

16,500,000 Shares
First Trust Dynamic Europe Equity Income Fund
Common Shares
\$20.00 per Share

The Fund. First Trust Dynamic Europe Equity Income Fund is a newly organized, non-diversified, closed-end management investment company.

Investment Objective. The Fund’s investment objective is to provide a high level of current income with a secondary focus on capital appreciation. There can be no assurance that the Fund’s investment objective will be achieved.

Investment Strategies and Policies. Under normal market conditions, the Fund will seek to achieve its investment objective by investing at least 80% of its Managed Assets (as defined below) in a portfolio of equity securities of European companies of any market capitalization, including, but not limited to, common and preferred stock that pay dividends, depositary receipts and real estate investment trusts. The Fund will seek to focus its equity investments on income-producing securities. The Fund will utilize a dynamic currency hedging process, which will include, at the discretion of the portfolio managers, the use of forward foreign currency exchange contracts to hedge a portion of the Fund’s currency exposure. See “The Fund’s Investments—Derivatives and Other Transactions—Foreign Currencies and Related Transactions”.

European companies are defined to include any company that meets one or both of the following tests: (i) its primary business office is located in Europe; or (ii) the principal trading market of its stock is located in Europe. In selecting income-producing equity securities, the Fund will seek to invest in securities of companies that the portfolio managers of the Fund believe have attractive long-term business prospects to produce high levels of dividend income as well as securities that the portfolio managers believe offer the potential for growth of income. See “The Fund’s Investments—Investment Philosophy and Process”. To generate additional income, the Fund currently expects to write (or sell) call options on portfolio equity securities and certain broad-based securities indices in an amount up to 40% of the value of its Managed Assets (the “Option Overlay Strategy”). See “The Fund’s Investments—Derivatives and Other Transactions—Option Overlay Strategy”.

“Managed Assets” means the average daily gross asset value of the Fund (which includes assets attributable to the Fund’s leverage, if any), minus the sum of the Fund’s accrued and unpaid dividends on any outstanding preferred shares of beneficial interest, if any, and accrued liabilities (other than liabilities representing leverage).

Contingent Conversion Feature. The Fund’s Amended and Restated Declaration of Trust provides that, during calendar year 2023, the Fund will call a shareholder meeting for the purpose of voting to determine whether the Fund should convert to an open-end management investment company (such meeting date, as may be adjourned, the “Conversion Vote Date”). If approved by shareholders on the Conversion Vote Date, the Fund will seek to convert to an open-end management investment company within 12 months of such approval. See “Contingent Conversion Feature”.

No Prior History. Because the Fund is newly organized, its shares have no history of public trading. Shares of closed-end investment companies frequently trade at a discount from their net asset value. This risk may be greater for investors expecting to sell their shares in a relatively short period of time after completion of the public offering.

The Fund’s common shares of beneficial interest have been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the symbol “FDEU”.

(continued on the following page)

Investing in the Common Shares involves certain risks that are described in the “Risks” section beginning on page 36 of this prospectus.

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

	<u>Per Share</u>	<u>Total (1)</u>
Initial price to public.....	\$20.00	\$330,000,000
Sales load (2).....	\$ 0.90	\$ 14,850,000
Estimated offering costs (3).....	\$ 0.04	\$ 660,000
Proceeds, after expenses, to the Fund.....	\$19.06	\$314,490,000

(notes on following page)

The Underwriters expect to deliver the Common Shares to purchasers on or about September 29, 2015.

Wells Fargo Securities RBC Capital Markets BB&T Capital Markets Janney Montgomery Scott National Securities Corporation Southwest Securities	Morgan Stanley Stifel Ladenburg Thalmann D.A. Davidson & Co. J.J.B. Hilliard, W.L. Lyons, LLC Pershing LLC Wedbush Securities Inc.	UBS Investment Bank Oppenheimer & Co. FBR Maxim Group LLC RCS Capital Wunderlich
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The date of this prospectus is September 24, 2015.

(notes from previous page)

- (1) The Fund has granted the Underwriters an option to purchase up to 2,475,000 additional Common Shares at the public offering price, less the sales load, within 45 days of the date of this prospectus solely to cover over-allotments, if any. If such option is exercised in full, the total public offering price, sales load, estimated offering costs and proceeds, after expenses, to the Fund will be \$379,500,000, \$17,077,500, \$759,000 and \$361,663,500, respectively. See “Underwriters”.
- (2) The Advisor and the Sub-Advisor (and not the Fund) have agreed to pay, from their own assets, a structuring fee to each of Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, UBS Securities LLC and RBC Capital Markets, LLC, and a fee to each of Stifel, Nicolaus & Company, Incorporated, Ladenburg Thalmann & Co. Inc., Oppenheimer & Co. Inc., J.J.B. Hilliard, W.L. Lyons, LLC, Maxim Group LLC and Pershing LLC. See “Underwriters”.
- (3) Total expenses of the offering of the Common Shares paid by the Fund (other than the sales load) are estimated to be \$660,000, which represents 0.20% (or \$0.04 per Common Share) of the Fund’s aggregate offering price. The Advisor and Sub-Advisor have agreed to pay: (i) all organizational expenses; and (ii) all offering costs of the Fund (other than the sales load) that exceed 0.20% (or \$0.04 per Common Share) of the Fund’s aggregate offering price.

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Investment Advisor, Sub-Advisor and Sub-Sub-Advisor. First Trust Advisors L.P. (the “Advisor”) will be the Fund’s investment adviser and will be responsible for implementing the Option Overlay Strategy. Henderson Global Investors (North America) Inc. (the “Sub-Advisor”) will be the Fund’s sub-adviser. The Advisor, the Sub-Advisor and the Fund will engage Henderson Investment Management Limited (the “Sub-Sub-Advisor”) to be responsible for the day-to-day investment decisions of the Fund other than the Option Overlay Strategy. See “Management of the Fund” in this prospectus and “Investment Advisor” and “Sub-Advisor and Sub-Sub-Advisor” in the Fund’s Statement of Additional Information (the “SAI”).

Distributions. The Fund intends to pay monthly distributions to holders of the Common Shares (the “Common Shareholders”) out of legally available funds. Distributions, if any, will be determined by the Fund’s Board of Trustees (the “Board of Trustees”). The Fund expects to declare its initial monthly distribution approximately 30 to 60 days following the completion of this offering and pay such initial monthly distribution approximately 60 to 90 days after the completion of this offering, depending on market conditions. There is no assurance the Fund will make this initial monthly distribution or continue to pay regular monthly distributions or that it will do so at a particular rate.

In addition to regular monthly distributions, for the two years following the completion of this offering, the Fund intends to pay quarterly distributions (each, a “quarterly special distribution”) in cash to Common Shareholders if the conditions described below have been met (the “quarterly special distribution program”). The date on which the amount of the quarterly special distribution will be measured (each, a “quarterly special distribution measurement date”) for the first quarterly special distribution will be December 18, 2015 and subsequent quarterly special distribution measurement dates will occur every three months thereafter (a “quarterly special distribution period”) on the 15th day of each such month (or, if such date is not a business day, on the first business day thereafter) during the two year period following the completion of this offering. The aggregate amount payable for each quarterly special distribution period is expected to be equal to 50% of the amount by which the net asset value (“NAV”) of the Fund as of the applicable quarterly special distribution measurement date (the “measurement NAV”) exceeds the NAV of the Fund as of the most recent prior quarterly special distribution measurement date for which a quarterly special distribution was paid (the “benchmark NAV”). The calculation of the measurement NAV and the benchmark NAV will be appropriately adjusted to reflect distributions paid or to be paid by the Fund. For purposes of calculating the measurement NAV, the Fund will subtract from the NAV as of the quarterly special distribution measurement date the amount of any regular monthly distribution not reflected in the NAV on such date but which is declared prior to or simultaneous with the declaration of the quarterly special distribution during that month. In addition, for purposes of calculating the benchmark NAV, the Fund will subtract from the NAV as of the quarterly special distribution measurement date for the applicable prior quarterly special distribution period the amounts of any quarterly special distribution and regular monthly distribution that had not been reflected in the NAV as of such date but were declared by the end of the month in which such quarterly special distribution measurement date occurred. For the purposes of the first quarterly special distribution, the benchmark NAV will be \$19.06 per share. There can be no assurance that the NAV of the Fund will increase or any quarterly special distribution will be made by the Fund. The Board of Trustees will review the quarterly special distribution program from time to time and may determine to modify, suspend or cancel the program. The Fund will provide Common Shareholders with advance notice in the event of any such determination by the Board of Trustees to modify, suspend or cancel the quarterly special distribution program. See “Distributions” and “Risks—Quarterly Special Distribution Program Risk”.

Use of Leverage. The Fund currently intends to use leverage to seek to enhance its potential for current income. The Fund initially anticipates that, under normal market conditions, it will employ leverage through borrowings from banks and other financial institutions representing approximately 25% of the Fund’s Managed Assets. Under normal market conditions, the Fund’s leverage through such borrowings will not exceed 25% of the Fund’s Managed Assets, measured immediately after leverage is issued. The costs associated with any issuance and use of leverage will be borne by the Common Shareholders. Through the use of leverage, the Fund will seek to obtain a higher return for Common Shareholders than if the Fund did not use leverage. The use of leverage is a speculative technique and investors should note that there are special risks and costs associated with the leveraging of the Common Shares. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed. See “Use of Leverage”, “Risks—Leverage Risk” and “Description of Shares”.

You should read this prospectus, which contains important information about the Fund, before deciding whether to invest in the Common Shares, and retain it for future reference. This prospectus sets forth concisely the information about the Fund that a prospective investor should know before investing. The SAI, dated September 24, 2015, containing additional information about the Fund, has been filed with the Securities and Exchange Commission (the “SEC”) and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI, the table of contents of which is on page 67 of this prospectus, annual and semi-annual reports to shareholders, when available, and other information about the Fund, and make shareholder inquiries, by calling (800) 988-5891; by writing to the Fund at 120 East Liberty Drive, Wheaton, Illinois 60187; or from the Fund’s or Advisor’s website (<http://www.ftportfolios.com>). Please note that the information contained in the Fund’s or Advisor’s website, whether currently posted or posted in the future, is not part of this prospectus or the documents incorporated by reference in this prospectus. Additional information about the Fund has been filed with the SEC and is available upon written or oral request and without charge. Information about the Fund can be reviewed and copied at the SEC’s Public Reference Room in Washington, D.C. You may call (202) 551-8090 for information on the operation of the Public Reference Room. This information also is available on the SEC’s website at <http://www.sec.gov> and copies may be obtained upon payment of a duplicating fee by writing the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549-0102. You may also email requests for these documents to publicinfo@sec.gov.

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.

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Summary of Fund Expenses	27
The Fund	28
Use of Proceeds	28
Contingent Conversion Feature	28
The Fund's Investments	28
Use of Leverage	34
Risks	36
Management of The Fund	50
Net Asset Value	52
Distributions	53
Dividend Reinvestment Plan	54
Description of Shares	55
Certain Provisions in the Declaration of Trust and By-Laws	56
Structure of the Fund; Common Share Repurchases and Conversion to Open-End Fund	58
Federal Tax Matters	59
Underwriters	62
Legal Opinions	65
Custodian, Administrator, Fund Accountant and Transfer Agent	65
Table of Contents for the Statement of Additional Information	67

You should rely only on the information contained or incorporated by reference in this prospectus. Neither the Fund nor the Underwriters has authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither the Fund nor the Underwriters is making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date of this prospectus. The Fund's business, financial condition and prospects may have changed since that date.

CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This prospectus and the SAI, including documents incorporated by reference, contain "forward looking statements". Forward looking statements can be identified by the words "may", "will", "intend", "expect", "believe", "estimate", "continue", "plan", "anticipate", and similar terms and the negative of such terms. By their nature, all forward looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward looking statements. Several factors that could materially affect the Fund's actual results are the performance of the portfolio of securities held by the Fund, the conditions in the U.S., European and other markets, the price at which the Common Shares will trade in the public markets and other factors which may be discussed in the Fund's periodic filings with the SEC.

Although we believe that the expectations expressed in these forward looking statements are reasonable, actual results could differ materially from those projected or assumed in these forward looking statements. The Fund's future financial condition and results of operations, as well as any forward looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the "Risks" section of this prospectus. All forward looking statements contained or incorporated by reference in this prospectus are made as of the date of this prospectus. We do not intend, and we undertake no obligation, to update any forward looking statement. The forward looking statements contained in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended.

Currently known risk factors that could cause actual results to differ materially from the Fund's expectations include, but are not limited to, the factors described in the "Risks" section of this prospectus. The Fund urges you to review carefully that section for a more detailed discussion of the risks of an investment in the Fund's securities.

PROSPECTUS SUMMARY

This is only a summary of some of the information that is described more fully elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in the Fund's Common Shares (as defined below). You should carefully read the entire prospectus and the Statement of Additional Information (the "SAI"), particularly the section entitled "Risks".

The Fund First Trust Dynamic Europe Equity Income Fund (the "Fund") is a newly organized, non-diversified, closed-end management investment company. See "The Fund".

The Offering The Fund is offering 16,500,000 common shares of beneficial interest ("Common Shares") at \$20.00 per share through a group of underwriters (the "Underwriters") led by Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC and UBS Securities LLC. You must purchase at least 100 Common Shares in this offering. The Fund has given the Underwriters an option to purchase up to 2,475,000 additional Common Shares within 45 days from the date of this prospectus solely to cover over-allotments, if any. The Advisor and the Sub-Advisor (each, as defined below) have to agreed to pay: (i) all organizational expenses; and (ii) all offering costs of the Fund (other than sales load) that exceed 0.20% (or \$0.04 per Common Share) of the Fund's aggregate offering price.

Contingent

Conversion Feature The Fund's Amended and Restated Declaration of Trust (the "Declaration") provides that, during calendar year 2023, the Fund will call a shareholder meeting for the purpose of voting to determine whether the Fund should convert to an open-end management investment company (such meeting date, as may be adjourned, the "Conversion Vote Date"). A vote on such Conversion Vote Date to convert the Fund to an open-end management investment company under the Declaration requires approval by a majority of the Fund's outstanding voting securities as defined under the Investment Company Act of 1940 (the "1940 Act"). As defined in the 1940 Act, when used with respect to particular shares of the Fund, a "majority of the outstanding voting securities" means: (i) 67% or more of the shares present at a meeting, if the holders of more than 50% of the shares are present or represented by proxy; or (ii) more than 50% of the shares, whichever is less. If approved by shareholders on the Conversion Vote Date, the Fund will seek to convert to an open-end management investment company within 12 months of such approval. If the requisite number of votes to convert the Fund to an open-end management investment company is not obtained on the Conversion Vote Date, the Fund will continue in operation as a closed-end management investment company. See "Structure of the Fund; Common Share Repurchases and Conversion to Open-End Fund—Conversion to Open-End Fund" and "Risks—Conversion Risk" below.

Investment Advisor,

Sub-Advisor

and Sub-Sub-Advisor

. First Trust Advisors L.P., a registered investment adviser (the "Advisor"), will be the Fund's investment adviser and will be responsible for implementing the Option Overlay Strategy (as defined below), supervising the Sub-Advisor and the Sub-Sub-Advisor, managing the Fund's business affairs and providing certain clerical, bookkeeping and other administrative services. The Advisor, in consultation with the Sub-Advisor, will also be responsible for determining the Fund's overall investment strategy and overseeing its implementation. The Advisor is an Illinois limited partnership formed in 1991. It serves as investment adviser or portfolio supervisor to investment portfolios with approximately \$112 billion in assets, which it managed or supervised as of August 31, 2015. See "Management of the Fund—Investment Advisor" in this prospectus and "Investment Advisor" in the SAI.

Henderson Global Investors (North America) Inc., a registered investment adviser (the "Sub-Advisor"), will be the Fund's sub-adviser and will provide U.S. regulatory and compliance oversight for the services provided to the Fund by the Sub-Sub-Advisor (as defined below).

The Sub-Advisor is an indirect, wholly-owned subsidiary of Henderson Group plc (“Henderson Group”). The Advisor, the Sub-Advisor and the Fund have engaged Henderson Investment Management Limited (the “Sub-Sub-Advisor”), a registered investment adviser and an indirect, wholly-owned subsidiary of Henderson Group. The Sub-Sub-Advisor will be responsible for the day-to-day investment decisions of the Fund other than the Option Overlay Strategy. As of June 30, 2015, Henderson Group, together with its affiliates, including the Sub-Advisor and the Sub-Sub-Advisor, managed approximately \$129.1 billion in assets. See “Management of the Fund—Sub-Advisor and Sub-Sub-Advisor” in this prospectus and “Sub-Advisor and Sub-Sub-Advisor” in the SAI.

Investment Objective

The Fund’s investment objective is to provide a high level of current income with a secondary focus on capital appreciation. There can be no assurance that the Fund’s investment objective will be achieved.

Unless otherwise specified, the investment policies and limitations of the Fund are not considered to be fundamental by the Fund and can be changed without a vote of the holders of the Common Shares (the “Common Shareholders”). However, the Fund’s policy of investing at least 80% of its Managed Assets (as defined below) in a portfolio of equity securities of European companies (as further described below) may only be changed by the Board of Trustees of the Fund (the “Board of Trustees”) following the provision of 60 days’ prior written notice to the Common Shareholders. The Fund’s investment objective and certain investment restrictions specifically identified as such in the SAI are considered fundamental and may not be changed without the approval of the holders of a majority of the outstanding voting securities of the Fund, as defined in the 1940 Act, which includes Common Shares and preferred shares of beneficial interest of the Fund (“Preferred Shares”), if any, voting together as a single class, and the holders of the outstanding Preferred Shares, if any, voting as a single class.

Investment Strategies and Policies

Under normal market conditions, the Fund will seek to achieve its investment objective by investing at least 80% of its Managed Assets in a portfolio of equity securities of European companies of any market capitalization, including, but not limited to, common and preferred stock that pay dividends, depositary receipts and real estate investment trusts (“REITs”). See “Risks—European Markets Risk” and “Risks—Non-U.S. Securities Risk”. The Fund will seek to focus its equity investments on income-producing securities and will limit its investments in preferred securities, depositary receipts and REITs, in each case, to no more than 20% of its Managed Assets. See “—Portfolio Composition”.

European companies are defined to include any company that meets one or both of the following tests: (i) its primary business office is located in Europe; or (ii) the principal trading market of its stock is located in Europe. The Fund will limit its investments in a single country to no more than 40% of its Managed Assets. See “Risks—Geographic Concentration Risk”. The Fund currently anticipates that it will focus its European investments on companies located in Western European countries, such as the United Kingdom, Ireland, Belgium, Germany, Norway, the Netherlands, Denmark, Switzerland, Finland, Sweden, Portugal, France, Austria, Italy, Greece and Spain, but it may also invest in companies located in Central and Eastern European countries such as Russia, Bulgaria, the Czech Republic, Turkey and Poland. Certain of the European countries in which the Fund may invest are considered to be emerging market countries. The Fund will limit its investments in emerging market countries in the aggregate to no more than 20% of its Managed Assets. See “Risks—Emerging Markets Risk”. The Fund considers an emerging market country to be any country whose issuers are included in the Morgan Stanley Capital International (“MSCI”) Emerging Markets Index and/or those countries considered to be developing by the World Bank, the International Finance Corporation or the United Nations. The Fund considers an “emerging market issuer” to be one (i) domiciled or with a principal place of business or primary securities trading market in an emerging market country or (ii) that derives a

substantial portion of its total revenues or profits from emerging market countries. In selecting income-producing equity securities, the Fund will seek to invest in securities of companies that the portfolio managers of the Fund believe have attractive long-term business prospects to produce high levels of dividend income as well as securities that the portfolio managers believe offer the potential for growth of income. See “—Investment Philosophy and Process”.

The Fund will utilize a dynamic currency hedging process, which will include, at the discretion of the portfolio managers, the use of forward foreign currency exchange contracts to hedge a portion of the Fund’s currency exposure. The Fund’s currency exchange transactions will be used for hedging or currency risk management purposes (e.g., to protect the value of its portfolio against uncertainty in the level of future currency exchange rates) and not in order to speculate on currency exchange rate movements. The portfolio managers of the Fund will adjust the extent to which the Fund will utilize currency hedging transactions on an ongoing basis based on, among other things, their view of market conditions, currency exchange rates and the currency exposure of the Fund’s portfolio investments. As a result of the dynamic currency hedging process, the portion of the Fund’s portfolio securities which are subject to currency hedging transactions may vary widely, from 0% to 100% of the portfolio securities. See “—Investment Philosophy and Process”. The Fund may have higher returns than an equivalent non-currency hedged investment when the component currencies are weakening relative to the U.S. dollar. Conversely, the Fund may have lower returns than an equivalent non-currency hedged investment when the component currencies are rising relative to the U.S. dollar. As such, contracts to sell foreign currency will generally be expected to limit any potential gain that might be realized by the Fund if the value of the hedged currency increases. Although the Fund seeks to minimize the impact of currency fluctuations on Fund returns, the use of currency hedging will not necessarily eliminate exposure to all currency fluctuations. See “The Fund’s Investments—Derivatives and Other Transactions—Foreign Currencies and Related Transactions”.

Under normal market conditions, the Fund also may invest up to 20% of its Managed Assets in domestic and foreign fixed income securities of any maturity and credit quality, including corporate and government debt securities. See “—Portfolio Composition—Corporate Debt Securities” and “—Portfolio Composition—Government Debt Securities”. Securities rated below investment grade are commonly referred to as “junk” or “high yield” securities and are considered speculative with respect to the issuer’s capacity to pay interest and repay principal. See “Risks—Credit and Below Investment Grade Securities Risk”.

The Fund may invest up to 15% of its Managed Assets in securities that, at the time of investment, are illiquid (determined using the standard of the Securities and Exchange Commission (the “SEC”) applicable to registered investment companies, i.e., securities that cannot be disposed of within seven days in the ordinary course of business at approximately the price at which the Fund has valued the securities).

The Fund may invest, without limit, in securities that have not been registered under the Securities Act of 1933, as amended (the “1933 Act”), and continue to be subject to restrictions on resale; securities held by control persons of the issuer of such securities; and securities that are subject to contractual restrictions on their resale (collectively, “restricted securities”). However, restricted securities determined by the Advisor, the Sub-Advisor or the Sub-Sub-Advisor to be illiquid are subject to the above limitation on the amount of illiquid securities in which the Fund may invest. See “Risks—Illiquid and Restricted Securities Risk”.

To generate additional income, the Fund currently expects to write (or sell) call options on portfolio equity securities and certain broad-based securities indices in an amount up to 40% of the value of its Managed Assets (the “Option Overlay Strategy”). The Fund’s use of the Option Overlay Strategy may vary from time to time depending on market conditions and other factors. The Option Overlay

Strategy seeks 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 Overlay Strategy will achieve this objective. The Fund's use of the Option Overlay Strategy may limit the Fund's ability to benefit from the full upside potential of its equity investments. See "—Derivatives and Other Transactions—Option Overlay Strategy".

"Managed Assets" means the average daily gross asset value of the Fund (which includes assets attributable to the Fund's leverage, if any), minus the sum of the Fund's accrued and unpaid dividends on any outstanding preferred shares of beneficial interest of the Fund ("Preferred Shares"), if any, and accrued liabilities (other than liabilities representing leverage). For purposes of determining Managed Assets, the liquidation preference of the Preferred Shares would not be treated as a liability.

Percentage limitations described in this section of the prospectus are as of the time of investment by the Fund and may be exceeded on a going-forward basis as a result of market value fluctuations of the Fund's portfolio securities.

Investment Philosophy

And Process

The investment strategy employed by the portfolio managers for the Fund is based on the belief that, over the long term, dividend paying stocks that exhibit consistent dividend growth will significantly outperform the broader market. Accordingly, the portfolio managers seek to invest in securities of companies they believe have attractive long-term business prospects to produce high levels of dividend income as well as securities that the portfolio managers believe offer the potential for growth of income.

The portfolio managers' investment process is driven by bottom-up stock selection based on fundamental, qualitative analysis and a strong value discipline. The portfolio managers aim to identify the most compelling opportunities based on income, value and growth potential. The portfolio managers evaluate a broad range of criteria when selecting companies in which to invest, including a company's financial strength, competitive position in its industry and projected future earnings and cash flows, as well as a broad range of additional value metrics, including price to earnings ratios, valuation relative to asset values and a particular focus on cash flow generation and a company's ability to service growing dividend streams in the medium term. The portfolio managers will place an emphasis on companies with strong yield fundamentals and those likely to increase future dividend payouts. The portfolio managers will generally consider selling a security when they believe there is a risk of significant deterioration in the company's fundamentals affecting its cash flow and ability to pay future dividends, or there is a change in business strategy or issuer-specific business outlook that affects the original investment thesis.

Country and sector allocation decisions are driven primarily by the stock selection process. However, in evaluating investment opportunities in various countries and sectors, the portfolio managers will consider, among other things, the condition and growth potential of the various economies, industry sectors and securities markets; expected levels of inflation; government policies influencing business conditions; currency and taxation factors; and other financial, social and political factors that may have an effect on the investment climate of the companies that are located in those countries or of their principal trading markets.

With respect to the management of the Fund's dynamic currency hedging process, the portfolio managers will adjust the amount of the Fund's currency hedging transactions on an ongoing basis. The key determinants in setting the proportion of hedging will be the portfolio's allocation towards various currency regions, the nature of the companies held and their underlying assets. The Sub-Advisor and/or the Sub-Sub-Advisor will also take into account differing interest rate policy across the European region and other macro indicators in determining the level of

hedging within the Fund. Hedging decisions are made on an individual position by position basis. Hedging decisions are continually reevaluated and modified in light of the key determinants noted above.

Portfolio Composition.....

Common Stock. Common stock represents an equity ownership interest in issuers. Holders of common stock are entitled to the income and increase in the value of the assets and business of the issuers after all debt obligations and obligations to preferred stockholders are satisfied. Common stockholders generally have voting rights. Common stocks fluctuate in price in response to many factors including historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. See “Risks—Common Stock Risk”.

Preferred Stock. Preferred stock represents an equity ownership interest in an issuer, but generally entitles the holder to receive, in preference to the holders of other stocks such as common stock, dividends and a fixed share of the proceeds resulting from the liquidation of the issuer. Some preferred stock also entitles its holders to receive additional liquidation proceeds on the same basis as holders of the issuer’s common stock. Some preferred stock offers a fixed rate of return with no maturity date. Preferred stock with no maturity may perform similarly to long term bonds, and can be more volatile than other types of preferred stock with heightened sensitivity to changes in interest rates. Other preferred stock has a variable dividend, generally determined on a quarterly or other periodic basis. Because preferred stock represents an equity ownership interest in a company, its value usually will react more strongly than bonds and other debt instruments to actual or perceived changes in an issuer’s financial condition or prospects or to fluctuations in the equity markets. Unlike common stock, preferred stock does not usually have voting rights absent the occurrence of specified events; preferred stock, in some instances, is convertible into common stock. In order to be payable, dividends on preferred stock must be declared by the issuer’s board of directors. There is, however, no assurance that dividends will be declared by the boards of directors of issuers of the preferred stocks in which the Fund invests. See “Risks—Preferred Stock Risk”.

Depository Receipts. The Fund may make foreign investments through American Depository Receipts (“ADRs”), European Depository Receipts (“EDRs”) and Global Depository Receipts (“GDRs”), or other securities representing underlying shares of foreign issuers. Positions in those securities are not necessarily denominated in the same currency as the underlying shares they represent. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities issued by foreign issuers. EDRs are European receipts listed on the Luxembourg Stock Exchange evidencing a similar arrangement. GDRs are U.S. dollar denominated receipts evidencing ownership of foreign securities. Generally, ADRs, in registered form, are designed for the U.S. securities markets and EDRs and GDRs, in bearer form, are designed for use in foreign securities markets.

The Fund may invest in sponsored or unsponsored ADRs. Sponsored ADRs are issued jointly by the issuer of the underlying security and a depository, whereas unsponsored ADRs are issued without participation of the issuer of the deposited security. Holders of unsponsored ADRs generally bear all the costs of such facilities and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts in respect of the deposited securities. Therefore, there may not be a correlation between information about the issuer of the security and the market value of an unsponsored ADR. Investments in depository receipts involve risks similar to those accompanying direct investments in foreign securities, including liquidity, currency, political, information and other risks. See “Risks—Non-U.S. Securities Risk”.

Real Estate Investment Trusts. REITs are financial vehicles that pool investors' capital to purchase or finance real estate. 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 tax requirements. See "Risks—Real Estate Investment Trust Risk".

Corporate Debt Securities. Corporate debt securities are debt obligations issued by U.S. and foreign corporations and other business entities to borrow money from investors. Corporate debt securities may be either secured or unsecured. Collateral used for secured debt includes, but is not limited to, real property, machinery, equipment, accounts receivable, stocks, bonds, or notes. If a bond is unsecured, it is known as a debenture. Holders of corporate debt securities, as creditors, have a prior legal claim over common and preferred stockholders as to both income and assets of the corporation for the principal and interest due them and may have a prior claim over other creditors if liens or mortgages are involved. Interest on corporate debt securities may be fixed rate, floating rate, adjustable rate, zero coupon, contingent, deferred, or have payment-in-kind features. Interest on corporate debt securities is typically paid semi-annually and is fully taxable to the holder of such securities. Corporate debt securities contain elements of both interest rate risk and credit risk. The market value of a corporate debt security generally may be expected to rise and fall inversely with interest rates and may also be affected by the credit rating of the corporation, the corporation's performance, and perceptions of the corporation in the marketplace. Corporate debt securities usually yield more than government or agency securities due to the presence of credit risk. See "Risks—Fixed Income Securities Risk".

Government Debt Securities. Government debt securities include debt securities issued or guaranteed by governments, governmental agencies or instrumentalities and political subdivisions; debt securities issued by government owned, controlled or sponsored entities; interests in entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by the above-noted issuers; or debt securities issued by supranational entities such as the World Bank or the European Union. These securities may be U.S. dollar-denominated or non-U.S. dollar denominated. Emerging market government debt securities generally are rated in the lower rating categories by recognized credit rating agencies or are unrated and considered to be of comparable quality to lower rated debt securities. A non-U.S. issuer of debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of a default. These risks are more pronounced in investments in issuers in emerging markets or if the Fund invests significantly in one country. See "Risks—U.S. Government Debt Securities Risk" and "Risks—Non-U.S. Government Debt Securities Risk".

Below Investment Grade Securities. The Fund may invest in securities of any credit quality, including securities that are rated below investment grade. Below investment grade securities are rated below "BBB-" by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, or Fitch Ratings, Inc., below "Baa3" by Moody's Investors Service, Inc. or comparably rated by another nationally recognized statistical rating organization ("NRSRO") or, if unrated, determined by the Sub-Advisor or the Sub-Sub-Advisor to be of comparable credit quality at the time of purchase. Below investment grade securities are commonly referred to as "junk" or "high yield" securities and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. See "Risks—Credit and Below Investment Grade Securities Risk".

Restricted Securities. Restricted securities include, without limitation, securities eligible for purchase and sale pursuant to Rule 144A under the 1933 Act (“Rule 144A”) and other securities issued in private placements. A restriction on public sale of restricted securities may make it more difficult to value the securities, limit the Fund’s ability to dispose of them and lower the amount the Fund could realize upon their sale. Any resale of these securities must generally be effected through a sale that is registered under the 1933 Act or otherwise exempted or excepted from such registration requirements. To the extent privately placed securities held by the Fund qualify under Rule 144A and an institutional market develops for those securities, the Fund likely will be able to dispose of the securities without registering them under the 1933 Act. To the extent that institutional buyers become, for a time, uninterested in purchasing these securities, investing in Rule 144A securities could increase the level of the Fund’s illiquidity. See “Risks—Illiquid and Restricted Securities Risk”.

Derivatives and Other

Transactions

The Fund intends to enter into various derivative and other transactions, including those described below, to seek to manage the risks of the Fund’s portfolio securities or for investment or other purposes to the extent the Advisor, the Sub-Advisor and/or the Sub-Sub-Advisor determines that their use would be consistent with the investment objective and policies of the Fund, as well as applicable regulatory requirements. Generally, derivatives are financial contracts whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to, among others, individual debt instruments, interest rates, currencies or currency exchange rates, commodities and related indexes. See “Risks—Derivative Transactions Risk” and “The Fund’s Investments—Derivatives and Other Transactions”. The derivative and other transactions discussed below represent the transactions that the Fund intends to enter into as a principal part of its investment strategy. Certain of the Fund’s derivative and other transactions also may provide investment leverage to the Fund’s portfolio. See “—Use of Leverage”.

Option Overlay Strategy. To generate additional income, the Fund currently expects to write (or sell) call options on portfolio equity securities and certain broad-based securities indices in an amount up to 40% of the value of its Managed Assets. The types of securities represented in the broad-based securities indices upon which the Fund may write options will typically include equity securities of European companies, and examples of such indices include, but are not limited to, Euro Stoxx 50[®], CAC 40 and DAX. The Fund’s call options would give the option holders the right, but not the obligation, to purchase the security (or the cash value of the index) underlying the option at a specified price (the “strike price”) on one or more future dates (each, an “exercise date”). The price of the option is determined from trading activity in the broad options market, and generally reflects the relationship between the market price for the underlying securities (including those comprising an index) and the strike price, as well as the time remaining until the expiration date. Other principal factors affecting the market value of a call option include supply and demand, interest rates and the current market price and price volatility of the underlying security. The Fund’s call options may be traded on an exchange or in the over-the-counter markets.

The Fund will write a call option on an individual security only if the Fund owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or, if additional cash consideration is required, cash or other assets determined to be liquid by the Advisor, the Sub-Advisor or the Sub-Sub-Advisor (in accordance with procedures approved by the Board of Trustees) in such amount are segregated by the Fund’s custodian) upon conversion or exchange of other securities held by the Fund. The Fund will write a call option on an index only if the Fund segregates or earmarks liquid assets with its custodian in an amount equal to the contract value of the index. See “Risks—Option Overlay Strategy Risk”.

Foreign Currencies and Related Transactions. The 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 substantial portion (if not all) of the Fund's assets may be denominated in foreign currencies and the income received by the Fund from its foreign investments may be paid in foreign currencies. 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 "Risks—Foreign Currency Risk".

The Fund will use forward foreign currency exchange contracts for hedging or currency risk management purposes (e.g., to protect the value of its portfolio against uncertainty in the level of future currency exchange rates) and not in order to speculate on currency exchange rate movements. A forward contract on foreign currency is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days agreed upon by the parties from the date of the contract, at a price set on the date of the contract. A forward foreign currency exchange 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. At the maturity of a forward contract to deliver a particular currency, the Fund may either sell portfolio securities denominated in such currency and make delivery of the currency, or it may retain the securities and acquire the currency on the spot market, negotiate to roll over the contract into a new forward contract with a new future settlement date or terminate its contractual obligation to deliver the currency by purchasing an offsetting contract with the same currency trader obligating it to purchase on the same maturity date the same amount of the currency. The Fund will segregate with its custodian liquid assets of the Fund having a value equal to the Fund's commitment under its forward contracts.

The Fund will hedge against fluctuations in the relative value of foreign currencies to which it is exposed against the U.S. dollar. The Fund may have higher returns than an equivalent non-currency hedged investment when the component currencies are weakening relative to the U.S. dollar. Conversely, the Fund may have lower returns than an equivalent non-currency hedged investment when the component currencies are rising relative to the U.S. dollar. As such, contracts to sell foreign currency will generally be expected to limit any potential gain that might be realized by the Fund if the value of the hedged currency increases. Although the Fund seeks to minimize the impact of currency fluctuations on Fund returns, the use of currency hedging will not necessarily eliminate exposure to all currency fluctuations. The return of the forward foreign currency exchange contracts may not perfectly offset the actual fluctuations of the foreign currencies relative to the U.S. dollar. The Fund will only enter into forward foreign currency exchange contracts with parties which it believes to be creditworthy. See "The Fund's Investments—Derivatives and Other Transactions—Foreign Currencies and Related Transactions". Suitable hedging transactions may not be available in all circumstances. These transactions may not be successful and may eliminate any chance for the Fund to benefit from favorable fluctuations in relevant foreign currencies. See "Risks—Forward Foreign Currency Exchange Contracts Risk".

Use of Leverage

The Fund currently intends to use leverage to seek to enhance its potential for current income. The Fund also may use leverage for other purposes such as hedging or to meet cash requirements. Each form of leverage used by the Fund is referred to herein as a "Leverage Instrument".

Pursuant to the provisions of the 1940 Act, the Fund may borrow or issue notes (collectively, "Borrowings") in an amount up to 33-1/3% of its total assets or may issue Preferred Shares in an amount up to 50% of the Fund's total assets (including the proceeds from leverage). This is known as structural leverage. Under normal

market conditions, the Fund's structural leverage will not exceed 25% of the Fund's Managed Assets, measured immediately after leverage is issued. The Fund will not be required to reduce leverage to the extent the foregoing percentage limitation is exceeded as a result of a decline in the value of the Fund's assets. The Fund initially anticipates that, under normal market conditions, it will employ structural leverage through Borrowings from banks and other financial institutions representing approximately 25% of the Fund's Managed Assets. The Fund does not currently anticipate that it will issue Preferred Shares. The Fund is also permitted to employ portfolio leverage through the use of other portfolio techniques that have the economic effect of leverage, including through the use of certain derivative transactions. See "The Fund's Investments—Derivatives and Other Transactions". "Effective leverage" is the combination of the amount of structural leverage plus the amount of portfolio leverage. The Fund anticipates that its effective leverage will vary from time to time, based upon changes in market conditions and variations in the value of the portfolio's holdings; however, the Fund's effective leverage will not exceed 40% of the Fund's Managed Assets.

Subject to market conditions, within approximately one month after the completion of this offering, the Fund intends to establish a structural leverage program. It is expected that the Fund's Borrowings will be made pursuant to a revolving credit facility established with a bank or other financial institution. Certain types of Borrowings may result in the Fund being subject to covenants in credit agreements relating to asset coverage and portfolio composition requirements. In addition, the Borrowings of the Fund will likely be secured by a lien on the assets of the Fund. Borrowings may be at a fixed or floating rate and generally will be based upon short-term rates. So long as the rate of return, net of applicable Fund expenses, on the Fund's portfolio investments purchased with Borrowings exceeds the then-current interest rate and other costs on such Borrowings, the Fund will generate more return or income than will be needed to pay such interest payments and other costs. In this event, the excess will be available to pay higher dividends to Common Shareholders.

The use of leverage will leverage your investment in the Common Shares. Leverage Instruments will have seniority over the Common Shares. When leverage is employed, the net asset value ("NAV") and market prices of the Common Shares and the yield to Common Shareholders will be more volatile. Leverage creates a greater risk of loss, as well as potential for more gain, for the Common Shares than if leverage is not used. There is no assurance that a leverage strategy will be utilized by the Fund or that, if utilized, it will be successful. See "Risks—Leverage Risk".

If the Fund uses leverage instruments, associated costs, if any, will be borne immediately by the Common Shareholders and result in a reduction of the NAV of the Common Shares. Costs associated with any leverage instruments may include legal fees, audit fees, structuring fees, commitment fees, and a usage (borrowing) fee. See "Use of Leverage" below.

Distributions

The Fund intends to distribute monthly all or a portion of its net investment income to Common Shareholders (after the payment of interest and/or dividends in connection with leverage). In addition, the Fund intends to distribute any net long-term capital gains, if any, to Common Shareholders as long-term capital gain dividends at least annually. The Fund's initial monthly distribution is expected to be declared approximately 30 to 60 days after the completion of this offering and paid approximately 60 to 90 days after the completion of this offering, depending on market conditions. Unless an election is made to receive dividends in cash, Common Shareholders will automatically have their monthly distributions reinvested in Common Shares through the Fund's dividend reinvestment plan. See "Dividend Reinvestment Plan".

In addition to regular monthly distributions, for the two years following the completion of this offering, the Fund intends to pay quarterly distributions (each, a "quarterly special distribution") in cash to Common Shareholders if the conditions

described below have been met (the “quarterly special distribution program”). The date on which the amount of the quarterly special distribution will be measured (each, a “quarterly special distribution measurement date”) for the first quarterly special distribution will be December 18, 2015 and subsequent quarterly special distribution measurement dates will occur every three months thereafter (a “quarterly special distribution period”) on the 15th day of each such month (or, if such date is not a business day, on the first business day thereafter) during the two year period following the completion of this offering. The aggregate amount payable for each quarterly special distribution period is expected to be equal to 50% of the amount by which the NAV of the Fund as of the applicable quarterly special distribution measurement date (the “measurement NAV”) exceeds the NAV of the Fund as of the most recent prior quarterly special distribution measurement date for which a quarterly special distribution was paid (the “benchmark NAV”). The calculation of the measurement NAV and the benchmark NAV will be appropriately adjusted to reflect distributions paid or to be paid by the Fund. For purposes of calculating the measurement NAV, the Fund will subtract from the NAV as of the quarterly special distribution measurement date the amount of any regular monthly distribution not reflected in the NAV on such date but which is declared prior to or simultaneous with the declaration of the quarterly special distribution during that month. In addition, for purposes of calculating the benchmark NAV, the Fund will subtract from the NAV as of the quarterly special distribution measurement date for the applicable prior quarterly special distribution period the amounts of any quarterly special distribution and regular monthly distribution that had not been reflected in the NAV as of such date but were declared by the end of the month in which such quarterly special distribution measurement date occurred. For the purposes of the first quarterly special distribution, the benchmark NAV will be \$19.06 per share. There can be no assurance that the NAV of the Fund will increase or any quarterly special distribution will be made by the Fund. The Board of Trustees will review the quarterly special distribution program from time to time and may determine to modify, suspend or cancel the program. The Fund will provide Common Shareholders with advance notice in the event of any such determination by the Board of Trustees to modify, suspend or cancel the quarterly special distribution program. See “Distributions” and “Risks—Quarterly Special Distribution Program Risk”. Unless an election is made to receive distributions in cash, Common Shareholders will automatically have their quarterly special distributions reinvested in Common Shares through the Fund’s dividend reinvestment plan. See “Dividend Reinvestment Plan”.

In general, the total distributions made in any taxable year (other than distributions of net capital gains) would be treated as ordinary dividend income to the extent of the Fund’s current and accumulated earnings and profits. See “Federal Tax Matters” and “Use of Leverage”.

**Custodian, Administrator,
Fund Accountant and
Transfer Agent**

The Fund has retained Computershare Trust Company, N.A. as transfer agent and Brown Brothers Harriman & Co. as administrator, fund accountant and custodian for the Fund. The Advisor and the Board of Trustees will be responsible for overseeing the activities of the custodian, administrator, fund accountant and transfer agent. See “Custodian, Administrator, Fund Accountant and Transfer Agent”.

Listing

The Fund’s Common Shares have been approved for listing on the New York Stock Exchange (“NYSE”), subject to notice of issuance, under the symbol “FDEU”.

Closed-End Structure

Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. By comparison, mutual funds issue securities redeemable at NAV at the option of the shareholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset in-flows and

out-flows that can complicate portfolio management, whereas closed-end funds can generally stay more fully invested in securities consistent with the closed-end fund's investment objective(s) and policies. In addition, in comparison to open-end funds, closed-end funds have greater flexibility in their ability to make certain types of investments, including investments in illiquid securities.

Shares of closed-end funds listed for trading on a securities exchange frequently trade at a discount from NAV, but in some cases trade at a premium. The market price of such shares may be affected by factors such as NAV, dividend or distribution levels and their stability (which will in turn be affected by levels of dividend and interest payments by the fund's portfolio holdings, the timing and success of the fund's investment strategies, regulations affecting the timing and character of fund distributions, fund expenses and other factors), supply of and demand for the shares, trading volume of the shares, general market, interest rate and economic conditions and other factors beyond the control of the closed-end fund. The foregoing factors, among others, may result in the market price of the Common Shares being greater than, less than or equal to NAV.

The Board of Trustees has reviewed the structure of the Fund in light of its investment objective and policies and believes that the closed-end fund structure is appropriate. As described in this prospectus, however, the Board of Trustees may periodically review the trading range and activity of the Common Shares with respect to the Fund's NAV and may, but is not required to, take certain actions to seek to reduce or eliminate any such discount to NAV. Such actions may include open market repurchases or tender offers for the Common Shares or the possible conversion of the Fund to an open-end fund. In addition, pursuant to the Declaration, the Fund will call a shareholder meeting during calendar year 2023 for the purpose of voting to determine whether the Fund should convert to an open-end management investment company. Aside from calling such shareholder meeting, there can be no assurance that the Board of Trustees will decide to undertake any of the foregoing actions or that, if undertaken, such actions would result in the Common Shares trading at a price equal to or close to their NAV. See "Structure of the Fund; Common Share Repurchases and Conversion to Open-End Fund".

Federal Tax Matters

Distributions with respect to the Common Shares will constitute dividends to the extent of the Fund's current and accumulated earnings and profits, as calculated for U.S. federal income tax purposes. Such dividends generally will be taxable as ordinary income to Common Shareholders. Distributions of net capital gain that are designated by the Fund as capital gain dividends will be treated as long-term capital gains in the hands of Common Shareholders receiving such distributions. Distributions in excess of the Fund's current and accumulated earnings and profits would first be a tax-deferred return of capital to the extent of a Common Shareholder's adjusted tax basis in its Common Shares. A "return of capital" represents a return on a shareholder's original investment in the Fund's Common Shares, and not a distribution from the Fund's earnings and profits. Although a return of capital may not be immediately taxable, upon the sale of Common Shares, Common Shareholders generally will recognize capital gain or loss measured by the difference between the sale proceeds received by the Common Shareholder and the shareholder's federal income tax basis in Common Shares sold, as adjusted to reflect return of capital, even if such shares are sold at a loss from the original investment. In addition, a significant portion of the distributions generally will not constitute "qualified dividend income" for federal income tax purposes and thus will not be eligible for the lower tax rates on qualified dividend income. See "Federal Tax Matters".

Special Risk Considerations

Risk is inherent in all investing. The following discussion summarizes the principal risks that you should consider before deciding whether to invest in the Fund. For additional information about the risks associated with investing in the Fund, see "Risks".

No Operating History. The Fund is a newly organized, non-diversified, closed-end management investment company with no operating history.

Not a Complete Investment Program. An investment in the Fund should not be considered a complete investment program. It is designed for long-term investing and not as a vehicle for trading.

Investment and Market Risk. An investment in Common Shares is subject to investment risk, including the possible loss of the entire amount that you invest. Your investment in Common Shares represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of the securities in which the Fund invests will affect the value of the Common Shares. Your Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Market Discount from Net Asset Value Risk. Shares of closed-end investment companies frequently trade at a discount from their NAV. This characteristic is a risk separate and distinct from the risk that the Fund's NAV could decrease as a result of its investment activities and may be greater for investors expecting to sell their Common Shares in a relatively short period following completion of this offering. The NAV of the Common Shares will be reduced immediately following this offering as a result of the payment of certain offering costs. Although the value of the Fund's net assets will generally be considered by market participants in determining whether to purchase or sell shares, whether investors will realize gains or losses upon the sale of the Common Shares will depend entirely upon whether the market price of the Common Shares at the time of sale is above or below the investor's purchase price for the Common Shares. Because the market price of the Common Shares will be affected by factors such as NAV, dividend or distribution levels and their stability (which will in turn be affected by levels of dividend and interest payments by the Fund's portfolio holdings, the timing and success of the Fund's investment strategies, regulations affecting the timing and character of Fund distributions, Fund expenses and other factors), supply of and demand for the Common Shares, trading volume of the Common Shares, general market, interest rate and economic conditions and other factors beyond the control of the Fund, the Fund cannot predict whether the Common Shares will trade at, below or above NAV or at, below or above the initial public offering price.

Conversion Risk. The Fund will bear the costs associated with calling a shareholder meeting for the purpose of voting to determine whether the Fund should convert to an open-end management investment company. In the event of conversion to an open-end management investment company, the Common Shares would cease to be listed on the NYSE or other national securities exchange, and such Common Shares would thereafter be redeemable at NAV at the option of the Common Shareholder, rather than traded in the secondary market at market price, which, for closed-end fund shares, may at times be at a premium to NAV. Any Borrowings or Preferred Shares of the Fund would need to be repaid or redeemed upon conversion and, accordingly, a portion of the Fund's portfolio may need to be liquidated, potentially resulting in, among other things, lower current income. In addition, open-end management investment companies may be subject to continuous asset in-flows and out-flows that can complicate portfolio management and limit the Fund's ability to make certain types of investments. As a result, the Fund may incur increased expenses and may be required to sell portfolio securities at inopportune times in order to accommodate such flows. See "Contingent Conversion Feature".

Non-Diversified Status Risk. As a non-diversified, closed-end management investment company under the 1940 Act, the Fund may invest a greater portion of its assets in a more limited number of issuers than may a diversified fund, and accordingly, an investment in the Fund may, under certain circumstances, present greater risk to an investor than an investment in a diversified company.

Management Risk and Reliance on Key Personnel. The Fund is subject to management risk because it is an actively managed portfolio. The Advisor, the Sub-Advisor and the Sub-Sub-Advisor will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results. In addition, the implementation of the Fund's investment strategy depends upon the continued contributions of certain key employees of the Advisor, the Sub-Advisor and the Sub-Sub-Advisor, some of whom have unique talents and experience and would be difficult to replace. The loss or interruption of the services of a key member of the portfolio management team could have a negative impact on the Fund during the transitional period that would be required for a successor to assume the responsibilities of the position.

Common Stock Risk. Common stock risk is the risk that the value of the common stock held by the Fund will fall, sometimes rapidly and unpredictably, due to general market and economic conditions, perceptions regarding the industries in which the issuers of common stock held by the Fund participate or factors relating to specific companies in which the Fund invests. Common stock of an issuer in the Fund's portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the common stock experiences a decline in its financial condition. Common stock in which the Fund may invest is structurally subordinated to preferred stock, bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater dividend risk than preferred stock or debt instruments of such issuers. In addition, while common stock has historically generated higher average returns than debt securities over the long term, common stock has also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of common stock of an issuer held by the Fund. Also, the price of common stock of an issuer is sensitive to general movements in the stock market, changes in investors' perceptions of the financial condition of the issuer and the occurrence of political or economic events affecting issuers. A drop in the stock market may depress the price of most or all of the common stock to which the Fund has investment exposure. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase.

The Fund may invest in common stock of companies of any market capitalization. Accordingly, the Fund may invest in common stock of companies having smaller market capitalizations. The common stock of these companies often have less liquidity than the common stock of larger companies and these companies frequently have less management depth, narrower market penetrations, less diverse product lines and fewer resources than larger companies. Due to these and other factors, common stock of smaller companies may be more susceptible to market downturns and other events, and their prices may be more volatile than the common stock of larger companies. See "Risks—Common Stock Risk".

Non-U.S. Securities Risk. Under normal market conditions, the Fund will invest primarily in securities of non-U.S. issuers. Investing in securities of non-U.S. issuers, which are generally denominated in non-U.S. currencies, may involve certain risks not typically associated with investing in securities of U.S. issuers. These risks include: (i) there may be less publicly available information about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices, as non-U.S. companies are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies; (ii) non-U.S. markets may be smaller, less liquid and more volatile than the U.S. market; (iii) potential adverse effects of fluctuations in currency exchange rates or controls on the value of the Fund's investments; (iv) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; (v) the impact of economic, political, social or diplomatic events, including the risk

of adverse political developments, nationalization, military unrest, social instability, war and terrorism, confiscation without fair compensation, expropriation or confiscatory taxation, limitations on the movement of funds and other assets between different countries, or diplomatic developments; (vi) certain non-U.S. countries may impose restrictions on the ability of non-U.S. issuers to make payments of principal and interest to investors located in the United States due to blockage of non-U.S. currency exchanges or otherwise; and (vii) withholding and other non-U.S. taxes may decrease the Fund's return. Action by these governments could have a significant effect on market prices of securities and dividend payments. In addition, there may be difficulty in obtaining or enforcing a court judgment abroad. These risks may be more pronounced to the extent that the Fund invests a significant amount of its assets in companies located in one region or in emerging markets (as described below). See "Risks—Non-U.S. Securities Risk".

European Markets Risk. Investing in Europe involves risks not typically associated with investments in the United States. While many countries in Europe are considered to have developed markets, investing in the developed countries of Europe imposes different risks than those associated with investing in other developed markets. Many countries in Europe are members of the European Union ("EU"), which faces major issues involving its membership, structure, procedures and policies. Efforts of the member states to continue to unify their economic and monetary policies may increase the potential for similarities in the movements of European markets and may reduce any diversification benefit a Fund may seek by investing in multiple countries within Europe. European countries that are members of, or candidates to join, the Economic and Monetary Union ("EMU") (which is comprised of EU members that have adopted the Euro currency) are subject to restrictions on inflation rates, interest rates, deficits and debt levels, as well as fiscal and monetary controls. By adopting the Euro as its currency, a member state relinquishes control over its own monetary policies. As a result, European countries are significantly affected by fiscal and monetary controls implemented by the EMU, and it is possible that the timing and substance of these controls may not address the needs of all EMU member countries. In addition, the fiscal policies of a single member state can impact and pose economic risks to the EU as a whole. Investing in Euro-denominated securities also creates exposure to a currency that may not fully reflect the strengths and weaknesses of the disparate economies that comprise Europe. There is continued concern over national-level support for the Euro, which could lead to certain countries leaving the EMU, the implementation of currency controls, or potentially the dissolution of the Euro. The dissolution of the Euro would have significant negative effects on European economies and would cause funds with holdings denominated in Euros to face substantial challenges, including difficulties relating to settlement of trades and valuation of holdings, diminished liquidity, and the redenomination of holdings into other currencies.

Decreasing imports or exports, changes in governmental or other regulations on trade, changes in the exchange rate of the Euro, the default or threat of default by one or more EU member countries on its sovereign debt, and/or an economic recession in one or more EU member countries may have a significant adverse effect on the economies of these and other EU member countries and major trading partners outside Europe.

The European financial markets have experienced volatility and adverse trends due to concerns about economic downturns, rising government debt levels and the possible default of government debt in several European countries, including Greece, Ireland, Italy, Portugal and Spain. Several countries, including Greece and Italy, have agreed to multi-year bailout loans from the European Central Bank, International Monetary Fund, and other institutions. A default or debt restructuring by any European country, such as the restructuring of Greece's outstanding sovereign debt, can adversely impact holders of that country's debt, which may be located in countries other than those listed above, and can affect exposures to other EU countries and their financial companies as well. The manner in which the EU

and EMU responded to the global recession and sovereign debt issues raised questions about their ability to react quickly to rising borrowing costs and the potential default by Greece and other countries of their sovereign debt and revealed a lack of cohesion in dealing with the fiscal problems of member states. To address budget deficits and public debt concerns, a number of European countries have imposed strict austerity measures and comprehensive financial and labor market reforms, which could increase political or social instability. Many European countries continue to suffer from high unemployment rates. See “—Market Disruption and Geopolitical Risk” and “—Redenomination Risk” below.

Investing in the securities of Eastern European issuers is highly speculative and involves risks not usually associated with investing in the more developed markets of Western Europe. Securities markets of Eastern European countries typically are less efficient and have lower trading volume, lower liquidity, and higher volatility than more developed markets. Eastern European economies also may be particularly susceptible to the international credit market due to their reliance on bank related inflows of capital. See “—Emerging Markets Risk” below.

Emerging Markets Risk. Investments in securities of issuers located in emerging market countries are considered speculative. Heightened risks of investing in emerging markets securities include: (i) smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; (ii) significant price volatility; (iii) restrictions on foreign investment; and (iv) possible repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries. See “Risks—Emerging Markets Risk”.

Foreign Currency Risk. The Fund will engage in practices and strategies that will result in exposure to fluctuations in foreign exchange rates, thus subjecting the Fund to foreign currency risk. The Fund’s 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, 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 will seek 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 successful and the Fund will incur costs associated with such strategies.

Currency transactions are subject to risks different from those of other portfolio transactions. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These can result in losses if the Fund is unable to deliver or receive currency or funds in settlement of obligations and could also cause hedges it has

entered into to be rendered useless, resulting in full currency exposure as well as incurring transactions costs. Currency exchange rates may fluctuate based on factors extrinsic to that country's economy. See "Risks—Foreign Currency Risk".

Geographic Concentration Risk. The Fund may invest from time to time a substantial amount of its assets in issuers located in a single country or region. Investments in a single region, although representing a number of different countries within the region, may be affected by common economic forces and other factors. Because the Fund will concentrate its investments in this manner, it assumes the risk that economic, political and social conditions in those countries will have a significant impact on its investment performance. This vulnerability to factors affecting European investments is significantly greater than it would be for a more geographically diversified fund, and may result in greater losses and volatility. This risk increases to the extent the Fund focuses on issuers in a limited number of countries in Europe. Western Europe has, in certain instances, been susceptible to serious financial hardship, high debt levels and high levels of unemployment. The EU itself has experienced difficulties in connection with the debt loads of some of its member states. In addition, the Fund's investment performance may also be more volatile if it concentrates its investments in certain countries, especially emerging market countries. See "—Emerging Markets Risk".

Market Disruption and Geopolitical Risk. Some countries in which the Fund invests have experienced security concerns, war or threats of war and aggression, terrorism, economic uncertainty, natural and environmental disasters and/or systemic market dislocations that have led, and in the future may lead, to increased short term market volatility and may have adverse long term effects on the European and world economies and markets generally, each of which may negatively impact the Fund's investments. For example, there have been various events throughout Europe, including Russia's annexation of Crimea and the resulting sanctions against Russia, ongoing tension between Russia and Ukraine and the political uncertainty and market turmoil in Greece, that have recently had and may continue to have an adverse impact on European and global markets. The events occurring in one country or region (including non-European countries and regions) may spread through, or otherwise affect, other countries and regions across Europe and therefore adversely impact the Fund's investments in such countries and regions. See "Risks—Market Disruption and Geopolitical Risk".

Redenomination Risk. Continuing uncertainty as to the status of the euro and 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" 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 sell. 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.

Preferred Stock Risk. Preferred stocks are unique securities that combine some of the characteristics of both common stocks and bonds. In addition to the risks described elsewhere in this section, such as those described for common stock and debt securities, including credit risk and interest rate risk, preferred stocks are subject to certain other risks, including:

- *Deferral and Omission Risk.* Preferred stocks may include provisions that permit the issuer, at its discretion, to defer or omit distributions for a stated period without any adverse consequences to the issuer.
- *Subordination Risk.* Preferred stocks are generally subordinated to bonds and other debt instruments in a company's capital structure in terms of having priority to corporate income, claims to corporate assets and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments.
- *Floating Rate and Fixed-to-Floating Rate Securities Risk.* The market value of floating rate securities is a reflection of discounted expected cash flows based on expectations for future interest rate resets. The market value of such securities may fall in a declining interest rate environment and may also fall in a rising interest rate environment if there is a lag between the rise in interest rates and the reset. This risk may also be present with respect to fixed-to-floating rate securities in which the Fund may invest. A secondary risk associated with declining interest rates is the risk that income earned by the Fund on floating rate and fixed-to-floating rate securities may decline due to lower coupon payments on floating-rate securities.
- *Call and Reinvestment Risk.* During periods of declining interest rates or certain varying circumstances, an issuer may be able to exercise an option to redeem its issue at par earlier than scheduled, which is generally known as call risk. If this occurs, the Fund may be forced to reinvest in lower yielding securities.
- *Limited Voting Rights Risk.* Generally, traditional preferred stock offers no voting rights with respect to the issuer unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred stockholders may have the ability to elect a director or directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred stockholders no longer have voting rights.

See "Risks—Preferred Stock Risk."

Real Estate Investment Trust Risk. REITs are financial vehicles that pool investors' capital to purchase or finance real estate. REITs may concentrate their investments in specific geographic areas or in specific property types, e.g., hotels, shopping malls, residential complexes and office buildings. The market value of REIT shares and the ability of the REITs to distribute income may be adversely affected by several factors, including: (i) rising interest rates; (ii) changes in the economic climate and real estate conditions; (iii) perceptions of prospective tenants of the safety, convenience and attractiveness of the properties; (iv) the ability of the owners to provide adequate management, maintenance and insurance; (v) the cost of complying with local laws; (vi) increased competition from new properties; (vii) the impact of present or future environmental legislation and compliance with environmental laws; (viii) changes in real estate taxes and other operating expenses; (ix) adverse changes in governmental rules and fiscal policies; (x) adverse changes in zoning laws; and (xi) other factors beyond the control of the REITs including changes in tax laws. In addition, distributions received by the Fund from REITs may consist of dividends, capital gains and/or return of capital. Many of these distributions, however, when further distributed to Common Shareholders will not generally qualify for favorable treatment as qualified dividend income.

Certain REITs have relatively small market capitalizations. As such, REITs may have limited financial resources and their securities may trade less frequently and in limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Furthermore, REITs are dependent upon specialized management skills and have limited diversification. REITs are also subject to heavy cash flow dependency, defaults by borrowers or lessees and the possibility of failing to qualify for favorable tax treatment. By investing in REITs indirectly through the Fund, a Common Shareholder will bear not only his or her

proportionate share of the expenses of the Fund, but also, indirectly, similar expenses of the REITs. In addition, REITs depend generally on their ability to generate cash flow to make distributions to shareholders. REITs may incur significant amounts of leverage. See “Risks—Leverage Risk”.

Credit and Below Investment Grade Securities Risk. Credit risk is the risk that an issuer of a security may be unable or unwilling to make dividend, interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer’s ability or willingness to make such payments. Credit risk may be heightened for the Fund because it may invest in below investment grade securities, which are commonly referred to as “junk” or “high yield” securities; such securities, while generally offering higher yields than investment grade securities with similar maturities, involve greater risks, including the possibility of dividend or interest deferral, default or bankruptcy, and are regarded as predominantly speculative with respect to the issuer’s capacity to pay dividends or interest and repay principal.

Below investment grade securities are issued by companies that may have limited operating history, narrowly focused operations and/or other impediments to the timely payment of periodic interest and principal at maturity. These securities are susceptible to default or decline in market value due to adverse economic and business developments and are often unsecured and subordinated to other creditors of the issuer. The market values for below investment grade securities tend to be very volatile, and these securities are generally less liquid than investment grade securities. For these reasons, your investment in the Fund is subject to the following specific risks: (i) increased price sensitivity to changing interest rates and to a deteriorating economic environment; (ii) greater risk of loss due to default or declining credit quality; (iii) adverse company specific events more likely to render the issuer unable to make interest and/or principal payments; (iv) negative perception of the high yield market which may depress the price and liquidity of below investment grade securities; (v) volatility; and (vi) liquidity. See “Risks—Credit and Below Investment Grade Securities Risk”.

Fixed Income Securities Risk. In addition to the risks described elsewhere in this prospectus, such as credit and below investment grade securities risk, fixed income securities in which the Fund may invest are subject to certain risks, including:

- *Issuer Risk.* The value of fixed income securities may decline for a number of reasons which directly relate to the issuer, such as management performance, leverage, reduced demand for the issuer’s goods and services, historical and projected earnings, and the value of its assets. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the Fund’s investment in that issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that income securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of fixed income securities generally will fall. These risks may be greater in the current market environment because interest rates are near historically low levels. The prices of longer-term securities fluctuate more than prices of shorter-term securities as interest rates change. The Fund is not required to hedge its exposure to interest rate risk and may choose not to do so. In addition, there is no assurance that any attempts by the Fund to reduce interest rate risk will be successful or that any hedges that the Fund may establish will perfectly correlate with movements in interest rates.
- *Liquidity Risk.* Certain fixed income securities may be substantially less liquid than many other securities, such as common stocks traded on an exchange. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximating the value at which the Fund is carrying the securities on its books. See “Risks—Illiquid and Restricted Securities Risk”.

- *Prepayment Risk.* During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest the proceeds from such prepayment in lower yielding securities, which may result in a decline in the Fund's income and distributions to Common Shareholders. This is known as call or prepayment risk. Certain fixed income securities frequently have call features that allow the issuer to redeem the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. If the Fund bought a security at a premium, the premium could be lost in the event of a prepayment.
- *Reinvestment Risk.* Reinvestment risk is the risk that income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called securities at market interest rates that are below the Fund portfolio's current earnings rate. A decline in income could affect the Common Shares' market price or the overall return of the Fund.

U.S. Government Debt Securities Risk. U.S. government debt securities generally do not involve the credit risks associated with investments in other types of fixed income securities, although, as a result, the yields available from U.S. government debt securities are generally lower than the yields available from other securities. Like other fixed income securities, however, the values of U.S. government securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund's net asset value. See "Risks—U.S. Government Debt Securities Risk".

Non-U.S. Government Debt Securities Risk. Foreign governmental issuers of debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due. In the event of default, there may be limited or no legal recourse in that, generally, remedies for defaults must be pursued in the courts of the defaulting party. Political conditions, especially a sovereign entity's willingness to meet the terms of its debt obligations, are of considerable significance. The ability of a foreign sovereign issuer, especially an emerging market country, to make timely and complete payments on its debt obligations will also be strongly influenced by the sovereign issuer's balance of payments, including export performance, its access to international credit facilities and investments, fluctuations of interest rates and the extent of its foreign reserves. A country whose exports are concentrated in a few commodities or whose economy depends on certain strategic imports could be vulnerable to fluctuations in international prices of these commodities or imports. To the extent that a country receives payment for its exports in currencies other than U.S. dollars, its ability to make debt payments denominated in U.S. dollars could be adversely affected. If a government issuer cannot generate sufficient earnings from foreign trade to service its external debt, it may need to depend on continuing loans and aid from foreign governments, commercial banks and multinational organizations. There may not be bankruptcy proceedings similar to those in the United States by which defaulted non-U.S. government debt may be collected. Additional factors that may influence a government issuer's ability or willingness to service debt include, but are not limited to, a country's cash flow situation, the availability of sufficient foreign exchange on the date a payment is due, the relative size of its debt service burden to the economy as a whole, and the issuer's policy towards the International Monetary Fund, the International Bank for Reconstruction and Development and other international agencies to which a government debtor may be subject.

The cost of servicing external debt will also generally be adversely affected by rising international interest rates, as many external debt obligations bear interest at rates which are adjusted based upon international interest rates. Also, there can be no assurance that the holders of commercial bank loans to the same sovereign entity may not contest payments to the holders of sovereign debt in the event of

default under commercial bank loan agreements. Foreign investment in certain sovereign debt is restricted or controlled to varying degrees, including requiring governmental approval for the repatriation of income, capital or proceeds of sales by foreign investors. These restrictions or controls may at times limit or preclude foreign investment in certain sovereign debt and increase the costs and expenses of the Fund.

Since 2010, the risks of investing in foreign sovereign debt have increased dramatically as a result of the ongoing European debt crisis which began in Greece and has begun to 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. Moreover, as the European debt crisis has progressed, the possibility of one or more eurozone countries exiting the EMU, or even the collapse of the Euro as a common currency, has arisen. The effects of the collapse of the Euro, or of the exit of one or more countries from the EMU, on the United States and the global economy and securities markets are impossible to predict and any such events could have a significant adverse impact on the value and risk profile of the Fund.

Illiquid and Restricted Securities Risk. Investments in restricted securities could have the effect of increasing the amount of the Fund's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase these securities. Illiquid and restricted securities may be difficult to dispose of at the price at which the Fund has valued the securities and at the times when the Fund believes it is desirable to do so. The market price of illiquid and restricted securities generally is more volatile than that of more liquid securities, which may adversely affect the price that the Fund recovers upon the sale of such securities. Illiquid and restricted securities are also more difficult to value, especially in challenging markets. The Sub-Advisor's or the Sub-Sub-Advisor's judgment may play a greater role in the valuation process. The Advisor, the Sub-Advisor and/or the Sub-Sub-Advisor will determine, under the supervision and oversight of the Board of Trustees, whether restricted securities are liquid or illiquid. Investment of the Fund's assets in illiquid and restricted securities may restrict the Fund's ability to take advantage of market opportunities. The risks associated with illiquid and restricted securities may be particularly acute in situations in which the Fund's operations require cash and could result in the Fund borrowing to meet its short-term needs or incurring losses on the sale of illiquid or restricted securities. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered, therefore enabling the Fund to sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. In either case, the Fund would bear market risks during that period.

Income Risk. The income Common Shareholders receive from the Fund is based primarily on the dividends and interest it earns from its investments, which can vary widely over the short and long term. If prevailing market interest rates drop, distribution rates of the Fund's portfolio holdings of fixed income securities and preferred stock may decline which then may adversely affect the Fund's distributions on its Common Shares as well. The Fund's income also would likely be adversely affected when prevailing short-term interest rates increase and the Fund is utilizing leverage.

Derivative Transactions Risk. The Fund's use of derivative transactions involves risks, including the imperfect correlation between the value of such instruments and the underlying assets of the Fund, the possible default of the other party to the transaction or illiquidity of the derivative investments. See "—Counterparty Risk". Furthermore, the ability to successfully use derivative transactions depends on the Advisor's, the Sub-Advisor's and/or the Sub-Sub-Advisor's ability to predict pertinent market movements, which cannot be assured. Thus, the use of derivative transactions to generate income or for hedging, currency and interest rate management or other purposes may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment or may cause the Fund to hold a security that it might otherwise sell. Additionally, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to derivative transactions will not otherwise be available to the Fund for investment purposes. See "—Option Overlay Strategy Risk" and "—Forward Foreign Currency Exchange Contracts Risk" for a discussion of the risks associated with these specific derivative transactions. See "Other Investment Strategies and Techniques—Derivative Transactions" in the SAI for an additional discussion of the various derivative transactions in which the Fund may participate and the risks associated those transactions.

Special Considerations Concerning Derivative Transactions. The derivatives markets have become subject to comprehensive regulation. In particular, the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") may impact the availability, liquidity and cost of derivative transactions, including potentially limiting or restricting the ability of the Fund to use certain derivative transactions or certain counterparties as a part of its investment strategy, increasing the costs of using these derivative transactions or making them less effective.

The SEC has also indicated that it may adopt new policies on the use of derivative transactions by registered investment companies. Such policies could affect the nature and extent of derivative transactions entered into by the Fund. In addition, at any time after the date of this prospectus, legislation may be enacted that could negatively affect the assets of the Fund or the issuers of such assets. Changing approaches to regulation may have a negative impact on entities in which the Fund invests. There can be no assurance that future legislation, regulation or deregulation will not have a material adverse effect on the Fund or will not impair the ability of the issuers of the assets held in the Fund to achieve their business goals, and hence, for the Fund to achieve its investment objective.

Option Overlay Strategy Risk. To generate additional income, the Fund currently expects to write (or sell) call options on portfolio equity securities and certain broad-based securities indices in an amount up to 40% of the value of its Managed Assets. There are various risks associated with the Fund writing (or selling) call options. As the writer (seller) of a call option on portfolio equity securities, 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 any appreciation in the underlying security over the strike price upon exercise. In effect, the Fund would forgo, during the life of the option, the opportunity to profit from increases in the market value of the underlying security above the sum of the premium and the strike price of the call option but would retain the risk of loss should the price of the underlying security decline. Therefore, the writing (or selling) of call options may limit the Fund's ability to benefit from the full upside potential of its investment strategies.

The value of call options written by the Fund, which will be priced daily, may be affected by, among other factors, changes in the value of the underlying security (or securities) in relation to the strike price, changes in dividend rates of the underlying security (or securities), changes in interest rates, changes in actual or perceived

volatility of the stock market and the underlying security (or securities), and the time remaining until the expiration date. The value of call options written by the Fund may be adversely affected if the market for the option is reduced or becomes illiquid. See “Risks—Option Overlay Strategy Risk”.

Forward Foreign Currency Exchange Contracts Risk. In addition to the general risks described herein for derivative transactions, forward foreign currency exchange contracts involve certain additional risks, including the risk of failure of the counterparty to perform its obligations under the contract and the risk that the use of forward contracts may not serve as a complete hedge because of an imperfect correlation between movements in the prices of the contracts and the prices of the currencies hedged. While forward foreign currency exchange contracts may limit the risk of loss due to a decline in the value of the hedged currencies, they also may limit any potential gain that might result should the value of the currencies increase. In addition, because forward currency exchange contracts are privately negotiated transactions, there can be no assurance that the Fund will have flexibility to roll-over a forward currency exchange contract upon its expiration if it desires to do so.

Hedging against a decline in the value of a currency does not eliminate fluctuations in the value of a portfolio security traded in that currency or prevent a loss if the value of the security declines. Moreover, it may not be possible for the Fund to hedge against a devaluation that is so generally anticipated that the Fund is not able to contract to sell the currency at a price above the devaluation level it anticipates. The cost to the Fund of engaging in currency exchange transactions varies with such factors as the currency involved, the length of the contract period and prevailing market conditions. See “Other Investment Strategies and Techniques—Derivative Transactions” in the SAI for additional risks associated with currency exchange transactions.

As noted above, there may be an imperfect correlation between the Fund’s portfolio holdings of securities denominated in a particular currency and forward foreign currency exchange contracts entered into by the Fund. Proxy hedges and cross-hedges, in particular, may result in losses if the currency used to hedge does not perform similarly to the currency in which hedged securities are denominated. An imperfect correlation of this type may prevent the Fund from achieving the intended hedge or expose the Fund to the risk of currency exchange loss.

Counterparty Risk. The Fund will be subject to credit risk with respect to the counterparties to the derivative transactions entered into directly by the Fund. Changes in the credit quality of the companies that serve as the Fund’s counterparties with respect to derivatives or other transactions supported by another party’s credit will affect the value of those instruments. 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 under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Leverage Risk. The use of leverage by the Fund can magnify the effect of any losses. If the income and gains earned on the securities and investments purchased with leverage proceeds are greater than the cost of the leverage, the Common Shares’ return will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and investments purchased with such proceeds do not cover the cost of leverage, the return to the Common Shares will be less than if leverage had not been used. Leverage involves risks and special considerations for Common Shareholders including:

- the likelihood of greater volatility of NAV and market price of the Common Shares than a comparable portfolio without leverage;

- the risk that fluctuations in interest rates on leverage including Borrowings or in the dividend rates on any Preferred Shares that the Fund may pay will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares;
- the effect of leverage in a declining market, which is likely to cause a greater decline in the NAV of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares; and
- the investment advisory fee payable to the Advisor and the sub-advisory fees payable by the Advisor to the Sub-Advisor (and by the Sub-Advisor to the Sub-Sub-Advisor) will be higher than if the Fund did not use leverage because the definition of “Managed Assets” includes the proceeds of leverage.

There is no assurance that a leveraging strategy will be successful. The Fund may continue to use leverage if the benefits to the Common Shareholders of maintaining the leveraged position are believed by the Board of Trustees to outweigh any current reduced return. See “Risks—Leverage Risk”. In addition, certain derivative transactions in which the Fund may engage involve substantial leverage risk and may expose the Fund to potential losses that exceed the amount originally invested by the Fund. See “Risks—Derivative Transactions Risk”.

Initial Public Offering (“IPO”) Risk. IPO risk is the risk that the market value of shares sold in an IPO will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, a small number of shares available for trading, or limited information about the issuer. The purchase of shares in an IPO may involve high transaction costs. In addition, shares bought in an IPO may be subject to market risk or liquidity risk. The market for the shares of a company that has recently conducted its IPO can be speculative and/or inactive for extended periods of time. The limited number of shares available for trading in some IPOs may make it more difficult to buy or sell significant amounts of shares without an unfavorable impact on prevailing prices. Investors in an IPO can be affected by substantial dilution in the value of their shares, by sales of additional shares and by concentration of control in existing management and principal shareholders.

Quarterly Special Distribution Program Risk. In addition to regular monthly distributions, the Fund intends to pay quarterly distributions for a two year period following the completion of this offering pursuant to its quarterly special distribution program. See “Distributions”. In order to pay quarterly special distributions, the Fund may have to sell portfolio investments, including at times when independent investment judgment might not dictate such action. Such sales of the Fund’s portfolio investments would result in greater brokerage commissions and other transactional expenses that are borne by the Fund, as well as result in the realization of net short-term capital gains by the Fund which, when distributed to Common Shareholders, will be taxable as ordinary income.

The Fund may be required to source its quarterly special distributions from more than its net investment income and realized capital gains. Therefore, all or a portion of a quarterly special distribution may result in a return of capital, which represents a return on a Common Shareholder’s original investment in the Common Shares, and not a distribution from the Fund’s earnings and profits. Distributions that represent a return of capital should not be considered as dividend yield nor as part of the total return from an investment in the Fund. A return of capital will reduce a Common Shareholder’s adjusted tax basis in his or her Common Shares, with any amount distributed in excess of basis treated as capital gain. Although a return of capital may not be taxable, it will generally increase the Common Shareholder’s potential gain, or reduce the Common Shareholder’s potential loss, on the subsequent sale or other disposition of his or her Common Shares. It is possible that a return of capital could cause a Common Shareholder to pay a tax on capital gains with respect to Common Shares that are sold for an amount less than the price originally paid for them. See “Federal Tax Matters”.

The NAV of the Fund may fluctuate over the course of a quarterly special distribution period and, at times during such period, the Fund's NAV may exceed the benchmark NAV. However, if the measurement NAV does not exceed the benchmark NAV on the quarterly special distribution measurement date, no quarterly special distribution will be paid. In addition, the NAV of the Fund is reduced by regular monthly distributions paid by the Fund. There can be no assurance that there will be any increase in the NAV of the Fund.

The quarterly special distributions will decrease the Fund's total assets and, as a result, would have the likely effect of increasing the Fund's expense ratio. There is no guarantee that the Fund will be able to replace the assets depleted as a result of any quarterly special distributions paid to Common Shareholders and such assets used to make such distributions will not be available for investment pursuant to the Fund's investment objective.

There can be no assurance that the NAV of the Fund will increase or any quarterly special distribution will be made by the Fund. The Board of Trustees may determine to modify, suspend or cancel the program. The overall impact of the quarterly special distribution program, or any modification, suspension or cancellation of the program, on the secondary market for the Common Shares is uncertain. Shares of closed-end funds listed for trading on a securities exchange frequently trade at a discount from NAV, but in some cases trade at a premium. There can be no assurance that the quarterly special distribution program, or any modification, suspension or cancellation of the program, would not result in the Common Shares trading at a larger discount, or smaller premium, to NAV than would otherwise have been the case.

In implementing the quarterly special distribution program, the Fund will not be relying on its exemptive relief from Section 19(b) of the 1940 Act and Rule 19b-1 thereunder which would allow the Fund to distribute long-term capital gains more frequently than would otherwise be permitted under the 1940 Act. In order to comply with the applicable provisions of Section 19(b) and Rule 19b-1 thereunder, the Fund may be required to make an additional distribution consisting of long-term capital gains, which could have the effect of reducing the assets of the Fund available for investment.

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. As a result, there can be no assurance that fair value pricing will result in adjustments to the prices of securities or other assets, or that fair value pricing will reflect actual market value, and it is possible that the fair value determined for a security or other asset will be materially different from quoted or published prices, from the prices used by others for the same security or other asset and/or from the value that actually could be or is realized upon the sale of that security or other asset.

Inflation/Deflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with the Fund's leverage would likely increase, which would tend to further reduce returns to Common Shareholders. Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation may have an adverse affect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Fund's portfolio.

Portfolio Turnover Risk. The Fund's annual portfolio turnover rate may vary greatly from year to year. Although the Fund cannot accurately predict its annual portfolio turnover rate, it is not expected to exceed 40% under normal circumstances, but may

be higher or lower in certain periods. Portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund. There are no limits on the rate of portfolio turnover, and investments may be sold without regard to length of time held when the Fund's investment strategy so dictates. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to common shareholders of the Fund, will be taxable as ordinary income.

Potential Conflicts of Interest Risk. The Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the portfolio managers of the Fund have interests which may conflict with the interests of the Fund. In particular, the Advisor, the Sub-Advisor and the Sub-Sub-Advisor each manages and/or advises, or may in the future manage and/or advise, other investment funds or accounts with the same or similar investment objective and strategies as the Fund. As a result, the Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the Fund's portfolio managers may devote unequal time and attention to the management of the Fund and those other funds and accounts, and may not be able to formulate as complete a strategy or identify equally attractive investment opportunities as might be the case if they were to devote substantially more attention to the management of the Fund. The Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the Fund's portfolio managers may identify a limited investment opportunity that may be suitable for multiple funds and accounts, and the opportunity may be allocated among these several funds and accounts, which may limit the Fund's ability to take full advantage of the investment opportunity. Additionally, transaction orders may be aggregated for multiple accounts for purposes of execution, which may cause the price or brokerage costs to be less favorable to the Fund than if similar transactions were not being executed concurrently for other accounts. At times, a portfolio manager may determine that an investment opportunity may be appropriate for only some of the funds and accounts for which he or she exercises investment responsibility, or may decide that certain of the funds and accounts should take differing positions with respect to a particular security. In these cases, the portfolio manager may place separate transactions for one or more funds or accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other funds and accounts. For example, a portfolio manager may determine that it would be in the interest of another account to sell a security that the Fund holds, potentially resulting in a decrease in the market value of the security held by the Fund.

The portfolio managers also may engage in cross trades between funds and accounts, may select brokers or dealers to execute securities transactions based in part on brokerage and research services provided to the Advisor, the Sub-Advisor or the Sub-Sub-Advisor which may not benefit all funds and accounts equally and may receive different amounts of financial or other benefits for managing different funds and accounts. Finally, the Advisor, the Sub-Advisor, the Sub-Sub-Advisor and their affiliates may provide more services to some types of funds and accounts than others.

There is no guarantee that the policies and procedures adopted by the Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the Fund will be able to identify or mitigate the conflicts of interest that arise between the Fund and any other investment funds or accounts that the Advisor, the Sub-Advisor and/or the Sub-Sub-Advisor may manage or advise from time to time. See "Investment Advisor" and "Sub-Advisor and Sub-Sub-Advisor" in the SAI.

In addition, while the Fund is using leverage, the amount of the fees paid to the Advisor (and by the Advisor to the Sub-Advisor and by the Sub-Advisor to the Sub-Sub-Advisor) for investment advisory and management services are higher than if the Fund did not use leverage because the fees paid are calculated based on Managed Assets, which include assets purchased with leverage. Therefore, the

Advisor, the Sub-Advisor and the Sub-Sub-Advisor have a financial incentive to leverage the Fund, which creates a conflict of interest between the Advisor, the Sub-Advisor and the Sub-Sub-Advisor on the one hand and the Common Shareholders of the Fund on the other.

Tax Risk. The Fund may invest in certain securities for which the federal income tax treatment may not be clear or may be subject to re-characterization by the Internal Revenue Service. It could be more difficult for the Fund to comply with the federal income tax requirements applicable to regulated investment companies if the tax characterization of the Fund's investments or the tax treatment of the income from such investments were successfully challenged by the Internal Revenue Service. See "Federal Tax Matters".

From time to time, various legislative initiatives are proposed which may have a negative impact on the prices of certain securities owned by the Fund. In addition, changes in tax law occur frequently and may be applied retroactively. The Fund cannot predict what impact any pending or proposed legislation will have on the value of the Fund or on the issuers of the underlying securities in which it invests.

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

Secondary Market for the Fund's Common Shares. The issuance of Common Shares through the Fund's dividend reinvestment plan may have an adverse effect on the secondary market for the Common Shares. The increase in the number of outstanding Common Shares resulting from issuances pursuant to the Fund's dividend reinvestment plan and the discount to the market price at which such Common Shares may be issued, may put downward pressure on the market price for the Common Shares. Common Shares will not be issued pursuant to the dividend reinvestment plan at any time when Common Shares are trading at a lower price than the Fund's NAV per Common Share. When the Common Shares are trading at a premium, the Fund also may issue Common Shares that may be sold through private transactions effected on the NYSE or through broker-dealers. The increase in the number of outstanding Common Shares resulting from these offerings may put downward pressure on the market price for Common Shares.

SUMMARY OF FUND EXPENSES

The purpose of the table and the example below is to help Common Shareholders understand all fees and expenses that they will bear directly or indirectly. Expenses borne by the Fund are borne, indirectly, by Common Shareholders. The expenses shown in the table assume that the Fund issues 16,500,000 Common Shares.

The table assumes the use of leverage in the form of a bank loan facility in an amount equal to 25% of the Fund's Managed Assets (after its utilization), and shows Fund expenses as a percentage of \$314,490,000 in net assets attributable to Common Shares. The "Other expenses" shown in the table are based on estimated amounts for the current fiscal year.

Shareholder Transaction Expenses

Sales load paid by Common Shareholders (as a percentage of offering price)	4.50%
Offering expenses borne by Common Shareholders (as a percentage of offering price)	0.20% (1)(2)
Dividend reinvestment plan fees	None (3)

**Percentage of Net Assets (4)
Attributable to Common Shares
(Assumes Debt Is Used)**

Annual Expenses

Management fees (5)	1.47%
Interest on borrowed funds (6)	0.33%
Other expenses	0.17%
Total annual expenses	<u>1.97%</u>

- (1) The Advisor and the Sub-Advisor have agreed to pay: (i) all organizational expenses; and (ii) all offering costs of the Fund (other than the sales load) that exceed 0.20% (or \$0.04 per Common Share) of the Fund's aggregate offering price. Assuming the Fund issues 16,500,000 Common Shares (\$330,000,000), the Fund's offering costs are estimated to be \$708,000. The Fund, and therefore Common Shareholders, will bear up to \$660,000, or approximately \$0.04 per Common Share of such estimated expenses, and the Advisor and the Sub-Advisor will bear any expenses above that amount.
- (2) The Advisor and the Sub-Advisor (and not the Fund) will pay certain qualifying Underwriters structuring and other fees. See "Underwriters".
- (3) Common Shareholders will pay brokerage charges if they direct Computershare Trust Company, N.A., as agent for the Common Shareholders, to sell their Common Shares held in a dividend reinvestment account.
- (4) The net assets attributable to Common Shares is calculated by deducting the assumed amount of leverage to be used by the Fund from Managed Assets.
- (5) Represents the aggregate fee payable to the Advisor, including the amount payable by the Advisor to the Sub-Advisor and by the Sub-Advisor to the Sub-Sub-Advisor.
- (6) Interest on borrowed funds is based upon the assumed borrowing of \$105,000,000 at an annual interest rate of 0.98%. This amount reflects the assumption that there will not be any additional fees payable by the Fund under the assumed Borrowings.

Example

Investors would pay the following expenses on a \$1,000 investment, assuming: (i) a 5% annual return; (ii) a sales load of \$45 and estimated offering expenses of \$2; (iii) the Fund issues 16,500,000 Common Shares; (iv) total annual expenses of 1.97% of net assets attributable to Common Shares in years 1 through 10; and (v) reinvestment of all dividends and distributions at NAV.

1 Year	3 Years	5 Years	10 Years
\$66	\$106	\$148	\$266

The example should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown. The Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

THE FUND

First Trust Dynamic Europe Equity Income Fund (the “Fund”) is a newly organized, non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund was organized on May 11, 2015, as a Massachusetts business trust pursuant to a Declaration of Trust (as amended, the “Declaration”). As a newly organized entity, the Fund has no operating history. The Fund’s principal office is located at 120 East Liberty Drive, Wheaton, Illinois 60187, and its telephone number is (630) 765-8000. Investment in the Fund involves certain risks and special considerations. See “Risks”.

USE OF PROCEEDS

The net proceeds of the offering of the common shares of beneficial interest of the Fund (the “Common Shares”) will be approximately \$314,490,000 (\$361,663,500 if the Underwriters (as defined below) exercise the over-allotment option in full) after payment of the estimated offering costs. The Advisor and the Sub-Advisor (each, as defined below) have agreed to pay: (i) all organizational expenses; and (ii) all offering costs of the Fund (other than sales load) that exceed 0.20% (or \$0.04 per Common Share) of the Fund’s aggregate offering price. The Fund will invest the net proceeds of the offering in accordance with the Fund’s investment objective and policies as stated below. The Fund expects it will be able to invest substantially all of the net proceeds in securities that meet the Fund’s investment objective and policies within 45 to 60 days after the completion of the offering. Pending such investment, it is anticipated that the proceeds will be invested in cash or cash equivalents.

CONTINGENT CONVERSION FEATURE

The Declaration provides that, during calendar year 2023, the Fund will call a shareholder meeting for the purpose of voting to determine whether the Fund should convert to an open-end management investment company (such meeting date, as may be adjourned, the “Conversion Vote Date”). Such shareholder meeting may be adjourned or postponed in accordance with the By-Laws of the Fund to a date in calendar year 2024. A vote on such Conversion Vote Date to convert the Fund to an open-end management investment company under the Declaration requires approval by a majority of the Fund’s outstanding voting securities as defined under the 1940 Act. As defined in the 1940 Act, when used with respect to particular shares of the Fund, a “majority of the outstanding voting securities” means: (i) 67% or more of the shares present at a meeting, if the holders of more than 50% of the shares are present or represented by proxy; or (ii) more than 50% of the shares, whichever is less. If approved by shareholders on the Conversion Vote Date, the Fund will seek to convert to an open-end management investment company within 12 months of such approval. If the requisite number of votes to convert the Fund to an open-end management investment company is not obtained on the Conversion Vote Date, the Fund will continue in operation as a closed-end management investment company. See “Structure of the Fund; Common Share Repurchases and Conversion to Open-End Fund—Conversion to Open-End Fund” and “Risks—Conversion Risk” below.

THE FUND’S INVESTMENTS

Investment Objective

The Fund’s investment objective is to provide a high level of current income with a secondary focus on capital appreciation. There can be no assurance that the Fund’s investment objective will be achieved.

Unless otherwise specified, the investment policies and limitations of the Fund are not considered to be fundamental by the Fund and can be changed without a vote of the holders of the Common Shares (the “Common Shareholders”). However, the Fund’s policy of investing at least 80% of its Managed Assets (as defined below) in a portfolio of equity securities of European companies (as further described below) may only be changed by the Board of Trustees of the Fund (the “Board of Trustees”) following the provision of 60 days’ prior written notice to the Common Shareholders. The Fund’s investment objective and certain investment restrictions specifically identified as such in the Statement of Additional Information (the “SAI”) are considered fundamental and may not be changed without the approval of the holders of a majority of the outstanding voting securities of the Fund, as defined in the 1940 Act, which includes Common Shares and preferred shares of beneficial interest of the Fund (“Preferred Shares”), if any, voting together as a single class, and the holders of the outstanding Preferred Shares, if any, voting as a single class. As defined in the 1940 Act, when used with respect to particular shares of the Fund, a “majority of the outstanding voting securities” means: (i) 67% or more of the shares present at a meeting, if the holders of more than 50% of the shares are present or represented by proxy; or (ii) more than 50% of the shares, whichever is less.

Investment Strategies and Policies

Under normal market conditions, the Fund will seek to achieve its investment objective by investing at least 80% of its Managed Assets (as defined below) in a portfolio of equity securities of European companies of any market capitalization, including, but not limited to, common and preferred stock that pay dividends, depository receipts and real estate investment

trusts (“REITs”). See “Risks—European Markets Risk” and “Risks—Non-U.S. Securities Risk”. The Fund will seek to focus its equity investments on income-producing securities and will limit its investments in preferred securities, depositary receipts and REITs, in each case, to no more than 20% of its Managed Assets. See “—Portfolio Composition”.

European companies are defined to include any company that meets one or both of the following tests: (i) its primary business office is located in Europe; or (ii) the principal trading market of its stock is located in Europe. The Fund will limit its investments in a single country to no more than 40% of its Managed Assets. See “Risks—Geographic Concentration Risk”. The Fund currently anticipates that it will focus its European investments on companies located in Western European countries, such as the United Kingdom, Ireland, Belgium, Germany, Norway, the Netherlands, Denmark, Switzerland, Finland, Sweden, Portugal, France, Austria, Italy, Greece and Spain, but it may also invest in companies located in Central and Eastern European countries such as Russia, Bulgaria, the Czech Republic, Turkey and Poland. Certain of the European countries in which the Fund may invest are considered to be emerging market countries. The Fund will limit its investments in emerging market countries in the aggregate to no more than 20% of its Managed Assets. See “Risks—Emerging Markets Risk”. The Fund considers an emerging market country to be any country whose issuers are included in the Morgan Stanley Capital International (“MSCI”) Emerging Markets Index and/or those countries considered to be developing by the World Bank, the International Finance Corporation or the United Nations. The Fund considers an “emerging market issuer” to be one (i) domiciled or with a principal place of business or primary securities trading market in an emerging market country or (ii) that derives a substantial portion of its total revenues or profits from emerging market countries. In selecting income-producing equity securities, the Fund will seek to invest in securities of companies that the portfolio managers of the Fund believe have attractive long-term business prospects to produce high levels of dividend income as well as securities that the portfolio managers believe offer the potential for growth of income. See “—Investment Philosophy and Process”.

The Fund will utilize a dynamic currency hedging process, which will include, at the discretion of the portfolio managers, the use of forward foreign currency exchange contracts to hedge a portion of the Fund’s currency exposure. The Fund’s currency exchange transactions will be used for hedging or currency risk management purposes (e.g., to protect the value of its portfolio against uncertainty in the level of future currency exchange rates) and not in order to speculate on currency exchange rate movements. The portfolio managers of the Fund will adjust the extent to which the Fund will utilize currency hedging transactions on an ongoing basis based on, among other things, their view of market conditions, currency exchange rates and the currency exposure of the Fund’s portfolio investments. As a result of the dynamic currency hedging process, the portion of the Fund’s portfolio securities which are subject to currency hedging transactions may vary widely, from 0% to 100% of the portfolio securities. See “—Investment Philosophy and Process”. The Fund may have higher returns than an equivalent non-currency hedged investment when the component currencies are weakening relative to the U.S. dollar. Conversely, the Fund may have lower returns than an equivalent non-currency hedged investment when the component currencies are rising relative to the U.S. dollar. As such, contracts to sell foreign currency will generally be expected to limit any potential gain that might be realized by the Fund if the value of the hedged currency increases. Although the Fund seeks to minimize the impact of currency fluctuations on Fund returns, the use of currency hedging will not necessarily eliminate exposure to all currency fluctuations. See “The Fund’s Investments—Derivatives and Other Transactions—Foreign Currencies and Related Transactions”.

Under normal market conditions, the Fund also may invest up to 20% of its Managed Assets in domestic and foreign fixed income securities of any maturity and credit quality, including corporate and government debt securities. See “—Portfolio Composition—Corporate Debt Securities” and “—Portfolio Composition—Government Debt Securities”. Securities rated below investment grade are commonly referred to as “junk” or “high yield” securities and are considered speculative with respect to the issuer’s capacity to pay interest and repay principal. See “Risks—Credit and Below Investment Grade Securities Risk”.

The Fund may invest up to 15% of its Managed Assets in securities that, at the time of investment, are illiquid (determined using the standard of the Securities and Exchange Commission (the “SEC”) applicable to registered investment companies, i.e., securities that cannot be disposed of within seven days in the ordinary course of business at approximately the price at which the Fund has valued the securities).

The Fund may invest, without limit, in securities that have not been registered under the Securities Act of 1933, as amended (the “1933 Act”), and continue to be subject to restrictions on resale; securities held by control persons of the issuer of such securities; and securities that are subject to contractual restrictions on their resale (collectively, “restricted securities”). However, restricted securities determined by the Advisor, the Sub-Advisor or the Sub-Sub-Advisor to be illiquid are subject to the above limitation on the amount of illiquid securities in which the Fund may invest. See “Risks—Illiquid and Restricted Securities Risk”.

To generate additional income, the Fund currently expects to write (or sell) call options on portfolio equity securities and certain broad-based securities indices in an amount up to 40% of the value of its Managed Assets (the “Option Overlay Strategy”). The Fund’s use of the Option Overlay Strategy may vary from time to time depending on market conditions and other factors. The Option Overlay Strategy seeks 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 Overlay Strategy will achieve this objective. The Fund’s use of the Option Overlay Strategy may limit the Fund’s ability to benefit from the full upside potential of its equity investments. See “—Derivatives and Other Transactions—Option Overlay Strategy”.

“Managed Assets” means the average daily gross asset value of the Fund (which includes assets attributable to the Fund’s leverage, if any), minus the sum of the Fund’s accrued and unpaid dividends on any outstanding Preferred Shares, if any, and accrued liabilities (other than liabilities representing leverage). For purposes of determining Managed Assets, the liquidation preference of the Preferred Shares would not be treated as a liability.

Percentage limitations described in this section of the prospectus are as of the time of investment by the Fund and may be exceeded on a going-forward basis as a result of market value fluctuations of the Fund’s portfolio securities.

Investment Philosophy and Process

The investment strategy employed by the portfolio managers for the Fund is based on the belief that, over the long term, dividend paying stocks that exhibit consistent dividend growth will significantly outperform the broader market. Accordingly, the portfolio managers seek to invest in securities of companies they believe have attractive long-term business prospects to produce high levels of dividend income as well as securities that the portfolio managers believe offer the potential for growth of income.

The portfolio managers’ investment process is driven by bottom-up stock selection based on fundamental, qualitative analysis and a strong value discipline. The portfolio managers aim to identify the most compelling opportunities based on income, value and growth potential. The portfolio managers evaluate a broad range of criteria when selecting companies in which to invest, including a company’s financial strength, competitive position in its industry and projected future earnings and cash flows, as well as a broad range of additional value metrics, including price to earnings ratios, valuation relative to asset values and a particular focus on cash flow generation and a company’s ability to service growing dividend streams in the medium term. The portfolio managers will place an emphasis on companies with strong yield fundamentals and those likely to increase future dividend payouts. The portfolio managers will generally consider selling a security when they believe there is a risk of significant deterioration in the company’s fundamentals affecting its cash flow and ability to pay future dividends, or there is a change in business strategy or issuer-specific business outlook that affects the original investment thesis.

Country and sector allocation decisions are driven primarily by the stock selection process. However, in evaluating investment opportunities in various countries and sectors, the portfolio managers will consider, among other things, the condition and growth potential of the various economies, industry sectors and securities markets; expected levels of inflation; government policies influencing business conditions; currency and taxation factors; and other financial, social and political factors that may have an effect on the investment climate of the companies that are located in those countries or of their principal trading markets.

With respect to the management of the Fund’s dynamic currency hedging process, the portfolio managers will adjust the amount of the Fund’s currency hedging transactions on an ongoing basis. The key determinants in setting the proportion of hedging will be the portfolio’s allocation towards various currency regions, the nature of the companies held and their underlying assets. The Sub-Advisor and/or the Sub-Sub-Advisor will also take into account differing interest rate policy across the European region and other macro indicators in determining the level of hedging within the Fund. Hedging decisions are made on an individual position by position basis. Hedging decisions are continually reevaluated and modified in light of the key determinants noted above.

Portfolio Composition

The Fund’s portfolio will be composed principally of the following investments. Additional information regarding the Fund’s investment policies and restrictions and the Fund’s portfolio investments are contained in the SAI. See also “— Derivatives and Other Transactions” below for additional strategies to be utilized by the Fund on a principal basis.

Common Stock. Common stock represents an equity ownership interest in issuers. Holders of common stock are entitled to the income and increase in the value of the assets and business of the issuers after all debt obligations and obligations to preferred stockholders are satisfied. Common stockholders generally have voting rights. Typically, common stockholders are entitled to one vote per share to elect the board of directors of the issuer (although the number of votes is not always directly proportionate to the number of shares owned). Common stockholders also receive voting rights regarding other matters, such as mergers and other extraordinary matters. Common stocks fluctuate in price in response to many factors including historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. See “Risks—Common Stock Risk”.

Preferred Stock. The Fund may invest up to 20% of its Managed Assets in preferred stock. Preferred stock represents an equity ownership interest in an issuer, but generally entitles the holder to receive, in preference to the holders of other stocks such as common stock, dividends and a fixed share of the proceeds resulting from the liquidation of the issuer. Some preferred stock also entitles its holders to receive additional liquidation proceeds on the same basis as holders of the issuer’s common stock. Some preferred stock offers a fixed rate of return with no maturity date. Preferred stock with no maturity may perform similarly to long term bonds, and can be more volatile than other types of preferred stock with heightened sensitivity to changes in interest rates. Other preferred stock has a variable dividend, generally determined on a quarterly or other

periodic basis. Because preferred stock represents an equity ownership interest in a company, its value usually will react more strongly than bonds and other debt instruments to actual or perceived changes in an issuer's financial condition or prospects or to fluctuations in the equity markets. Unlike common stock, preferred stock does not usually have voting rights absent the occurrence of specified events; preferred stock, in some instances, is convertible into common stock. In order to be payable, dividends on preferred stock must be declared by the issuer's board of directors. There is, however, no assurance that dividends will be declared by the boards of directors of issuers of the preferred stocks in which the Fund invests. See "Risks—Preferred Stock Risk".

Depository Receipts. The Fund may make foreign investments through the purchase and sale of American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs") and Global Depositary Receipts ("GDRs"), or other securities representing underlying shares of foreign issuers. Positions in those securities are not necessarily denominated in the same currency as the underlying shares they represent. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities issued by foreign issuers. EDRs are European receipts listed on the Luxembourg Stock Exchange evidencing a similar arrangement. GDRs are U.S. dollar denominated receipts evidencing ownership of foreign securities. Generally, ADRs, in registered form, are designed for the U.S. securities markets and EDRs and GDRs, in bearer form, are designed for use in foreign securities markets. The Fund will limit its investments in depository receipts to no more than 20% of its Managed Assets.

The Fund may invest in sponsored or unsponsored ADRs. Sponsored ADRs are issued jointly by the issuer of the underlying security and a depository, whereas unsponsored ADRs are issued without participation of the issuer of the deposited security. Holders of unsponsored ADRs generally bear all the costs of such facilities and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts in respect of the deposited securities. Therefore, there may not be a correlation between information about the issuer of the security and the market value of an unsponsored ADR. Investments in depository receipts involve risks similar to those accompanying direct investments in foreign securities, including liquidity, currency, political, information and other risks. See "Risks—Non-U.S. Securities Risk".

Real Estate Investment Trusts. The Fund may invest up to 20% of its Managed Assets in REITs. REITs are financial vehicles that pool investors' capital to purchase or finance real estate. 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 tax requirements. See "Risks—Real Estate Investment Trust Risk".

Corporate Debt Securities. Corporate debt securities are debt obligations issued by U.S. and foreign corporations and other business entities to borrow money from investors. Corporate debt securities may be either secured or unsecured. Collateral used for secured debt includes, but is not limited to, real property, machinery, equipment, accounts receivable, stocks, bonds, or notes. If a bond is unsecured, it is known as a debenture. Holders of corporate debt securities, as creditors, have a prior legal claim over common and preferred stockholders as to both income and assets of the corporation for the principal and interest due them and may have a prior claim over other creditors if liens or mortgages are involved. Interest on corporate debt securities may be fixed rate, floating rate, adjustable rate, zero coupon, contingent, deferred, or have payment-in-kind features. Interest on corporate debt securities is typically paid semi-annually and is fully taxable to the holder of such securities. Corporate debt securities contain elements of both interest rate risk and credit risk. The market value of a corporate debt security generally may be expected to rise and fall inversely with interest rates and may also be affected by the credit rating of the corporation, the corporation's performance, and perceptions of the corporation in the marketplace. Corporate debt securities usually yield more than government or agency securities due to the presence of credit risk. See "Risks—Fixed Income Securities Risk".

Government Debt Securities. Government debt securities include debt securities issued or guaranteed by governments, governmental agencies or instrumentalities and political subdivisions; debt securities issued by government owned, controlled or sponsored entities; interests in entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by the above-noted issuers; or debt securities issued by supranational entities such as the World Bank or the European Union. These securities may be U.S. dollar-denominated or non-U.S. dollar denominated.

The obligations issued or guaranteed by the U.S. government in which the Fund may invest include direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities. Included among direct obligations of the United States are Treasury Bills, Treasury Notes and Treasury Bonds, which differ in terms of their interest rates, maturities, and dates of issuance. Not all securities issued by the U.S. government and its agencies and instrumentalities are backed by the full faith and credit of the U.S. Treasury. Included among the obligations issued by agencies and instrumentalities and government sponsored enterprises of the United States are instruments that are supported by the full faith and credit of the United States (such as certificates issued by the Government National Mortgage Association ("GNMA"), instruments that are supported by the right of the issuer to borrow from the U.S. Treasury (such as securities of Federal Home Loan Banks ("FHLBs")), and instruments that are supported only by the credit of the instrumentality (such as Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation

("FHLMC") bonds). Although the Fund may hold securities that carry U.S. government guarantees, these guarantees do not extend to the Common Shares and do not guarantee the market price of the securities. See "Risks—U.S. Government Debt Securities Risk".

Emerging market government debt securities generally are rated in the lower rating categories by recognized credit rating agencies or are unrated and considered to be of comparable quality to lower rated debt securities. A non-U.S. issuer of debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of a default. These risks are more pronounced in investments in issuers in emerging markets or if the Fund invests significantly in one country. See "Risks—Non-U.S. Government Debt Securities Risk".

Below Investment Grade Securities. The Fund may invest in securities of any credit quality, including securities that are rated below investment grade. Below investment grade securities are rated below "BBB-" by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, or Fitch Ratings, Inc., below "Baa3" by Moody's Investors Service, Inc. or comparably rated by another nationally recognized statistical rating organization ("NRSRO") or, if unrated, determined by the Sub-Advisor or the Sub-Sub-Advisor to be of comparable credit quality at the time of purchase. Below investment grade securities are commonly referred to as "junk" or "high yield" securities and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. See "Risks—Credit and Below Investment Grade Securities Risk".

Restricted Securities. Restricted securities include, without limitation, securities eligible for purchase and sale pursuant to Rule 144A under the 1933 Act ("Rule 144A") and other securities issued in private placements. A restriction on public sale of restricted securities may make it more difficult to value the securities, limit the Fund's ability to dispose of them and lower the amount the Fund could realize upon their sale. Any resale of these securities must generally be effected through a sale that is registered under the 1933 Act or otherwise exempted or excepted from such registration requirements. To the extent privately placed securities held by the Fund qualify under Rule 144A and an institutional market develops for those securities, the Fund likely will be able to dispose of the securities without registering them under the 1933 Act. To the extent that institutional buyers become, for a time, uninterested in purchasing these securities, investing in Rule 144A securities could increase the level of the Fund's illiquidity. See "Risks—Illiquid and Restricted Securities Risk".

Derivatives and Other Transactions

The Fund intends to enter into various derivative and other transactions, including those described below, to seek to manage the risks of the Fund's portfolio securities, including, without limitation, interest rate, currency, credit and equity security price risk, to reduce interest rate risks arising from any use of leverage, to facilitate portfolio management or for investment or other purposes to the extent the Advisor, the Sub-Advisor and/or the Sub-Sub-Advisor determines that their use would be consistent with the investment objective and policies of the Fund, as well as applicable regulatory requirements. Generally, derivatives are financial contracts whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to, among others, individual debt instruments, interest rates, currencies or currency exchange rates, commodities and related indexes. The transactions discussed below represent the derivative and other transactions that the Fund intends to enter into as a principal part of its investment strategy. The Fund may, but is not required to, enter into other types of derivatives. See "Other Investment Strategies and Techniques—Derivative Transactions" in the SAI for additional discussion of the various types of derivatives in which the Fund may engage. Certain of the Fund's derivative and other transactions also may provide investment leverage to the Fund's portfolio. See "—Use of Leverage".

Although the Advisor, the Sub-Advisor and the Sub-Sub-Advisor may seek to use derivatives and other transactions to further the Fund's investment objective, no assurance can be given that these practices, if used, will achieve this result. Derivatives and other transactions have risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transactions or illiquidity of the derivative investments. Furthermore, the ability to successfully use derivatives and other transactions depends on the Advisor's, the Sub-Advisor's and/or the Sub-Sub-Advisor's ability to predict pertinent market movements, which cannot be assured. Thus, the use of derivatives and other transactions may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. Additionally, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to derivatives and other transactions are not otherwise available to the Fund for investment purposes. See "Risks—Derivative Transactions Risk".

Option Overlay Strategy. To generate additional income, the Fund currently expects to write (or sell) call options on portfolio equity securities and certain broad-based securities indices in an amount up to 40% of the value of its Managed Assets. The types of securities represented in the broad-based securities indices upon which the Fund may write options will typically include equity securities of European companies, and examples of such indices include, but are not limited to, Euro Stoxx 50[®], CAC 40 and DAX. The Fund's call options would give the option holders the right, but not the obligation, to purchase the security (or the cash value of the index) underlying the option at a specified price (the "strike price") on one or more future dates (each, an "exercise date"). The price of the option is determined from trading activity in the broad options market, and generally reflects the relationship between the market price for the underlying securities (including those

comprising an index) and the strike price, as well as the time remaining until the expiration date. Other principal factors affecting the market value of a call option include supply and demand, interest rates and the current market price and price volatility of the underlying security. The Fund's call options may be traded on an exchange or in the over-the-counter markets.

The Fund will write a call option on an individual security only if the Fund owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or, if additional cash consideration is required, cash or other assets determined to be liquid by the Advisor, the Sub-Advisor or the Sub-Sub-Advisor (in accordance with procedures approved by the Board of Trustees) in such amount are segregated by the Fund's custodian) upon conversion or exchange of other securities held by the Fund. The Fund will write a call option on an index only if the Fund segregates or earmarks liquid assets with its custodian in an amount equal to the contract value of the index.

If an option written by the Fund expires unexercised, the Fund will realize on the expiration date a capital gain equal to the premium received by the Fund at the time the option was written. Prior to the earlier of exercise or expiration, an exchange-traded option may be closed out by an offsetting purchase or sale of an option of the same series (type, underlying security, exercise price, and expiration). There can be no assurance, however, that a closing purchase or sale transaction can be effected when the Fund desires. The Fund may sell call options it has previously purchased, which could result in a net gain or loss depending on whether the amount realized on the sale is more or less than the premium and other transaction costs paid on the call option purchased. See "Risks—Option Overlay Strategy Risk". See also "Other Investment Strategies and Techniques—Derivative Transactions" in the SAI for additional discussion regarding options and the risks associated with options.

The Fund also may write (sell) call options on broad-based securities indices. Options on securities indices are similar to options on securities except that, rather than the right to take or make delivery of a security at a specified price, an option on a securities index gives the holder the right to receive, upon exercise of the option, an amount of cash if the closing level of the securities index upon which the option is based is greater than the exercise price of the option.

The Fund's successful use of options on indices depends upon its ability to predict the direction of the market and is subject to various additional risks. See "Risks—Option Overlay Strategy Risk". For additional discussion regarding options and the risks associated with options, see "Other Investment Strategies and Techniques—Derivative Transactions" in the SAI.

Foreign Currencies and Related Transactions. The 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 substantial portion (if not all) of the Fund's assets may be denominated in foreign currencies and the income received by the Fund from its foreign investments may be paid in foreign currencies. 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 "Risks—Foreign Currency Risk".

The Fund will use forward foreign currency exchange contracts for hedging or currency risk management purposes (e.g., to protect the value of its portfolio against uncertainty in the level of future currency exchange rates) and not in order to speculate on currency exchange rate movements. A forward contract on foreign currency is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days agreed upon by the parties from the date of the contract, at a price set on the date of the contract. Forward contracts are usually entered into with banks, foreign exchange dealers or broker-dealers, are not exchange-traded, and are usually for less than one year, but may be renewed. A forward foreign currency exchange 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. At the maturity of a forward contract to deliver a particular currency, the Fund may either sell portfolio securities denominated in such currency and make delivery of the currency, or it may retain the securities and acquire the currency on the spot market, negotiate to roll over the contract into a new forward contract with a new future settlement date or terminate its contractual obligation to deliver the currency by purchasing an offsetting contract with the same currency trader obligating it to purchase on the same maturity date the same amount of the currency. It is impossible to forecast with absolute precision the market value of portfolio securities at the expiration of a forward contract. Accordingly, it may be necessary for the Fund to purchase additional currency on the spot market (and bear the expense of such purchase) if the market value of the security is less than the amount of currency that the Fund is obligated to deliver and if a decision is made to sell the security and make delivery of the currency. Conversely, it may be necessary to sell on the spot market some of the currency received upon the sale of the portfolio security if its market value exceeds the amount of currency the Fund is obligated to deliver. There can be no assurance that new forward contracts or offsets will be available to the Fund. The Fund will segregate with its custodian liquid assets of the Fund having a value equal to the Fund's commitment under its forward contracts.

If the Fund retains the portfolio security and engages in an offsetting transaction, the Fund will incur a gain or a loss to the extent that there has been movement in forward contract prices. If the Fund engages in an offsetting transaction, it may subsequently enter into a new forward contract to sell the currency. Should forward prices decline during the period between the Fund's entering into a forward contract for the sale of a currency and the date it enters into an offsetting contract for the purchase of the currency, the Fund will realize a gain to the extent the price of the currency it has agreed to sell exceeds the

price of the currency it has agreed to purchase. Should forward prices increase, the Fund will suffer a loss to the extent the price of the currency it has agreed to purchase exceeds the price of the currency it has agreed to sell. A default on the contract would deprive the Fund of unrealized profits or force the Fund to cover its commitments for purchase or sale of currency, if any, at the current market price.

The Fund will hedge against fluctuations in the relative value of foreign currencies to which it is exposed against the U.S. dollar. The Fund may have higher returns than an equivalent non-currency hedged investment when the component currencies are weakening relative to the U.S. dollar. Conversely, the Fund may have lower returns than an equivalent non-currency hedged investment when the component currencies are rising relative to the U.S. dollar. As such, contracts to sell foreign currency will generally be expected to limit any potential gain that might be realized by the Fund if the value of the hedged currency increases. Moreover, it may not be possible for the Fund to hedge against a devaluation that is so generally anticipated that the Fund is not able to contract to sell the currency at a price above the devaluation level it anticipates. Although the Fund seeks to minimize the impact of currency fluctuations on Fund returns, the use of currency hedging will not necessarily eliminate exposure to all currency fluctuations or prevent losses. The return of the forward foreign currency exchange contracts may not perfectly offset the actual fluctuations of the foreign currencies relative to the U.S. dollar. The cost to the Fund of engaging in currency exchange transactions varies with such factors as the currency involved, the length of the contract period, and prevailing market conditions. Since currency exchange transactions are usually conducted on a principal basis, there are typically no fees or commissions involved. The Fund will only enter into forward foreign currency exchange contracts with parties which it believes to be creditworthy. Suitable hedging transactions may not be available in all circumstances. These transactions may not be successful and may eliminate any chance for the Fund to benefit from favorable fluctuations in relevant foreign currencies. See “Risks—Forward Foreign Currency Exchange Contracts Risk”. In addition, see “Other Investment Strategies and Techniques—Derivative Transactions” in the SAI for an additional discussion of the various currency exchange transactions in which the Fund may engage.

USE OF LEVERAGE

The Fund currently intends to use leverage to seek to enhance its potential for current income. The Fund also may use leverage for other purposes such as hedging or to meet cash requirements. Pursuant to the provisions of the 1940 Act, the Fund may borrow or issue notes (collectively, “Borrowings”) in an amount up to 33-1/3% of its total assets or may issue Preferred Shares in an amount up to 50% of the Fund’s total assets (including the proceeds from leverage). This is known as structural leverage. Under normal market conditions, the Fund’s structural leverage will not exceed 25% of the Fund’s Managed Assets, measured immediately after leverage is issued. The Fund will not be required to reduce leverage to the extent the foregoing percentage limitation is exceeded as a result of a decline in the value of the Fund’s assets. The Fund initially anticipates that, under normal market conditions, it will employ structural leverage through Borrowings from banks and other financial institutions in the form of a revolving credit facility representing approximately 25% of the Fund’s Managed Assets. The Fund does not currently anticipate that it will issue Preferred Shares. The Fund is also permitted to employ portfolio leverage through the use of other portfolio techniques that have the economic effect of leverage, including through the use of certain derivative transactions. See “The Fund’s Investments—Derivatives and Other Transactions”. The transactions through which the Fund will achieve portfolio leverage will not be considered Borrowings for purposes of the Investment Company Act of 1940 so long as the Fund has covered its commitments with respect to such transactions by segregating liquid assets, entering into offsetting transactions or owning positions covering its obligations. “Effective leverage” is the combination of the amount of structural leverage plus the amount of portfolio leverage. The Fund anticipates that its effective leverage will vary from time to time, based upon changes in market conditions and variations in the value of the portfolio’s holdings; however, the Fund’s effective leverage will not exceed 40% of the Fund’s Managed Assets. Notwithstanding the foregoing, effective leverage incurred through the Fund’s Option Overlay Strategy and use of derivatives for hedging purposes will not be counted toward the Fund’s limit on the use of effective leverage.

The Fund’s Declaration authorizes the Fund, without prior approval of the Common Shareholders, to borrow money. In this connection, the Fund may issue notes or other evidence of indebtedness (including bank borrowings) and may secure any such Borrowings by mortgaging, pledging or otherwise subjecting as security the Fund’s assets. Certain types of Borrowings may result in the Fund being subject to covenants in credit agreements relating to asset coverage and portfolio composition requirements. In addition, the Borrowings of the Fund will likely be secured by a lien on the assets of the Fund. Generally, covenants to which the Fund may be subject include affirmative covenants, negative covenants, financial covenants, and investment covenants. An example of an affirmative covenant would be one that requires the Fund to send its annual audited financial report to the lender. An example of a negative covenant would be one that prohibits the Fund from making any amendments to its fundamental policies. An example of a financial covenant is one that would require the Fund to maintain a 3:1 asset coverage ratio. An example of an investment covenant is one that would require the Fund to limit its investment in a particular asset class. The terms of such Borrowings may also contain provisions which limit certain activities of the Fund, including the payment of dividends to Common Shareholders in certain circumstances, and the Fund may be required to maintain minimum average balances with the lender or to pay a commitment or other fee to maintain a line of credit. Any such requirements will increase the cost of Borrowing over the stated interest rate. In addition, certain types of

Borrowings may involve the rehypothecation of the Fund's securities. Furthermore, the Fund may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which may issue ratings for the short-term corporate debt securities or Preferred Shares issued by the Fund. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act as described below. It is not anticipated that these covenants or guidelines will impede the Sub-Advisor or the Sub-Sub-Advisor from managing the Fund's portfolio in accordance with the Fund's investment objective and policies. Any Borrowing will likely be ranked senior or equal to all other existing and future Borrowings of the Fund.

Under the requirements of the 1940 Act, the Fund, immediately after any Borrowing, must have an "asset coverage" of at least 300% (33-1/3% of total assets). With respect to such Borrowing, asset coverage means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities (as defined in the 1940 Act), bears to the aggregate amount of such borrowing represented by senior securities issued by the Fund. Also under the 1940 Act, the Fund is not permitted to issue Preferred Shares unless immediately after such issuance the value of the Fund's total assets is at least 200% of the liquidation value of the outstanding Preferred Shares (*i.e.*, the liquidation value may not exceed 50% of the Fund's total assets). In addition, the Fund is not 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 is at least 200% of such liquidation value. If Preferred Shares are issued, the Fund intends, to the extent possible, to purchase or redeem Preferred Shares from time to time to the extent necessary in order to maintain coverage of any Preferred Shares of at least 200%. In addition, as a condition to obtaining ratings on the Preferred Shares, the terms of any Preferred Shares issued are expected to include asset coverage maintenance provisions which will require the redemption of the Preferred Shares in the event of non-compliance by the Fund and also may prohibit dividends and other distributions on the Common Shares in such circumstances. In order to meet redemption requirements, the Fund may have to liquidate portfolio securities. Such liquidations and redemptions would cause the Fund to incur related transaction costs and could result in capital losses to the Fund. Prohibitions on dividends and other distributions on the Common Shares could impair the Fund's ability to qualify as a regulated investment company under the Code.

The rights of lenders to the Fund to receive interest on and repayment of principal of any Borrowings will be senior to those of the Common Shareholders. Further, the 1940 Act grants, in certain circumstances, to the lenders to the Fund certain voting rights in the event of default in the payment of interest on or repayment of principal. In the event that such provisions would impair the Fund's status as a regulated investment company under the Code, the Fund, subject to its ability to liquidate its portfolio, intends to repay the Borrowings. If the Fund has Preferred Shares outstanding, two of the Fund's Trustees will be elected by the holders of Preferred Shares as a class. The remaining Trustees of the Fund will be elected by holders of Common Shares and Preferred Shares voting together as a single class. In the event the Fund failed to pay dividends on Preferred Shares for two years, holders of Preferred Shares would be entitled to elect a majority of the Trustees of the Fund.

Any use of leverage by the Fund (each, a "Leverage Instrument") will be consistent with the provisions of the 1940 Act. To the extent Leverage Instruments are utilized by the Fund, the Leverage Instruments would have complete priority upon distribution of assets over the Common Shares. The issuance of Leverage Instruments would leverage the Common Shares. Although the timing and other terms of the offering of Leverage Instruments and the terms of the Leverage Instruments would be determined by the Board of Trustees, the Fund expects to invest the proceeds derived from any leverage offering in securities consistent with the Fund's investment objective and policies. If Preferred Shares are issued, they may pay dividends based on short-term interest rates. The adjustment period for Preferred Shares dividends could be as short as one day or as long as a year or more. So long as the Fund's portfolio is invested in securities that provide a higher rate of return than the dividend rate or interest rate of the Leverage Instruments, after taking expenses into consideration, the leverage will cause Common Shareholders to receive a higher rate of return than if the Fund were not leveraged. Conversely, if the total return derived from securities purchased with funds received from the use of leverage is less than the cost of leverage, the Fund's return will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders as dividends and other distributions will be reduced. In the latter case, the Sub-Advisor or the Sub-Sub-Advisor in its best judgment nevertheless may determine to maintain the Fund's leveraged position if it expects that the benefits to the Common Shareholders of maintaining the leveraged position will outweigh the current reduced return. Under normal market conditions, the Fund anticipates that it will be able to invest the proceeds from leverage at a higher rate of return than the costs of leverage, which would enhance returns to Common Shareholders. The Fund also may borrow money as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions which otherwise might require untimely dispositions of Fund securities.

The use of leverage involves special considerations. Leverage creates risk for the Common Shareholders, including the likelihood of greater volatility of net asset value ("NAV") and market price of the Common Shares, and the risk that fluctuations in interest rates on leverage, including Borrowings and debt, or in the dividend rates on any Preferred Shares may affect the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares. The fees paid to the Advisor (and by the Advisor to the Sub-Advisor and by the Sub-Advisor to the Sub-Sub-Advisor) will be calculated on the basis of the Managed Assets, including Borrowings for leverage and the issuance of Preferred Shares, if any.

During periods in which the Fund is utilizing leverage, the investment advisory fee payable to the Advisor, the Sub-Advisor and the Sub-Sub-Advisor will be higher than if the Fund did not utilize a leveraged capital structure. See “Risks—Leverage Risk” and “Risks—Potential Conflicts of Interest Risk”.

Effects of Leverage

Assuming that the Leverage Instruments of the Fund will represent approximately 25% of the Fund’s Managed Assets and pay dividends or interest at an annual combined average rate of 0.98%, the return generated by the Fund’s portfolio (net of estimated expenses) must exceed 0.24% in order to cover the dividend and interest payments specifically related to the Leverage Instruments. Of course, these numbers are merely estimates used for illustration. Actual dividends or interest rates on the Leverage Instruments will vary frequently and may be significantly higher or lower than the rate estimated above.

The following table is furnished in response to requirements of the SEC. It is designed to illustrate the effect of leverage on Common Share total return, assuming investment portfolio total returns (comprised of income and changes in the value of securities 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 experienced or expected to be experienced by the Fund. See “Risks”.

The table further reflects the use of Leverage Instruments representing 25% of the Fund’s Managed Assets, net of expenses, and the Fund’s currently projected annual dividend or interest on its Leverage Instruments of 0.98%.

Assumed Portfolio Total Return (Net of Expenses)	(10)%	(5)%	0%	5%	10%
Common Share Total Return	-13.66%	-6.99%	-0.33%	6.34%	13.01%

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 dividends or interest on its Leverage Instruments) and gains or losses on the value of the securities the Fund owns. As required by SEC rules, the table above 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 interest and dividends it receives on its investments is entirely offset by losses in the value of those investments.

RISKS

Risk is inherent in all investing. The following discussion summarizes the principal risks that you should consider before deciding whether to invest in the Fund. For additional information about the risks associated with investing in the Fund, see “Additional Information About the Fund’s Investments and Investment Risks” in the SAI.

No Operating History

The Fund is a newly organized, non-diversified, closed-end management investment company with no operating history.

Not a Complete Investment Program

An investment in the Fund should not be considered a complete investment program. It is designed for long-term investing and not as a vehicle for trading.

Investment and Market Risk

An investment in the Common Shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Common Shares represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of the securities in which the Fund invests will affect the value of the Common Shares. Your Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Market Discount From Net Asset Value Risk

Shares of closed-end investment companies frequently trade at a discount from their NAV. This characteristic is a risk separate and distinct from the risk that the Fund’s NAV could decrease as a result of its investment activities and may be greater for investors expecting to sell their Common Shares in a relatively short period of time following completion of this offering. The NAV of the Common Shares will be reduced immediately following this offering as a result of the payment of certain offering costs. Although the value of the Fund’s net assets will generally be considered by market participants in determining whether to purchase or sell Common Shares, whether investors will realize gains or losses upon the sale of the

Common Shares will depend entirely upon whether the market price of the Common Shares at the time of sale is above or below the investor's purchase price for the Common Shares. Because the market price of the Common Shares will be affected by factors such as NAV, dividend or distribution levels and their stability (which will in turn be affected by levels of dividend and interest payments by the Fund's portfolio holdings, the timing and success of the Fund's investment strategies, regulations affecting the timing and character of Fund distributions, Fund expenses and other factors), supply of and demand for the Common Shares, trading volume of the Common Shares, general market, interest rate and economic conditions and other factors beyond the control of the Fund, the Fund cannot predict whether the Common Shares will trade at, below or above NAV or at, below or above the initial public offering price.

Conversion Risk

The Fund will bear the costs associated with calling a shareholder meeting for the purpose of voting to determine whether the Fund should convert to an open-end management investment company. In the event of conversion to an open-end management investment company, the Common Shares would cease to be listed on the NYSE or other national securities exchange, and such Common Shares would thereafter be redeemable at NAV at the option of the Common Shareholder, rather than traded in the secondary market at market price, which, for closed-end fund shares, may at times be at a premium to NAV. Any Borrowings or Preferred Shares of the Fund would need to be repaid or redeemed upon conversion and, accordingly, a portion of the Fund's portfolio may need to be liquidated, potentially resulting in, among other things, lower current income. In addition, open-end management investment companies may be subject to continuous asset in-flows and out-flows that can complicate portfolio management and limit the Fund's ability to make certain types of investments. As a result, the Fund may incur increased expenses and may be required to sell portfolio securities at inopportune times in order to accommodate such flows. See "Contingent Conversion Feature".

Non-Diversified Status Risk

As a non-diversified, closed-end management investment company under the 1940 Act, the Fund may invest a greater portion of its assets in a more limited number of issuers than may a diversified fund, and accordingly, an investment in the Fund may, under certain circumstances, present greater risk to an investor than an investment in a diversified company.

Management Risk and Reliance on Key Personnel

The Fund is subject to management risk because it is an actively managed portfolio. The Advisor, the Sub-Advisor and the Sub-Sub-Advisor will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results. In addition, implementation of the Fund's investment strategy depends upon the continued contributions of certain key employees of the Advisor, the Sub-Advisor and the Sub-Sub-Advisor, some of whom have unique talents and experience and would be difficult to replace. The loss or interruption of the services of a key member of the portfolio management team could have a negative impact on the Fund during the transitional period that would be required for a successor to assume the responsibilities of the position.

Common Stock Risk

Common stock risk is the risk that the value of the common stock held by the Fund will fall, sometimes rapidly and unpredictably, due to general market and economic conditions, perceptions regarding the industries in which the issuers of common stock held by the Fund participate or factors relating to specific companies in which the Fund invests. Common stock of an issuer in the Fund's portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the common stock experiences a decline in its financial condition. Common stock in which the Fund may invest is structurally subordinated to preferred stock, bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater dividend risk than preferred stock or debt instruments of such issuers. In addition, while common stock has historically generated higher average returns than debt securities over the long term, common stock has also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of common stock of an issuer held by the Fund. Also, the price of common stock of an issuer is sensitive to general movements in the stock market, changes in investors' perceptions of the financial condition of the issuer and the occurrence of political or economic events affecting issuers. A drop in the stock market may depress the price of most or all of the common stock to which the Fund has investment exposure. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase.

The Fund may invest in common stock of companies of any market capitalization. Accordingly, the Fund may invest in common stock of companies having smaller market capitalizations. The common stock of these companies often have less liquidity than the common stock of larger companies and these companies frequently have less management depth, narrower market penetrations, less diverse product lines and fewer resources than larger companies. Due to these and other factors,

common stock of smaller companies may be more susceptible to market downturns and other events, and their prices may be more volatile than the common stock of larger companies. Larger, more established companies in which the Fund may invest may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion.

Non-U.S. Securities Risk

Under normal market conditions, the Fund will invest primarily in securities of non-U.S. issuers. Investing in securities of non-U.S. issuers, which are generally denominated in non-U.S. currencies, may involve certain risks not typically associated with investing in securities of U.S. issuers. These risks include: (i) there may be less publicly available information about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices, as non-U.S. companies are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies; (ii) non-U.S. markets may be smaller, less liquid and more volatile than the U.S. market; (iii) potential adverse effects of fluctuations in currency exchange rates or controls on the value of the Fund's investments; (iv) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; (v) the impact of economic, political, social or diplomatic events, including the risk of adverse political developments, nationalization, military unrest, social instability, war and terrorism, confiscation without fair compensation, expropriation or confiscatory taxation, limitations on the movement of funds and other assets between different countries, or diplomatic developments; (vi) certain non-U.S. countries may impose restrictions on the ability of non-U.S. issuers to make payments of principal and interest to investors located in the United States due to blockage of non-U.S. currency exchanges or otherwise; and (vii) withholding and other non-U.S. taxes may decrease the Fund's return. Action by these governments could have a significant effect on market prices of securities and dividend payments. In the event of nationalization, expropriation or other confiscation, the Fund could lose its entire investment in non-U.S. securities. In addition to the foregoing risks, there may be difficulty in obtaining or enforcing a court judgment abroad. These risks may be more pronounced to the extent that the Fund invests a significant amount of its assets in companies located in one region or in emerging markets (as described below).

Governments in certain foreign countries continue to participate to a significant degree, through ownership interest or regulation, in their respective economies. Furthermore, many countries throughout the world are dependent on a healthy U.S. economy and are adversely affected when the U.S. economy weakens or its markets decline. Additionally, many foreign country economies are heavily dependent on international trade and are adversely affected by protective trade barriers and economic conditions of their trading partners. Protectionist trade legislation enacted by those trading partners could have a significant adverse affect on the securities markets of those countries. Individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position.

The securities of foreign issuers may be listed on foreign securities exchanges or traded in foreign OTC markets. Fixed commissions on foreign securities exchanges are generally higher than negotiated commissions on U.S. exchanges, although the Fund endeavors to achieve the most favorable net results on its portfolio transactions. There is generally less government supervision and regulation of foreign securities exchanges, brokers, dealers and listed and unlisted companies than in the United States, and the legal remedies for investors may be more limited than the remedies available in the United States. For example, there may be no comparable provisions under certain foreign laws to insider trading and similar investor protections that apply with respect to securities transactions consummated in the United States. Mail service between the United States and foreign countries may be slower or less reliable than within the United States, thus increasing the risk of delayed settlement of portfolio transactions or loss of certificates for portfolio securities.

Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Such delays in settlement could result in temporary periods when some of the Fund's assets are uninvested and no return is earned on such assets. The inability of the Fund to make intended security purchases due to settlement problems could cause the Fund to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Fund due to subsequent declines in value of the portfolio securities or, if the Fund has entered into a contract to sell the securities, in possible liability to the purchaser.

The Fund may invest in foreign securities which take the form of sponsored and unsponsored ADRs, GDRs, EDRs or other similar instruments representing securities of foreign issuers (together, "Depositary Receipts"). To the extent the Fund acquires Depositary Receipts through banks which do not have a contractual relationship with the foreign issuer of the security underlying the Depositary Receipts to issue and service such unsponsored Depositary Receipts, there is an increased possibility that the Fund will not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the foreign issuer in a timely manner. In addition, the lack of information may result in inefficiencies in the valuation of such instruments. Investment in Depositary Receipts does not eliminate all the risks inherent in investing in securities of non-U.S. issuers. The market value of Depositary Receipts is dependent upon the market value of the underlying securities and fluctuations in the relative value of the currencies in which the Depositary Receipts and the underlying securities are quoted. However, by investing in Depositary Receipts, such as ADRs, which are quoted in U.S. dollars, the Fund may avoid currency risks during the settlement period for purchases and sales.

European Markets Risk

Investing in Europe involves risks not typically associated with investments in the United States. While many countries in Europe are considered to have developed markets, investing in the developed countries of Europe imposes different risks than those associated with investing in other developed markets. Many countries in Europe are members of the European Union (“EU”), which faces major issues involving its membership, structure, procedures and policies. Efforts of the member states to continue to unify their economic and monetary policies may increase the potential for similarities in the movements of European markets and may reduce any diversification benefit a Fund may seek by investing in multiple countries within Europe. European countries that are members of, or candidates to join, the Economic and Monetary Union (“EMU”) (which is comprised of EU members that have adopted the Euro currency) are subject to restrictions on inflation rates, interest rates, deficits and debt levels, as well as fiscal and monetary controls. By adopting the Euro as its currency, a member state relinquishes control over its own monetary policies. As a result, European countries are significantly affected by fiscal and monetary controls implemented by the EMU, and it is possible that the timing and substance of these controls may not address the needs of all EMU member countries. In addition, the fiscal policies of a single member state can impact and pose economic risks to the EU as a whole. Investing in Euro-denominated securities also creates exposure to a currency that may not fully reflect the strengths and weaknesses of the disparate economies that comprise Europe. There is continued concern over national-level support for the Euro, which could lead to certain countries leaving the EMU, the implementation of currency controls, or potentially the dissolution of the Euro. The dissolution of the Euro would have significant negative effects on European economies and would cause funds with holdings denominated in Euros to face substantial challenges, including difficulties relating to settlement of trades and valuation of holdings, diminished liquidity, and the redenomination of holdings into other currencies.

Decreasing imports or exports, changes in governmental or other regulations on trade, changes in the exchange rate of the Euro, the default or threat of default by one or more EU member countries on its sovereign debt, and/or an economic recession in one or more EU member countries may have a significant adverse effect on the economies of these and other EU member countries and major trading partners outside Europe.

The European financial markets have experienced volatility and adverse trends due to concerns about economic downturns, rising government debt levels and the possible default of government debt in several European countries, including Greece, Ireland, Italy, Portugal and Spain. Several countries, including Greece and Italy, have agreed to multi-year bailout loans from the European Central Bank, International Monetary Fund, and other institutions. A default or debt restructuring by any European country, such as the restructuring of Greece’s outstanding sovereign debt, can adversely impact holders of that country’s debt, which may be located in countries other than those listed above, and can affect exposures to other EU countries and their financial companies as well. The manner in which the EU and EMU responded to the global recession and sovereign debt issues raised questions about their ability to react quickly to rising borrowing costs and the potential default by Greece and other countries of their sovereign debt and revealed a lack of cohesion in dealing with the fiscal problems of member states. To address budget deficits and public debt concerns, a number of European countries have imposed strict austerity measures and comprehensive financial and labor market reforms, which could increase political or social instability. Many European countries continue to suffer from high unemployment rates. See “–Market Disruption and Geopolitical Risk” and “–Redenomination Risk” below.

Investing in the securities of Eastern European issuers is highly speculative and involves risks not usually associated with investing in the more developed markets of Western Europe. Securities markets of Eastern European countries typically are less efficient and have lower trading volume, lower liquidity, and higher volatility than more developed markets. Eastern European economies also may be particularly susceptible to the international credit market due to their reliance on bank related inflows of capital. See “–Emerging Markets Risk” below.

Emerging Markets Risk

Investments in securities of issuers located in emerging market countries are considered speculative and are subject to greater levels of non-U.S. securities risk than investments in more developed non-U.S. markets. Heightened risks of investing in emerging markets securities include: (i) smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; (ii) significant price volatility; (iii) restrictions on foreign investment; (iv) possible repatriation of investment income and capital; (v) increased risk of default (including both government and private issuers); (vi) greater social, economic and political uncertainty and instability (including the risk of war); (vii) more substantial governmental involvement in the economy; (viii) less governmental supervision and regulation of the securities markets and participants in those markets; (ix) unavailability of currency hedging techniques in certain emerging market countries; and (x) the fact that companies in emerging market countries may be newly organized, smaller and less seasoned. Furthermore, foreign investors may be required to register the proceeds of sales and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Foreign Currency Risk

The Fund will engage in practices and strategies that will result in exposure to fluctuations in foreign exchange rates, thus subjecting the Fund to foreign currency risk. The Fund's 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, 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 the forces of supply and demand in the non-U.S. exchange markets, actual or perceived 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 will seek 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 successful and the Fund will incur costs associated with such strategies.

Currency transactions are subject to risks different from those of other portfolio transactions. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These can result in losses if the Fund is unable to deliver or receive currency or funds in settlement of obligations and could also cause hedges it has entered into to be rendered useless, resulting in full currency exposure as well as incurring transactions costs. Currency exchange rates may fluctuate based on factors extrinsic to that country's economy.

Geographic Concentration Risk

The Fund may invest from time to time a substantial amount of its assets in issuers located in a single country or region. Investments in a single region, although representing a number of different countries within the region, may be affected by common economic forces and other factors. Because the Fund will concentrate its investments in this manner, it assumes the risk that economic, political and social conditions in those countries will have a significant impact on its investment performance. This vulnerability to factors affecting European investments is significantly greater than it would be for a more geographically diversified fund, and may result in greater losses and volatility. This risk increases to the extent the Fund focuses on issuers in a limited number of countries in Europe. Western Europe has, in certain instances, been susceptible to serious financial hardship, high debt levels and high levels of unemployment. The EU itself has experienced difficulties in connection with the debt loads of some of its member states. In addition, the Fund's investment performance may also be more volatile if it concentrates its investments in certain countries, especially emerging market countries. See "–Emerging Markets Risk".

Market Disruption and Geopolitical Risk

Some countries in which the Fund invests have experienced security concerns, war or threats of war and aggression, terrorism, economic uncertainty, natural and environmental disasters and/or systemic market dislocations that have led, and in the future may lead, to increased short term market volatility and may have adverse long term effects on the European and world economies and markets generally, each of which may negatively impact the Fund's investments. For example, there have been various events throughout Europe, including Russia's annexation of Crimea and the resulting sanctions against Russia, ongoing tension between Russia and Ukraine and the political uncertainty and market turmoil in Greece, that have recently had and may continue to have an adverse impact on European and global markets. It is possible, for instance, that the events occurring in Russia could result in, among other things, Russia withholding its natural gas supply from other European countries, which has the potential to harm the economies and markets of such countries. The events occurring in one country or region (including non-European countries and regions) may spread through, or otherwise affect, other countries and regions across Europe and therefore adversely impact the Fund's investments in such countries and regions.

In addition, the terrorist attacks in the U.S. on September 11, 2001 had a disruptive effect on the securities markets. The ongoing U.S. military and related action throughout the world, as well as the continuing threat of terrorist attacks, could have significant adverse effects on the U.S. economy, the stock market and world economies and markets generally. A similar disruption of financial markets or other terrorist attacks could adversely affect Fund service providers and/or the Fund's operations as well as interest rates, secondary trading, credit risk, inflation and other factors relating to the Common Shares. Below investment grade securities tend to be more volatile than higher-rated securities so that these events and any actions resulting from them may have a greater impact on the prices and volatility of below investment grade securities than on higher-rated securities. The Fund cannot predict the effects or likelihood of similar events in the future on the U.S. and world economies, the value of the Common Shares or the NAV of the Fund.

Redenomination Risk

Continuing uncertainty as to the status of the euro and 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" 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 sell. 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.

Preferred Stock Risk

Preferred stocks are unique securities that combine some of the characteristics of both common stocks and bonds. See "—Common Stock Risk" and "—Fixed Income Securities Risk". In addition to the risks described elsewhere in this section, such as those described for common stock and debt securities, including credit risk and interest rate risk, preferred stocks are subject to certain other risks, including:

- *Deferral and Omission Risk.* Preferred stocks may include provisions that permit the issuer, at its discretion, to defer or omit distributions for a stated period without any adverse consequences to the issuer.
- *Subordination Risk.* Preferred stocks are generally subordinated to bonds and other debt instruments in a company's capital structure in terms of having priority to corporate income, claims to corporate assets and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments.
- *Floating Rate and Fixed-to-Floating Rate Securities Risk.* The market value of floating rate securities is a reflection of discounted expected cash flows based on expectations for future interest rate resets. The market value of such securities may fall in a declining interest rate environment and may also fall in a rising interest rate environment if there is a lag between the rise in interest rates and the reset. This risk may also be present with respect to fixed-to-floating rate securities in which the Fund may invest. A secondary risk associated with declining interest rates is the risk that income earned by the Fund on floating rate and fixed-to-floating rate securities may decline due to lower coupon payments on floating-rate securities.
- *Call and Reinvestment Risk.* During periods of declining interest rates or certain varying circumstances, an issuer may be able to exercise an option to redeem its issue at par earlier than scheduled, which is generally known as call risk. If this occurs, the Fund may be forced to reinvest in lower yielding securities.
- *Limited Voting Rights Risk.* Generally, traditional preferred stock offers no voting rights with respect to the issuer unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred stockholders may have the ability to elect a director or directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred stockholders no longer have voting rights.
- *Special Redemption Rights.* In certain varying circumstances, an issuer of preferred securities may redeem the securities prior to their scheduled call or maturity date. As with call provisions, a redemption by the issuer may negatively impact the return of the security held by the Fund.

Real Estate Investment Trust Risk

REITs are financial vehicles that pool investors' capital to purchase or finance real estate. REITs may concentrate their investments in specific geographic areas or in specific property types, e.g., hotels, shopping malls, residential complexes and office buildings. The market value of REIT shares and the ability of the REITs to distribute income may be adversely affected by several factors, including: (i) rising interest rates; (ii) changes in the economic climate and real estate conditions; (iii) perceptions of prospective tenants of the safety, convenience and attractiveness of the properties; (iv) the ability of the owners to provide adequate management, maintenance and insurance; (v) the cost of complying with local laws; (vi) increased competition from new properties; (vii) the impact of present or future environmental legislation and compliance with environmental laws; (viii) changes in real estate taxes and other operating expenses; (ix) adverse changes in governmental rules and fiscal policies; (x) adverse changes in zoning laws; and (xi) other factors beyond the control of the REITs including changes in tax laws. In addition, distributions received by the Fund from REITs may consist of dividends, capital gains and/or return of capital. Many of these distributions, however, when further distributed to Common Shareholders will not generally qualify for favorable treatment as qualified dividend income.

Certain REITs have relatively small market capitalizations. As such, REITs may have limited financial resources and their securities may trade less frequently and in limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Furthermore, REITs are dependent upon specialized management skills and have limited diversification. REITs are also subject to heavy cash flow dependency, defaults by borrowers or lessees and the possibility of failing to qualify for favorable tax treatment. By investing in REITs indirectly through the Fund, a Common Shareholder will bear not only his or her proportionate share of the expenses of the Fund, but also, indirectly, similar expenses of the REITs. In addition, REITs depend generally on their ability to generate cash flow to make distributions to shareholders. REITs may incur significant amounts of leverage. See “Risks—Leverage Risk”.

Credit and Below Investment Grade Securities Risk

Credit risk is the risk that an issuer of a security may be unable or unwilling to make dividend, interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer’s ability or willingness to make such payments. Credit risk may be heightened for the Fund because it may invest in below investment grade securities, which are commonly referred to as “junk” or “high yield” securities; such securities, while generally offering higher yields than investment grade securities with similar maturities, involve greater risks, including the possibility of dividend or interest deferral, default or bankruptcy, and are regarded as predominantly speculative with respect to the issuer’s capacity to pay dividends or interest and repay principal. Analysis of the creditworthiness of issuers of lower-rated securities may be more complex than for issuers of higher quality securities, and the Fund’s ability to achieve its investment objective may, to the extent it is invested in lower-rated securities, be more dependent upon such creditworthiness analysis than would be the case if it were investing in higher quality securities.

Below investment grade securities are issued by companies that may have limited operating history, narrowly focused operations and/or other impediments to the timely payment of periodic interest and principal at maturity. These securities are susceptible to default or decline in market value due to adverse economic and business developments and are often unsecured and subordinated to other creditors of the issuer. The market values for below investment grade securities tend to be very volatile, and these securities are generally less liquid than investment grade securities. For these reasons, your investment in the Fund is subject to the following specific risks: (i) increased price sensitivity to changing interest rates and to a deteriorating economic environment; (ii) greater risk of loss due to default or declining credit quality; (iii) adverse company specific events more likely to render the issuer unable to make interest and/or principal payments; (iv) negative perception of the high yield market which may depress the price and liquidity of below investment grade securities; (v) volatility; and (vi) liquidity.

Default, or the market’s perception that an issuer is likely to default, could reduce the value and liquidity of securities held by the Fund, thereby reducing the value of your investment in the Common Shares. In addition, default may cause the Fund to incur expenses in seeking recovery of principal or interest on its portfolio holdings. In any reorganization or liquidation proceeding relating to a portfolio company, the Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment. Among the risks inherent in investments in a troubled entity is the fact that it frequently may be difficult to obtain information as to the true financial condition of such issuer. The Sub-Advisor’s or the Sub-Sub-Advisor’s judgment about the credit quality of an issuer and the relative value of its securities may prove to be wrong. Investments in below investment grade securities may present special tax issues for the Fund to the extent that the issuers of these securities default on their obligations pertaining thereto, and the federal income tax consequences to the Fund as a holder of such distressed securities may not be clear.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a high yield issuer to make principal payments and interest payments than an investment grade issuer. An economic downturn could severely affect the ability of highly leveraged issuers to service their obligations or to repay their obligations upon maturity.

Below investment grade securities are generally not listed on a national securities exchange but trade in the over-the-counter markets. The secondary market for below investment grade securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on the Fund’s ability to dispose of a particular security. There are fewer dealers in the market for below investment grade securities than for investment grade obligations. The prices quoted by different dealers may vary significantly, and the spread between bid and asked prices is generally much larger for below investment grade securities than for higher quality instruments. 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 these securities may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund’s NAV.

Fixed Income Securities Risk

In addition to the risks described elsewhere in this prospectus, such as credit and below investment grade securities risk, fixed income securities in which the Fund may invest are subject to certain other risks, including:

- *Issuer Risk.* The value of fixed income securities may decline for a number of reasons which directly relate to the issuer, such as management performance, leverage and reduced demand for the issuer's goods and services, historical and projected earnings, and the value of its assets. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that income securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of fixed income securities generally will fall. These risks may be greater in the current market environment because interest rates are near historically low levels. Market value generally falls further for fixed rate securities with longer duration. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected prepayments. This may lock in a below-market yield, increase the security's duration and further reduce the value of the security. Investments in fixed income securities with long-term maturities may experience significant price declines if long-term interest rates increase. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund's NAV. Since the magnitude of these fluctuations will generally be greater at times when the Fund's average maturity is longer, under certain market conditions the Fund may, for temporary defensive purposes, accept lower current income from short-term investments rather than investing in higher yielding long-term securities. The Fund is not required to hedge its exposure to interest rate risk and may choose not to do so. In addition, there is no assurance that any attempts by the Fund to reduce interest rate risk will be successful or that any hedges that the Fund may establish will perfectly correlate with movements in interest rates.
- *Liquidity Risk.* Certain fixed income securities may be substantially less liquid than many other securities, such as common stocks traded on an exchange. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximating the value at which the Fund is carrying the securities on its books. See "Risks—Illiquid and Restricted Securities Risk".
- *Prepayment Risk.* During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest the proceeds from such prepayment in lower yielding securities, which may result in a decline in the Fund's income and distributions to Common Shareholders. This is known as call or prepayment risk. Certain fixed income securities frequently have call features that allow the issuer to redeem the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. If the Fund bought a security at a premium, the premium could be lost in the event of a prepayment.
- *Reinvestment Risk.* Reinvestment risk is the risk that income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called securities at market interest rates that are below the Fund portfolio's current earnings rate. A decline in income could affect the Common Shares' market price or the overall return of the Fund.

U.S. Government Debt Securities Risk

U.S. government debt securities generally do not involve the credit risks associated with investments in other types of fixed income securities, although, as a result, the yields available from U.S. government debt securities are generally lower than the yields available from other securities. Like other fixed income securities, however, the values of U.S. government securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund's net asset value.

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 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.

Non-U.S. Government Debt Securities Risk

Foreign governmental issuers of debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due. In the event of default, there may be limited or no legal recourse in that, generally, remedies for defaults must be pursued in the courts of the defaulting party. Political conditions, especially a sovereign entity's willingness to meet the terms of its debt obligations, are of considerable significance. The ability of a foreign sovereign issuer, especially an emerging market country, to make timely and complete payments on its debt obligations will also be strongly influenced by the sovereign issuer's balance of payments, including export performance, its access to international credit facilities and investments, fluctuations of interest rates and the extent of its foreign reserves. A country whose exports are concentrated in a few commodities or whose economy depends on certain strategic imports could be vulnerable to fluctuations in international prices of these commodities or imports. To the extent that a country receives payment for its exports in currencies other than U.S. dollars, its ability to make debt payments denominated in U.S. dollars could be adversely affected. If a government issuer cannot generate sufficient earnings from foreign trade to service its external debt, it may need to depend on continuing loans and aid from foreign governments, commercial banks and multinational organizations. There may not be bankruptcy proceedings similar to those in the United States by which defaulted non-U.S. government debt may be collected. Additional factors that may influence a government issuer's ability or willingness to service debt include, but are not limited to, a country's cash flow situation, the availability of sufficient foreign exchange on the date a payment is due, the relative size of its debt service burden to the economy as a whole, and the issuer's policy towards the International Monetary Fund, the International Bank for Reconstruction and Development and other international agencies to which a government debtor may be subject.

The cost of servicing external debt will also generally be adversely affected by rising international interest rates, as many external debt obligations bear interest at rates which are adjusted based upon international interest rates. Also, there can be no assurance that the holders of commercial bank loans to the same sovereign entity may not contest payments to the holders of sovereign debt in the event of default under commercial bank loan agreements. Foreign investment in certain sovereign debt is restricted or controlled to varying degrees, including requiring governmental approval for the repatriation of income, capital or proceeds of sales by foreign investors. These restrictions or controls may at times limit or preclude foreign investment in certain sovereign debt and increase the costs and expenses of the Fund.

Since 2010, the risks of investing in foreign sovereign debt have increased dramatically as a result of the ongoing European debt crisis which began in Greece and has begun to 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. Moreover, as the European debt crisis has progressed, the possibility of one or more eurozone countries exiting the EMU, or even the collapse of the Euro as a common currency, has arisen. The effects of the collapse of the Euro, or of the exit of one or more countries from the EMU, on the United States and the global economy and securities markets are impossible to predict and any such events could have a significant adverse impact on the value and risk profile of the Fund.

Illiquid and Restricted Securities Risk

Investments in restricted securities could have the effect of increasing the amount of the Fund's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase these securities. Illiquid and restricted securities may be difficult to dispose of at the price at which the Fund has valued the securities and at the times when the Fund believes it is desirable to do so. The market price of illiquid and restricted securities generally is more volatile than that of more liquid securities, which may adversely affect the price that the Fund recovers upon the sale of such securities. Illiquid and restricted securities are also more difficult to value, especially in challenging markets. The Sub-Advisor's and the Sub-Sub-Advisor's judgment may play a greater role in the valuation process. The Advisor, the Sub-Advisor and/or the Sub-Sub-Advisor will determine, under the supervision and oversight of the Board of Trustees, whether restricted securities are liquid or illiquid. Investment of the Fund's assets in illiquid and restricted securities may restrict the Fund's ability to take advantage of market opportunities. The risks associated with illiquid and restricted securities may be particularly acute in situations in which the Fund's operations require cash and could result in the Fund borrowing to meet its short-term needs or incurring losses on the sale of illiquid or restricted securities. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered, therefore enabling the Fund to sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. In either case, the Fund would bear market risks during that period.

Income Risk

The income Common Shareholders receive from the Fund is based primarily on the dividends and interest it earns from its investments, which can vary widely over the short and long term. If prevailing market interest rates drop, distribution rates of the Fund's portfolio holdings of fixed income securities and preferred stock may decline which then may adversely affect the Fund's distributions on its Common Shares as well. The Fund's income also would likely be adversely affected when prevailing short-term interest rates increase and the Fund is utilizing leverage.

Derivative Transactions Risk

The Fund's use of derivative transactions involves risks, including the imperfect correlation between the value of such instruments and the underlying assets of the Fund, the possible default of the other party to the transaction or illiquidity of the derivative investments. See "—Counterparty Risk". Furthermore, the ability to successfully use derivative transactions depends on the Advisor's, the Sub-Advisor's and/or the Sub-Sub-Advisor's ability to predict pertinent market movements, which cannot be assured. Thus, the use of derivative transactions to generate income or for hedging, currency and interest rate management or other purposes may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment or may cause the Fund to hold a security that it might otherwise sell. Additionally, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to derivative transactions will not otherwise be available to the Fund for investment purposes. See "—Option Overlay Strategy Risk" and "—Forward Foreign Currency Exchange Contracts Risk" for a discussion of the risks associated with these specific derivative transactions. See "Other Investment Strategies and Techniques—Derivative Transactions" in the SAI for an additional discussion of the various derivative transactions in which the Fund may participate and the risks associated those transactions.

Special Considerations Concerning Derivative Transactions

The derivatives markets have become subject to comprehensive regulation. In particular, the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") may impact the availability, liquidity and cost of derivative transactions, including potentially limiting or restricting the ability of the Fund to use certain derivative transactions or certain counterparties as a part of its investment strategy, increasing the costs of using these derivative transactions or making them less effective.

The SEC has also indicated that it may adopt new policies on the use of derivative transactions by registered investment companies. Such policies could affect the nature and extent of derivative transactions entered into by the Fund. In addition, at any time after the date of this prospectus, legislation may be enacted that could negatively affect the assets of the Fund or the issuers of such assets. Changing approaches to regulation may have a negative impact on entities in which the Fund invests. There can be no assurance that future legislation, regulation or deregulation will not have a material adverse effect on the Fund or will not impair the ability of the issuers of the assets held in the Fund to achieve their business goals, and hence, for the Fund to achieve its investment objective.

Option Overlay Strategy Risk

To generate additional income, the Fund currently expects to write (or sell) call options on portfolio equity securities and certain broad-based securities indices in an amount up to 40% of the value of its Managed Assets. There are various risks associated with the Fund writing (or selling) call options. As the writer (seller) of a call option on portfolio equity securities, 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 any appreciation in the underlying security over the strike price upon exercise. In effect, the Fund would forgo, during the life of the option, the opportunity to profit from increases in the market value of the underlying security above the sum of the premium and the strike price of the call option but would retain the risk of loss should the price of the underlying security decline. Therefore, the writing (or selling) of call options may limit the Fund's ability to benefit from the full upside potential of its investment strategies.

The value of call options written by the Fund, which will be priced daily, may be affected by, among other factors, changes in the value of the underlying security (or securities) in relation to the strike price, changes in dividend rates of the underlying security (or securities), changes in interest rates, changes in actual or perceived volatility of the stock market and the underlying security (or securities), and the time remaining until the expiration date. The value of call options written by the Fund may be adversely affected if the market for the option is reduced or becomes illiquid.

The Fund may sell index call options from time to time. The purchaser of an index call option has the right to any appreciation in the value of the index over the exercise price of the option on or before the expiration date. Because the exercise of index options is settled in cash, sellers of index call options, such as the Fund, cannot provide in advance for their potential settlement obligations by acquiring and holding the underlying securities. The Fund will lose money if it is required to pay the purchaser of an index option the difference between the cash value of the index on which the option was written

and the exercise price, and such difference is greater than the premium received by the Fund for writing the option. The value of index options written by the Fund, which will be priced daily, will be affected by changes in the value of and dividend rates of the underlying securities in the respective index, changes in the actual or perceived volatility of the stock market and the remaining time to the options' expiration. The value of the index options also may be adversely affected if the market for the index options becomes less liquid or smaller. Distributions paid by the Fund on its Common Shares may be derived in part from the net index option premiums it receives from selling index call options, less the cost of paying settlement amounts to purchasers of the options that exercise their options. Net index option premiums can vary widely over the short-term and long-term.

There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) inadequate facilities of an exchange or The Options Clearing Corporation to handle current trading volume; or (vi) the decision of one or more exchanges at some future date to discontinue the trading of options (or a particular class or series of options) for economic or other reasons. If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist. However, outstanding options on that exchange would continue to be exercisable in accordance with their terms.

The hours of trading for options may not conform to the hours during which the securities held by the Fund are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets. Additionally, the exercise price of an option may be adjusted downward before the option's expiration as a result of the occurrence of certain corporate events affecting the underlying security, such as extraordinary dividends, stock splits, mergers or other extraordinary distributions or events. A reduction in the exercise price of options might reduce the Fund's capital appreciation potential on underlying securities held by the Fund.

The Fund's call options transactions may be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which the options are traded. These limitations govern the maximum number of options in each class that may be written by a single investor or group of investors acting in concert, regardless of whether the options are written on the same or different exchanges, boards of trade or other trading facilities or are written in one or more accounts or through one or more brokers. Thus, the number of call options that the Fund may write may be affected by options written by other investment advisory clients of the Advisor, the Sub-Advisor, the Sub-Sub-Advisor or their affiliates. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose other sanctions. See "Risks—Derivative Transactions Risk".

The Fund may write (sell) unlisted over-the-counter ("OTC") options. OTC options differ from exchange-listed options in that they are two-party contracts, with exercise price, premium and other terms negotiated between buyer and seller, and generally have less market liquidity than exchange-listed options. The Fund may be required to treat as "illiquid" securities being used to cover certain written OTC options. The OTC options written by the Fund will not be issued, guaranteed or cleared by The Options Clearing Corporation. To the extent that the Fund utilizes unlisted OTC options, the Fund's ability to terminate these options may be more limited than with exchange-traded options and may involve enhanced risk that counterparties participating in such transactions will not fulfill their obligations. In the event of default or insolvency of the counterparty, the Fund may be unable to liquidate an OTC option position.

Forward Foreign Currency Exchange Contracts Risk

In addition to the general risks described herein for derivative transactions, forward foreign currency exchange contracts involve certain additional risks, including the risk of failure of the counterparty to perform its obligations under the contract and the risk that the use of forward contracts may not serve as a complete hedge because of an imperfect correlation between movements in the prices of the contracts and the prices of the currencies hedged. While forward foreign currency contracts may limit the risk of loss due to a decline in the value of the hedged currencies, they also may limit any potential gain that might result should the value of the currencies increase. In addition, because forward currency exchange contracts are privately negotiated transactions, there can be no assurance that the Fund will have flexibility to roll-over a forward currency exchange contract upon its expiration if it desires to do so.

Hedging against a decline in the value of a currency does not eliminate fluctuations in the value of a portfolio security traded in that currency or prevent a loss if the value of the security declines. Moreover, it may not be possible for the Fund to hedge against a devaluation that is so generally anticipated that the Fund is not able to contract to sell the currency at a price above the devaluation level it anticipates. The cost to the Fund of engaging in currency exchange transactions varies with such factors as the currency involved, the length of the contract period and prevailing market conditions. See "Other Investment Strategies and Techniques—Derivative Transactions" in the SAI for additional risks associated with currency exchange transactions.

As noted above, there may be an imperfect correlation between the Fund's portfolio holdings of securities denominated in a particular currency and forward foreign currency exchange contracts entered into by the Fund. Proxy hedges and cross-hedges, in particular, may result in losses if the currency used to hedge does not perform similarly to the currency in which hedged securities are denominated. An imperfect correlation of this type may prevent the Fund from achieving the intended hedge or expose the Fund to the risk of currency exchange loss.

Counterparty Risk

The Fund will be subject to credit risk with respect to the counterparties to the derivative transactions entered into directly by the Fund. Changes in the credit quality of the companies that serve as the Fund's counterparties with respect to derivatives or other transactions supported by another party's credit will affect the value of those instruments. 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 under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Leverage Risk

The use of leverage by the Fund can magnify the effect of any losses. If the income and gains earned on the securities and investments purchased with leverage proceeds are greater than the cost of the leverage, the Common Shares' return will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and investments purchased with such proceeds do not cover the cost of leverage, the return to the Common Shares will be less than if leverage had not been used. Leverage involves risks and special considerations for Common Shareholders including:

- the likelihood of greater volatility of NAV and market price of the Common Shares than a comparable portfolio without leverage;
- the risk that fluctuations in interest rates on leverage, including Borrowings or in the dividend rates on any Preferred Shares that the Fund may pay will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares;
- the effect of leverage in a declining market, which is likely to cause a greater decline in the NAV of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares; and
- the investment advisory fee payable to the Advisor and the sub-advisory fee payable by the Advisor to the Sub-Advisor (and by the Sub-Advisor to the Sub-Sub-Advisor) will be higher than if the Fund did not use leverage because the definition of "Managed Assets" includes the proceeds of leverage.

There is no assurance that a leveraging strategy will be successful. The Fund may continue to use leverage if the benefits to the Common Shareholders of maintaining the leveraged position are believed by the Board of Trustees to outweigh any current reduced return.

The funds borrowed pursuant to a leverage borrowing program (such as a credit line), or obtained through the issuance of Preferred Shares, constitute a substantial lien and burden by reason of their prior claim against the income of the Fund and against the net assets of the Fund in liquidation. The rights of lenders to receive payments of interest on and repayments of principal on any Borrowings made by the Fund under a leverage borrowing program are senior to the rights of Common Shareholders and the holders of Preferred Shares, with respect to the payment of dividends or upon liquidation. The Fund may not be permitted to declare dividends or other distributions, including dividends and distributions with respect to Common Shares or Preferred Shares or purchase Common Shares or Preferred Shares, unless at the time thereof the Fund meets certain asset coverage requirements and no event of default exists under any leverage program. In addition, the Fund may not be permitted to pay dividends on Common Shares unless all dividends on the Preferred Shares and/or accrued interest on Borrowings have been paid, or set aside for payment. In an event of default under a leverage borrowing program, the lenders have the right to cause a liquidation of collateral (*i.e.*, sell securities and other assets of the Fund) and, if any such default is not cured, the lenders may be able to control the liquidation as well. Certain types of leverage may result in the Fund being subject to covenants relating to asset coverage and Fund composition requirements. Generally, covenants to which the Fund may be subject include affirmative covenants, negative covenants, financial covenants, and investment covenants. See "Use of Leverage".

The Fund also may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which may issue ratings for the Preferred Shares or other leverage securities issued by the Fund. These guidelines may impose asset coverage or Fund composition requirements that are more stringent than those imposed by the 1940 Act. The Sub-Advisor and the Sub-Sub-Advisor do not believe that these covenants or guidelines will impede it from managing the Fund's portfolio in accordance with the Fund's investment objective and policies. While the Fund may from time to time consider reducing leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased

volatility of current income and NAV associated with leverage, there can be no assurance that the Fund will actually reduce leverage in the future or that any reduction, if undertaken, will benefit the Common Shareholders. Changes in the future direction of interest rates are very difficult to predict accurately. If the Fund were to reduce leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction in leverage would likely operate to reduce the income and/or total returns to Common Shareholders relative to the circumstance if the Fund had not reduced leverage. The Fund may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and Common Share price if the prediction were to turn out to be correct, and determine not to reduce leverage as described above.

Certain derivative transactions in which the Fund may engage involve substantial leverage risk and may expose the Fund to potential losses that exceed the amount originally invested by the Fund. See “Risks—Derivative Transactions Risk”.

Initial Public Offering (“IPO”) Risk

IPO risk is the risk that the market value of shares sold in an IPO will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, a small number of shares available for trading, or limited information about the issuer. The purchase of shares in an IPO may involve high transaction costs. In addition, shares bought in an IPO may be subject to market risk or liquidity risk. The market for the shares of a company that has recently conducted its IPO can be speculative and/or inactive for extended periods of time. The limited number of shares available for trading in some IPOs may make it more difficult to buy or sell significant amounts of shares without an unfavorable impact on prevailing prices. Investors in an IPO can be affected by substantial dilution in the value of their shares, by sales of additional shares and by concentration of control in existing management and principal shareholders.

Quarterly Special Distribution Program Risk

In addition to regular monthly distributions, the Fund intends to pay quarterly distributions for a two year period following the completion of this offering pursuant to its quarterly special distribution program. See “Distributions”. In order to pay quarterly special distributions, the Fund may have to sell portfolio investments, including at times when independent investment judgment might not dictate such action. Such sales of the Fund’s portfolio investments would result in greater brokerage commissions and other transactional expenses that are borne by the Fund, as well as result in the realization of net short-term capital gains by the Fund which, when distributed to Common Shareholders, will be taxable as ordinary income.

The Fund may be required to source its quarterly special distributions from more than its net investment income and realized capital gains. Therefore, all or a portion of a quarterly special distribution may result in a return of capital, which represents a return on a Common Shareholder’s original investment in the Common Shares, and not a distribution from the Fund’s earnings and profits. Distributions that represent a return of capital should not be considered as dividend yield nor as part of the total return from an investment in the Fund. A return of capital will reduce a Common Shareholder’s adjusted tax basis in his or her Common Shares, with any amount distributed in excess of basis treated as capital gain. Although a return of capital may not be taxable, it will generally increase the Common Shareholder’s potential gain, or reduce the Common Shareholder’s potential loss, on the subsequent sale or other disposition of his or her Common Shares. It is possible that a return of capital could cause a Common Shareholder to pay a tax on capital gains with respect to Common Shares that are sold for an amount less than the price originally paid for them. See “Federal Tax Matters”.

The NAV of the Fund may fluctuate over the course of a quarterly special distribution period and, at times during such period, the Fund’s NAV may exceed the benchmark NAV. However, if the measurement NAV does not exceed the benchmark NAV on the quarterly special distribution measurement date, no quarterly special distribution will be paid. In addition, the NAV of the Fund is reduced by regular monthly distributions paid by the Fund. There can be no assurance that there will be any increase in the NAV of the Fund.

The quarterly special distributions will decrease the Fund’s total assets and, as a result, would have the likely effect of increasing the Fund’s expense ratio. There is no guarantee that the Fund will be able to replace the assets depleted as a result of any quarterly special distributions paid to Common Shareholders and such assets used to make such distributions will not be available for investment pursuant to the Fund’s investment objective.

There can be no assurance that the NAV of the Fund will increase or any quarterly special distribution will be made by the Fund. The Board of Trustees may determine to modify, suspend or cancel the program. The overall impact of the quarterly special distribution program, or any modification, suspension or cancellation of the program, on the secondary market for the Common Shares is uncertain. Shares of closed-end funds listed for trading on a securities exchange frequently trade at a discount from NAV, but in some cases trade at a premium. There can be no assurance that the quarterly special distribution program, or any modification, suspension or cancellation of the program, would not result in the Common Shares trading at a larger discount, or smaller premium, to NAV than would otherwise have been the case.

In implementing the quarterly special distribution program, the Fund will not be relying on its exemptive relief from Section 19(b) of the 1940 Act and Rule 19b-1 thereunder which would allow the Fund to distribute long-term capital gains more frequently than would otherwise be permitted under the 1940 Act. In order to comply with the applicable provisions of Section 19(b) and Rule 19b-1 thereunder, the Fund may be required to make an additional distribution consisting of long-term capital gains, which could have the effect of reducing the assets of the Fund available for investment.

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. As a result, there can be no assurance that fair value pricing will result in adjustments to the prices of securities or other assets, or that fair value pricing will reflect actual market value, and it is possible that the fair value determined for a security or other asset will be materially different from quoted or published prices, from the prices used by others for the same security or other asset and/or from the value that actually could be or is realized upon the sale of that security or other asset.

Inflation/Deflation Risk

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with the Fund’s leverage would likely increase, which would tend to further reduce returns to Common Shareholders. Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Fund’s portfolio.

Portfolio Turnover Risk

The Fund’s annual portfolio turnover rate may vary greatly from year to year. Although the Fund cannot accurately predict its annual portfolio turnover rate, it is not expected to exceed 40% under normal circumstances, but may be higher or lower in certain periods. Portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund. There are no limits on the rate of portfolio turnover, and investments may be sold without regard to length of time held when the Fund’s investment strategy so dictates. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to common shareholders of the Fund, will be taxable as ordinary income.

Potential Conflicts of Interest Risk

The Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the portfolio managers of the Fund have interests which may conflict with the interests of the Fund. In particular, the Advisor, the Sub-Advisor and the Sub-Sub-Advisor each manages and/or advises, or may in the future manage and/or advise, other investment funds or accounts with the same or similar investment objective and strategies as the Fund. As a result, the Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the Fund’s portfolio managers may devote unequal time and attention to the management of the Fund and those other funds and accounts, and may not be able to formulate as complete a strategy or identify equally attractive investment opportunities as might be the case if they were to devote substantially more attention to the management of the Fund. The Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the Fund’s portfolio managers may identify a limited investment opportunity that may be suitable for multiple funds and accounts, and the opportunity may be allocated among these several funds and accounts, which may limit the Fund’s ability to take full advantage of the investment opportunity. Additionally, transaction orders may be aggregated for multiple accounts for purposes of execution, which may cause the price or brokerage costs to be less favorable to the Fund than if similar transactions were not being executed concurrently for other accounts. At times, a portfolio manager may determine that an investment opportunity may be appropriate for only some of the funds and accounts for which he or she exercises investment responsibility, or may decide that certain of the funds and accounts should take differing positions with respect to a particular security. In these cases, the portfolio manager may place separate transactions for one or more funds or accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other funds and accounts. For example, a portfolio manager may determine that it would be in the interest of another account to sell a security that the Fund holds, potentially resulting in a decrease in the market value of the security held by the Fund.

The portfolio managers also may engage in cross trades between funds and accounts, may select brokers or dealers to execute securities transactions based in part on brokerage and research services provided to the Advisor, the Sub-Advisor or the Sub-Sub-Advisor which may not benefit all funds and accounts equally and may receive different amounts of financial or other benefits for managing different funds and accounts. Finally, the Advisor, the Sub-Advisor, the Sub-Sub-Advisor and their affiliates may provide more services to some types of funds and accounts than others.

There is no guarantee that the policies and procedures adopted by the Advisor, the Sub-Advisor, the Sub-Sub-Advisor and the Fund will be able to identify or mitigate the conflicts of interest that arise between the Fund and any other investment funds or accounts that the Advisor, the Sub-Advisor and/or the Sub-Sub-Advisor may manage or advise from time to time. See “Investment Advisor” and “Sub-Advisor and Sub-Sub-Advisor” in the SAI.

In addition, while the Fund is using leverage, the amount of the fees paid to the Advisor (and by the Advisor to the Sub-Advisor and by the Sub-Advisor to the Sub-Sub-Advisor) for investment advisory and management services are higher than if the Fund did not use leverage because the fees paid are calculated based on Managed Assets, which include assets purchased with leverage. Therefore, the Advisor, the Sub-Advisor and the Sub-Sub-Advisor have a financial incentive to leverage the Fund, which creates a conflict of interest between the Advisor, the Sub-Advisor and the Sub-Sub-Advisor on the one hand and the Common Shareholders of the Fund on the other.

Tax Risk

The Fund may invest in certain securities for which the federal income tax treatment may not be clear or may be subject to re-characterization by the Internal Revenue Service. It could be more difficult for the Fund to comply with the federal income tax requirements applicable to regulated investment companies if the tax characterization of the Fund’s investments or the tax treatment of the income from such investments were successfully challenged by the Internal Revenue Service. See “Federal Tax Matters”.

From time to time, various legislative initiatives are proposed which may have a negative impact on the prices of certain securities owned by the Fund. In addition, changes in tax law occur frequently and may be applied retroactively. The Fund cannot predict what impact any pending or proposed legislation will have on the value of the Fund or on the issuers of the underlying securities in which it invests.

Anti-Takeover Provisions Risk

The Fund’s Declaration and By-Laws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to an open-end fund. These provisions could have the effect of depriving the Common Shareholders of opportunities to sell their Common Shares at a premium over the then-current market price of the Common Shares. See “Certain Provisions in the Declaration of Trust and By-Laws”.

Secondary Market for the Fund’s Common Shares

The issuance of Common Shares through the Fund’s dividend reinvestment plan may have an adverse effect on the secondary market for the Common Shares. The increase in the number of outstanding Common Shares resulting from issuances pursuant to the Fund’s dividend reinvestment plan and the discount to the market price at which such Common Shares may be issued, may put downward pressure on the market price for the Common Shares. Common Shares will not be issued pursuant to the dividend reinvestment plan at any time when Common Shares are trading at a lower price than the Fund’s NAV per Common Share. When the Common Shares are trading at a premium, the Fund also may issue Common Shares that may be sold through private transactions effected on the NYSE or through broker-dealers. The increase in the number of outstanding Common Shares resulting from these offerings may put downward pressure on the market price for Common Shares.

MANAGEMENT OF THE FUND

Trustees and Officers

General oversight of the duties performed by the Advisor, the Sub-Advisor and the Sub-Sub-Advisor is the responsibility of the Board of Trustees. There are five Trustees of the Fund, one of whom is an “interested person” (as defined in the 1940 Act) and four of whom are not “interested persons”. 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 SAI.

Investment Advisor

First Trust Advisors L.P., 120 East Liberty Drive, Wheaton, Illinois 60187, is the investment advisor to the Fund (the “Advisor”). First Trust Advisors L.P. serves as investment advisor or portfolio supervisor to investment portfolios with approximately \$112 billion in assets which it managed or supervised as of August 31, 2015.

First Trust Advisors L.P. will be responsible for supervising the Sub-Advisor and the Sub-Sub-Advisor, managing the Fund's business affairs and providing certain clerical, bookkeeping and other administrative services. The Advisor also will be responsible for implementing the Option Overlay Strategy.

First Trust Advisors L.P. is an Illinois limited partnership formed in 1991 and an investment advisor registered with the SEC under the Advisers Act. First Trust Advisors L.P. is a limited partnership with one limited partner, Grace Partners of DuPage L.P. ("Grace Partners"), and one general partner, The Charger Corporation. Grace Partners is a limited partnership with one general partner, The Charger Corporation, and a number of limited partners. Grace Partners' and The Charger Corporation's primary business is investment advisory and broker-dealer services through their ownership interests. The Charger Corporation is an Illinois corporation controlled by James A. Bowen, Chief Executive Officer of the Advisor and a Trustee of the Fund. First Trust Advisors L.P. is controlled by Grace Partners and The Charger Corporation.

Sub-Advisor and Sub-Sub-Advisor

Henderson Global Investors (North America) Inc., a registered investment adviser ("HGINA" or the "Sub-Advisor"), will be the Fund's sub-advisor and will provide U.S. regulatory and compliance oversight to the Fund and HIML (as defined below). HGINA is a Delaware corporation and provides investment management services to SEC-registered mutual funds, other pooled investment vehicles and institutional accounts. The principal offices of HGINA are located at 737 North Michigan Avenue, Suite 1700, Chicago, Illinois.

HGINA is an indirect, wholly-owned subsidiary of Henderson Group plc ("Henderson Group"), which is the parent company of an asset management group managing approximately \$129.1 billion in assets as of June 30, 2015. Henderson Group, founded in 1934, is a global asset management firm providing a full spectrum of investment products and services to institutions and individuals around the world. The Advisor, the Sub-Advisor and the Fund have engaged Henderson Investment Management Limited ("HIML" or the "Sub-Sub-Advisor"), a registered investment adviser and an indirect, wholly-owned subsidiary of Henderson Group, pursuant to an investment sub-advisory agreement among the Fund, the Advisor, HGINA and HIML. Investment professionals of HIML render portfolio management, research or trading services to certain clients of HGINA, including the Fund. HIML will be responsible for the day-to-day investment decisions of the Fund other than the Option Overlay Strategy.

For additional information about the Advisor, HGINA and HIML, including a description of the services provided, see "Investment Advisor" and "Sub-Advisor and Sub-Sub-Advisor" in the SAI.

Portfolio Managers

The members of the portfolio management team responsible for the day-to-day management of the Fund's investment portfolio other than the Option Overlay Strategy are Alex Crooke and Ben Lofthouse.

Alex Crooke is the Head of Global Equity Income at Henderson. He joined Henderson in 1994 and has over 25 years of investment management experience. Prior to joining Henderson, Mr. Crooke was an Investment Analyst at Equitable Life Assurance Society. He graduated with honors from Manchester University with a degree in Physics and Astrophysics and is an Associate Member of the Society of Investment Professionals.

Ben Lofthouse, CFA, is a Portfolio Manager for the Global Equity Income Team at Henderson. Mr. Lofthouse joined Henderson in 2004 and has over 17 years of investment management experience. Prior to joining Henderson, Mr. Lofthouse was an auditor with Pricewaterhouse Coopers. He graduated with honors in Business Economics from Exeter University. He holds the Chartered Financial Analyst designation and is a qualified accountant ACA.

The members of the portfolio management team responsible for implementing the Option Overlay Strategy are John Gambla and Rob A. Guttschow.

John Gambla, CFA, is a Senior Portfolio Manager for the Alternatives and Active Equity Investment Team at First Trust Advisors L.P. Mr. Gambla has 20 years of investment experience, most recently as co-Chief Investment Officer at the Nuveen HydePark Group LLC, a wholly-owned subsidiary of Nuveen Investments. While at HydePark, Mr. Gambla co-directed HydePark's investment activities including research, product development, trading, portfolio management, and performance attribution. He also led the research systems and infrastructure development for HydePark and is recognized as the creator of the Benjamin Graham Intelligent Value Indices. Previously, Mr. Gambla was a Senior Trader and Quantitative Specialist at Nuveen Asset Management. While there, he was responsible for trading all derivatives for the 120+ municipal mutual funds with Nuveen Asset Management. Mr. Gambla has served in a variety of roles throughout his career including: portfolio management, research, business development and strategy development. He graduated Phi Beta Kappa with a Bachelor of Science in genetics and developmental biology (Cum Laude) and a Bachelor of Arts in finance (departmental distinction) from the University of Illinois at Urbana/Champaign, and earned an MBA from the University of Chicago's Graduate School of Business. He is a CFA Charter holder and holds FRM and PRM designations.

Rob A. Guttschow, CFA, is a Senior Portfolio Manager for the Alternatives and Active Equity Investment Team at First Trust Advisors L.P. Mr. Guttschow has nearly 20 years of investment experience, most recently as co-Chief Investment Officer at the Nuveen HydePark Group LLC, a wholly-owned subsidiary of Nuveen Investments. While at HydePark, Mr. Guttschow

co-directed HydePark's investment activities including research, product development, trading, portfolio management, and performance attribution. Prior to joining HydePark, Mr. Guttschow was an Overlay Manager and Senior Portfolio Manager at Nuveen Asset Management. While there, he developed Nuveen's buy-side derivative desk for fixed income and equity portfolio hedging. Mr. Guttschow began his career in investments at Lotsoff Capital Management, where at the time of his departure, he was a Partner, Managing Director and Senior Portfolio Manager. While at Lotsoff, he was responsible for managing a variety of fixed income and equity based enhanced index products for the firm's institutional clients. Mr. Guttschow earned a Bachelor of Science degree in engineering and an MBA from the University of Illinois at Urbana/Champaign. He is a CFA Charter holder and a member of the CFA Society of Chicago.

Investment Management Agreement and Sub-Advisory Agreements

Pursuant to an investment management agreement between the Advisor and the Fund, the Fund has agreed to pay a fee for the services and facilities provided by the Advisor at the annual rate of 1.10% of the Fund's Managed Assets.

In addition to the management fee of the Advisor, the Fund pays all other costs and expenses of its operations, including the compensation of its trustees (other than the trustee(s) affiliated with the Advisor), custodian, transfer agency, administrative, accounting and dividend disbursing expenses, legal fees, leverage expenses, rating agency fees, listing fees and expenses, expenses of independent auditors, expenses of repurchasing Common Shares, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies and taxes, if any.

The Sub-Advisor will receive a portfolio management fee equal to 0.50% of the Fund's Managed Assets. The Sub-Advisor's fee is paid by the Advisor out of the Advisor's management fee. The Sub-Sub-Advisor will receive a portfolio management fee equal to 0.35% of the Fund's Managed Assets. The Sub-Sub-Advisor's fee is paid by the Sub-Advisor out of the Sub-Advisor's management fee.

Because the fee paid to the Advisor (and by the Advisor to the Sub-Advisor and by the Sub-Advisor to the Sub-Sub-Advisor) will be calculated on the basis of the Fund's Managed Assets, which include the proceeds of leverage, the dollar amount of the Advisor's fees from the Fund (and the Sub-Advisor's fees from the Advisor and the Sub-Sub-Advisor's fees from the Sub-Advisor) will be higher (and the Advisor, the Sub-Advisor and the Sub-Sub-Advisor will be benefited to that extent) when leverage is utilized. In this regard, if the Fund uses leverage in the amount equal to 25% of the Fund's Managed Assets (after their issuance), the Fund's management fee would be 1.47% of net assets attributable to Common Shares. See "Summary of Fund Expenses".

A discussion regarding the basis for approval by the Board of Trustees of the Fund's Investment Management Agreement with the Advisor, the Fund's Sub-Advisory Agreement with the Advisor and the Sub-Advisor and the Fund's Sub-Sub-Advisory Agreement with the Advisor, the Sub-Advisor and the Sub-Sub-Advisor will be available in the Fund's Annual Report to Shareholders for the year ended December 31, 2015.

NET ASSET VALUE

The NAV of the Common Shares of the Fund will be computed based upon the value of the Fund's portfolio securities and other assets. The NAV will be determined as of the close of regular trading on the NYSE (normally 4:00 p.m. New York City time) on each day the NYSE is open for trading. The Fund calculates NAV per Common Share by subtracting the Fund's liabilities (including accrued expenses, dividends payable, and any Borrowings of the Fund) and the liquidation value of any outstanding Preferred Shares from the Fund's Managed Assets (the value of the securities and other investments the Fund holds plus cash or other assets, including interest accrued but not yet received) and dividing the result by the total number of Common Shares outstanding.

The Fund's portfolio securities and other assets will be valued daily in accordance with valuation procedures adopted by the Board of Trustees. In the event that market quotations are not readily available, a pricing service does not provide a valuation for a particular asset, or the valuations are deemed unreliable, or if events occurring after the close of the principal markets for particular securities (e.g., domestic debt and foreign securities), but before the Fund values its assets, would call into doubt whether the market quotations or pricing service valuations represent fair value, the Fund may use a fair value method in good faith to value the Fund's securities and investments. The use of fair value pricing by the Fund will be governed by valuation procedures established by the Board of Trustees, and in accordance with the provisions of the 1940 Act.

Common stocks and other equity securities listed on any national or foreign exchange (excluding The NASDAQ National Market ("NASDAQ") and the London Stock Exchange Alternative Investment Market ("AIM")) will be valued at the last sale price on the exchange on which they are principally traded or, for NASDAQ and AIM securities, the official closing price. Forward foreign currency contracts are valued at the current day's interpolated foreign exchange rate, as calculated using the current day's spot rate, and the thirty, sixty, ninety, and one-hundred eighty day forward rates provided by an independent pricing source or by certain independent dealers in such contracts. Foreign securities, currencies and other

assets denominated in foreign currencies are translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar as provided by a third-party pricing service. All assets denominated in foreign currencies will be converted into U.S. dollars at the exchange rates in effect at the time of valuation.

DISTRIBUTIONS

The Fund intends to distribute to Common Shareholders monthly dividends of all or a portion of its net income after any payment of interest and/or dividends in connection with leverage used by the Fund. It is expected that the initial monthly dividend on the Common Shares will be declared approximately 30 to 60 days, and paid approximately 60 to 90 days, after the completion of this offering, depending on market conditions. The Fund expects to distribute any long-term capital gains at least annually.

In addition to regular monthly distributions, for the two years following the completion of this offering, the Fund intends to pay quarterly distributions (each, a “quarterly special distribution”) in cash to Common Shareholders if the conditions described below have been met (the “quarterly special distribution program”). The date on which the amount of the quarterly special distribution will be measured (each, a “quarterly special distribution measurement date”) for the first quarterly special distribution will be December 18, 2015 and subsequent quarterly special distribution measurement dates will occur every three months thereafter (a “quarterly special distribution period”) on the 15th day of each such month (or, if such date is not a business day, on the first business day thereafter) during the two year period following the completion of this offering. The aggregate amount payable for each quarterly special distribution period is expected to be equal to 50% of the amount by which the NAV of the Fund as of the applicable quarterly special distribution measurement date (the “measurement NAV”) exceeds the NAV of the Fund as of the most recent prior quarterly special distribution measurement date for which a quarterly special distribution was paid (the “benchmark NAV”). The calculation of the measurement NAV and the benchmark NAV will be appropriately adjusted to reflect distributions paid or to be paid by the Fund. For purposes of calculating the measurement NAV, the Fund will subtract from the NAV as of the quarterly special distribution measurement date the amount of any regular monthly distribution not reflected in the NAV on such date but which is declared prior to or simultaneous with the declaration of the quarterly special distribution during that month. In addition, for purposes of calculating the benchmark NAV, the Fund will subtract from the NAV as of the quarterly special distribution measurement date for the applicable prior quarterly special distribution period the amounts of any quarterly special distribution and regular monthly distribution that had not been reflected in the NAV as of such date but were declared by the end of the month in which such quarterly special distribution measurement date occurred. For the purposes of the first quarterly special distribution, the benchmark NAV will be \$19.06 per share. There can be no assurance that the NAV of the Fund will increase or any quarterly special distribution will be made by the Fund. The Board of Trustees will review the quarterly special distribution program from time to time and may determine to modify, suspend or cancel the program. The Fund will provide Common Shareholders with advance notice in the event of any such determination by the Board of Trustees to modify, suspend or cancel the quarterly special distribution program. See “Risks—Quarterly Special Distribution Program Risk” and “Federal Tax Matters”.

Subject to certain terms and conditions, the Fund is entitled to rely on an exemption granted to the Advisor by the SEC from Section 19(b) of the 1940 Act and Rule 19b-1 thereunder (the “Exemptive Relief”). The Exemptive Relief generally permits the Fund, subject to such terms and conditions, to make distributions of long-term capital gains with respect to its Common Shares more frequently than would otherwise be permitted under the 1940 Act (generally once per taxable year). To rely on the Exemptive Relief, the Fund must comply with the terms and conditions therein, which, among other things, would require the Board of Trustees to approve the Fund’s adoption of a distribution policy with respect to its Common Shares which calls for periodic distributions of an amount equal to a fixed percentage of the market price of the Common Shares at a particular point in time, or a fixed percentage of NAV per Common Share at a particular point in time, or a fixed amount per Common Share, any of which could be adjusted from time to time. Under such a distribution policy, it is possible that the Fund might distribute more than its income and net realized capital gains; therefore, distributions to shareholders may result in a return of capital. The Fund has no current intention to adopt such a distribution policy or implement the Exemptive Relief. The Exemptive Relief also permits the Fund to make distributions of long-term capital gains with respect to any Preferred Shares that may be issued by the Fund in accordance with such shares’ terms.

Section 19(a) of the 1940 Act and Rule 19a-1 thereunder require the Fund to provide a written statement accompanying any such payment that adequately discloses the source or sources of the distributions. Thus, if the source of the dividend or other distribution were the original capital contribution of the Common Shareholder, and the payment amounted to a return of capital, the Fund would be required to provide written disclosure to that effect. Nevertheless, persons who periodically receive the payment of a dividend or other distribution may be under the impression that they are receiving net profits when they are not. Common Shareholders should read any written disclosure provided pursuant to Section 19(a) and Rule 19a-1 carefully, and should not assume that the source of any distribution from the Fund is net profit. In addition, in cases where the Fund would return capital to Common Shareholders, such distribution may impact the Fund’s ability to maintain its asset coverage requirements and to pay the dividends on any Preferred Shares that the Fund may issue.

Various factors will affect the level of the Fund's income, including the asset mix, the average maturity of the Fund's portfolio, the amount of leverage utilized by the Fund and the Fund's use of hedging. To permit the Fund to maintain a more stable monthly distribution, the Fund may from time to time distribute less than the entire amount of income earned in a particular period. The undistributed income would be available to supplement future distributions. As a result, the distributions paid by the Fund for any particular monthly period may be more or less than the amount of income actually earned by the Fund during that period. Undistributed income will add to the Fund's NAV and, correspondingly, distributions from undistributed income will decrease the Fund's NAV. Common Shareholders will automatically have all dividends and distributions reinvested in Common Shares issued by the Fund or purchased in the open market in accordance with the Fund's dividend reinvestment plan unless an election is made to receive cash. See "Dividend Reinvestment Plan".

DIVIDEND REINVESTMENT PLAN

If your Common Shares are registered directly with the Fund or if you hold your Common Shares with a brokerage firm that participates in the Fund's dividend reinvestment plan (the "Plan"), unless you elect, by written notice to the Fund, to receive cash distributions, all dividends and distributions, including any capital gain dividends, on your Common Shares will be automatically reinvested by Computershare Trust Company, N.A. (the "Plan Agent") in additional Common Shares under the Plan. If you elect to receive cash distributions, you will receive all distributions in cash paid by check mailed directly to you by Computershare Inc., as dividend paying agent.

You are automatically enrolled in the Plan when you become a shareholder of the Fund. As a participant in the Plan, the number of Common Shares you will receive will be determined as follows:

(1) If the Common Shares are trading at or above NAV at the time of valuation, the Fund will issue new shares at a price equal to the greater of (i) NAV per Common Share on that date or (ii) 95% of the market price on that date;

(2) If Common Shares are trading below NAV at the time of valuation, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Shares in the open market, on the NYSE or elsewhere, for the participants' accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price at that time of valuation, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market within 30 days of the valuation date except where temporary curtailment or suspension of purchases is necessary to comply with federal securities laws. Interest will not be paid on any uninvested cash payments.

You may elect to opt-out of or withdraw from the Plan at any time by giving written notice to the Plan Agent, or by telephone at (866) 340-1104 or through the Plan Agent's website, www.computershare.com/investor, in accordance with such reasonable requirements as the Plan Agent and Fund may agree upon. If you withdraw or the Plan is terminated, you will receive a whole share in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds less any applicable fees (currently \$15 per sale and a per Common Share fee of \$0.03) incurred by the Plan Agent in selling your shares. Per Common Share fees include any applicable brokerage commissions the Plan Agent is required to pay. Any fractional share will be rounded up to a whole Common Share for the purpose of calculating the per Common Share fee.

The Plan Agent maintains all Common Shareholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. Common Shares in your account will be held by the Plan Agent in non-certificated form. The Plan Agent will forward to each participant any proxy solicitation material and will vote any shares so held only in accordance with proxies returned to the Fund. Any proxy you receive will include all Common Shares you have received under the Plan.

There is no fee for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a per Common Share fee (currently \$0.03) incurred by the Plan Agent when it makes open market purchases. Per Common Share fees include any applicable brokerage commissions the Plan Agent is required to pay. Any fractional share will be rounded up to a whole Common Share for the purpose of calculating the per Common Share fee.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions. See "Federal Tax Matters".

If you hold your Common Shares with a brokerage firm that does not participate in the Plan, you will not be able to participate in the Plan and any dividend reinvestment may be effected on different terms than those described above. Consult your financial advisor for more information.

Neither the Fund nor the Plan Agent shall be liable with respect to the Plan for any act done in good faith or for any good faith omission to act, including, without limitation, any claim of liability: (i) arising out of failure to terminate any participant's account upon such participant's death prior to receipt of notice in writing of such death; and (ii) with respect to the prices at which Common Shares are purchased and sold for the participant's account and the times such purchases and sales are made.

The Fund reserves the right to amend or terminate the Plan if in the judgment of the Board of Trustees the change is warranted. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from the Plan Agent, Computershare Trust Company, N.A., P.O. Box 30170, College Station, Texas 77842-3170, with overnight correspondence being directed to Computershare Trust Company, N.A., 211 Quality Circle, Suite 210, College Station, Texas 77845. Participants can also contact the Plan Agent through the Plan Agent's website at www.computershare.com/investor or by telephone at (866) 340-1104.

DESCRIPTION OF SHARES

Common Shares

The Declaration authorizes the issuance of an unlimited number of Common Shares. The Common Shares being offered have a par value of \$0.01 per share and, subject to the rights of the holders of Preferred Shares, if issued, have equal rights to the payment of dividends and the distribution of assets upon liquidation. The Common Shares being offered will, when issued, be fully paid and, subject to matters discussed in "Certain Provisions in the Declaration of Trust and By-Laws", non-assessable, and currently have no preemptive or conversion rights (except as may otherwise be determined by the Board of Trustees in its sole discretion) or rights to cumulative voting.

The Fund's Common Shares have been approved for listing on the NYSE, subject to notice of issuance, under the symbol "FDEU". The Fund intends to hold annual meetings of shareholders so long as the Common Shares are listed on a national securities exchange and such meetings are required as a condition to such listing.

The NAV of the Common Shares will be reduced immediately following the offering by the amount of the sales load and offering expenses paid by the Fund. The Advisor and the Sub-Advisor have agreed to pay: (i) all organizational expenses; and (ii) all offering costs of the Fund (other than sales load) that exceed 0.20% (or \$0.04 per Common Share) of the Fund's aggregate offering price. See "Use of Proceeds".

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. Shares of closed-end investment companies may frequently trade on an exchange at prices lower than NAV. Shares of closed-end investment companies like the Fund have during some periods traded at prices higher than NAV and during other periods have traded at prices lower than NAV. Because the market value of the Common Shares may be influenced by such factors as dividend levels (which are in turn affected by expenses), dividend stability, portfolio credit quality, NAV, relative demand for and supply of such shares in the market, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot assure you that Common Shares will trade at a price equal to or higher than NAV in the future. The Common Shares are designed primarily for long-term investors, and investors in the Common Shares should not view the Fund as a vehicle for trading purposes. See "Structure of the Fund; Common Share Repurchases and Conversion to Open-End Fund".

Preferred Shares

The Declaration provides that the Board of Trustees may authorize and issue Preferred Shares with rights as determined by the Board of Trustees, by action of the Board of Trustees without the approval of the Common Shareholders. Common Shareholders have no preemptive right to purchase any Preferred Shares that might be issued.

The Fund may elect to issue Preferred Shares as part of its leverage strategy. The Fund currently has the ability to incur Borrowings representing up to 33-1/3% of the Fund's total assets immediately after the leverage is issued. The Board of Trustees also reserves the right to authorize the Fund to issue Preferred Shares to the extent permitted by the 1940 Act, which currently limits the aggregate liquidation preference of all outstanding Preferred Shares plus the principal amount of any outstanding leverage consisting of debt to 50% of the value of the Fund's total assets less liabilities and indebtedness of the Fund (other than leverage consisting of debt). Although the terms of any Preferred Shares, including dividend rate, liquidation preference and redemption provisions, will be determined by the Board of Trustees, subject to applicable law and the Declaration, it is likely that the Preferred Shares, if issued, will be structured to carry a relatively short-term dividend rate reflecting interest rates on short-term bonds by providing for the periodic redetermination of the dividend rate at relatively short intervals through an auction, remarketing or other procedure. The Fund also believes that it is likely that the liquidation preference, voting rights and redemption provisions of the Preferred Shares, if issued, will be similar to those stated below.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Fund, the holders of Preferred Shares will be entitled to receive a preferential liquidating distribution, which is expected to equal the original purchase price per Preferred Share plus accrued and unpaid dividends, whether or not declared, before any distribution of assets is made to Common Shareholders. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of Preferred Shares will not be entitled to any further participation in any distribution of assets by the Fund.

Voting Rights. The 1940 Act requires that the holders of any Preferred Shares, voting separately as a single class, have the right to elect at least two trustees at all times. The remaining trustees will be elected by holders of Common Shares and Preferred Shares, voting together as a single class. In addition, subject to the prior rights, if any, of the holders of any other class of senior securities outstanding, the holders of any Preferred Shares have the right to elect a majority of the trustees of the Fund at any time that two years of dividends on any Preferred Shares are unpaid. The 1940 Act also requires that, in addition to any approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class, would be required to: (i) adopt any plan of reorganization that would adversely affect the Preferred Shares; and (ii) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in the Fund's subclassification as a closed-end investment company or changes in its fundamental investment restrictions. See "Certain Provisions in the Declaration of Trust and By-Laws". As a result of these voting rights, the Fund's ability to take any such actions may be impeded to the extent that there are any Preferred Shares outstanding. The Board of Trustees presently intends that, except as otherwise indicated in this prospectus and except as otherwise required by applicable law or the Declaration, holders of Preferred Shares will have equal voting rights with Common Shareholders (one vote per share, unless otherwise required by the 1940 Act) and will vote together with Common Shareholders as a single class.

The affirmative vote of the holders of a majority of the outstanding Preferred Shares, voting as a separate class, will be required to amend, alter or repeal any of the preferences, rights or powers of holders of Preferred Shares so as to affect materially and adversely such preferences, rights or powers, or to increase or decrease the authorized number of Preferred Shares. The class vote of holders of Preferred Shares described above will in each case be in addition to any other vote required to authorize the action in question.

Redemption, Purchase and Sale of Preferred Shares by the Fund. The terms of any Preferred Shares issued are expected to provide that: (i) they are redeemable by the Fund in whole or in part at the original purchase price per share plus accrued dividends per share; (ii) the Fund may tender for or purchase Preferred Shares; and (iii) the Fund may subsequently resell any shares so tendered for or purchased. Any redemption or purchase of Preferred Shares by the Fund will reduce any leverage applicable to the Common Shares, while any resale of shares by the Fund will increase that leverage.

The discussion above describes the possible offering of Preferred Shares by the Fund. If the Board of Trustees determines to proceed with such an offering, the terms of the Preferred Shares may be the same as, or different from, the terms described above, subject to applicable law and the Fund's Declaration. The Board of Trustees, without the approval of the Common Shareholders, may authorize an offering of Preferred Shares or may determine not to authorize such an offering, and may fix the terms of the Preferred Shares to be offered.

CERTAIN PROVISIONS IN THE DECLARATION OF TRUST AND BY-LAWS

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 solely by reason of his or her being a shareholder. 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.

The Declaration and By-Laws 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 number of trustees is currently five, but by action of two-thirds of the trustees, the Board of Trustees may from time to time be increased or decreased. Under the By-Laws, the Board of Trustees is divided into three classes of trustees serving staggered three-year terms, with the terms of one class expiring at each annual meeting of shareholders. If the Fund issues Preferred Shares, the Fund may establish a separate class for the trustees elected by the holders of the Preferred Shares. Subject to applicable provisions of the 1940 Act, vacancies on the Board of Trustees may be filled by a majority action of the remaining trustees. Removal of a trustee requires either (a) a vote of two-thirds of the outstanding shares (or if the trustee was elected or appointed with respect to a particular class, two-thirds of the outstanding shares of such class), or (b) the action of at least two-thirds of the remaining trustees. Such provisions may work to delay a change in the majority of the Board of Trustees. The provisions of the Declaration relating to the election and removal of trustees may be amended only by a vote of two-thirds of the trustees then in office. The By-Laws may be amended only by the Board of Trustees.

The Declaration generally requires a Common Shareholder vote only on those matters where the 1940 Act or the Fund's listing with an exchange require a Common Shareholder vote, but otherwise permits the Board of Trustees to take action without seeking the consent of Common Shareholders. For example, the Declaration gives the Board of Trustees broad authority to approve most reorganizations between the Fund and another entity, such as another closed-end fund, and the sale of all or substantially all of its assets without Common Shareholder approval if the 1940 Act would not require such

approval. The Declaration further provides that the Board of Trustees may amend the Declaration in any respect without Common Shareholder approval, except for the provisions relating to the Contingent Conversion Feature. The Declaration, however, prohibits amendments that impair the exemption from personal liability granted in the Declaration to persons who are or have been shareholders, trustees, officers or employees of the Fund or that limit the rights to indemnification or insurance provided in the Declaration with respect to actions or omissions of persons entitled to indemnification under the Declaration prior to the amendment.

Generally, the Declaration requires the affirmative vote or consent by holders of at least two-thirds of the shares outstanding and entitled to vote, except as described below, to authorize (1) a conversion of the Fund from a closed-end to an open-end management investment company, if required pursuant to the provisions of the 1940 Act, (2) a merger or consolidation of the Fund with any corporation, association, trust or other organization, including a series or class of such other organization (only in the limited circumstances where a vote by shareholders is otherwise required under the 1940 Act or the Declaration), (3) a sale, lease or exchange of all or substantially all of the Fund's assets (only in the limited circumstances where a vote by shareholders is otherwise required under the 1940 Act and the Declaration), or (4) certain transactions in which a Principal Shareholder (as defined below) is a party to the transactions. However, with respect to items (1), (2) and (3) above, if the applicable transaction has been already approved by the affirmative vote of two-thirds of the Trustees, then the majority of the outstanding voting securities as defined in the 1940 Act (a "Majority Shareholder Vote") is required. In addition, if there are then Preferred Shares outstanding, with respect to (1) above, two-thirds of the Preferred Shares voting as a separate class shall also be required unless the action has already been approved by two-thirds of the Trustees, in which case then a Majority Shareholder Vote is required. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of the shares otherwise required by law or by the terms of any class or series of Preferred Shares, whether now or hereafter authorized, or any agreement between the Fund and any national securities exchange. Further, in the case of items (2) or (3) that constitute a plan of reorganization (as such term is used in the 1940 Act) which adversely affects the Preferred Shares within the meaning of section 18(a)(2)(D) of the 1940 Act, except as may otherwise be required by law, the approval of the action in question will also require the affirmative vote of two-thirds of the Preferred Shares voting as a separate class; provided, however, that such separate class vote shall be by a Majority Shareholder Vote if the action in question has previously been approved by the affirmative vote of two-thirds of the Trustees.

As noted above, pursuant to the Declaration, the affirmative approval of two-thirds of the Shares outstanding and entitled to vote, subject to certain exceptions, shall be required for the following transactions in which a Principal Shareholder is a party: (1) the merger or consolidation of the Fund or any subsidiary of the Fund with or into any Principal Shareholder; (2) the issuance of any securities of the Fund to any Principal Shareholder for cash other than pursuant to a dividend reinvestment or similar plan available to all shareholders; (3) the sale, lease or exchange of all or any substantial part of the assets of the Fund to any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period); (4) the sale, lease or exchange to the Fund or any subsidiary thereof, in exchange for securities of the Fund, of any assets of any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period). However, shareholder approval for the foregoing transactions shall not be applicable to (1) any transaction, including, without limitation, any rights offering, made available on a pro rata basis to all shareholders of the Fund or class thereof unless the Trustees specifically make such transaction subject to this voting provision, (2) any transaction if the Trustees shall by resolution have approved a memorandum of understanding with such Principal Shareholder with respect to and substantially consistent with such transaction or (3) any such transaction with any corporation of which a majority of the outstanding shares of all classes of stock normally entitled to vote in elections of directors is owned of record or beneficially by the Fund and its subsidiaries. As described in the Declaration, a Principal Shareholder shall mean any corporation, person or other entity which is the beneficial owner, directly or indirectly, of more than 5% of the outstanding shares and shall include any affiliate or associate (as such terms are defined in the Declaration) of a Principal Shareholder. The above affirmative vote shall be in addition to the vote of the shareholders otherwise required by law or by the terms of any class or series of Preferred Shares, whether now or hereafter authorized, or any agreement between the Fund and any national securities exchange.

The provisions of the Declaration described above could have the effect of depriving the Common Shareholders of opportunities to sell their Common Shares at a premium over market value by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control by a third party. They provide, however, the advantage of potentially requiring persons seeking control of a 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 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 Common Shareholders.

The Declaration provides that the obligations of the Fund are not binding upon the Trustees of the Fund individually, but only upon the assets and property of the Fund, and that the Trustees shall not be liable to any person in connection with the Fund property or the affairs of the Fund for any action or failure to act, errors of judgment or mistakes of fact or law or for any neglect or wrongdoing of any officer, employee or agent of the Fund or for the act or omission of any other Trustee. Nothing

in the Declaration, however, protects a Trustee against any liability to which he or she would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office with or on behalf of the Fund.

The Declaration provides that, during calendar year 2023, the Fund will call a shareholder meeting for the purpose of voting to determine whether the Fund should convert to an open-end management investment company. Such provision in the Declaration may be amended only by a Majority Shareholder Vote (as defined above). If approved by shareholders on the Conversion Vote Date, the Fund will seek to convert to an open-end management investment company within 12 months of such approval. See “Contingent Conversion Feature”.

Reference should be made to the Declaration on file with the SEC for the full text of these provisions.

STRUCTURE OF THE FUND; COMMON SHARE REPURCHASES AND CONVERSION TO OPEN-END FUND

Closed-End Structure

Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. By comparison, mutual funds issue securities redeemable at NAV at the option of the shareholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset in-flows and out-flows that can complicate portfolio management, whereas closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund’s investment objective(s) and policies. In addition, in comparison to open-end funds, closed-end funds have greater flexibility in their ability to make certain types of investments, including investments in illiquid securities.

Shares of closed-end investment companies listed for trading on a securities exchange frequently trade at a discount from NAV, but in some cases trade at a premium. The market price may be affected by trading volume of the shares, general market and economic conditions and other factors beyond the control of the closed-end fund. The foregoing factors may result in the market price of the Common Shares being greater than, less than or equal to NAV. The Board of Trustees has reviewed the structure of the Fund in light of its investment objective and policies and has determined that the closed-end structure is appropriate. As described below, however, the Board of Trustees will review periodically the trading range and activity of the Common Shares with respect to the Fund’s NAV, and the Board of Trustees may, but is not required to, take certain actions to seek to reduce or eliminate any such discount. Such actions may include open market repurchases or tender offers for the Common Shares at NAV or the possible conversion of the Fund to an open-end fund. In addition, pursuant to the Declaration, the Fund will call a shareholder meeting during calendar year 2023 for the purpose of voting to determine whether the Fund should convert to an open-end management investment company. Aside from calling such shareholder meeting, there can be no assurance that the Board of Trustees will decide to undertake any of the foregoing actions or that, if undertaken, such actions would result in the Common Shares trading at a price equal to or close to their NAV.

Repurchase of Common Shares and Tender Offers

Shares of closed-end funds frequently trade at a discount to their NAV. Because of this possibility and the recognition that any such discount may not be in the interest of Common Shareholders, the Board of Trustees might consider from time to time engaging in open-market repurchases, tender offers for shares or other programs intended to reduce the discount. The Fund cannot guarantee or assure, however, that the Board of Trustees will decide to engage in any of these actions. After any consideration of potential actions to seek to reduce any significant market discount, the Board of Trustees may, subject to its fiduciary obligations and compliance with applicable state and federal laws and the requirements of the principal stock exchange on which the Common Shares are listed, authorize the commencement of a share repurchase program or tender offer. The size and timing of any such share repurchase program or tender offer will be determined by the Board of Trustees in light of the market discount of the Common Shares, trading volume of the Common Shares, information presented to the Board of Trustees regarding the potential impact of any such share repurchase program or tender offer, and general market and economic conditions. There can be no assurance that the Fund will in fact effect repurchases of or tender offers for any of its Common Shares. The Fund may, subject to its investment limitation with respect to Borrowings, incur debt to finance such repurchases or a tender offer or for other valid purposes. Interest on any such Borrowings would increase the Fund’s expenses and reduce the Fund’s net income.

There can be no assurance that repurchases of Common Shares or tender offers, if any, will cause the Common Shares to trade at a price equal to or in excess of their NAV. Nevertheless, the possibility that a portion of the Fund’s outstanding Common Shares may be the subject of repurchases or tender offers may reduce the spread between market price and NAV that might otherwise exist. In the opinion of the Fund, sellers may be less inclined to accept a significant discount in the sale of their Common Shares if they have a reasonable expectation of being able to receive a price of NAV for a portion of their Common Shares in conjunction with an announced repurchase program or tender offer for the Common Shares.

Although the Board of Trustees believes that repurchases or tender offers may have a favorable effect on the market price of the Common Shares, the acquisition of Common Shares by the Fund will decrease the Managed Assets of the Fund and therefore will have the effect of increasing the Fund's expense ratio and decreasing the asset coverage with respect to any Preferred Shares outstanding. Because of the nature of the Fund's investment objective, policies and portfolio, the Advisor does not anticipate that repurchases of Common Shares or tender offers should interfere with the ability of the Fund to manage its investments in order to seek its investment objective, and does not anticipate any material difficulty in borrowing money or disposing of portfolio securities to consummate repurchases of or tender offers for Common Shares, although no assurance can be given that this will be the case.

Conversion to Open-End Fund

The Fund may be converted to an open-end management investment company at any time if approved by the holders of two-thirds of the Fund's shares outstanding and entitled to vote, provided that, unless otherwise required by law, if there are Preferred Shares outstanding, the affirmative vote of the holders of two-thirds of the Preferred Shares voting as a separate class shall also be required; provided, however, that such votes shall be by Majority Shareholder Vote if the action in question was previously approved by the affirmative vote of two-thirds of the Board of Trustees. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of the shares otherwise required by law or any agreement between the Fund and any national securities exchange. In addition, pursuant to the Declaration, the Fund will call a shareholder meeting during calendar year 2023 for the purpose of voting to determine whether the Fund should convert to an open-end management investment company. See "Contingent Conversion Feature". In the event of conversion, the Common Shares would cease to be listed on the NYSE or other national securities exchange. Any Preferred Shares or Borrowings would need to be redeemed or repaid upon conversion to an open-end management investment company. Shareholders of an open-end management 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 net asset value, less such redemption charge or contingent deferred sales charge, if any, as might be in effect at the time of a redemption. The Fund would expect to pay all such redemption requests in cash, but would intend to reserve the right to pay redemption requests in a combination of cash or securities. If such partial payment in securities were made, investors may incur brokerage costs in converting such securities to cash. If the Fund were converted to an open-end fund, it is likely that Common Shares (other than Common Shares outstanding immediately prior to such conversion) would be sold at NAV plus a sales load.

FEDERAL TAX MATTERS

This section summarizes some of the main federal income tax consequences of owning or disposing of Common Shares of the Fund. This section is current as of the date of this prospectus. Tax laws and interpretations change frequently, and these summaries do not describe all of the tax consequences to all taxpayers. For example, except as specifically provided below, these summaries generally do not describe your situation if you are a non-U.S. person, a broker/dealer, or other investor with special circumstances. In addition, this section does not describe your state, local or foreign tax consequences.

This federal income tax summary is based in part on the advice of counsel to the Fund. The Internal Revenue Service could disagree with any conclusions set forth in this section. In addition, the Fund's counsel was not asked to review, and has not reached a conclusion with respect to the federal income tax treatment of the assets to be deposited in the Fund. This may not be sufficient for you to use for the purpose of avoiding penalties under federal tax law.

As with any investment, you should seek advice based on your individual circumstances from your own tax advisor.

Fund Status. The Fund intends to elect and to qualify annually as a "regulated investment company" under the federal tax laws. To qualify, the Fund must, among other things, satisfy certain requirements relating to the source and nature of its income and the diversification of its assets. If the Fund qualifies as a regulated investment company and distributes all of its income, the Fund generally will not pay federal income or excise taxes.

For federal income tax purposes, you are treated as the owner of Common Shares and not of the assets held by the Fund. Taxability issues are taken into account at the Fund level. Your federal income tax treatment of income from the Fund is based on the distributions paid by the Fund.

Distributions. Fund distributions will constitute dividends to the extent of the Fund's current and accumulated earnings and profits. After the end of each year, you will receive a tax statement that separates your Fund distributions into two categories, ordinary income distributions and capital gains dividends. Ordinary income distributions are generally taxed at your ordinary tax rate, but, as further discussed below, certain ordinary income distributions received from the Fund may be taxed at tax rates equal to those applicable to net capital gains. Generally, you will treat all capital gains dividends as long-term capital gains regardless of how long you have owned your Common Shares. To determine your actual tax liability for your capital gains dividends, you must calculate your total net capital gain or loss for the tax year after considering all of your other taxable transactions, as described below. The Fund may make distributions in some years in excess of its earnings and profits. To the extent that the Fund makes distributions in excess of its current and accumulated earnings and profits, such distributions will represent a return of capital for tax purposes to the extent of your tax basis in the shares and thus will

generally not be currently taxable to you and will thereafter constitute a capital gain. Distributions in excess of the Fund's current and accumulated earnings and profits may be more likely as a result of the quarterly special distribution program. Distributions will be subject to the above rules regardless of whether you reinvest your distributions in additional Common Shares or receive them in cash. The income from the Fund that you must take into account for federal income tax purposes is not reduced by amounts used to pay a deferred sales charge, if any. The tax laws may require you to treat distributions made to you in January as if you had received them on December 31 of the previous year. If you own Common Shares in your own name, under the Plan, any distributions are automatically reinvested in additional Common Shares unless you opt-out of the Plan.

Under the "Health Care and Education Reconciliation Act of 2010", income from the Fund also may be subject to a 3.8% "Medicare tax". This tax will generally apply to your net investment income if your adjusted gross income exceeds certain threshold amounts, which are \$250,000 in the case of married couples filing joint returns and \$200,000 in the case of single individuals.

Dividends Received Deduction. A corporation that owns Common Shares generally will not be entitled to the dividends received deduction with respect to dividends received from the Fund because the dividends received deduction is generally not available for distributions from regulated investment companies. However, certain ordinary income dividends on Common Shares that are attributable to dividends received by the Fund (if any) from certain domestic corporations may be designated by the Fund as being eligible for the dividends received deduction. Under certain circumstances, dividends paid by a regulated investment company that are attributable to dividends received from a non-U.S. corporation may be designated as eligible for the dividends received deduction. It is not anticipated that the Fund will be eligible to make such a designation in respect of dividends paid that are attributable to non-U.S. corporations. The use of covered options in the portfolio may reduce the amount of dividends that are eligible for the dividends received deduction.

If You Sell Shares. If you sell your Common Shares, you will generally recognize a taxable gain or loss. To determine the amount of this gain or loss, you must subtract your tax basis in your Common Shares from the amount you receive in the transaction. Your tax basis in your Common Shares is generally equal to the cost of your Common Shares, generally including sales charges. In some cases, however, you may have to adjust your tax basis after you purchase your Common Shares, such as to account for any distributions which are a return of capital as discussed above. Any loss realized upon a taxable disposition of the Common Shares may be disallowed if other substantially identical shares are acquired within a 61-day period beginning 30 days before and ending 30 days after the date the original Common Shares are disposed of. If disallowed, the loss will be reflected by an upward adjustment to the basis of the Common Shares acquired. In addition, the ability to deduct capital losses may otherwise be limited.

The information statement you receive in regard to the sale or redemption of your Common Shares may contain information about your basis in the Common Shares and whether any gain or loss recognized by you should be considered long term or short term capital gain. The information reported to you is based upon rules that do not take into consideration all facts that may be known to you or your advisors. You should consult with your tax advisors about any adjustments that may need to be made to the information reported to you.

Taxation of Capital Gains and Losses and Certain Ordinary Income Dividends. If you are an individual, the maximum marginal federal rate for net capital gains is generally 20% (0% for certain taxpayers in the 10% or 15% brackets).

Net capital gain equals net long-term capital gain minus net short-term capital loss for the taxable year. Capital gain or loss is long-term if the holding period for the asset is more than one year and is short-term if the holding period for the asset is one year or less. You must exclude the date you purchase your Common Shares to determine your holding period. However, if you receive a capital gain dividend from the Fund and sell your Common Shares at a loss after holding it for six months or less, the loss will be recharacterized as long-term capital loss to the extent of the capital gain dividend received. The tax rates for capital gains realized from assets held for one year or less are generally the same as for ordinary income. The Code treats certain capital gains as ordinary income in special situations.

A portion of the ordinary income dividends received by an individual shareholder from a regulated investment company such as the Fund generally will be taxed at the same rates that apply to net capital gain (as discussed above), but only if certain holding period requirements are satisfied and the dividends are attributable to qualified dividends received by the Fund itself. The use of covered options in the portfolio may reduce the amount of dividends eligible to be taxed at capital gain rates. The Fund will provide notice to its shareholders of the amount of any distribution which may be taken into account as a dividend which is eligible for the capital gains tax rates.

Deductibility of Fund Expenses. Expenses incurred and deducted by the Fund will generally not be treated as income taxable to you. In some cases, however, you may be required to treat your portion of these Fund expenses as income. In these cases you may be able to take a deduction for these expenses. However, certain miscellaneous itemized deductions, such as investment expenses, may be deducted by individuals only to the extent that all of these deductions exceed 2% of the individual's adjusted gross income. Additional limitations may be imposed on miscellaneous itemized deductions in the case of certain high-income individuals.

Foreign Tax Credit. Because the Fund may invest in foreign securities, its income from such securities may be subject to non-U.S. taxes. If more than 50% of the Fund's total assets at the close of its taxable year consists of stock or securities of foreign corporations, the Fund may elect for U.S. federal income tax purposes to treat foreign income taxes paid by it as paid

by its shareholders. Accordingly, the tax statement that you receive may include an item showing foreign taxes the Fund paid to other countries. In this case, dividends taxed to you will include your share of the taxes the Fund paid to other countries. You may be able to deduct or receive a tax credit for your share of these taxes.

Investments in Certain Foreign Corporations. If the Fund holds an equity interest in any “passive foreign investment companies” (“PFICs”), which are generally certain foreign corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties or capital gains) or that hold at least 50% of their assets in investments producing such passive income, the Fund could be subject to U.S. federal income tax and additional interest charges on gains and certain distributions with respect to those equity interests, even if all the income or gain is timely distributed to its shareholders. The Fund will not be able to pass through to its shareholders any credit or deduction for such taxes. The Fund may be able to make an election that could ameliorate these adverse tax consequences. In this case, the Fund would recognize as ordinary income any increase in the value of such PFIC shares, and as ordinary loss any decrease in such value to the extent it did not exceed prior increases included in income. Under this election, the Fund might be required to recognize in a year income in excess of its distributions from PFICs and its proceeds from dispositions of PFIC stock during that year, and such income would nevertheless be subject to the distribution requirement and would be taken into account for purposes of the 4% excise tax. Dividends paid by PFICs will not be treated as qualified dividend income.

If the Fund is treated as owning directly or indirectly 10% or more of the combined voting power of the stock of a foreign corporation, and all U.S. shareholders of that corporation collectively own more than 50% of the vote or value of the stock of that corporation, the foreign corporation may be treated as a controlled foreign corporation (a “CFC”). If the Fund owns 10 percent or more of a CFC, the Fund will be required to include certain types of the CFC’s income in its taxable income for federal income tax purposes whether or not such income is distributed to the Fund.

Backup Withholding. The Fund may be required to withhold, for U.S. federal income taxes, a portion of all taxable dividends and redemption proceeds payable to shareholders who fail to provide the Fund with their correct taxpayer identification numbers or who otherwise fail to make required certifications, or if the Fund or a shareholder has been notified by the Internal Revenue Service that such shareholder is subject to backup withholding. Corporate shareholders and certain other shareholders under federal tax laws are generally exempt from such backup withholding. Backup withholding is not an additional tax. Any amounts withheld will be allowed as a refund or credit against the shareholder’s federal income tax liability if the appropriate information is provided to the Internal Revenue Service.

Foreign Investors. If you are a foreign investor (*i.e.*, an investor other than a U.S. citizen or resident or a U.S. corporation, partnership, estate or trust), you should be aware that, generally, subject to applicable tax treaties, distributions from the Fund will be characterized as dividends for federal income tax purposes (other than dividends which the Fund properly reports as capital gain dividends) and will be subject to U.S. income taxes, including withholding taxes. However, except to the extent treated as being subject to the tax described in the next paragraph, distributions received by a foreign investor from the Fund that are properly reported by such Fund as capital gain dividends may not be subject to U.S. federal income taxes, including withholding taxes, provided that the Fund makes certain elections and certain other conditions are met.

Distributions may be subject to a U.S. withholding tax of 30% in the case of distributions to (i) certain non-U.S. financial institutions that have not entered into an agreement with the U.S. Treasury to collect and disclose certain information and are not resident in a jurisdiction that has entered into such an agreement with the U.S. Treasury and (ii) certain other non-U.S. entities that do not provide certain certifications and information about the entity’s U.S. owners. Dispositions of Common Shares by such persons may be subject to such withholding after December 31, 2016.

Alternative Minimum Tax. As with any taxable investment, investors may be subject to the federal alternative minimum tax on their income (including taxable income from the Fund), depending on their individual circumstances.

Further Information. The SAI summarizes further federal income tax considerations that may apply to the Fund and its shareholders and may qualify the considerations discussed herein.

UNDERWRITERS

Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC and UBS Securities LLC are acting as the representatives of the Underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each Underwriter named below has agreed to purchase, and the Fund has agreed to sell to that Underwriter, the number of Common Shares set forth opposite the Underwriter's name.

<u>Underwriter</u>	<u>Number of Common Shares</u>
Wells Fargo Securities, LLC	3,210,500
Morgan Stanley & Co LLC	5,620,000
UBS Securities LLC	2,415,000
RBC Capital Markets, LLC	887,000
Stifel, Nicolaus & Company, Incorporated	762,400
Ladenburg Thalmann & Co. Inc.	541,000
Oppenheimer & Co. Inc.	404,000
BB&T Capital Markets, a division of BB&T Securities, LLC	150,700
D.A. Davidson & Co.	62,100
FBR Capital Markets & Co.	187,200
Janney Montgomery Scott LLC	178,200
J.J.B. Hilliard, W.L. Lyons, LLC	424,200
Maxim Group LLC	395,400
National Securities Corporation	145,800
Pershing LLC	282,300
Realty Capital Securities, LLC	102,500
Southwest Securities, Inc.	180,400
Wedbush Securities Inc.	44,500
Wunderlich Securities, Inc.	105,000
Aegis Capital Corp.	66,500
Bernard Herold & Co., Inc.	30,100
Feltl & Company	29,900
Henley & Company LLC	9,350
Huntleigh Securities Corporation	31,180
IFS Securities Inc.	4,250
J.V.B. Financial Group, LLC	11,900
Joseph Gunnar & Co., LLC	4,250
Newbridge Securities Corporation	29,900
Revere Securities Corp.	12,315
Source Capital Group, Inc.	21,500
Synovus Securities, Inc.	84,100
Wayne Hummer Investments L.L.C.	54,655
B.C. Ziegler and Company	11,900
Total	<u>16,500,000</u>

The underwriting agreement provides that the obligations of the Underwriters to purchase the Common Shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The Underwriters are obligated to purchase all the Common Shares (other than those covered by the over-allotment option described below) shown above if any of the Common Shares are purchased.

The Underwriters propose to 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 dealers at the public offering price less a concession not to exceed \$0.60 per share. The sales load the investors in the Fund will pay of \$0.90 per share is equal to 4.5% of the initial offering price. If all of the Common Shares are not sold at the initial offering price, the representatives may change the public offering price and other selling terms. Investors must pay for any Common Shares purchased on or before September 29, 2015. The representatives have advised the Fund that the Underwriters do not intend to confirm any sales to any accounts over which they exercise discretionary authority.

Additional Compensation to be Paid by the Advisor and Sub-Advisor

The Advisor and the Sub-Advisor (and not the Fund) have agreed to pay to each of Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, UBS Securities LLC and RBC Capital Markets, LLC, from their 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 \$2,783,790, \$1,735,210, \$741,000 and \$270,000, respectively, and a fee to each of Stifel,

Nicolaus & Company, Incorporated, Ladenburg Thalmann & Co. Inc., Oppenheimer & Co. Inc., J.J.B. Hilliard, W.L. Lyons, LLC, Maxim Group LLC and Pershing LLC, in the amount of \$217,500, \$122,046, \$68,250, \$71,770.20, \$68,400 and \$47,760, respectively. If the over-allotment option is not exercised, the structuring fee paid to Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, UBS Securities LLC and RBC Capital Markets, LLC will not exceed 0.8436%, 0.5258%, 0.2245% and 0.0818%, respectively, and the fee paid to Stifel, Nicolaus & Company, Incorporated, Ladenburg Thalmann & Co. Inc., Oppenheimer & Co. Inc., J.J.B. Hilliard, W.L. Lyons, LLC, Maxim Group LLC and Pershing LLC will not exceed 0.0659%, 0.0370%, 0.0207%, 0.0217%, 0.0207% and 0.0145%, respectively, of the total public offering price of the Common Shares.

The amount of these fees are calculated based on the total sales of Common Shares by the Underwriters, including those Common Shares included in the Underwriters’ over-allotment option, and will be paid regardless of whether some or all of the over-allotment option is exercised.

Total underwriting compensation determined in accordance with Financial Industry Regulatory Authority, Inc. (“FINRA”) rules is summarized as follows. The sales load the Fund will pay of \$0.90 per share is equal to 4.5% of the total public offering price of the Common Shares. The Fund has agreed to reimburse the Underwriters for the reasonable fees and disbursements of counsel to the Underwriters in connection with the review by FINRA of the terms of the sale of the Common Shares in an amount not to exceed \$30,000 in the aggregate, which amount will not exceed 0.0091% of the total public offering price of the Common Shares if the over-allotment option is not exercised. The sum total of all compensation to the Underwriters in connection with this public offering of the Common Shares, including sales load, expense reimbursement and all structuring fee payments to the Underwriters, will not exceed 6.3654% of the total public offering price of the Common Shares.

The Fund has granted to the Underwriters an option, exercisable for 45 days from the date of this prospectus, to purchase up to 2,475,000 additional Common Shares at the public offering price less the sales load. The Underwriters may exercise this option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent such option is exercised, each Underwriter must purchase a number of additional Common Shares approximately proportionate to that Underwriter’s initial purchase commitment.

The Fund, the Advisor, the Sub-Advisor and the Sub-Sub-Advisor have agreed, for a period of 180 days from the date of this prospectus, that they will not, without the prior written consent of the representatives, dispose of or hedge any Common Shares or any securities convertible into or exchangeable for Common Shares, provided that the Fund may issue Common Shares pursuant to the Fund’s dividend reinvestment plan.

To meet the NYSE distribution requirements for trading, the Underwriters have undertaken to sell Common Shares in a manner such that shares are held by a minimum of 400 beneficial owners in lots of 100 or more, the minimum stock price will be at least \$4.00 at the time of listing on the NYSE, at least 1,100,000 Common Shares will be publicly held in the United States and the aggregate market value of publicly held shares in the United States will be at least \$60 million. The Fund’s Common Shares have been approved for listing on the NYSE, subject to notice of issuance, under the symbol “FDEU”.

The following table shows the sales load that investors in the Fund will pay to the Underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the Underwriters’ option to purchase additional Common Shares.

	<u>No Exercise</u>	<u>Full Exercise</u>
Per share	\$0.90	\$0.90
Total	\$14,850,000	\$17,077,500

The Fund, the Advisor, the Sub-Advisor and the Sub-Sub-Advisor have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the 1933 Act, or to contribute to payments the Underwriters may be required to make because of any of those liabilities.

Certain Underwriters may make a market in Common Shares after trading in Common Shares has commenced on the NYSE. No Underwriter is, however, obligated to conduct market-making activities and any such activities may be discontinued at any time without notice, at the sole discretion of the Underwriters. No assurance can be given as to the liquidity of, or the trading market for, the Common Shares as a result of any market-making activities undertaken by any Underwriter. This prospectus is to be used by any Underwriter in connection with the offering and, during the period in which a prospectus must be delivered, with offers and sales of the Common Shares in market-making transactions in the over-the-counter market at negotiated prices related to prevailing market prices at the time of the sale.

In connection with the offering, Wells Fargo Securities, LLC, on behalf of itself and the other Underwriters, may purchase and sell the Common Shares in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of Common Shares in excess of the number of Common Shares to be purchased by the Underwriters in the offering, which creates a syndicate short position. Covered short sales are sales of Common Shares made in an amount up to the number of Common Shares represented by the Underwriters’ over-

allotment option. In determining the source of Common Shares to close out the covered syndicate short position, the Underwriters will consider, among other things, the price of the Common Shares available for purchase in the open market as compared to the price at which they may purchase Common Shares through the over-allotment option.

Transactions to close out the covered syndicate short position involve either purchases of Common Shares in the open market after the distribution has been completed or the exercise of the over-allotment option. As directed by Wells Fargo Securities, LLC, on behalf of itself and the other Underwriters, the Underwriters may also make “naked” short sales of the Common Shares in excess of the over-allotment option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of Common Shares in the open market while the offering is in progress.

The Underwriters may impose a penalty bid. Penalty bids allow the underwriting syndicate to reclaim selling concessions allowed to an Underwriter or a dealer for distributing Common Shares in this offering if the syndicate repurchases Common Shares to cover syndicate short positions or to stabilize the purchase price of the Common Shares.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the Common Shares. They may also cause the price of the Common Shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Underwriters may conduct these transactions on the NYSE or in the over-the-counter market, or otherwise. If the Underwriters commence any of these transactions, they may discontinue them at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the Underwriters. Other than this prospectus in electronic format, the information on any such Underwriter’s website is not part of this prospectus. The representatives may agree to allocate a number of Common Shares to Underwriters for sale to their online brokerage account holders. The representatives will allocate Common Shares to Underwriters that may make internet distributions on the same basis as other allocations. In addition, Common Shares may be sold by the Underwriters to securities dealers who resell Common Shares to online brokerage account holders.

The Fund anticipates that, from time to time, certain Underwriters may 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.

Certain Underwriters and their affiliates may, from time to time, engage in transactions with or perform investment banking, securities trading, hedging, commercial lending and advisory services for the Fund, the Advisor, the Sub-Advisor and the Sub-Sub-Advisor and their affiliates in the ordinary course of business, for which such Underwriters have received, and may expect to receive, customary fees and expenses.

Prior to the public offering of the Common Shares, First Trust Portfolios L.P., an affiliate of the Advisor (“FTP”), purchased Common Shares from the Fund in an amount satisfying the net worth requirements of Section 14(a) of the Investment Company Act. As of the date of this prospectus, FTP owned 100% of the outstanding Common Shares. Some personnel of the Fund, including some of its Trustees and officers, retain a controlling ownership position in FTP. FTP may be deemed to control the Fund until such time as it owns less than 25% of the outstanding Common Shares, which is expected to occur as of the completion of the offering of the Common Shares.

The principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202. The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036. The principal business address of UBS Securities LLC is 1285 Avenue of the Americas, New York, New York 10019.

LEGAL OPINIONS

Certain legal matters in connection with the Common Shares will be passed upon for the Fund by Chapman and Cutler LLP, Chicago, Illinois. Chapman and Cutler LLP may rely as to certain matters of Massachusetts law on the opinion of Morgan, Lewis & Bockius LLP. Skadden, Arps, Slate, Meagher & Flom LLP advised the Underwriters in connection with the offering of the Common Shares.

CUSTODIAN, ADMINISTRATOR, FUND ACCOUNTANT AND TRANSFER AGENT

The custodian of the assets of the Fund is Brown Brothers Harriman & Co., 40 Water Street, Boston, Massachusetts 02109. The Fund's dividend paying agent is Computershare Inc., 250 Royall Street, Canton, Massachusetts 02021, and the Fund's transfer agent is Computershare Trust Company, N.A., a fully owned subsidiary of Computershare Inc., 250 Royall Street, Canton, Massachusetts 02021. Pursuant to an administration and accounting services agreement, Brown Brothers Harriman & Co. also provides certain administrative and accounting services to the Fund, including maintaining the Fund's books of account, records of the Fund's securities transactions, and certain other books and records; acting as liaison with the Fund's independent registered public accounting firm by providing such accountant with various audit-related information with respect to the Fund; and providing other continuous accounting and administrative services. As compensation for these services, the Fund has agreed to pay Brown Brothers Harriman & Co. an annual fee, calculated daily and payable on a monthly basis, of 0.0425% of the Fund's average net assets, subject to decrease with respect to additional Fund net assets.

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**TABLE OF CONTENTS FOR THE
STATEMENT OF ADDITIONAL INFORMATION**

	Page
Investment Objective	1
Investment Policies and Restrictions	1
Additional Information About the Fund's Investments and Investment Risks	3
Other Investment Strategies and Techniques	19
Management of the Fund	42
Investment Advisor	53
Proxy Voting Policies and Procedures	56
Sub-Advisor and Sub-Sub-Advisor	56
Portfolio Transactions and Brokerage	61
Description of Shares	63
Repurchase of Fund Shares; Conversion to Open-End Fund	65
Federal Tax Matters	67
Performance Related and Comparative Information	74
Independent Registered Public Accounting Firm	76
Custodian, Administrator, and Transfer Agent	76
Additional Information	77
Report of Independent Registered Public Accounting Firm	F-1
Statement of Assets and Liabilities	F-2
Appendix A—Description of Ratings	A-1
Appendix B—Henderson Investment Management Limited Proxy Policies and Procedures	B-1

16,500,000 Shares

First Trust Dynamic Europe Equity Income Fund

Common Shares
\$20.00 per Share

PROSPECTUS
September 24, 2015

**Wells Fargo Securities
Morgan Stanley
UBS Investment Bank
RBC Capital Markets
Stifel
Ladenburg Thalmann
Oppenheimer & Co.
BB&T Capital Markets
D.A. Davidson & Co.
FBR
Janney Montgomery Scott
J.J.B. Hilliard, W.L. Lyons, LLC
Maxim Group LLC
National Securities Corporation
Pershing LLC
RCS Capital
Southwest Securities
Wedbush Securities Inc.
Wunderlich**

Through and including October 19, 2015 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.
