization of the Fund's distributions may vary significantly from time to time because of the varied nature of the Fund's investments. To the extent required by the 1940 Act and other applicable laws, absent an exemption, a notice will accompany each monthly distribution with respect to the estimated source (as between net income and gains based on GAAP) of the distribution made. The tax characterization of the Fund's distributions made in a taxable year cannot finally be determined until at or after the end of the year. As a result, there is a possibility that the Fund may make total distributions during a taxable year in an amount that exceeds the Fund's net investment income and net realized capital gains for the relevant year (including as reduced by any capital loss carry-forwards). For example, the Fund may distribute amounts early in the year that are derived from short-term capital gains, but incur net short-term capital losses later in the year, thereby offsetting short-term capital gains out of which distributions have already been made by the Fund. In such a situation, the amount by which the Fund's total distributions exceed net investment income and net realized capital gains would generally be treated as a tax-free return of capital up to the amount of a shareholder's tax basis in his or her Common Shares, with any amounts exceeding such basis treated as gain from the sale of Common Shares. Although return of capital distributions may not be taxable, such distributions would reduce the basis of a shareholder's Common Shares and therefore may increase a shareholder's capital gain, or decrease a shareholder's capital loss, thereby potentially increasing a shareholder's tax liability upon a sale of Common Shares. The Fund will send shareholders detailed tax information with respect to the Fund's distributions annually. See "Tax Matters."

The 1940 Act currently limits the number of times the Fund may distribute long-term capital gains in any tax year, which may increase the variability of the Fund's distributions and result in certain distributions being comprised more or less heavily than others of long-term capital gains currently eligible for favorable income tax rates.

Unless a Common Shareholder elects to receive distributions in cash, all distributions to Common Shareholders whose shares are registered with the plan agent will be automatically reinvested in additional Common Shares under the Fund's Dividend Reinvestment Plan. See "Dividend Reinvestment Plan."

Although it does not currently intend to do so, the Board of Trustees may change the Fund's distribution policy and the amount or timing of distributions, based on a number of factors, including the amount of the Fund's undistributed net investment income and net short- and long-term capital gains and historical and projected net investment income and net short- and long-term capital gains.

DIVIDEND REINVESTMENT PLAN

The Fund has adopted a Dividend Reinvestment Plan (the "Plan") which allows Common Shareholders to reinvest Fund distributions in additional Common Shares of the Fund. American Stock Transfer & Trust Company, LLC (the "Plan Agent") serves as agent for Common Shareholders in administering the Plan. It is important to note that participation in the Plan and automatic reinvestment of Fund distributions does not ensure a profit, nor does it protect against losses in a declining market.

Automatic Enrollment / Voluntary Participation

Under the Plan, Common Shareholders whose shares are registered with the Plan Agent ("registered shareholders") are automatically enrolled as participants in the Plan and will have all Fund distributions of income, capital gains and returns of capital (together, "distributions") reinvested by the Plan Agent in additional Common Shares of the Fund, unless the shareholder elects to receive cash. Registered shareholders who elect not to participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, to the nominee) by the Plan Agent.

Participation in the Plan is voluntary. Participants may terminate or resume their enrollment in the Plan at any time without penalty by notifying the Plan Agent online at www.amstock.com, by calling (800) 254-5197, by writing to the Plan Agent, P.O. Box 922, Wall Street Station, New York, NY 10269-0560, or, as applicable, by completing and returning the transaction form attached to a Plan statement. A proper notification will be effective immediately and apply to the Fund's next distribution if received by the Plan Agent at least three (3) calendar days prior to the record date for the distribution; otherwise, a notification will be effective shortly following the Fund's next distribution and will apply to the Fund's next succeeding distribution thereafter. If you withdraw from the Plan and so request, the Plan Agent will arrange for the sale of your shares and send you the proceeds, minus a transaction fee and brokerage commissions.

How Shares are Purchased Under the Plan

For each Fund distribution, the Plan Agent will acquire Common Shares for participants either (i) through receipt of newly issued Common Shares from the Fund ("newly issued shares") or (ii) by purchasing Common Shares of the Fund on the open market ("open market purchases"). If, on a distribution payment date, the NAV is equal to or less than the market price per Common Share plus estimated brokerage commissions (often referred to as a "market premium"), the Plan Agent will invest the distribution amount on behalf of participants in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the market price per Common Share on the payment date. If the NAV is greater than the market price per Common Share plus estimated brokerage commissions (often referred to as a "market discount") on a distribution payment date, the Plan agent will instead attempt to invest the distribution amount through open market purchases. If the Plan Agent is unable to invest the full distribution amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agent will invest any un-invested portion of the distribution in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the market price per share as of the last business day immediately prior to the purchase date (which, in either case, may be a price greater or lesser than the NAV per Common Share on the distribution payment date). No interest will be paid on distributions awaiting reinvestment.

Under the Plan, the market price of Common Shares on a particular date is the last sales price on the exchange where the shares are listed on that date or, if there is no sale on the exchange on that date, the mean between the closing bid and asked quotations for the shares on the exchange on that date. The NAV per Common Share on a particular date is the amount calculated on that date (normally at the NYSE Close) in accordance with the Fund's then current policies.

Fees and Expenses

No brokerage charges are imposed on reinvestments in newly issued shares under the Plan. However, all participants will pay a *pro rata* share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. There are currently no direct service charges imposed on participants in the Plan, although the Fund reserves the right to amend the Plan to include such charges. The Plan Agent imposes a transaction fee (in addition to brokerage commissions that are incurred) if it arranges for the sale of your Common Shares held under the Plan.

Shares Held Through Nominees

In the case of registered shareholders such as a broker, bank or other nominee (together, a "nominee") that holds Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified by the nominee/record shareholder as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who are to participate in the Plan. If your Common Shares are held through a broker, bank or other nominee and are not registered with the Plan Agent, neither you nor the nominee will be participants in or have distributions reinvested under the Plan. If you are a beneficial owner of Common Shares and wish to participate in the Plan, and your nominee is unable or unwilling to become a registered shareholder and a Plan participant on your behalf, you may request that your nominee arrange to have all or a portion of your shares re-registered with the Plan Agent in your name so that you may be enrolled as a participant in the Plan. Please contact your nominee for details or for other possible alternatives. Participants whose shares are registered with the Plan Agent in the name of one nominee firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

Tax Consequences

Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions—*i.e.*, automatic reinvestment in additional shares does not relieve shareholders of, or defer the need to pay, any income tax that may be payable (or that is required to be withheld) on Fund dividends and distributions.

The Fund and the Plan Agent reserve the right to amend or terminate the Plan. Additional information about the Plan, as well as a copy of the full Plan itself, may be obtained from the Plan Agent, P.O. Box 922, Wall Street Station, New York, NY 10269-0560; telephone number: (800) 254-5197; website: www.amstock.com.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a brief description of the anticipated capital structure of the Fund. This description does not purport to be complete and is subject to and qualified in its entirety by reference to the Declaration and the Fund's Bylaws, as amended and restated through the date hereof (the "Bylaws"). The Declaration and Bylaws are each exhibits to the registration statement of which this prospectus is a part.

The Fund is an unincorporated voluntary association with transferable shares of beneficial interest (commonly referred to as a "Massachusetts business trust") established under the laws of The Commonwealth of Massachusetts by the Declaration. The Declaration provides that the Trustees of the Fund may authorize separate classes of shares of beneficial interest. Preferred shares may be issued in one or more series, with such par value and with such rights as determined by the Board, by action of the Board without the approval of the Common Shareholders.

The Declaration authorizes the issuance of an unlimited number of Common Shares. The Common Shares will be issued with a par value of $.00001 per share.

Common Shareholders are entitled to share equally in dividends declared by the Board and in the net assets of the Fund available for distribution to Common Shareholders after payment of the preferential amounts payable to any outstanding preferred shares of beneficial interest. All Common Shares have equal rights to the payment of dividends and the distribution of assets upon liquidation. Common Shares will, when issued, be fully paid and, subject to matters discussed in "Anti-Takeover and Other Provisions in the Declaration of Trust," non-assessable, and will have no pre-emptive or conversion rights or rights to cumulative voting, and have no right to cause the Fund to redeem their shares. Upon liquidation of the Fund, after paying or adequately providing for the payment of all liabilities of the Fund and the liquidation preference with respect to any outstanding preferred shares, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees may distribute the remaining assets of the Fund among the Fund's Common Shareholders.

Common Shareholders are entitled to one vote for each Common Share held. Each fractional share shall be entitled to a proportionate fractional vote, except as otherwise provided by the Declaration, Bylaws, or required by applicable law.

The Fund will send unaudited reports at least semiannually and audited financial statements annually to all of its Common Shareholders.

The Common Shares have been approved for listing on the NYSE under the trading or "ticker" symbol "ACV." The Fund intends to hold annual meetings of shareholders so long as the Common Shares are listed on a national securities exchange and annual meetings are required as a condition of such listing.

The Investment Manager has agreed to pay the amount by which the Fund's offering costs (other than the sales load) exceed $.05 per Common Share. The Investment Manager has agreed to pay all of the Fund's organizational expenses.

Unlike open-end funds, closed-end funds like the Fund do not continuously offer shares and do not provide daily redemptions. Rather, if a shareholder determines to buy additional Common Shares or sell shares already held, the shareholder may do so by trading on the exchange through a broker or otherwise. The Declaration limits the ability of the Fund to convert to open-end status. See "Anti-Takeover and Other Provisions in the Declaration of Trust."

Shares of closed-end investment companies frequently trade at prices lower than NAV. The Fund cannot assure you that Common Shares will trade at a price equal to or higher than NAV in the future. See "Common Share Repurchase Plan." The value of a Common Shareholder's investment and the NAV of the Fund will be reduced immediately following the offering by the sales load and the amount of offering expenses paid or reimbursed by the Fund. See "Use of Proceeds." In addition to NAV, market price may be affected by factors relating to the Fund such as dividend levels and stability (which will in turn be affected by Fund expenses, including the costs of any leverage used by the Fund (which would increase substantially if the Fund utilizes longer-term instead of short-term financing to obtain leverage), levels of dividend and/or interest payments by the Fund's portfolio holdings, levels of appreciation/depreciation of the Fund's portfolio holdings, regulation affecting the timing and character of Fund distributions and other factors), portfolio credit quality, liquidity, call protection, market supply and demand, and similar factors relating to the Fund's portfolio holdings. The Fund's market price may also be affected by general market or economic conditions, including market trends affecting securities values generally or values of closed-end fund shares more specifically. 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 the Statement of Additional Information under "Repurchase of Common Shares; Conversion to Open-End Fund."

As noted under "Use of Leverage," Fund currently anticipates that it will engage in bank borrowings for leverage, as soon as practicable after the closing of this offering, with an aggregate principal amount equal to approximately 28% of the Fund's managed assets immediately after issuance of such borrowings. The Fund may also issue preferred shares or other senior securities to add leverage to its portfolio, including as a form of long-term financing to be secured in the first year of operations. Any such preferred shares would have complete priority upon distribution of assets over the Common Shares. The Fund may also enter into transactions other than those noted above that may give rise to a form of leverage including, among others, reverse repurchase agreements, dollar rolls or similar transactions, futures and forward contracts (including foreign currency exchange contracts), credit default swaps, total return swaps and other derivative transactions, loans of portfolio securities, when-issued and delayed delivery and forward commitment transactions.

LIMITED TERM

The Fund will terminate on the first business day following the fifteenth anniversary of the effective date of this registration statement, which the Fund currently expects to occur on May 22, 2030, absent Trustee and shareholder approval to amend the limited term provision of the Fund's Declaration of Trust, as provided therein. If the Fund's Board of Trustees believes that under then-current market conditions it is in the best interests of the Fund to do so, the Fund may extend the termination date for up to one year (*i.e.*, up to May 21, 2031) without a shareholder vote, upon the affirmative vote or consent of a majority of the Board of Trustees and 75% of the Continuing Trustees (defined in the Declaration of Trust to include each Trustee who either (i) has been a member of the Board for a period of at least thirty-six months (or since the commencement of the Fund's operations, if less than thirty-six months) or (ii) was nominated to serve as a member of the Board of Trustees by a majority of the Continuing Trustees then members of the Board). The Fund's investment objective and policies are not designed to seek to return to investors that purchase Common Shares in this offering their initial investment of $25.00 per Common Share on the termination date, and such investors and investors that purchase Common Shares after the completion of this offering may receive more or less than their original investment upon termination.

Upon its termination, the Fund will distribute substantially all of its net assets to shareholders, after paying or otherwise providing for all charges, taxes, expenses and liabilities, whether due or accrued or anticipated, of the Fund or of the particular series or class of shares, as may be determined by the Trustees. Beginning one year before the Dissolution Date (the "wind-down period"), the Fund may begin liquidating all or a portion of the Fund's portfolio, and may deviate from its investment strategy. As a result, the Fund's distributions during the wind-down period may decrease, and such distributions may include a return of capital. It is expected that shareholders will receive cash in any liquidating distribution from the Fund, regardless of their participation in the Fund's Dividend Reinvestment Plan. However, if on the Dissolution Date the Fund owns securities for which no market exists or securities trading at depressed prices, such securities may be placed in a liquidating trust. Shareholders generally will realize capital gain or loss upon the termination of the Fund in an amount equal to the difference between the amount of cash or other property received by the shareholder (including any property deemed received by reason of its being placed in a liquidating trust) and the shareholder's adjusted tax basis in shares of the Fund for U.S. federal income tax purposes. The final distribution of net assets upon termination may be more than, equal to or less than $25.00 per Common Share. Unless the Fund's term is shortened or extended by the Fund's Board of Trustees or the shareholders, as described in the preceding paragraph, the Fund currently expects to complete its final distribution on or about May 22, 2030, but the liquidation process could be extended depending on market conditions at that time.

Prior to the Dissolution Date, the Board of Trustees will consider whether it is in the best interests of the Fund to terminate and liquidate the Fund. If the Board of Trustees determines that, under the circumstances, termination and liquidation of the Fund on the Dissolution Date would not be in the best interests of the Fund, the Board of Trustees, upon the affirmative vote or consent of the majority of the Board of Trustees and 75% of the Continuing Trustees, will present an appropriate amendment to the Fund's Declaration of Trust at a regular or special meeting of shareholders. An amendment to the limited term provision of the Fund's Declaration of Trust requires approval of a majority of the then-current Trustees and 75% of the Continuing Trustees and an affirmative vote of at least 75% of the Common Shares entitled to vote. Unless the Dissolution Date is amended by shareholders in accordance with the Fund's Declaration of Trust, the Fund currently expects that it will be terminated no later than May 21, 2031.

ANTI-TAKEOVER AND OTHER PROVISIONS IN THE DECLARATION OF TRUST

The Declaration and the Bylaws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to convert the Fund to open-end status. The Fund's Trustees are divided into three classes. At each annual meeting of shareholders, the term of one class will expire and each Trustee elected to that class will hold office until the third annual meeting thereafter. The classification of the Board of Trustees in this manner could delay for an additional year the replacement of a majority of the Board of Trustees. In addition, the Declaration provides that a Trustee may be removed with or without cause and only (i) by action of at least 75% of the outstanding shares of the classes or series of shares entitled to vote for the election of such Trustee, or (ii) by written instrument, signed by at least 75% of the remaining Trustees, specifying the date when such removal shall become effective.

As described below, the Declaration grants special approval rights with respect to certain matters to members of the Board who qualify as Continuing Trustees.

The Declaration requires the affirmative vote or consent of at least 75% of the Board of Trustees and holders of at least 75% of the Fund's shares outstanding and entitled to vote thereon to authorize certain Fund transactions not in the ordinary course of business, including a merger or consolidation or share exchange, issuance or transfer by the Fund of the Fund's shares having an aggregate fair market value of $1,000,000 or more (except as may be made pursuant to a public offering, the Fund's dividend reinvestment plan or upon exercise of any stock subscription rights), a sale, lease, exchange, mortgage, pledge, transfer or other disposition of Fund assets, having an aggregated fair market value of $1,000,000 or more, or any shareholder proposal regarding specific investment decisions, unless the transaction is authorized by both a majority of the Trustees and 75% of the Continuing Trustees, and so long as all other conditions and requirements, if any, in the Bylaws and applicable law have been satisfied (in which case no shareholder authorization would be required by the Declaration, but may be required in certain cases under the 1940 Act). The Declaration also requires the affirmative vote or consent of holders of at least 75% of each class of the Fund's shares outstanding and entitled to vote on the matter to authorize a conversion of the Fund from a closed-end to an open-end investment company, unless the conversion is authorized by both a majority of the Trustees and 75% of the Continuing Trustees (in which case shareholders would have only the minimum voting rights required by the 1940 Act with respect to the conversion). Any affirmative vote or consent required to convert the Fund to an open-end investment company shall be in addition to the vote or consent of the Fund's shareholders otherwise required by law or by any agreement between the Fund and any national securities exchange.

Also, separate from the limited term provision, the Declaration provides that the Fund may be terminated at any time by vote or consent of at least 75% of the Fund's shares entitled to vote or, alternatively, by vote or consent of both a majority of the Trustees and 75% of the Continuing Trustees upon written notice to the Fund's shareholders. See "Anti-Takeover and Other Provisions in the Declaration of Trust."

The Trustees may from time to time grant other voting rights to shareholders with respect to these and other matters in the Bylaws, certain of which are required by the 1940 Act.

The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control of the Fund by a third party. These provisions also provide, however, the advantage of potentially requiring persons seeking control of the Fund to negotiate with its management regarding the price to be paid and facilitating the continuity of the Fund's investment objective and policies. The provisions of the Declaration and Bylaws described above could have the effect of depriving the Common Shareholders of opportunities to sell their Common Shares at a premium over the then current market price of the Common Shares by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The Board of Trustees of the Fund has considered the foregoing anti-takeover provisions and concluded that they are in the best interests of the Fund and its shareholders, including Common Shareholders.

The foregoing is intended only as a summary and is qualified in its entirety by reference to the full text of the Declaration and the Bylaws, both of which are on file with the SEC.

Under Massachusetts law, shareholders could, in certain circumstances, be held personally liable for the obligations of the Fund. However, the Declaration contains an express disclaimer of shareholder liability for debts or obligations of the Fund and requires that notice of such limited liability be given in each agreement, obligation or instrument entered into or executed by the Fund or the Trustees. The Declaration further provides for indemnification out of the assets and property of the Fund for all loss and expense of any shareholder held personally liable for the obligations of the Fund. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund would be unable to meet its obligations. The Fund believes that the likelihood of such circumstances is remote.

COMMON SHARE REPURCHASE PLAN

The Fund's Board of Trustees has approved a Repurchase Plan with respect to the Fund's Common Shares for a defined period following the Fund's initial public offering in an attempt to provide additional liquidity in the marketplace for the Fund's Common Shares. Pursuant to the Repurchase Plan, during the period beginning on the 61st day following the date on which the over-allotment period ends (106 days after the date of the prospectus (*i.e.*, September 4, 2015)) and ending 230 days after the commencement of the Repurchase Plan (*i.e.*, April 21, 2016), the Fund will repurchase its Common Shares in the open market on any trading day when the Fund's Common Shares are trading at a discount of 2% or more from the Common Shares' closing NAV on the prior trading day and only so long as shares of the SPDR Barclays Convertible Securities ETF have not, at any time during such trading day, traded down 2% or more from their closing market price on the prior trading day. Any repurchases will be made through a single broker-dealer who is not an underwriter in this initial public offering of the Common Shares acting as the Fund's agent. On any day that shares are repurchased under the Repurchase Plan, the Fund will, subject to certain conditions under Rule 10b-18 of the Exchange Act and other applicable laws, including Regulation M, which may prohibit such repurchases under certain circumstances, repurchase its shares in an amount equal to the lesser of (i) $125,000 based on the aggregate purchase price of the Common Shares or (ii) the maximum number of Common Shares the Fund may purchase under Rule 10b-18, which, generally, is currently 25% of the average daily trading volume of the Common Shares over the trailing four week period.

In addition to providing potential additional liquidity in the marketplace, any repurchases under the Repurchase Plan will be made by the Fund at a discount to then current NAV of the Common Shares and therefore would be accretive to the NAV of the remaining Common Shares following the repurchases, and the Repurchase Plan may also have the effect of preventing or reducing a significant decline in the market price of the Common Shares in comparison to their NAV. However, there can be no assurance that repurchases of Common Shares under the Repurchase Plan will cause the Common Shares to trade at a price equal to or in excess of NAV or prevent or reduce any trading discount. Although there is no current expectation or assurance that the Fund will repurchase Common Shares at any time following the Repurchase Period, which may result in a decline in the market price of the Common Shares following the conclusion of the Repurchase Period, the Board of Trustees reserves the right to extend the Repurchase Period or authorize additional repurchases of Common Shares by the Fund at some time after the conclusion of the Repurchase Plan if the Board determines such repurchases are in the best interests of the Fund and the Common Shareholders. Also, any acquisition of Common Shares by the Fund would decrease the managed assets of the Fund and therefore tend to have the effect of increasing the Fund's gross expense ratio and decreasing the asset coverage with respect to any leverage outstanding. Further, the Fund may be required to liquidate portfolio investments at an inopportune time or price in order to fund share repurchases under the Repurchase Plan and will incur related transaction costs borne by the remaining Common Shareholders. See "Risk Factors—Repurchase Plan Risk."

REPURCHASE OF COMMON SHARES; CONVERSION TO OPEN-END FUND

The Fund is a closed-end investment company and as such its shareholders will not have the right to cause the Fund to redeem their shares. Instead, the Common Shares will trade in the open market at a price that will be a function of factors relating to the Fund such as dividend levels and stability (which will in turn be affected by Fund expenses, including the costs of leverage used by the Fund (which would increase substantially if the Fund utilizes longer-term instead of short-term financing to obtain leverage), levels of dividend and/or interest payments by the Fund's portfolio holdings, levels of appreciation/depreciation of the Fund's portfolio holdings, regulation affecting the timing and character of Fund's distributions and other factors), portfolio credit quality, liquidity, call protection, market supply and demand and similar factors relating to the Fund's portfolio holdings. The market price of the Common Shares may also be affected by general market or economic conditions, including market trends affecting securities values generally or values of closed-end fund shares more specifically. Shares of a closed-end investment company may frequently trade at prices lower than NAV. The Fund's Board of Trustees regularly monitors the relationship between the market price and NAV of the Common Shares. As noted above, the Board of Trustees has adopted the Repurchase Plan, which will be in effect for a limited period beginning on the 61st day following the date on which the over-allotment period ends (106 days after the date of the prospectus (*i.e.*, September 4, 2015)) and ending 230 days after the commencement of the Repurchase Plan (*i.e.*, April 21, 2016). After conclusion of the term of the Repurchase Plan, if the Common Shares were to trade at a substantial discount to NAV for an extended period of time, the Board of Trustees may consider additional repurchases of its Common Shares on the open market or in private transactions or the making of a tender offer for such shares or the conversion of the Fund to an open-end investment company. The Fund cannot assure you that its Board of Trustees will decide to take or propose any of these actions, or that the Repurchase Plan, or any subsequent share repurchases or tender offers will actually reduce any market discount. See "Common Share Repurchase Plan" and "Risk Factors—Repurchase Plan Risk." Also see "Tax Matters" in the Statement of Additional Information for a discussion of the tax implications of a tender offer by the Fund.

If the Fund were to convert to an open-end company, the Common Shares likely would no longer be listed on the NYSE. In contrast to a closed-end investment company, shareholders of an open-end investment company may require the company to redeem their shares at any time (except in certain circumstances as authorized by or under the 1940 Act) at their NAV, less any redemption charge that is in effect at the time of redemption.

Before deciding whether to take any action to convert the Fund to an open-end investment company, the Board of Trustees would consider all relevant factors, including the extent and duration of the discount, the liquidity of the Fund's portfolio, the impact of any action that might be taken on the Fund or its Common Shareholders, and market considerations. Based on these considerations, even if the Common Shares should trade at a discount, the Board of Trustees may determine that, in the interest of the Fund and its shareholders, no action should be taken. See the Statement of Additional Information under "Repurchase of Common Shares; Conversion to Open-End Fund" for a further discussion of possible action to reduce or eliminate any such discount to NAV.

TAX MATTERS

U.S. Federal Income Tax Matters

The following is a summary discussion of certain U.S. federal income tax consequences that may be relevant to a Common Shareholder that acquires, holds and/or disposes of Common Shares of the Fund, and reflects provisions of the Code, existing U.S. Treasury regulations, rulings published by the Internal Revenue Service ("IRS"), and other applicable authority, as of the date of this prospectus. These authorities are subject to change by legislative or administrative action, possibly with retroactive effect. The following discussion is only a summary of some of the important U.S. federal income tax considerations generally applicable to investments in the Fund. For more detailed information regarding tax considerations, see the Statement of Additional Information. There may be other and different tax considerations applicable to particular investors, such as insurance companies, financial institutions, broker-dealers, tax-advantaged retirement plans and non-U.S. shareholders (as defined below). In addition, income earned through an investment in the Fund may be subject to state, local and foreign taxes. Common Shareholders should consult their own tax advisers regarding their particular situation and the possible application of U.S. federal, state, local, foreign or other tax laws.

Taxation of the Fund

The Fund intends to elect to be treated as a RIC under Subchapter M of the Code and intends each year to qualify and be eligible to be treated as such. In order for the Fund to qualify as a RIC, it must meet an income and an asset diversification test each year. To satisfy the income test, the Fund must derive at least 90% of its gross income in each taxable year from dividends, interest, payments with respect to certain securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including, but not limited to, gains from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies and net income derived from interests in "qualified publicly traded partnerships" (as defined in the Code). To satisfy the asset diversification test, the Fund must diversify its holdings so that at the end of each quarter of the Fund's taxable year, (a) at least 50% of the value of its total assets consists of cash and cash items (including receivables), U.S. Government securities, securities of other RICs, and other securities limited, with respect to any one issuer, to no more than 5% of the value of the Fund's total assets and 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of the Fund's total assets is invested in the securities (other than those of the U.S. Government or other RICs) of any one issuer or of two or more issuers which the Fund controls and which are engaged in the same, similar or related trades or businesses, or in the securities of one or more "qualified publicly traded partnerships" (as defined in the Code). If the Fund qualifies as a RIC and satisfies certain distribution requirements, the Fund (but not its shareholders) will not be subject to U.S. federal income tax to the extent it distributes its investment company taxable income (as that term is defined in the Code, without regard to the deduction for dividends paid), its net tax-exempt income and its net capital gain (the excess of net long-term capital gain over net short-term capital loss) in a timely manner to its shareholders in the form of dividends or capital gain distributions. The Fund intends to distribute substantially all of such income and gains each year.

If the Fund does retain any investment company taxable income, it will be subject to tax at regular corporate rates on the amount retained. If the Fund retains any net capital gain, it also will be subject to tax at regular corporate rates on the amount retained. If the Fund retains any net capital gain and pays tax on such amount, it may designate the retained amount as undistributed capital gain in a notice to its shareholders who would then (i) be required to include in income for U.S. federal income tax purposes, as long-term capital gain, their shares of such undistributed amount, and (ii) be entitled to credit their proportionate shares of the tax paid by the Fund on such undistributed amount against their U.S. federal income tax liabilities, if any, and to claim such refunds on a properly filed U.S. tax return to the extent the credit exceeds such liabilities. If the Fund makes this designation, for U.S. federal income tax purposes, the tax basis of Common Shares owned by a shareholder will be increased by an amount equal under current law to the difference between the amount of undistributed capital gains included in the shareholder's gross income under clause (i) of the preceding sentence and the tax deemed paid by the shareholder under clause (ii) of the preceding sentence. The Fund is not required to, and there can be no assurance that the Fund will, make this designation if it retains all or a portion of its net capital gain in a taxable year.

A nondeductible excise tax at the rate of 4% will be imposed on the excess, if any, of the Fund's "required distribution" over its actual distributions in any calendar year. Generally, the required distribution is 98% of the Fund's ordinary income for the calendar year plus 98.2% of its capital gain net income recognized during the one-year period ending on October 31 (or later if the Fund is permitted to elect and so elects), plus undistributed amounts from prior years. For purposes of the required excise tax distribution, a RIC's ordinary gains and losses from the sale, exchange, or other taxable disposition of property that would otherwise be taken into account after October 31 (or later if the Fund makes the election referred to immediately above) are generally treated as arising on January 1 of the following calendar year. Also, for purposes of the excise tax, the Fund will be treated as having distributed any amount for which it is subject to corporate income tax for the taxable year ending within the calendar year. The Fund intends to make distributions sufficient to avoid imposition of the excise tax, although there can be no assurance that it will be able to do so. The Fund may determine to pay the excise tax in a year to the extent it is deemed to be in the best interest of the Fund (*e.g.*, if the excise tax is de minimis).

The Fund's intention to qualify for treatment as a RIC may negatively affect the Fund's return to Common Shareholders by limiting its ability to acquire or continue to hold positions that would otherwise be consistent with its investment strategy or by requiring it to engage in transactions it would otherwise not engage in, resulting in additional transaction costs. Failure to qualify as a RIC would likely materially reduce the investment return to the Common Shareholders. If the Fund were to fail to meet the income, diversification, or distribution tests, the Fund could in some cases cure such failure, including by paying a fund-level tax, paying interest, making additional distributions, or disposing of certain assets. If the Fund were ineligible to or otherwise did not cure such failure for any taxable year, or if the Fund were otherwise to fail to qualify as a RIC accorded special tax treatment for such year, the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits, including any distributions of net tax-exempt income and net long-term capital gains, would be taxable to Common Shareholders as dividend income. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before re-qualifying as a RIC that is accorded special tax treatment.

Distributions

Commencing with the Fund's first dividend, the Fund intends to make monthly cash distributions to Common Shareholders at rates that reflect the past and projected net income of the Fund. Subject to applicable law, monthly distributions may include net investment income and capital gains, including short-term and or long-term capital gains, depending on the circumstances. Unless a Common Shareholder elects to receive distributions in cash, all distributions to Common Shareholders whose shares are registered with the Plan Agent will be automatically reinvested in additional Common Shares of the Fund pursuant to the Plan. For U.S. federal income tax purposes, all dividends are generally taxable in the same manner, whether a shareholder takes them in cash or they are reinvested pursuant to the Plan in additional Common Shares of the Fund. A shareholder whose distributions are reinvested in Common Shares under the Plan will be treated as having received a dividend equal to either (i) if newly issued Common Shares are issued under the Plan, generally the fair market value of the newly issued Common Shares issued to the shareholder or (ii) if reinvestment is made through open market purchases under the Plan, the amount of cash allocated to the shareholder for the purchase of Common Shares on its behalf in the open market. See "Dividend Reinvestment Plan" above.

For U.S. federal income tax purposes, distributions of net investment income are generally taxable as ordinary income. Taxes on distributions of capital gains are determined by how long the Fund owned (or is deemed to have owned) the investments that generated them, rather than how long a shareholder has owned his or her Common Shares. In general, the Fund will recognize long-term capital gain or loss on investments it has owned (or is deemed to have owned) for more than one year, and short-term capital gain or loss on investments it has owned (or is deemed to have owned) for one year or less. Distributions of net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss, determined in each case with reference to any loss carryforwards) that are properly reported by the Fund as capital gain dividends ("Capital Gain Dividends") will be taxable to shareholders as long-term capital gains includible in net capital gain and taxable to individuals at reduced rates. Distributions of net short-term capital gain (as reduced by any net long-term capital loss for the taxable year) will be taxable to shareholders as ordinary income. The Fund is permitted to carry forward net capital losses to one or more subsequent taxable years without expiration. Any such carryforward losses will retain their character as short-term or long-term. Capital loss carryforwards are reduced to the extent they offset current-year net realized capital gains, whether the Fund retains or distributes such gains. The Fund may report certain dividends as derived from "qualified dividend income," which, when received by a non-corporate shareholder, will be taxed at the reduced rates applicable to net capital gain, provided holding period and other requirements are met at both the shareholder and Fund levels. The Fund does not expect a significant portion of distributions to be derived from qualified dividend income.

In general, dividends of net investment income received by corporate shareholders of the Fund will qualify for the 70% dividends-received deduction generally available to corporations to the extent of the amount of eligible dividends received by the Fund from domestic corporations for the taxable year. The Fund does not expect a significant portion of its distributions to be eligible for the corporate dividends-received deduction.

If, in and with respect to any taxable year, the Fund makes a distribution in excess of its current and accumulated "earnings and profits," the excess distribution will be treated as a return of capital to the extent of a shareholder's tax basis in his or her Common Shares, and thereafter as capital gain. A return of capital is not taxable, but it reduces a shareholder's basis in his or her shares, thus reducing any loss or increasing any gain on a subsequent taxable disposition by the shareholder of such shares.

The determination of the character for U.S. federal income tax purposes of any distribution from the Fund (*i.e.*, ordinary income dividends, Capital Gain Dividends, qualified dividends, or return of capital distributions) will be made as of the end of the Fund's taxable year. Generally, the Fund will provide shareholders with a written statement reporting the amount and character of distributions.

Dividends and distributions on the Common Shares are generally subject to federal income tax as described herein to the extent they do not exceed the Fund's realized income and gains, even though such dividends and distributions may economically represent a return of a particular shareholder's investment. Such distributions are likely to occur in respect of Common Shares purchased at a time when the Fund's NAV reflects unrealized gains or income or gains that are realized but not yet distributed. Such realized income and gains may be required to be distributed even when the Fund's NAV also reflects unrealized losses.

A distribution by the Fund will be treated as paid on December 31 of any calendar year if it is declared by the Fund in October, November or December with a record date in such a month and paid by the Fund during January of the following calendar year. Such distributions will be taxable to shareholders in the calendar year in which the distributions are declared, rather than the calendar year in which the distributions are received.

Sale or Exchange of Common Shares

Common Shareholders who sell or exchange their Common Shares, including at the termination of the Fund, will generally recognize gain or loss in an amount equal to the difference between the amount received and the Common Shareholder's adjusted tax basis in the Common Shares sold or exchanged. If the Common Shares are held as a capital asset, any gain or loss realized upon a taxable disposition of the Common Shares will be treated as long-term capital gain or loss if the shares have been held, or treated as held, for more than 12 months. Otherwise, the gain or loss on the taxable disposition of Common Shares will be treated as short-term capital gain or loss. However, any loss realized upon a taxable disposition of Common Shares held, or treated as held, by a shareholder for six months or less will be treated as long-term, rather than short-term, to the extent of Capital Gain Dividends received (or deemed received) by the shareholder with respect to the shares. Any loss realized on a sale or exchange of Common Shares will be disallowed to the extent those Common Shares are replaced by other substantially identical shares within a period of 61 days beginning 30 days before and ending 30 days after the date of disposition of the Common Shares (including through the reinvestment of distributions, which could occur, for example, if the Common Shareholder is a participant in the Plan). In that event, the basis of the replacement shares will be adjusted to reflect the disallowed loss.

Medicare Tax

A 3.8% Medicare contribution tax is imposed on the "net investment income" of certain individuals, trusts and estates to the extent their income exceeds certain threshold amounts. Net investment income generally includes for this purpose dividends, including any Capital Gain Dividends paid by the Fund, and net capital gains recognized on the sale or exchange of shares of the Fund.

Foreign Taxes

The Fund may be liable to foreign governments for taxes relating primarily to investment income or capital gains or proceeds on foreign securities in the Fund's portfolio, which will reduce the Fund's return on those securities. If at the close of its taxable year, more than 50% of the value of the Fund's total assets consists of securities of foreign corporations (including foreign governments), the Fund will be permitted to make an election under the Code that would allow Common Shareholders who are U.S. citizens or U.S. corporations to claim a foreign tax credit or deduction (but not both) on their income tax returns for their pro rata portion of qualified taxes paid by the Fund to foreign countries in respect of foreign securities that the Fund held for at least the minimum period specified in the Code. In such a case, Common Shareholders will include in gross income from foreign sources their pro rata shares of such taxes paid by the Fund. A Common Shareholder's ability to claim an offsetting foreign tax credit or deduction in respect of foreign taxes paid by the Fund is subject to certain limitations imposed by the Code, which may result in the shareholder's not receiving a full credit or deduction (if any) for the amount of such taxes. Shareholders who do not itemize deductions on their U.S. federal income tax returns may claim a credit (but not a deduction) for such foreign taxes.

Each prospective investor is urged to consult its tax adviser regarding taxation of foreign securities in the Fund's portfolio and any available foreign tax credits with respect to the prospective investor's own situation.

Certain Fund Investments

The Fund's Option Strategy could cause the Fund to recognize larger amounts of net short-term capital gains than it otherwise would in the absence of such strategy. The Fund's Option Strategy also could terminate or suspend the Fund's holding period in the underlying securities, and, as a result, any dividends received by the Fund on those securities may not qualify for treatment as "qualified dividend income."

Any transaction by the Fund in foreign currencies, foreign-currency denominated debt obligations or certain foreign currency options, futures contracts, or forward contracts (or similar instruments) may give rise to ordinary income or loss to the extent such income or loss results from fluctuations in the value of the foreign currency concerned. Such ordinary income treatment may accelerate Fund distributions to Common Shareholders and increase the distributions taxed to Common Shareholders as ordinary income. Because a RIC is permitted only to carry forward net capital losses, any net ordinary losses resulting from such currency-related investments created cannot be carried forward by the Fund to offset income or gains earned in subsequent taxable years.

The Fund's transactions in derivative instruments (*e.g.*, options, futures, forward contracts, structured notes and swap agreements), including as part of the Option Strategy, as well as any of its other hedging, securities loan or similar transactions, may be subject to uncertainty with respect to their tax treatment, and to one or more special tax rules (*e.g.*, notional principal contract, straddle, constructive sale and wash sale rules). The aforementioned rules may affect whether gains and losses recognized by the Fund are treated as ordinary or capital or as short-term or long-term, accelerate the recognition of income or gains to the Fund, defer losses to the Fund, and cause adjustments in the holding periods of the Fund's securities. These rules could therefore affect the amount, timing and/or character of distributions to Common Shareholders. Because the tax treatment and the tax rules applicable to these types of transactions are in some cases uncertain under current law, an adverse determination or future guidance by the IRS with respect to these rules or treatment (which determination or guidance could be retroactive) may affect whether the Fund has made sufficient distributions, and otherwise satisfied the relevant requirements, to maintain its qualification as a RIC and avoid a Fund-level tax.

It is possible that the Fund's use of derivatives and foreign currency-denominated instruments, and any of the Fund's transactions in foreign currencies and hedging activities, will produce a difference between its book income and the sum of its taxable income and net tax-exempt income (if any). If such a difference arises, and the Fund's book income is less than the sum of its taxable income and its net tax-exempt income, the Fund could be required to make distributions exceeding book income to qualify for treatment as a RIC and to eliminate Fund-level tax. In the alternative, if the Fund's book income exceeds the sum of its taxable income (including realized capital gains) and its net tax-exempt income, the distribution (if any) of such excess generally will be treated as (i) a dividend to the extent of the Fund's remaining earnings and profits, (ii) thereafter, as a return of capital to the extent of the recipient's basis in its Common Shares, and (iii) thereafter as gain from the sale or exchange of a capital asset.

From time to time, a substantial portion of the Fund's investments in loans and other debt obligations could be treated as having market discount and/or "original issue discount" ("OID") for U.S. federal income tax purposes, which, in some cases, could be significant and could cause the Fund to recognize income in respect of these investments before or without receiving cash representing such income. If so, the Fund could be required to pay out as an income distribution each year an amount which is greater than the total amount of cash interest the Fund actually received. As a result, the Fund could be required at times to liquidate investments (including at potentially disadvantageous times or prices) in order to satisfy its distribution requirements or to avoid incurring Fund-level U.S. federal income or excise taxes. If the Fund liquidates portfolio securities to raise cash, the Fund may realize gain or loss on such liquidations; in the event the Fund realizes net long-term or short-term capital gains from such liquidation transactions, its shareholders may receive larger capital gain or ordinary dividends, respectively, than they would in the absence of such transactions.

Investments in debt obligations that are at risk of or in default present special tax issues for the Fund. Tax rules are not entirely clear about issues such as whether or to what extent the Fund should recognize market discount on a debt obligation; when the Fund may cease to accrue interest, OID or market discount; when and to what extent the Fund may take deductions for bad debts or worthless securities; and how the Fund should allocate payments received on obligations in default between principal and income. These and other related issues will be addressed by the Fund when, as, and if it invests in such securities in order to seek to ensure that it distributes sufficient income to preserve its status as a RIC and avoid becoming subject to U.S. federal income or excise tax.

Any investment by the Fund in equity securities of REITs may result in the Fund's receipt of cash in excess of the REIT's earnings; if the Fund distributes these amounts, these distributions could constitute a return of capital to Fund shareholders for U.S. federal income tax purposes. Investments in REIT equity securities also may require the Fund to accrue and distribute income not yet received. To generate sufficient cash to make the requisite distributions, the Fund may be required to sell securities in its portfolio (including when it is not advantageous to do so) that it otherwise would have continued to hold. Dividends received by the Fund from a REIT will not qualify for the corporate dividends-received deduction and generally will not constitute qualified dividend income.

The Fund may invest directly or indirectly in residual interests in real estate mortgage investment conduits ("REMICs") (including by investing in residual interests in collateralized mortgage obligations with respect to which an election to be treated as a REMIC is in effect) or equity interests in taxable mortgage pools ("TMPs"). Under a notice issued by the IRS in October 2006 and U.S. Treasury regulations that have yet to be issued but may apply retroactively, a portion of the Fund's income (including income allocated to the Fund from a REIT or other pass-through entity) that is attributable to a residual interest in a REMIC or an equity interest in a TMP (referred to in the Code as an "excess inclusion") will generally be subject to U.S. federal income tax. This notice also provides, and the regulations are expected to provide, that excess inclusion income of a RIC will be allocated to shareholders of the RIC in proportion to the dividends received by such shareholders, with the same consequences as if the shareholders held the related interest directly. As a result, the Fund may not be a suitable investment for certain tax-exempt investors, as noted below.

In general, excess inclusion income allocated to Common Shareholders (i) cannot be offset by net operating losses (subject to a limited exception for certain thrift institutions), (ii) will constitute unrelated business taxable income ("UBTI") to entities (including a qualified pension plan, an individual retirement account, a 401(k) plan, a Keogh plan or other tax-exempt entity) subject to tax on UBTI, thereby potentially requiring such an entity that is allocated excess inclusion income, and otherwise might not be required to file a tax return, to file a tax return and pay tax on such income; and (iii) in the case of a foreign shareholder, will not qualify for any reduction in U.S. federal withholding tax. A shareholder will be subject to U.S. federal income tax on such inclusions, notwithstanding any exemption from such income tax otherwise available under the Code. Charitable remainder trusts and other tax-exempt shareholders are urged to consult their tax advisers concerning the consequences of investing in the Fund.

Backup Withholding

Backup withholding is generally required with respect to taxable distributions or the gross proceeds of a sale of Common Shares paid to any non-corporate shareholder who fails to properly furnish a correct taxpayer identification number, who has under-reported dividend or interest income, or who fails to certify that he or she is not subject to such withholding. The backup withholding rate is currently 28%. Amounts withheld as a result of backup withholding are remitted to the U.S. Treasury but do not constitute an additional tax imposed on the shareholder; such amounts may be claimed as a credit on the shareholder's U.S. federal income tax return, provided the appropriate information is timely furnished to the IRS.

Non-U.S. Shareholders

Absent a specific statutory exemption, dividends other than Capital Gain Dividends paid to a shareholder that is not a "United States person" within the meaning of the Code (a "non-U.S. shareholder") are subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate). Capital Gain Dividends paid to foreign shareholders are generally not subject to withholding. Effective for distributions with respect to taxable years of a RIC beginning before January 1, 2015, the RIC is not required to withhold any amounts with respect to distributions of (i) U.S.-source interest income that would not have been subject to U.S. federal income tax if earned directly by an individual foreign shareholder, and (ii) net short-term capital gains in excess of net long-term capital losses, in each case to the extent the RIC properly reports such distributions in a written notice to shareholders. These exemptions from withholding have expired for distributions with respect to taxable years beginning on or after January 1, 2015. It is currently unclear whether Congress will extend this exemption for distributions with respect to taxable years of a Fund beginning on or after January 1, 2015, or what the terms of such an extension would be, including whether such extension would have retroactive effect.

Other Reporting and Withholding Requirements

Sections 1471-1474 of the Code and the U.S. Treasury Regulations and IRS guidance issued thereunder (collectively, "FATCA") generally require the Fund to obtain information sufficient to identify the status of each of its shareholders under FATCA or under an applicable intergovernmental agreement (an "IGA") between the United States and a foreign government. If a shareholder of the Fund fails to provide the requested information or otherwise fails to comply with FATCA or an IGA, the Fund may be required to withhold under FATCA at a rate of 30% with respect to that shareholder on ordinary dividends it pays, and, after December 31, 2016, 30% of the gross proceeds of sales or exchanges and certain Capital Gain Dividends it pays. If a payment by the Fund is subject to FATCA withholding, the Fund is required to withhold even if such payment would otherwise be exempt from withholding under the rules applicable to foreign shareholders described above (*e.g.,* Capital Gain Dividends).

Each prospective investor is urged to consult its tax advisers regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation, including investments through an intermediary.

Shares Purchased Through Tax-Qualified Plans

Special tax rules apply to investments though defined contribution plans and other tax-qualified plans. Common Shareholders should consult their tax advisers to determine the suitability of Common Shares as an investment through such plans and the precise effect of an investment on their particular tax situation.

General

The foregoing discussion relates solely to U.S. federal income tax laws. Dividends and distributions also may be subject to state and local taxes. Common Shareholders are urged to consult their tax advisers regarding specific questions as to federal, state, local, and, where applicable, foreign taxes. Foreign investors should consult their tax advisers concerning the tax consequences of ownership of Common Shares.

The foregoing is a general and abbreviated summary of the applicable provisions of the Code and related regulations currently in effect. For the complete provisions, reference should be made to the pertinent Code sections and regulations. The Code and regulations are subject to change by legislative or administrative actions.

Please see "Tax Matters" in the Statement of Additional Information for additional information regarding the tax aspects of investing in Common Shares of the Fund.

UNDERWRITING

Subject to the terms and conditions stated in the Fund's underwriting agreement dated May 21, 2015 each underwriter named below, for which Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are acting as representatives, has severally agreed to purchase, and the Fund has agreed to sell to such underwriter, the number of Common Shares set forth opposite the name of such underwriter.

Underwriter	Number of Common Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,480,000
Wells Fargo Securities, LLC	2,700,000
RBC Capital Markets, LLC	875,000
Stifel, Nicolaus & Company, Incorporated	380,000
Citigroup Global Markets Inc.	170,000
BB&T Capital Markets, a division of BB&T Securities, LLC	90,000
Comerica Securities, Inc.	92,000
D.A. Davidson & Co.	200,000
Dawson James Securities Inc.	100,000
Hennion & Walsh, Inc.	125,000
Janney Montgomery Scott LLC	40,000
Ladenburg Thalmann & Co. Inc.	385,000
MLV & Co. LLC	425,000
National Securities Corporation	125,000
Newbridge Securities Corporation	50,000
Pershing LLC	200,000
Realty Capital Securities, LLC	250,000
Southwest Securities, Inc.	150,000
Wedbush Securities Inc.	95,000
Wunderlich Securities, Inc.	30,000
Aegis Capital Corp.	22,000
Feltl & Company	10,000
Gilford Securities Incorporated	8,000
Joseph Gunnar & Co., LLC	4,000
Bernard Herold & Co., Inc.	10,000
J.J.B. Hilliard, W.L. Lyons, LLC	4,000
Wayne Hummer Investments L.L.C.	3,000
Huntleigh Securities Corporation	15,000
IFS Securities Inc.	32,000
J.V.B. Financial Group, LLC	62,000
Maxim Group LLC	12,000
Regal Securities, Inc.	15,000
Source Capital Group, Inc.	3,000
Synovus Securities, Inc.	18,000
B.C. Ziegler and Company	20,000
Total	11,200,000

The underwriting agreement provides that the obligations of the underwriters to purchase the Common Shares included in this offering are subject to approval of certain legal matters by counsel and certain other conditions. The underwriters are obligated, severally and not jointly, to purchase all the Common Shares sold under the underwriting agreement if any of the Common Shares are purchased.

In the underwriting agreement, the Fund, the Investment Manager and the Sub-Adviser have agreed to indemnify the underwriters against certain liabilities, including liabilities arising under the Securities Act or to contribute to payments the underwriters may be required to make for any of these liabilities.

Commissions and Discounts

The underwriters propose to initially offer some of the Common Shares directly to the public at the public offering price set forth on the cover page of this prospectus and some of the Common Shares to certain dealers at the public offering price less a concession not in excess of $.75 per Common Share. The sales load investors in the Fund will pay of $1.125 per Common Share is equal to 4.5% of the initial offering price. After the initial public offering the concession and discount may be changed. Investors must pay for any Common Shares purchased on or before May 27, 2015.

The following table shows the public offering price, estimated offering expenses, sales load and proceeds, to the Fund. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional Common Shares.

	Per Share	Without Option	With Option
Public offering price	$25.00	$280,000,000	$322,000,000
Sales load	$1.125	$ 12,600,000	$ 14,490,000
Estimated offering expenses	$.05	$ 560,000	$ 644,000
Proceeds, after expenses, to the Fund	$23.825	$266,840,000	$306,866,000

The expenses of the offering payable by the Fund are estimated at $.05 per Common Share. Offering expenses paid by the Fund may include reimbursement to the Investment Manager or its affiliates for expenses incurred in connection with the offering, as described below. The Investment Manager has agreed to pay (i) all organizational expenses of the Fund and (ii) the offering expenses of the Fund (other than the sales load) that exceed $.05 per Common Share.

Option to Purchase Additional Common Shares

The Fund has granted the underwriters an option to purchase up to 1,680,000 additional Common Shares at the public offering price, less the sales load, within 45 days from the date of this prospectus. If the underwriters exercise this option to purchase additional Common Shares, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional Common Shares proportionate to that underwriter's initial amount set forth in the table above.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the Common Shares is complete, SEC rules may limit underwriters and selling group members from bidding for and purchasing Common Shares. However, the representatives may engage in transactions that stabilize the price of the Common Shares, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the Common Shares in connection with the offering (*i.e.*, if they sell more Common Shares than are listed on the cover of this prospectus), the representatives may reduce that short position by purchasing Common Shares in the open market. The representatives may also elect to reduce any short position by exercising all or part of the option to purchase Common Shares described above. The underwriters may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers in respect of the Common Shares sold in this offering for their account may be reclaimed by the syndicate if such Common Shares are repurchased by the syndicate in stabilizing or covering transactions. Purchases of the Common Shares to stabilize their price or to reduce a short position may cause the price of the Common Shares to be higher than it might be in the absence of such purchases.

Neither the Fund nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Shares. In addition, neither the Fund nor any of the underwriters makes any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The Fund has agreed not to offer or sell any additional Common Shares for a period of 180 days after the date of the underwriting agreement without the prior written consent of the underwriters, except for the sale of the Common Shares to the underwriters pursuant to the underwriting agreement.

The Common Shares will be sold so as to ensure that the NYSE distribution standards (*i.e.*, round lots, public shares and aggregate market value) will be met.

Other Relationships

The Investment Manager (and not the Fund) has agreed to pay from its own assets to Merrill Lynch, Pierce, Fenner & Smith Incorporated a structuring fee for advice relating to the design and organization of the Fund as well as for services related to the sale and distribution of the Common Shares in the amount of $4,125,121. If the option to purchase additional Common Shares is not exercised, the total amount of this structuring fee payment to Merrill Lynch, Pierce, Fenner & Smith Incorporated will not exceed 1.4733% of the total price to the public of the Common Shares sold in this offering.

The Investment Manager (and not the Fund) has agreed to pay to each of Wells Fargo Securities, LLC, RBC Capital Markets, LLC, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. from its own assets, a structuring fee for advice relating to the structure, design and organization of the Fund as well as services related to the sale and distribution of the Common Shares in the amount of $1,058,020, $327,375, $145,125 and $68,850, respectively. If the option to purchase additional Common Shares is not exercised, the structuring fee paid to Wells Fargo Securities, LLC, RBC Capital Markets, LLC, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. will not exceed 0.3779%, 0.1169%, 0.0518% and 0.0246%, respectively, of the total price to the public of the Common Shares sold in this offering.

The Investment Manager (and not the Fund) has agreed to pay to each of D.A. Davidson & Co., Ladenburg Thalmann & Co. Inc., MLV & Co. LLC and Pershing LLC from its own assets, a sales incentive fee in the amount of $28,125, $75,188, $89,844 and $30,398, respectively. If the option to purchase additional Common Shares is not exercised, the sales incentive fee paid to D.A. Davidson & Co., Ladenburg Thalmann & Co. Inc., MLV & Co. LLC and Pershing LLC will not exceed 0.0100%, 0.0269%, 0.0321% and 0.0109%, respectively, of the total price to the public of the Common Shares sold in this offering.

As part of the Fund's payment of the Fund's offering expenses, the Fund has agreed to pay expenses related to the fees and disbursements of counsel to the underwriters, in an amount equal to $20,000 in the aggregate, in connection with the review by the Financial Industry Regulatory Authority, Inc. of the terms of the sale of the Common Shares.

The sum total of all compensation to the underwriters in connection with this offering of the Common Shares will not exceed in the aggregate 6.6314% of the total price to the public of the Common Shares sold in this offering.

Certain of the underwriters also have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with affiliates of the Fund, including the Investment Manager and the Sub-Adviser.

The Fund anticipates that certain underwriters may from time to time act as brokers or dealers in connection with the execution of the Fund's portfolio transactions after they have ceased to be underwriters and, subject to certain restrictions, may act as brokers while they are underwriters.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is One Bryant Park, New York, New York 10036. The principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202.

SHAREHOLDER SERVICING AGENT, CUSTODIAN AND TRANSFER AGENT

The custodian of the assets of the Fund is Brown Brothers Harriman & Co, 50 Post Office Square, Boston, Massachusetts 02110-1548 . The custodian performs custodial and fund accounting services as well as sub-administrative and compliance services on behalf of the Fund.

American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219, serves as the Fund's transfer agent, registrar, dividend disbursement agent and shareholder servicing agent, as well as agent for the Fund's Dividend Reinvestment Plan.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP ("PwC"), 300 Madison Avenue, New York, New York 10017, serves as independent registered public accounting firm for the Fund. PwC provides audit services, tax and other audit-related services to the Fund.

LEGAL MATTERS

Certain legal matters will be passed on for the Fund by Ropes & Gray LLP and for the underwriters by Clifford Chance US LLP.

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PRIVACY POLICY

Effective Date: March 2015

Please read this Policy carefully. It gives you important information about how Allianz Global Investors U.S. and its U.S. affiliates ("AllianzGI US," "we" or "us") handle non-public personal information ("Personal Information") that we may receive about you. It applies to all of our past, present and future clients and shareholders of AllianzGI US and the funds and accounts it manages, advises, sub-advises, administers or distributes, and will continue to apply when you are no longer a client or shareholder. As used throughout this Policy, "AllianzGI US" means Allianz Global Investors U.S. LLC, Allianz Global Investors Fund Management LLC, Allianz Global Investors Distributors LLC, NFJ Investment Group LLC and the family of registered and unregistered funds managed by one or more of these firms. AllianzGI US is part of a global investment management group, and the privacy policies of other Allianz Global Investors entities outside of the United States may have provisions in their policies that differ from this Privacy Policy. Please refer to the website of the specific non-US Allianz Global Investors entity for its policy on privacy.

We Care about Your Privacy

We consider your privacy to be a fundamental aspect of our relationship with you, and we strive to maintain the confidentiality, integrity and security of your Personal Information. To ensure your privacy, we have developed policies that are designed to protect your Personal Information while allowing your needs to be served.

Information We May Collect

In the course of providing you with products and services, we may obtain Personal Information about you, which may come from sources such as account application and other forms, from other written, electronic, or verbal communications, from account transactions, from a brokerage or financial advisory firm, financial advisor or consultant, and/or from information you provide on our website.

You are not required to supply any of the Personal Information that we may request. However, failure to do so may result in us being unable to open and maintain your account, or to provide services to you.

How Your Information Is Shared

We do not disclose your Personal Information to anyone for marketing purposes. We disclose your Personal Information only to those service providers, affiliated and non-affiliated, who need the information for everyday business purposes, such as to respond to your inquiries, to perform services, and/or to service and maintain your account. This applies to all of the categories of Personal Information we collect about you. The affiliated and non-affiliated service providers who receive your Personal Information also may use it to process your transactions, provide you with materials (including preparing and mailing prospectuses and shareholder reports and gathering shareholder proxies), and provide you with account statements and other materials relating to your account. These service providers provide services at our direction, and under their agreements with us, are required to keep your Personal Information confidential and to use it only for providing the contractually required services. Our service providers may not use your Personal Information to market products and services to you except in conformance with applicable laws and regulations. We also may provide your Personal Information to your respective brokerage or financial advisory firm, custodian, and/or to your financial advisor or consultant.

In addition, we reserve the right to disclose or report Personal Information to non-affiliated third parties, in limited circumstances, where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities or pursuant to other legal process, or to protect our rights or property, including to enforce our Privacy Policy or other agreements with you. Personal Information collected by us may also be transferred as part of a corporate sale, restructuring, bankruptcy, or other transfer of assets.

Security of Your Information

We maintain your Personal Information for as long as necessary for legitimate business purposes or otherwise as required by law. In maintaining this information, we have implemented appropriate procedures that are designed to restrict access to your Personal Information only to those who need to know that information in order to provide products and/or services to you. In addition, we have implemented physical, electronic and procedural safeguards to help protect your Personal Information.

Privacy and the Internet

The Personal Information that you provide through our website, as applicable, is handled in the same way as the Personal Information that you provide by any other means, as described above. This section of the Policy gives you additional information about the way in which Personal Information that is obtained online is handled.

- **Online Enrollment, Account Access and Transactions:** When you visit our website, you can visit pages that are open to the general public, or, where available, log into protected pages to enroll online, access information about your account, or conduct certain transactions. Access to the secure pages of our website is permitted only after you have created a User ID and Password. The User ID and Password must be supplied each time you want to access your account information online. This information serves to verify your identity. When you enter Personal Information into our website (including your Social Security Number or Taxpayer Identification Number and your password) to enroll or access your account online, you will log into secure pages. By using our website, you consent to this Privacy Policy and to the use of your Personal Information in accordance with the practices described in this Policy. If you provide Personal Information to effect transactions on our website, a record of the transactions you have performed while on the site is retained by us. For additional terms and conditions governing your use of our website, please refer to the Investor Mutual Fund Access—Disclaimer which is incorporated herein by reference and is available on our website.
- **Cookies and Similar Technologies:** Cookies are small text files stored in your computer's hard drive when you visit certain web pages. Cookies and similar technologies help us to provide customized services and information. We use these technologies on our website to improve our website and services, including to evaluate the effectiveness of our site, and to enhance the site user experience. Because an industry-standard Do-Not-Track protocol is not yet established, our website will continue to operate as described in this Privacy Policy and will not be affected by any Do-Not-Track signals from any browser.

Changes to Our Privacy Policy

We may modify this Privacy Policy from time-to-time to reflect changes in related practices and procedures, or applicable laws and regulations. If we make changes, we will notify you on our website and the revised Policy will become effective immediately upon posting to our website. We also will provide account owners with a copy of our Privacy Policy annually. We encourage you to visit our website periodically to remain up to date on our Privacy Policy. You acknowledge that by using our website after we have posted changes to this Privacy Policy, you are agreeing to the terms of the Privacy Policy as modified.

Obtaining Additional Information

If you have any questions about this Privacy Policy or our privacy related practices in the United States, you may contact us via our dedicated email at PrivacyUS@allianzgi.com.

APPENDIX A

Description of Securities Ratings

The Fund's investments may range in quality from securities rated in the lowest category to securities rated in the highest category (as rated by Moody's, S&P or Fitch or, if unrated, determined by AGI U.S. to be of comparable quality). The percentage of the Fund's assets invested in securities in a particular rating category will vary. The following terms are generally used to describe the credit quality of fixed income securities:

High quality debt securities are those rated in one of the two highest rating categories (the highest category for commercial paper) or, if unrated, deemed comparable by AGI U.S.

Investment grade debt securities are those rated in one of the four highest rating categories or, if unrated deemed comparable by AGI U.S.

Below investment grade, high yield securities ("junk bonds") are those rated lower than Baa3 by Moody's or BBB- by S&P or Fitch and comparable securities. Instruments of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal.

The following is a description of Moody's, S&P's and Fitch's rating categories applicable to fixed income securities.

MOODY'S INVESTORS SERVICE

Global Long-Term Rating Scale

Ratings assigned on Moody's global long-term rating scale are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.

Aaa: Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa: Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A: Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa: Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba: Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B: Obligations rated B are considered speculative and are subject to high credit risk.

Caa: Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

Ca: Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C: Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers, 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.*

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* By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

Global Short-Term Rating Scale

Ratings assigned on Moody's global short-term obligation rating scale are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.

Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment ability of rated issuers:

P-1: Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2: Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3: Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

N-P: Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

US Municipal Short-Term Debt and Demand Obligation Ratings

Short-Term Obligation Ratings

The Municipal Investment Grade (MIG) scale is used to rate US municipal bond anticipation notes of up to three years maturity. Municipal notes rated on the MIG scale may be secured by either pledged revenues or proceeds of a take-out financing received prior to note maturity. MIG ratings expire at the maturity of the obligation, and the issuer's long-term rating is only one consideration in assigning the MIG rating. MIG ratings are divided into three levels—MIG 1 through MIG 3—while speculative grade short-term obligations are designated SG.

MIG 1: This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2: This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3: This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG: This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Demand Obligation Ratings

In the case of variable-rate demand obligations (VRDOs), a two-component rating is assigned: a long or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of risk associated with the ability to receive purchase price upon demand ("demand feature") . The second element uses a rating from a variation of the MIG scale called the Variable Municipal Investment Grade (VMIG) scale. The rating transitions on the VMIG scale, as shown below, differ from those on the Prime scale to reflect the risk that external liquidity support generally will terminate if the issuer's long-term rating drops below investment grade.

VMIG 1: This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2: This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 3: This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

SG: This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

STANDARD & POOR'S RATINGS SERVICES

Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on Standard & Poor's analysis of the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;, and the promise we impute.
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

AAA: An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA: An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

'BB'; 'B'; 'CCC'; 'CC'; and 'C': Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB: An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B: An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC: An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC: An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred, but Standard & Poor's expects default to be a virtual certainty, regardless of the anticipated time to default.

C: An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

D: An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

NR: This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

* The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Short-Term Issue Credit Ratings

A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2: A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3: A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B: A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

C: A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D: A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

Active qualifiers (currently applied and/or outstanding)

L: Ratings qualified with 'L' apply only to amounts invested up to federal deposit insurance limits.

P: This suffix is used for issues in which the credit factors, the terms, or both, that determine the likelihood of receipt of payment of principal are different from the credit factors, terms or both that determine the likelihood of receipt of interest on the obligation. The 'p' suffix indicates that the rating addresses the principal portion of the obligation only and that the interest is not rated.

pi: Ratings with a 'pi' suffix are based on an analysis of an issuer's published financial information, as well as additional information in the public domain. They do not, however, reflect in-depth meetings with an issuer's management and therefore may be based on less comprehensive information than ratings without a 'pi' suffix. Ratings with a 'pi' suffix are reviewed annually based on a new year's financial statements, but may be reviewed on an interim basis if a major event occurs that may affect the issuer's credit quality.

Preliminary: Preliminary ratings, with the ‘prelim’ suffix, may be assigned to obligors or obligations, including financial programs, in the circumstances described below. Assignment of a final rating is conditional on the receipt by Standard & Poor’s of appropriate documentation. Standard & Poor’s reserves the right not to issue a final rating. Moreover, if a final rating is issued, it may differ from the preliminary rating.

- Preliminary ratings may be assigned to obligations, most commonly structured and project finance issues, pending receipt of final documentation and legal opinions.
- Preliminary ratings are assigned to Rule 415 Shelf Registrations. As specific issues, with defined terms, are offered from the master registration, a final rating may be assigned to them in accordance with Standard & Poor’s policies.
- Preliminary ratings may be assigned to obligations that will likely be issued upon the obligor’s emergence from bankruptcy or similar reorganization, based on late-stage reorganization plans, documentation and discussions with the obligor. Preliminary ratings may also be assigned to the obligors. These ratings consider the anticipated general credit quality of the reorganized or postbankruptcy issuer as well as attributes of the anticipated obligation(s).
- Preliminary ratings may be assigned to entities that are being formed or that are in the process of being independently established when, in Standard & Poor’s opinion, documentation is close to final. Preliminary ratings may also be assigned to the obligations of these entities.
- Preliminary ratings may be assigned when a previously unrated entity is undergoing a well-formulated restructuring, recapitalization, significant financing or other transformative event, generally at the point that investor or lender commitments are invited. The preliminary rating may be assigned to the entity and to its proposed obligation(s). These preliminary ratings consider the anticipated general credit quality of the obligor, as well as attributes of the anticipated obligation(s), assuming successful completion of the transformative event. Should the transformative event not occur, Standard & Poor’s would likely withdraw these preliminary ratings.
- A preliminary recovery rating may be assigned to an obligation that has a preliminary issue credit rating.

t: This symbol indicates termination structures that are designed to honor their contracts to full maturity or, should certain events occur, to terminate and cash settle all their contracts before their final maturity date.

Inactive qualifiers (no longer applied or outstanding)

*: This symbol that indicated that the rating was contingent upon Standard & Poor’s receipt of an executed copy of the escrow agreement or closing documentation confirming investments and cash flows. Discontinued use in August 1998.

c: This qualifier was used to provide additional information to investors that the bank may terminate its obligation to purchase tendered bonds if the long-term credit rating of the issuer was lowered to below an investment-grade level and/or the issuer’s bonds were deemed taxable. Discontinued use in January 2001.

G: The letter ‘G’ followed the rating symbol when a fund’s portfolio consisted primarily of direct U. S. government securities.

pr: The letters ‘pr’ indicate that the rating was provisional. A provisional rating assumed the successful completion of a project financed by the debt being rated and indicates that payment of debt service requirements was largely or entirely dependent upon the successful, timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, made no comment on the likelihood of or the risk of default upon failure of such completion.

q: A ‘q’ subscript indicates that the rating is based solely on quantitative analysis of publicly available information. Discontinued use in April 2001.

r: The ‘r’ modifier was assigned to securities containing extraordinary risks, particularly market risks, which are not covered in the credit rating. The absence of an ‘r’ modifier should not be taken as an indication that an obligation would not exhibit extraordinary non-credit related risks. Standard & Poor’s discontinued the use of the ‘r’ modifier for most obligations in June 2000 and for the balance of obligations (mainly structured finance transactions) in November 2002.

Local Currency and Foreign Currency Risks

Standard & Poor’s issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer’s foreign currency rating will differ from its local currency rating when the obligor has a different capacity to meet its obligations denominated in its local currency, vs. obligations denominated in a foreign currency.

FITCH RATINGS

A brief description of the applicable Fitch ratings symbols and meanings (as published by Fitch) follows:

Long-Term Credit Ratings

AAA: Highest credit quality. “AAA” ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality. “AA” ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality. “A” ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality. “BBB” ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative. “BB” ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

B: Highly speculative. “B” ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC: Substantial credit risk. Default is a real possibility.

CC: Very high levels of credit risk. Default of some kind appears probable.

C: Exceptionally high levels of credit risk. Default is imminent or inevitable, or the issuer is in standstill. Conditions that are indicative of a ‘C’ category rating for an issuer include: (a) the issuer has entered into a grace or cure period following non-payment of a material financial obligation; (b) the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; or (c) Fitch otherwise believes a condition of ‘RD’ or ‘D’ to be imminent or inevitable, including through the formal announcement of a distressed debt exchange.

RD: Restricted Default: ‘RD’ ratings indicate an issuer that in Fitch’s opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased operating. This would include: (a) the selective payment default on a specific class or currency of debt; (b) the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation; (c) the extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel; or (d) execution of a distressed debt exchange on one or more material financial obligations.

D. Default: ‘D’ ratings indicate an issuer that in Fitch’s opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.

Default ratings are not assigned prospectively to entities or their obligations; within this context, non-payment on an instrument that contains a deferral feature or grace period will generally not be considered a default until after the expiration of the deferral or grace period, unless a default is otherwise driven by bankruptcy or other similar circumstance, or by a distressed debt exchange.

“Imminent” default typically refers to the occasion where a payment default has been intimated by the issuer, and is all but inevitable. This may, for example, be where an issuer has missed a scheduled payment, but (as is typical) has a grace period during which it may cure the payment default. Another alternative would be where an issuer has formally announced a distressed debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

In all cases, the assignment of a default rating reflects the agency’s opinion as to the most appropriate rating category consistent with the rest of its universe of ratings, and may differ from the definition of default under the terms of an issuer’s financial obligations or local commercial practice.

Note: The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the ‘AAA’ Long-Term Issuer Default Ratings (“IDRs”) category, or to Long-Term IDR categories below ‘B’.

Recovery Ratings

Recovery Ratings are assigned to selected individual securities and obligations, most frequently for individual obligations of corporate issuers with IDRs in speculative grade categories.

Among the factors that affect recovery rates for securities are the collateral, the seniority relative to other obligations in the capital structure (where appropriate), and the expected value of the company or underlying collateral in distress.

The Recovery Rating scale is based upon the expected relative recovery characteristics of an obligation upon the curing of a default, emergence from insolvency or following the liquidation or termination of the obligor or its associated collateral.

Recovery Ratings are an ordinal scale and do not attempt to precisely predict a given level of recovery. As a guideline in developing the rating assessments, the agency employs broad theoretical recovery bands in its ratings approach based on historical averages, but actual recoveries for a given security may deviate materially from historical averages.

RR1: Outstanding recovery prospects given default. "RR1" rated securities have characteristics consistent with securities historically recovering 91%-100% of current principal and related interest.

RR2: Superior recovery prospects given default. "RR2" rated securities have characteristics consistent with securities historically recovering 71%-90% of current principal and related interest.

RR3: Good recovery prospects given default. "RR3" rated securities have characteristics consistent with securities historically recovering 51%-70% of current principal and related interest.

RR4: Average recovery prospects given default. "RR4" rated securities have characteristics consistent with securities historically recovering 31%-50% of current principal and related interest.

RR5: Below average recovery prospects given default. "RR5" rated securities have characteristics consistent with securities historically recovering 11%-30% of current principal and related interest.

RR6: Poor recovery prospects given default. "RR6" rated securities have characteristics consistent with securities historically recovering 0%-10% of current principal and related interest.

Short-Term Ratings Assigned to Issuers or Obligations in Corporate, Public and Structured Finance

A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as "short term" based on market convention. Typically, this means up to 13 months for corporate, sovereign, and structured obligations, and up to 36 months for obligations in U.S. public finance markets.

F1: Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

F2: Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.

F3: Fair short-term credit quality. The intrinsic capacity for timely payment of financial commitments is adequate.

B: Speculative short-term credit quality. Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near-term adverse changes in financial and economic conditions.

C: High short-term default risk. Default is a real possibility.

RD: Restricted Default. Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Typically applicable to entity ratings only.

D: Default. Indicates a broad-based default event for an entity, or the default of a short-term obligation.

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Through and including June 15, 2015 (25 days after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Allianz Global Investors

11,200,000 Shares

AllianzGI Diversified Income & Convertible Fund

Common Shares
$25.00 per Share

PROSPECTUS

BofA Merrill Lynch
Wells Fargo Securities
RBC Capital Markets
Stifel
Citigroup
BB&T Capital Markets
Comerica Securities
D. A. Davidson & Co.
Dawson James Securities, Inc.
Hennion & Walsh, Inc.
Janney Montgomery Scott
Ladenburg Thalmann
MLV & Co.
National Securities Corporation
Newbridge Securities Corporation
Pershing LLC
RCS Capital
Southwest Securities
Wedbush Securities Inc.
Wunderlich

May 21, 2015