

Nuveen AMT-Free Municipal Credit Income Fund  
Form N-2  
July 12, 2018

As filed with the U.S. Securities and Exchange Commission on July 12, 2018

1933 Act File No. 333-

1940 Act File No. 811-09475

## U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### Form N-2

(Check appropriate box or boxes)

#### REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No.

Post-Effective Amendment No.

and/or

#### REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 12

## Nuveen AMT-Free Municipal Credit Income Fund

(Exact name of Registrant as Specified in Charter)

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**333 West Wacker Drive, Chicago, Illinois 60606**

(Address of Principal Executive Offices)

(Number, Street, City, State, Zip Code)

(Registrant's Telephone Number, including Area Code): (800) 257-8787

**Gifford R. Zimmerman**

**Vice President and Secretary**

**333 West Wacker Drive**

**Chicago, Illinois 60606**

Name and Address (Number, Street, City, State, Zip Code) of Agent for Service

*Copies to:*

**Frank P. Bruno**

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**Sidley Austin LLP**

**787 Seventh Avenue**

**New York, NY 10019**

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**111 W. Monroe Street**

**Chicago, IL 60603**

**Approximate Date of Proposed Public Offering:**

From time to time after the effective date of this Registration Statement.

If the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.

It is proposed that this filing will become effective (check appropriate box)

When declared effective pursuant to section 8(c)

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

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Title of Securities Being Registered	Amount Being Registered (1)(2)	Proposed	Proposed	Amount of Registration Fee
		Maximum Offering Price per Unit	Maximum Aggregate Offering Price(3)	
Common Shares, \$0.01 par value per share				
MuniFund Preferred Shares, \$0.01 par value per share				
Total			\$1,000,000	\$124.50

- (1) There are being registered hereunder a presently indeterminate number of Common Shares or MuniFund Preferred Shares.
- (2) This Registration Statement also includes an indeterminate amount of MuniFund Preferred Shares that may be transition-remarketed in connection with a Mode change after their initial offering and sale. The Registrant will not receive any proceeds from such remarketings.
- (3) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(o) under the Securities Act of 1933. In no event will the aggregate initial offering price of all securities offered from time to time pursuant to the prospectus included as a part of this Registration Statement exceed \$1,000,000.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion**

**Preliminary Prospectus dated July 12, 2018**

**BASE PROSPECTUS**

§[ ]

## **Nuveen AMT-Free Municipal Credit Income Fund**

**COMMON SHARES**

**MUNIFUND PREFERRED SHARES**

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

**The Fund.** This prospectus, together with any prospectus supplement, sets forth concisely information about the Fund that a prospective investor should know before investing, and should be retained for future reference. The Fund is a diversified, closed-end management investment company. The Fund's primary investment objective is to provide current income exempt from regular federal income tax and federal alternative minimum tax applicable to individuals. The Fund's secondary objective is to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.

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

**Investing in the Securities involves risks. See Risk Factors beginning on page 8. You should consider carefully these risks together with all of the other information in this prospectus and any related prospectus supplement before making a decision to purchase any of the Securities.**

*(continued on next page)*

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

[ ], 2018

*(continued from previous page)*

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

**Leverage.** The Fund uses leverage to pursue its investment objectives. The Fund may use leverage to the extent permitted by the Investment Company Act of 1940, as amended. The Fund may source leverage through a number of methods including the issuance of preferred shares, investments in inverse floating rate securities, entering into reverse repurchase agreements and borrowings (subject to certain investment restrictions). See *Use of Leverage* and *The Fund's Investments*. There is no assurance that the Fund's leveraging strategy will be successful. Leverage involves special risks. See *Risk Factors* *Leverage Risk*.

You should read this prospectus, together with any prospectus supplement, which contains important information about the Fund, before deciding whether to invest in Securities and retain it for future reference. A statement of additional information, dated [ ], 2018, and as it may be supplemented containing additional information about the Fund (the SAI), has been filed with the SEC and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI, the table of contents of which is on page 61 of this prospectus, annual and semi-annual reports to shareholders when available and other information about the Fund and make shareholder inquiries by calling (800) 257-8787 or by writing to the Fund, or from the Fund's website ([www.nuveen.com](http://www.nuveen.com)). The information contained in, or that can be accessed through, the Fund's website is not part of this prospectus, except to the extent specifically incorporated by reference in the SAI. You also may obtain a copy of the SAI (and other information regarding the Fund) from the SEC's website ([www.sec.gov](http://www.sec.gov)).

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

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**You should rely only on the information contained or incorporated by reference into this prospectus and any related prospectus supplement. The Fund has not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer of Securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus and any related prospectus supplement is accurate as of any date other than the respective dates on the front covers. The Fund's business, financial condition and prospects may have changed since that date.**

**FORWARD-LOOKING STATEMENTS**

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



## PROSPECTUS SUMMARY

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

### **The Fund**

Nuveen AMT-Free Municipal Credit Income Fund (the Fund ) is a diversified, closed-end management investment company. The Fund's common shares, \$.01 par value per share (the Common Shares ), are traded on the New York Stock Exchange (the NYSE ) under the symbol NVG. See Description of Securities Common Shares. As of May 31, 2018, the Fund had 202,552,895 Common Shares outstanding and net assets applicable to Common Shares of \$3,275,035,880.

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

### **Investment Objectives and Policies**

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

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

As a non-fundamental investment policy that may be changed by the Fund's trustees without prior shareholder notice, under

normal circumstances, the Fund will invest 100% of its Managed Assets (as defined below) in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase. As a non-fundamental investment policy subject to change by the Fund's trustees upon 60 days' notice to shareholders, under normal circumstances, the Fund will invest at least 80% of its Assets in municipal securities and other related investments, the income from which is exempt from the federal alternative minimum tax applicable to individuals at the time of purchase.

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

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

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

**Investment Adviser**

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

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

at 333 West Wacker Drive, Chicago, Illinois 60606. Nuveen Fund Advisors is an indirect subsidiary of Nuveen, LLC ( Nuveen ), the investment management arm of Teachers Insurance and Annuity Association of America ( TIAA ). TIAA is a life insurance company founded in 1918 by the Carnegie Foundation for the Advancement of Teaching and is the companion organization of College Retirement Equities Fund. As of March 31, 2018, Nuveen managed approximately \$967 billion in assets, of which approximately \$139 billion was managed by Nuveen Fund Advisors.

**Sub-Adviser**

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

**The Offerings**

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

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

The prospectus supplement for an offering of MFP Shares also will include information regarding the risk factors specific to an investment in the MFP Shares, the series designation, redemption terms, the dividend rate, material U.S. federal income tax considerations and other details concerning the offering. The terms and conditions of the MFP Shares of each series will be specified in a Statement Establishing and Fixing

the Rights and Preferences of MuniFund Preferred Shares (the Statement ) and a Supplement to the Statement Establishing and Fixing the Rights and Preferences of MuniFund Preferred Shares (the Statement Supplement ), forms of which are filed as exhibits to the registration statement of which this prospectus is a part. See Description of Securities Preferred Shares MuniFund Preferred Shares.

**Use of Proceeds**

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

**Federal and State Income Taxes**

The Fund has elected to be treated, and intends to continue to qualify each year, as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code ). As a regulated investment company, the Fund generally does not expect to be subject to U.S. federal income tax. To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other requirements, the Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources. Additionally, in order to qualify as a regulated investment company, the Fund must meet certain distribution requirements. The failure to pay distributions could result in the Fund ceasing to qualify as a regulated investment company. Nevertheless, the Fund might not distribute all of its net investment income, and the Fund is not required to distribute any portion of its net capital gains. If for any taxable year the Fund does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and such distributions would be taxable as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits. The value of Securities may be adversely affected by changes in tax rates and policies.

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

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

**Use of Leverage**

The Fund uses leverage to pursue its investment objectives. The Fund may use leverage to the extent permitted by the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund may source leverage through a number of methods including the issuance of Preferred Shares, investments in inverse floating rate securities, entering into reverse repurchase agreements and borrowings (subject to certain investment restrictions). See

The Fund's Investments Portfolio Composition Municipal Securities Inverse Floating Rate Securities, Risk Factors Inverse Floating Rate Securities Risk, Risk Factors Reverse Repurchase Agreement Risk and Risk Factors Borrowing Risks in this prospectus and Investment Restrictions in the SAI. The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities. The Fund may also use certain derivatives that have the economic effect of leverage by creating additional investment exposure. The Fund currently employs leverage primarily through its outstanding Preferred Shares.

The Fund may also borrow for temporary purposes permitted by the 1940 Act. The Fund, along with certain other funds managed by Nuveen Fund Advisors (the "Participating Funds"), are party to a committed unsecured credit facility (the "Facility") provided by a group of lenders, under which Participating Funds may borrow for temporary purposes only. Outstanding balances drawn by the Fund, or a Participating Fund, will bear interest at a variable rate and is the liability of such Fund. The Facility is not intended for sustained levered investment purposes. A large portion of the Facility's capacity (and corresponding annual costs, excluding interest cost) is currently allocated by Nuveen Fund Advisors to a small number of Participating Funds, which does not include the Fund. The Facility has a 364-day term and will expire in July 2018 unless extended or renewed.

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

outstanding leverage, which may result in a decline in Common Share net asset value and reduced net investment income available for distribution to common shareholders.

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

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

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

**Exchange Listing**

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

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

**Custodian and Transfer Agent; Tender and Paying Agent**

State Street Bank and Trust Company (State Street or the Custodian) serves as custodian of the Fund's assets and

transfer agent for the Common Shares. See Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent.

[ ] (the Tender and Paying Agent ) will serve as tender and paying agent and as the calculation agent, transfer agent and registrar, dividend disbursing agent, and paying agent and redemption price disbursing agent for the MFP Shares. See Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption and Paying Agent.

**Risk Factors**

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

**Governing Law**

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

## RISK FACTORS

*Investing in the Securities involves risk, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. The following discussion summarizes some of the risks that a potential investor should carefully consider before deciding whether to invest in the Securities offered hereby. For additional information about the risks associated with investing in the Securities, see The Fund's Investments in the SAI, as well as any risk factors included in the applicable prospectus supplement. The prospectus supplement for an offering of Common Shares or MFP Shares will describe the additional specific risks applicable to the Securities being offered.*

### **Credit Risk**

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

### **Below Investment Grade Risk**

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

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

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

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

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



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

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

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

coupon bonds rather than income-bearing below investment grade securities, may be more speculative and may be subject to greater fluctuations in value due to changes in interest rates.

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

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

#### **Economic and Political Events Risk**

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

#### **Recent Market Circumstances**

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

In response to the financial crisis, the U.S. and other governments and the Federal Reserve and certain foreign central banks have taken steps to support financial markets. In some countries where

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

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

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

#### **Market Disruption and Geopolitical Risk**

The aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, possible terrorist attacks in the United States and around the

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

### **Legislation and Regulatory Risk**

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

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

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

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

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

#### **Inflation Risk**

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

#### **Deflation Risk**

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

#### **Inverse Floating Rate Securities Risk**

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

The Fund may invest in inverse floating rate securities issued by special purpose trusts that have recourse to the Fund. In the Investment Adviser's discretion, the Fund may enter into a separate

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

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

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

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

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

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

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

### **Reverse Repurchase Agreement Risk**

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

### **Interest Rate Risk**

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

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

### **Leverage Risk**

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

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



### **Municipal Securities Market Risk**

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

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

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

### **Special Risks Related to Certain Municipal Securities**

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

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

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

#### **Income Risk**

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

#### **Reinvestment Risk**

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

### **Call Risk**

If interest rates fall, it is possible that issuers of callable bonds with higher interest coupons will call (or prepay) their bonds before their maturity date. If a call were exercised by the issuer during a period of declining interest rates, the Fund is likely to replace such called security with a lower yielding security.

### **Illiquid Securities Risk**

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

### **Economic Sector Risk**

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

### **Derivatives Risk, Including the Risk of Swaps**

The Fund's use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives. Whether the Fund's use of derivatives is successful will depend on, among other things, if Nuveen Fund Advisors and NAM correctly forecasts market values, interest rates and other applicable factors. If Nuveen Fund Advisors and NAM incorrectly forecasts these and other factors, the investment performance of the Fund will be unfavorably affected. In addition, the derivatives market is largely unregulated. It is possible that developments in the derivatives market could adversely affect the Fund's ability to successfully use derivative instruments.

The Fund may enter into debt-related derivatives instruments including credit default swap contracts and interest rate swaps. Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of swaps requires an understanding by NAM not only of the referenced asset, rate or index, but also of the swap itself. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. It is possible that developments in the swaps market, including potential government regulation, could adversely affect the Fund's ability to terminate existing swap agreements or to realize amounts to be received under such agreements. The derivatives market is subject to a changing regulatory environment. It is possible that regulatory or other developments in the derivatives market could adversely affect the Fund's ability to successfully use derivative instruments. See Counterparty Risk and Hedging Risk below and The Fund's Investments Derivatives and Hedging Strategies in the SAI.

### **Counterparty Risk**

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

### **Hedging Risk**

The Fund's use of derivatives or other transactions to reduce risk involves costs and will be subject to the Investment Adviser and the Sub-Adviser's ability to predict correctly changes in the relationships of such hedge instruments to the Fund's portfolio holdings or other factors. No assurance can be given that the Investment Adviser and the Sub-Adviser's judgment in this respect will be correct. In addition, no assurance can be given that the Fund will enter into hedging or other transactions at times or under circumstances in which it may be advisable to do so. See The Fund's Investments Derivatives and Hedging Strategies in the SAI.

### **Tax Risk**

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

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

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

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

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

See Tax Matters.

### **Taxability Risk**

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

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

### **Insurance Risk**

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

### **Borrowing Risks**

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

### **Other Investment Companies Risk**

The Fund may invest in the securities of other investment companies. Such securities may be leveraged. As a result, the Fund may be indirectly exposed to leverage through an investment in such

securities. Utilization of leverage is a speculative investment technique and involves certain risks. An investment in securities of other investment companies that are leveraged may expose the Fund to higher volatility in the market value of such securities and the possibility that the Fund's long-term returns on such securities (and, indirectly, the long-term returns of the Common Shares) will be diminished.

#### **Financial Futures and Options Transactions Risk**

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

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

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

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

### **Prepayment Risk**

During periods of declining interest rates or for other purposes, issuers may exercise their option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding instruments. For premium bonds (bonds acquired at prices that exceed their par or principal value) purchased by the Fund, prepayment risk may be increased.

### **Cybersecurity Risk**

Technology, such as the internet, has become more prevalent in the course of business, and as such, the Fund and its service providers are susceptible to operational and information security risk.



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

#### **Certain Affiliations of the Fund**

Certain broker-dealers may be considered to be affiliated persons of the Fund, the Investment Adviser, the Sub-Adviser, Nuveen and/or TIAA. Absent an exemption from the SEC or other regulatory relief, the Fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to purchase securities being underwritten by an affiliated broker or a syndicate including an affiliated broker, or to utilize affiliated brokers for agency transactions, is subject to restrictions. This could limit the Fund's ability to engage in securities transactions and take advantage of market opportunities.

#### **Potential Conflicts of Interest Risk**

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

#### **Anti-Takeover Provisions**

The Declaration of Trust and the Fund's By-Laws (the By-Laws) include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. See Certain Provisions in the Declaration of Trust and By-Laws.

**FINANCIAL HIGHLIGHTS**

The following Financial Highlights table is intended to help a prospective investor understand the Fund's financial performance for the periods shown. Certain information reflects financial results for a single Common Share of the Fund. The total returns in the table represent the rate an investor would have earned or lost on an investment in Common Shares of the Fund (assuming reinvestment of all dividends). The Fund's annual financial statements and financial highlights as of and for the fiscal years ended October 31, 2017, October 31, 2016, October 31, 2015 and October 31, 2014 have been audited by KPMG LLP ( "KPMG" ), an independent registered public accounting firm. KPMG has not reviewed or examined any records, transactions or events after the date of such reports. The information with respect to the six months ended April 30, 2018 is unaudited and is included in the Fund's 2018 Semi-Annual Report which is incorporated into the SAI by reference. The information with respect to the fiscal years ended prior to October 31, 2014 has been audited by other auditors. A copy of the Fund's Annual Reports and Semi-Annual Reports may be obtained from [www.sec.gov](http://www.sec.gov) or by visiting [www.nuveen.com](http://www.nuveen.com). The information contained in, or that can be accessed through, the Fund's websites is not part of this prospectus, except to the extent specifically incorporated by reference in the SAI. Past results are not indicative of future performance.

The following per share data and ratios have been derived from information provided in the financial statements.

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

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

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

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

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

(a) The amounts shown for ARPS are based on common share equivalents.

(b)

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Total Return Based on Common Share net asset value is the combination of changes in common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

- (c) Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to Preferred Shares issued by the Fund.

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

### Six Months

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

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

Series 2014 (NVG PRCLL)	2014	2013	2012	2011	2010	2009
Ending Market Value per Share	\$	\$ 10.09	\$ 10.12	\$ 10.10	\$ 10.22	\$ 9.98
Average Market Value per Share	10.05 <sup>^</sup>	10.11	10.16	10.12	10.19	10.03 <sup>^^</sup>

<sup>^</sup> For the period November 1, 2013 through December 23, 2013.

<sup>^^</sup> For the period October 19, 2009 (first issuance date of shares) through October 31, 2009.

\* Rounds to less than \$0.01 per share.

\*\* Annualized

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

### **THE FUND**

The Fund is a diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Massachusetts business trust on July 12, 1999, pursuant to the Declaration of Trust, which is governed by the laws of the Commonwealth of Massachusetts. The Fund's Common Shares are listed on the NYSE under the symbol NVG. The Fund's principal office is located at 333 West Wacker Drive, Chicago, Illinois 60606, and its telephone number is (800) 257-8787.

### **USE OF PROCEEDS**

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

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

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

### **DESCRIPTION OF SECURITIES**

*The following is a brief description of the terms of the Common Shares and the Preferred Shares, including MFP Shares, of the Fund. A complete description of the terms of the Common Shares can be found in the Declaration of Trust. A complete description of the terms of each series of Preferred Shares, including MFP Shares, can be found in the Declaration of Trust together with the applicable statement establishing and fixing the rights and preferences of Preferred Shares of the applicable series and, if applicable, the supplement to such statement. These documents are filed with the SEC as exhibits to the Fund's registration statement of which this prospectus is a part. Copies may be obtained as described under Where You Can Find More Information. The series designation, redemption terms, dividend rate or rates, and other details concerning any issuance of MFP Shares under this prospectus will be disclosed in a prospectus supplement.*



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The following provides information about the Fund's outstanding Securities as of May 31, 2018:

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

The Declaration of Trust authorizes the issuance of an unlimited number of Common Shares. The Common Shares have a par value of \$0.01 per share and, subject to the rights of holders of Preferred Shares, including MFP Shares issued, have equal rights to the payment of dividends and the distribution of assets upon liquidation. The Common Shares when issued, are fully paid and, subject to matters discussed in Certain Provisions in the Declaration of Trust and By-Laws, non-assessable, and have no pre-emptive or conversion rights or rights to cumulative voting.

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

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

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

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

### **Preferred Shares**

The Fund's Declaration of Trust authorizes the issuance of an unlimited number of Preferred Shares in one or more classes or series, with rights as determined by the Board, by action of the Board without the approval of the common shareholders. As indicated above, the Fund currently has outstanding Preferred Shares consisting of VRDP Shares and MFP Shares.

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

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

### *Ranking and Priority of Payment*

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

*Dividends and Distributions*

The holders of Preferred Shares of each series are entitled to receive, when, as and if declared by the Board, out of funds legally available therefor in accordance with the Declaration of Trust and applicable law, cumulative cash dividends at the dividend rate for the Preferred Shares of such series payable on the dividend payment dates with respect to the Preferred Shares of such series. Holders of Preferred Shares are not entitled to any dividend, whether payable in cash, property or shares, in excess of full cumulative dividends on the Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on Preferred Shares which may be in arrears, and no additional sum of money will be payable in respect of such arrearage.

*Voting Rights*

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

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

*Redemption, Purchase and Sale of Preferred Shares*

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

*Ratings and Asset Coverage*

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

As long as MFP Shares or other Preferred Shares are outstanding, the composition of the Fund's portfolio will reflect guidelines established by the NRSRO or NRSROs rating such shares.

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

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

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

### **MuniFund Preferred Shares**

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

the series and title of the security;

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

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

any optional or mandatory redemption provisions;

any changes in paying agents or security registrar; and

any other terms of the MFP Shares being offered.

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

The description of MFP Shares set forth in this prospectus and the description of the terms of a particular series of MFP Shares that will be set forth in the related prospectus supplement are not complete. These descriptions are qualified in their entirety by reference to the Declaration of Trust and the Statement and the Statement Supplement relating to that series.

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

#### *Designation of Modes*

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

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

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

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

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**THE FUND'S INVESTMENTS**

**Investment Objectives and Policies**

The Fund's investment objectives are:

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

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

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

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

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

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

As a non-fundamental policy that may be changed by the Fund's trustees without prior shareholder notice, under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities rated, at the time of investment, below the three highest grades (Baa or BBB or lower) by at least one NRSRO, which includes below-investment-grade securities or unrated securities judged to be of comparable quality by NAM. The Fund may invest in distressed securities. The Fund may not invest in the securities of an issuer which, at the time of investment, is in default on its obligations to pay principal or interest thereon when due or that is involved in a bankruptcy proceeding (i.e. rated below C-, at the time of investment), provided, however, that NAM may determine that it is in the best interest of shareholders in pursuing a workout arrangement with issuers of defaulted securities to make loans to the defaulted issuer or another party, or purchase a debt, equity or other interest from the defaulted issuer or another party, or take other related or similar steps involving the investment of additional monies, but only if that issuer's securities are already held by the Fund.

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

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

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

The Fund will invest primarily in municipal securities with long-term maturities in order to maintain an average effective maturity of 15 to 30 years, including the effects of leverage, but the average effective maturity of obligations held by the Fund may be lengthened or shortened as a result of portfolio transactions effected by the Investment Adviser and/or the Sub-Adviser, depending on market conditions and on an assessment by the portfolio manager of which segments of the municipal securities markets offer the most favorable relative investment values and opportunities for tax-exempt income and total return. As a result, the Fund's portfolio at any given time may include both long-term and intermediate-term municipal securities. Moreover, during temporary defensive periods (e.g., times when, in the Investment Adviser's and/or the Sub-Adviser's opinion, temporary imbalances of supply and demand or other temporary dislocations in the tax-exempt bond market adversely affect the price at which long-term or intermediate-term municipal securities are available), and in order to keep the Fund's cash fully invested, the Fund may invest any percentage of its net assets in short-term investments including high quality, short-term debt securities that may be either tax-exempt or taxable. The Fund may not achieve its investment objectives during such periods.

The Fund may invest in securities of other open- or closed-end investment companies (including exchange-traded funds) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC. In addition, the Fund may purchase municipal securities that are additionally secured by insurance, bank credit agreements or escrow accounts. The credit quality of companies that provide such credit enhancements may affect the value of those securities. Although the insurance feature may reduce certain financial risks, the premiums for insurance and the higher market price paid for insured obligations may reduce the Fund's income. The insurance feature guarantees only the payment of principal and interest on the obligation when due and does not guarantee the market value of the insured obligations, which will fluctuate with the bond market and the financial success of the issuer and the insurer, and the effectiveness and value of the insurance itself is dependent on the continued creditworthiness of the insurer. No representation is made as to the insurers' ability to meet their commitments.

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



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

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

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

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

#### **Portfolio Composition**

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

#### **Municipal Securities**

*General.* The Fund may invest in various municipal securities, including municipal bonds and notes, other securities issued to finance and refinance public projects, and other related securities and derivative instruments creating exposure to municipal bonds, notes and securities that provide for the payment of interest income that is exempt from both regular federal income taxes and the federal alternative minimum tax applicable to individuals. Municipal securities are generally debt obligations issued by state and local governmental entities and may be issued by U.S. territories to finance or refinance public projects such as roads, schools, and water supply systems. Municipal securities may

also be issued for private activities, such as housing, medical and educational facility construction, or for privately owned transportation, electric utility and pollution control projects. Municipal securities may be issued on a long term basis to provide permanent financing. The repayment of such debt may be secured generally by a pledge of the full faith and credit taxing power of the issuer, a limited or special tax, or any other revenue source including project revenues, which may include tolls, fees and other user charges, lease payments, and mortgage payments. Municipal securities may also be issued to finance projects on a short term interim basis, anticipating repayment with the proceeds on long term debt. Municipal securities may be issued and purchased in the form of bonds, notes, leases or certificates of participation; structured as callable or non-callable; with payment forms including fixed coupon, variable rate, zero coupon, capital appreciation bonds, tender option bonds, and residual interest bonds or inverse floating rate securities; or acquired through investments in pooled vehicles, partnerships or other investment companies. Inverse floating rate securities are securities that pay interest at rates that vary inversely with changes in prevailing short-term tax-exempt interest rates and represent a leveraged investment in an underlying municipal security, which may increase the effective leverage of the Fund.

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

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

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

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

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

*Pre-Refunded Municipal Securities.* The principal of, and interest on, pre-refunded municipal securities are no longer paid from the original revenue source for the securities. Instead, the source of such payments is typically an escrow fund consisting of U.S. government securities. The assets in the escrow fund are derived from the proceeds of refunding bonds issued by the same issuer as the pre-refunded municipal securities. Issuers of municipal securities use this advance refunding technique to obtain more favorable terms with respect to securities that are not yet subject to call or redemption by the issuer. For example, advance refunding enables an issuer to refinance debt at lower market interest rates, restructure debt to improve cash flow or eliminate restrictive covenants in the indenture or other governing instrument for the pre-refunded municipal securities. However, except for a change in the revenue source from which principal and interest payments are made, the pre-refunded municipal securities remain outstanding on their original terms until they mature or are redeemed by the issuer.

*Private Activity Bonds.* Private activity bonds are issued by or on behalf of public authorities to obtain funds to provide privately operated housing facilities, airport, mass transit or port facilities, sewage disposal, solid waste disposal or hazardous waste treatment or disposal facilities and certain local facilities for water supply, gas or electricity. Other types of private activity bonds, the proceeds of which are used for the construction, equipment, repair or improvement of privately operated industrial or commercial facilities, may constitute municipal securities, although the current federal tax laws

place substantial limitations on the size of such issues. The Fund's distributions of its interest income from private activity bonds may subject certain investors to the federal alternative minimum tax.

*Inverse Floating Rate Securities.* The Fund may invest in inverse floating rate securities. Inverse floating rate securities are securities whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. Generally, inverse floating rate securities represent beneficial interests in a special purpose trust, commonly referred to as a tender option bond trust (TOB trust), that holds municipal bonds. The TOB trust typically sells two classes of beneficial interests or securities: floating rate securities (sometimes referred to as short-term floaters or tender option bonds (TOBs)), and inverse floating rate securities (sometimes referred to as inverse floaters). Both classes of beneficial interests are represented by certificates or receipts. The floating rate securities have first priority on the cash flow from the municipal bonds held by the TOB trust. In this structure, the floating rate security holders have the option, at periodic short-term intervals, to tender their securities to the trust for purchase and to receive the face value thereof plus accrued interest. The obligation of the trust to repurchase tendered securities is supported by a remarketing agent and by a liquidity provider. As consideration for providing this support, the remarketing agent and the liquidity provider receive periodic fees. The holder of the short-term floater effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. However, the trust is not obligated to purchase tendered short-term floaters in the event of certain defaults with respect to the underlying municipal bonds or a significant downgrade in the credit rating assigned to the bond issuer.

As the holder of an inverse floating rate investment, the Fund receives the residual cash flow from the TOB trust. Because the holder of the short-term floater is generally assured liquidity at the face value of the security plus accrued interest, the holder of the inverse floater assumes the interest rate cash flow risk and the market value risk associated with the municipal bond deposited into the TOB trust. The volatility of the interest cash flow and the residual market value will vary with the degree to which the trust is leveraged. This is expressed in the ratio of the total face value of the short-term floaters to the value of the inverse floaters that are issued by the TOB trust, and can exceed three times for more highly leveraged trusts. All voting rights and decisions to be made with respect to any other rights relating to the municipal bonds held in the TOB trust are passed through, pro rata, to the holders of the short-term floaters and to the Fund as the holder of the associated inverse floaters.

Because any increases in the interest rate on the short-term floaters issued by a TOB trust would reduce the residual interest paid on the associated inverse floaters, and because fluctuations in the value of the municipal bond deposited in the TOB trust would affect only the value of the inverse floater and not the value of the short-term floater issued by the trust so long as the value of the municipal bond held by the trust exceeded the face amount of short-term floaters outstanding, the value of inverse floaters is generally more volatile than that of an otherwise comparable municipal bond held on an unleveraged basis outside a TOB trust. Inverse floaters generally will underperform the market of fixed-rate bonds in a rising interest rate environment (*i.e.*, when bond values are falling), but will tend to outperform the market of fixed-rate bonds when interest rates decline or remain relatively stable. Although volatile in value and return, inverse floaters typically offer the potential for yields higher than those available on fixed-rate bonds with comparable credit quality, coupon, call provisions and maturity. Inverse floaters have varying degrees of liquidity or illiquidity based primarily upon the inverse floater holder's ability to sell the underlying bonds deposited in the TOB trust at an attractive price.

The Fund may invest in inverse floating rate securities issued by TOB trusts in which the liquidity providers have recourse to the Fund pursuant to a separate shortfall and forbearance agreement. Such an agreement would require the Fund to reimburse the liquidity provider, among other circumstances, upon termination of the TOB trust for the difference between the liquidation value of the bonds held in the trust and the principal amount and accrued interest due to the holders of floating rate securities issued by the trust. The Fund will enter into such a recourse agreement (1) when the liquidity provider requires such a recourse agreement because the level of leverage in the TOB trust exceeds the level that the liquidity provider is willing to support absent such an agreement; and/or (2) to seek to prevent the liquidity provider from collapsing the trust in the event the municipal bond held in the trust has declined in value to the point where it may cease to exceed the face amount of outstanding short-term floaters. In an instance where the Fund has entered such a recourse agreement, the Fund may suffer a loss that exceeds the amount of its original investment in the inverse floating rate securities; such loss could be as great as that original investment amount plus the face amount of the floating rate securities issued by the trust plus accrued interest thereon.

The Fund will segregate or earmark liquid assets with its custodian in accordance with the 1940 Act to cover its obligations with respect to its investments in TOB trusts.

The Fund may invest in both inverse floating rate securities and floating rate securities (as discussed below) issued by the same TOB trust.

*Floating Rate Securities.* The Fund may also invest in floating rate securities, as described above, issued by special purpose trusts. Floating rate securities may take the form of short-term floating rate securities or the option period may be substantially longer. Generally, the interest rate earned will be based upon the market rates for municipal securities with maturities or remarketing provisions that are comparable in duration to the periodic interval of the tender option, which may vary from weekly, to monthly, to extended periods of one year or multiple years. Since the option feature has a shorter term than the final maturity or first call date of the underlying bond deposited in the trust, the Fund, as the holder of the floating rate securities, relies upon the terms of the agreement with the financial institution furnishing the option as well as the credit strength of that institution. As further assurance of liquidity, the terms of the trust provide for a liquidation of the municipal bond deposited in the trust and the application of the proceeds to pay off the floating rate securities. The trusts that are organized to issue both short-term floating rate securities and inverse floaters generally include liquidation triggers to protect the investor in the floating rate securities.

*Special Taxing Districts.* Special taxing districts are organized to plan and finance infrastructure developments to induce residential, commercial and industrial growth and redevelopment. The bond financing methods such as tax increment finance, tax assessment, special services district and Mello-Roos bonds, generally are payable solely from taxes or other revenues attributable to the specific projects financed by the bonds without recourse to the credit or taxing power of related or overlapping municipalities. They often are exposed to real estate development-related risks and can have more taxpayer concentration risk than general tax-supported bonds, such as general obligation bonds. Further, the fees, special taxes, or tax allocations and other revenues that are established to secure such financings generally are limited as to the rate or amount that may be levied or assessed and are not subject to increase pursuant to rate covenants or municipal or corporate guarantees. The bonds could default if development failed to progress as anticipated or if larger taxpayers failed to pay the assessments, fees and taxes as provided in the financing plans of the districts.

## Derivatives

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments. The Investment Adviser and/or the Sub-Adviser may use derivative instruments to seek to enhance return, to hedge some of the risk of the Fund's investments in municipal securities or as a substitute for a position in the underlying asset. These types of strategies may generate taxable income. The Fund may not enter into a futures contract or related options or forward contracts if more than 30% of the Fund's net assets would be represented by futures contracts or more than 5% of the Fund's net assets would be committed to initial margin deposits and premiums on futures contracts or related options. See "The Fund's Investments - Derivatives and Hedging Strategies" and "Segregation of Assets" in the SAI.

## Other Portfolio Investments, Investment Policies and Techniques and Investment Restrictions

See "Investment Restrictions" and "The Fund's Investments" in the SAI for additional information.

## USE OF LEVERAGE

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

The Fund currently employs leverage primarily through its outstanding VRDP Shares and MFP Shares, both Preferred Shares. As of May 31, 2018, the Fund's effective leverage through Preferred Shares and through its investments in inverse floating rate securities was approximately 39% of its Managed Assets.

The Preferred Shares have seniority over the Common Shares. Changes in the value of the Fund's bond portfolio, including costs attributable to Preferred Shares, will be borne entirely by common shareholders. If there is a net decrease (or increase) in the value of the Fund's investment portfolio, the leverage will decrease (or increase) the net asset value per Common Share to a greater extent than if the Fund were not leveraged. For tax purposes, the Fund is currently required to allocate net capital gain and other taxable income, if any, between Common Shares and Preferred Shares in proportion to total dividends paid to each class for the year in which the net capital gain or other taxable income is realized. If net capital gain or other taxable income is allocated to Preferred Shares (instead of solely tax-exempt income), the Fund will likely have to pay higher total dividends to

preferred shareholders or make special payments to preferred shareholders to compensate them for the increased tax liability. This would reduce the total amount of dividends paid to the common shareholders.

The Fund may also borrow for temporary purposes permitted by the 1940 Act. The Fund, along with the Participating Funds, are party to a committed Facility provided by a group of lender, under which Participating Funds may borrow for temporary purposes only. Outstanding balances drawn by the Fund, or a Participating Fund, will bear interest at a variable rate and is the liability of such Fund. The Facility is not intended for sustained levered investment purposes. A large portion of the Facility's capacity (and corresponding annual costs, excluding interest cost) is currently allocated by Nuveen Fund Advisors to a small number of Participating Funds, which does not include the Fund. The Facility has a 364-day term and will expire in July 2018 unless extended or renewed.

The Fund may reduce or increase leverage based upon changes in market conditions and anticipates that its leverage ratio will vary from time to time based upon variations in the value of the Fund's holdings. So long as the net rate of income received on the Fund's investments purchased with leverage proceeds exceeds the then current expense on any leverage, the investment of leverage proceeds will generate more net income than if the Fund had not used leverage. If so, the excess net income will be available to pay higher distributions to common shareholders. However, if the rate of net income received from the Fund's portfolio investments purchased with leverage is less than the then current expense on outstanding leverage, the Fund may be required to utilize other Fund assets to make expense payments on outstanding leverage, which may result in a decline in Common Share net asset value and reduced net investment income available for distribution to common shareholders. See Risk Factors Leverage Risk.

Following an offering of additional Common Shares from time to time, the Fund's leverage ratio will decrease as a result of the increase in net assets attributable to Common Shares. The Fund's leverage ratio may decline further to the extent that the net proceeds of an offering of Common Shares are used to reduce the Fund's leverage. A lower leverage ratio may result in lower (higher) returns to common shareholders over a period of time to the extent that net returns on the Fund's investment portfolio exceed (fall below) its cost of leverage over that period, which lower (higher) returns may impact the level of the Fund's distributions. See Risk Factors Leverage Risk.

The Fund may use derivatives, such as interest rate swaps with varying terms, in order to manage the interest rate expense associated with all or a portion of its leverage. Interest rate swaps are bi-lateral agreements whereby parties agree to exchange future payments, typically based upon the differential of a fixed rate and a variable rate, on a specified notional amount. Interest rate swaps can enable a Fund to effectively convert its variable leverage expense to fixed, or vice versa. For example, if the Fund issues leverage having a short-term floating rate of interest, the Fund could use interest rate swaps to hedge against a rise in the short-term benchmark interest rates associated with its outstanding leverage. In doing so, the Fund would seek to achieve lower leverage costs, and thereby enhance Common Share distributions, over an extended period, which would be the result if short-term interest rates on average exceed the fixed interest rate over the term of the swap. To the extent the fixed swap rate is greater than short-term market interest rates on average over the period, overall costs associated with leverage will increase (and thereby reduce distributions to common shareholders) than if the Fund had not entered into the interest rate swap(s).

The Fund pays a management fee to Nuveen Fund Advisors (which in turn pays a portion of such fee to NAM) based on a percentage of Managed Assets. Managed Assets include the proceeds

realized and managed from the Fund's use of most types of leverage (excluding the leverage exposure attributable to the use of futures, swaps and similar derivatives). Because Managed Assets include the Fund's net assets as well as assets that are attributable to the Fund's investment of the proceeds of its leverage (including instruments like inverse floating rate securities and reverse repurchase agreements), it is anticipated that the Fund's Managed Assets will be greater than its net assets. Nuveen Fund Advisors will be responsible for using leverage to pursue the Fund's investment objective. Nuveen Fund Advisors will base its decision regarding whether and how much leverage to use for the Fund, and the terms of that leverage, on its assessment of whether such use of leverage is in the best interests of the Fund. However, a decision to employ or increase leverage will have the effect, all other things being equal, of increasing Managed Assets, and in turn Nuveen Fund Advisors' and NAM's management fees. Thus, Nuveen Fund Advisors may have a conflict of interest in determining whether to use or increase leverage. Nuveen Fund Advisors will seek to manage that potential conflict by using leverage only when it determines that it would be in the best interests of the Fund and its common shareholders, and by periodically reviewing with the Board of Trustees the Fund's performance, the Fund's degree of overall use of leverage and the impact of the use of leverage on that performance.

The 1940 Act generally defines a senior security as any bond, debenture, note, or similar obligation or instrument constituting a security and evidencing indebtedness, and any stock of a class having priority over any other class as to distribution of assets or payment of dividends; however, the term does not include any promissory note or other evidence of indebtedness issued in consideration of any loan, extension, or renewal thereof, made for temporary purposes and in an amount not exceeding five percent of the value of the Fund's total assets. A loan shall be presumed to be for temporary purposes if it is repaid within 60 days and is not extended or renewed.

Under the 1940 Act, the Fund is not permitted to issue senior securities representing indebtedness if, immediately after the issuance of such senior securities representing indebtedness, the asset coverage ratio with respect to such senior securities would be less than 300%. Senior securities representing indebtedness include borrowings (including loans from financial institutions); debt securities; and other derivative investments or transactions such as reverse repurchase agreements and investments in inverse floating rate securities to the extent the Fund has not fully covered, segregated or earmarked cash or liquid assets having a market value at least equal to its future obligation under such instruments. With respect to any such senior securities representing indebtedness, 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 representing indebtedness issued by the Fund.

Under the 1940 Act, the Fund is not permitted to issue senior securities that are Preferred Shares if, immediately after the issuance of Preferred Shares, the asset coverage ratio with respect to such Preferred Shares would be less than 200%. With respect to any such Preferred Shares, 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, bears to the aggregate amount of senior securities representing indebtedness of the Fund plus the aggregate liquidation preference of such Preferred Shares.

The Fund is limited by certain investment restrictions and may only issue senior securities that are preferred shares except the Fund may borrow money from a bank for temporary or emergency purposes or for repurchase of its shares only in an amount not exceeding one-third of the Fund's total



assets (including the amount borrowed) less the Fund's liabilities (other than borrowings). See "Investment Restrictions" in the SAI. These restrictions are fundamental and may not be changed without the approval of Common Shares and Preferred Shares voting together as a single class.

If the asset coverage with respect to any senior securities issued by the Fund declines below the required ratios discussed above (as a result of market fluctuations or otherwise), the Fund may sell portfolio securities when it may be disadvantageous to do so.

Certain types of leverage used by the Fund may result in the Fund being subject to certain covenants, asset coverage and, or other portfolio composition limits by its lenders, Preferred Share purchasers, liquidity providers, rating agencies that may rate Preferred Shares, or reverse repurchase agreement counterparties. Such limitations may be more stringent than those imposed by the 1940 Act and may affect whether the Fund is able to maintain its desired amount of leverage. At this time, Nuveen Fund Advisors does not believe that any such potential investment limitations will impede it from managing the Fund's portfolio in accordance with its investment objective and policies.

Utilization of leverage is a speculative investment technique and involves certain risks to the common shareholders, including increased variability of the Fund's net income, distributions and net asset value in relation to market changes. See "Risk Factors - Leverage Risk." There is no assurance that the Fund will use leverage or that the Fund's use of leverage will work as planned or achieve its goals.

## MANAGEMENT OF THE FUND

### Trustees and Officers

The Board is responsible for the Fund's management, including supervision of the duties performed by Nuveen Fund Advisors. 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 Adviser, Sub-Adviser and Portfolio Manager

#### *Investment Adviser*

Nuveen Fund Advisors, a registered investment adviser, is responsible for overseeing the Fund's overall investment strategy and its implementation. Nuveen Fund Advisors is located at 333 West Wacker Drive, Chicago, IL 60606.

Nuveen Fund Advisors also has overall responsibility for management of the Fund, oversees the management of the Fund's portfolio, manages the Fund's business affairs and provides certain clerical, bookkeeping and other administrative services. Nuveen Fund Advisors is an indirect subsidiary of Nuveen, the investment management arm of TIAA. TIAA is a life insurance company founded in 1918 by the Carnegie Foundation for the Advancement of Teaching and is the companion organization of College Retirement Equities Fund. As of March 31, 2018, Nuveen managed approximately \$967 billion in assets, of which approximately \$139 billion was managed by Nuveen Fund Advisors.

*Sub-Adviser*

Nuveen Asset Management, LLC, 333 West Wacker Drive, Chicago, Illinois 60606, serves as the Fund's sub-adviser pursuant to a sub-advisory agreement between NFALLC and Nuveen Asset Management (the "Sub-Advisory Agreement"). NAM is a registered investment adviser, and a wholly-owned subsidiary of NFALLC. Nuveen Asset Management oversees day-to-day investment operations of the Fund.

*Portfolio Manager*

NAM is responsible for the execution of specific investment strategies and day-to-day investment operations of the Fund. NAM manages the Nuveen funds using a team of analysts and portfolio managers that focuses on a specific group of funds. The day-to-day operation of the Fund and the execution of its specific investment strategies is the primary responsibility of Paul L. Brennan, the designated portfolio manager of the Fund (the "Portfolio Manager").

Paul L. Brennan, CFA, CPA manages several municipal funds and portfolios. He began working in the financial industry in 1991 when he joined Flagship Financial, which was later acquired by NAM. Mr. Brennan became a portfolio manager in 1994. He received a B.S. from Wright State University. Mr. Brennan holds the Chartered Financial Analyst designation and is a registered CPA (inactive) in the state of Ohio.

Additional information about the Portfolio Manager's compensation, other accounts managed by the Portfolio Manager and the Portfolio Manager's ownership of securities in the Fund is provided in the SAI. The SAI is available free of charge by calling (800) 257-8787 or by visiting the Fund's website at [www.nuveen.com](http://www.nuveen.com). The information contained in, or that can be accessed through, the Fund's website is not part of this prospectus or the SAI.

**Investment Management and Sub-Advisory Agreements**

*Investment Management Agreement.* Pursuant to an investment management agreement between Nuveen Fund Advisors and the Fund (the "Investment Management Agreement"), the Fund has agreed to pay an annual management fee for the services and facilities provided by Nuveen Fund Advisors, payable on a monthly basis, based on the sum of a fund-level fee and a complex-level fee, as described below.

**Fund-Level Fee.** The annual fund-level fee for the Fund, payable monthly, is calculated according to the following schedule:

Average Daily Managed Assets*	Fund-Level Fee Rate
For the first \$125 million	0.5000%
For the next \$125 million	0.4875%
For the next \$250 million	0.4750%
For the next \$500 million	0.4625%
For the next \$1 billion	0.4500%
For the next \$3 billion	0.4250%
For managed assets over \$5 billion	0.4125%

**Complex Level Fee.** The annual complex-level fee for the Fund, payable monthly, is calculated by multiplying the current complex-wide fee rate, determined according to the following schedule, by the Fund's daily managed assets:

Complex-Level Eligible Asset Breakpoint Level*	Effective Complex-Level Fee Rate at Breakpoint Level
\$55 billion	0.2000%
\$56 billion	0.1996%
\$57 billion	0.1989%
\$60 billion	0.1961%
\$63 billion	0.1931%
\$66 billion	0.1900%
\$71 billion	0.1851%
\$76 billion	0.1806%
\$80 billion	0.1773%
\$91 billion	0.1691%
\$125 billion	0.1599%
\$200 billion	0.1505%
\$250 billion	0.1469%
\$300 billion	0.1445%

\* For the complex-level fees, managed assets include closed-end fund assets managed by the Investment Adviser that are attributable to certain types of leverage. For these purposes, leverage includes the fund's use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Investment Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen open-end and closed-end funds that constitute eligible assets. Eligible assets do not include assets attributable to investments in other Nuveen funds or assets in excess of a determined amount (originally \$2 billion) added to the Nuveen fund complex in connection with the Investment Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of October 31, 2017, the complex-level fee rate for the Fund was 0.1595%.

In addition to the fee of Nuveen Fund Advisors, the Fund pays all other costs and expenses of its operations, including compensation of its trustees (other than those affiliated with Nuveen Fund Advisors and NAM), custodian, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses associated with any borrowings, expenses of issuing any Preferred Shares, including the MFP Shares, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any. All fees and expenses are accrued daily and deducted before payment of dividends to investors.

A discussion regarding the basis for the Board's decision to renew the Investment Management Agreement for the Fund may be found in the Fund's annual report to shareholders dated October 31 of each year.

*Sub-Advisory Agreement.* Pursuant to the Sub-Advisory Agreement, NAM will receive from Nuveen Fund Advisors on the fifth business day of each month a 42.8572% management fee, which is equal to the portion percentage allocation of the fees (net of applicable breakpoints, waivers and reimbursements) paid by the Fund to the Investment Adviser under the Investment Management Agreement for the Fund.

A discussion regarding the basis for the Board's decision to renew the Sub-Advisory Agreement for the Fund may be found in the Fund's annual report to shareholders dated October 31 of each year.

### **NET ASSET VALUE**

The Fund's net asset value per Common Share is determined as of the close of trading (normally 4:00 p.m. Eastern time) on each day the New York Stock Exchange is open for business. Net asset value is calculated by taking the fair value of the Fund's total assets, including interest or dividends accrued but not yet collected, less all liabilities, and dividing by the total number of Common Shares outstanding. The result, rounded to the nearest cent, is the net asset value per share.

The Fund's custodian calculates the Fund's net asset value. The custodian uses prices for portfolio securities from a pricing service the Fund's Board has approved. The pricing service values portfolio securities at the mean between the quoted bid and asked price or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available (which will constitute the majority of the Fund's portfolio securities) are valued at fair value as determined by the Board in reliance upon data supplied by the pricing service. The pricing service uses methods that consider yields or prices of municipal securities of comparable quality, type of issue, coupon, maturity, and ratings; dealers' indications of value; and general market conditions. The pricing service may use electronic data processing techniques or a matrix system, or both. The Fund's officers review the pricing service's procedures and valuations, under the general supervision of the Board.

### **DISTRIBUTIONS**

For a discussion of dividends and other distributions applicable to the Common Shares and the dividend reinvestment plan, see the prospectus supplement relating to the Common Shares being offered.

For a discussion of dividends and other distributions applicable to the MFP Shares, see the prospectus supplement relating to the MFP Shares being offered.

### **PLAN OF DISTRIBUTION**

The Fund may sell Securities from time to time on an immediate, continuous or delayed basis, in one or more offerings under this prospectus and a related prospectus supplement in any one or more of the following ways (1) directly to one or more purchasers, (2) through agents for the period of their appointment, (3) to underwriters as principals for resale to the public or (4) through, in the case of the Common Shares, in transactions that are deemed to be "at the market" as defined under Rule 415 under the 1933 Act.

The prospectus supplement will describe the method of distribution of the Securities offered therein.

Each prospectus supplement relating to an offering of Securities will state the terms of the offering, including:

the names of any agents or underwriters;

any sales loads, underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;

any discounts, commissions, fees or concessions allowed or reallocated or paid to dealers or agents;

the public offering or purchase price of the offered Securities, the estimated net proceeds the Fund will receive from the sale and the use of proceeds; and

any securities exchange on which the offered Securities may be listed.

If any underwriters are involved in the offer and sale, the Securities will be acquired by the underwriters and may be resold by them, either at a fixed public offering price established at the time of offering or from time to time in one or more negotiated transactions or otherwise, at prices related to prevailing market prices determined at the time of sale. Unless otherwise set forth in the applicable prospectus supplement, the obligations of the underwriters to purchase the Securities will be subject to conditions precedent and the underwriters will be obligated to purchase all the Securities described in the prospectus supplement if any are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

The Fund may offer and sell the Securities directly or through an agent or agents designated by the Fund from time to time. An agent may sell securities it has purchased from the Fund as principal to other dealers for resale to investors and other purchasers, and may reallocate all or any portion of the discount received in connection with the purchase from the Fund to the dealers. After the initial offering of the Securities, the offering price (in the case of Securities to be resold at a fixed offering price), the concession and the discount may be changed. Any agent participating in the distribution of the Securities may be deemed to be an underwriter, as that term is defined in the 1933 Act, of the Securities so offered and sold.

Underwriters, dealers and agents may be entitled, under agreements entered into with the Fund, to indemnification by the Fund against some liabilities, including liabilities under the 1933 Act.

The place and time of delivery for the Securities in respect of which this prospectus is delivered will be set forth in the applicable prospectus supplement if appropriate.

Unless otherwise indicated in the prospectus supplement, each series of offered MFP Shares will be a new issue of securities for which there currently is no market. Any underwriters to whom MFP Shares are sold for public offering and sale may make a market in such MFP Shares as permitted by applicable laws and regulations, but such underwriters will not be obligated to do so, and any such market making may be discontinued at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the MFP Shares.

Underwriters, agents and dealers may engage in transactions with or perform services, including various investment banking and other services, for the Fund and/or any of the Fund's affiliates in the ordinary course of business.

The Fund will bear the expenses of the offering, including but not limited to, the expenses of preparation of this prospectus and the SAI and the prospectus supplement for the offering and the expense of counsel and auditors in connection with the offering.

In compliance with the guidelines of the Financial Industry Regulatory Authority, Inc. ( FINRA ), the maximum commission or discount to be received by any member of FINRA or independent broker-dealer will not be greater than 9% of the initial gross proceeds from the sale of any Securities being sold.

To the extent permitted under the 1940 Act and the rules and regulations promulgated thereunder, the underwriters may from time to time act as a broker or dealer and receive fees in connection with the execution of the Fund's portfolio transactions after the underwriters have ceased to be underwriters and, subject to certain restrictions, each may act as a broker while it is an underwriter.

#### **CERTAIN PROVISIONS IN THE DECLARATION OF TRUST AND BY-LAWS**

Under Massachusetts law, shareholders could, under certain circumstances, be held personally liable for the obligations of the Fund. However, the Declaration of Trust 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 of Trust further provides for indemnification out of the assets and property of the Fund for all loss and expense of any shareholder held personally liable for the obligations of the Fund. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund would be unable to meet its obligations. The Fund believes that the likelihood of such circumstances is remote.

The 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 to convert the Fund to open-end status. The By-laws require the Board be divided into three classes with staggered terms. This provision of the By-laws could delay for up to two years the replacement of a majority of the Board. Preferred shareholders, including MFP shareholders, voting as a separate class, will be entitled to elect two of the Fund's trustees. In addition, the Declaration of Trust includes other 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. Specifically, the Declaration of Trust requires a vote by holders of at least two-thirds of the Common Shares and Preferred Shares, including MFP Shares, voting together as a single class, except as described below, to authorize (1) a conversion of the Fund from a closed-end to an open-end investment company, (2) a merger or consolidation of the Fund, or a series or class of the Fund, with any corporation, association, trust or other organization or a reorganization or recapitalization of the Fund, or a series or class of the Fund, (3) a sale, lease or transfer of all or substantially all of the Fund's assets (other than in the regular course of the Fund's investment activities), (4) in certain circumstances, a termination of the Fund, or a series or class of the Fund, or (5) a removal of trustees (voting by class or classes of shares that elected such trustee) by shareholders (except at the end of a trustee's term), and then only for cause\*, unless, with respect to (1) through (4), such transaction has already been authorized by the affirmative vote of two-thirds of the total number of trustees fixed in accordance with the Declaration of Trust or the By-Laws, in which case the affirmative vote of the holders of at least a majority of the Fund's Common Shares and Preferred Shares, including MFP Shares, outstanding at the time, voting together as a single class, is required; provided, however, that where only a particular class or series is affected (or, in the case of removing a trustee, when the trustee has been elected by only one class), only the required vote by the applicable class or series will be required. For purposes of the foregoing, the term "recapitalization" shall not mean, without limitation, the issuance or redemption of Preferred Shares pursuant to the terms of the Declaration of Trust or the statement adopted with respect to such Preferred Shares, whether or not in conjunction with the issuance, retirement or redemption of other securities or indebtedness of the Fund. Approval of shareholders is not required, however, for any transaction, whether deemed a merger, consolidation, reorganization or otherwise whereby the Fund issues shares in connection with the acquisition of assets

\* Vacancies may be filled by a majority the remaining Trustees, unless a vote is required under the 1940 Act.

(including those subject to liabilities) from any other investment company or similar entity. In the case of the conversion of the Fund to an open-end investment company, or in the case of any of the foregoing transactions constituting a plan of reorganization which adversely affects the holders of Preferred Shares, including MFP Shares, the action in question will also require the affirmative vote of the holders of at least two-thirds of the Fund's Preferred Shares, including MFP Shares, outstanding at the time, voting as a separate class, or, if such action has been authorized by the affirmative vote of two-thirds of the total number of trustees fixed in accordance with the Declaration of Trust or the By-Laws, the affirmative vote of the holders of at least a majority of the Fund's Preferred Shares, including MFP Shares, outstanding at the time, voting as a separate class. None of the foregoing provisions may be amended except by the vote of at least two-thirds of the Common Shares and Preferred Shares, including MFP Shares, voting together as a single class. The votes required to approve the conversion of the Fund from a closed-end to an open-end investment company or to approve transactions constituting a plan of reorganization which adversely affects the holders of Preferred Shares, including MFP Shares, are higher than those required by the 1940 Act. The Board believes that the provisions of the Declaration of Trust relating to such higher votes are in the best interest of the Fund and its shareholders. Under the Fund's By-Laws, the Board is divided into three classes and such a staggered board could delay for up to two years the replacement of a majority of the Board.

The Declaration of Trust provides that the obligations of the Fund are not binding upon the Fund's trustees individually, but only upon the assets and property of the Fund, and that the trustees shall not be liable for errors of judgment or mistakes of fact or law. Nothing in the Declaration of Trust, 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 or her office.

The provisions of the Declaration of Trust described above could have the effect of depriving the shareholders of opportunities to sell their Common Shares at a premium over the then current market price of the Common Shares by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The 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 the Fund to negotiate with its management regarding the price to be paid and facilitating the continuity of the Fund's investment objectives and policies. The Board has considered the foregoing anti-takeover provisions and concluded that they are in the best interests of the Fund and its shareholders.

Reference should be made to the Declaration of Trust and By-Laws on file with the SEC for the full text of these provisions.

#### **REPURCHASE OF FUND SHARES; CONVERSION TO OPEN-END FUND**

The Fund is a closed-end investment company and as such its shareholders will not have the right to cause the Fund to redeem their shares. Instead, the Common Shares trade in the open market at prices that are a function of several factors, including Common Share dividend levels (which are in turn affected by expenses) in comparison to market rates for similar investments, net asset value, call protection, dividend stability, portfolio credit quality, relative demand for and supply of such shares in the market, general market and economic conditions and other factors. Because shares of closed-end investment companies may frequently trade at prices lower than net asset value, the Board has

currently determined that, at least annually, it will consider action that might be taken to reduce or eliminate any material discount from net asset value in respect of Common Shares, which may include the repurchase of such shares in the open market or in private transactions, the making of a tender offer for such shares at net asset value, or the conversion of the Fund to an open-end investment company. The Fund cannot assure you that its Board will decide to take any of these actions, or that share repurchases or tender offers will actually reduce market discount.

Notwithstanding the foregoing, at any time when the Fund's Preferred Shares, including MFP Shares, are outstanding, the Fund may not purchase, redeem or otherwise acquire any of its Common Shares unless (1) all accumulated but unpaid dividends on Preferred Shares, including MFP Shares, due to be paid have been paid and (2) at the time of such purchase, redemption or acquisition, the net asset value of the Fund's portfolio (determined after deducting the acquisition price of the Common Shares) is at least 200% of the liquidation value of the outstanding Preferred Shares, including MFP Shares (expected to equal the original purchase price per share plus any accumulated but unpaid dividends thereon). Any service fees incurred in connection with any tender offer made by the Fund will be borne by the Fund and will not reduce the stated consideration to be paid to tendering shareholders.

Subject to its investment limitations, the Fund may borrow to finance the repurchase of shares or to make a tender offer. Interest on any borrowings to finance share repurchase transactions or the accumulation of cash by the Fund in anticipation of share repurchases or tenders will reduce the Fund's net income. Any share repurchase, tender offer or borrowing that might be approved by the Board would have to comply with the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the 1940 Act and the rules and regulations thereunder.

Although the decision to take action in response to a discount from net asset value will be made by the Board at the time it considers such issue, it is the Board's present policy, which may be changed by the Board, not to authorize repurchases of Common Shares or a tender offer for such shares if such transactions, if consummated, would (a) result in the delisting of the Common Shares from the NYSE, or (b) impair the Fund's status as a regulated investment company under the Code, as amended (which would make the Fund a taxable entity, causing the Fund's income to be taxed at the corporate level in addition to the taxation of shareholders who receive dividends from the Fund), or as a registered closed-end investment company under the 1940 Act; (2) the Fund would not be able to liquidate portfolio securities in an orderly manner and consistent with the Fund's investment objectives and policies in order to repurchase shares; or (3) there is, in the Board's judgment, any (a) material legal action or proceeding instituted or threatened challenging such transactions or otherwise materially adversely affecting the Fund, (b) general suspension of or limitation on prices for trading securities on the NYSE, (c) declaration of a banking moratorium by federal or state authorities or any suspension of payment by United States or state banks in which the Fund invests, (d) material limitation affecting the Fund or the issuers of its portfolio securities by federal or state authorities on the extension of credit by lending institutions or on the exchange of foreign currency, (e) commencement of war, armed hostilities or other international or national calamity directly or indirectly involving the United States, or (f) other event or condition which would have a material adverse effect (including any adverse tax effect) on the Fund or its shareholders if shares were repurchased. The Board may in the future modify these conditions in light of experience.

Conversion to an open-end company would require the approval of the holders of at least two-thirds of the Fund's Common Shares and Preferred Shares, including MFP Shares outstanding at



the time, voting together as a single class, and of the holders of at least two-thirds of the Fund's Preferred Shares, including MFP Shares outstanding at the time, voting as a separate class; provided, however, that such separate class vote shall be a majority vote if the action in question has previously been approved, adopted or authorized by the affirmative vote of two-thirds of the total number of trustees fixed in accordance with the Declaration of Trust or By-Laws. See Certain Provisions in the Declaration of Trust and By-Laws for a discussion of voting requirements applicable to conversion of the Fund to an open-end company. If the Fund converted to an open-end investment company, it would be required to redeem all Preferred Shares, including MFP Shares, then outstanding (requiring in turn that it liquidate a portion of its investment portfolio), and the Common Shares would no longer be listed on the NYSE. In contrast to a closed-end investment company, shareholders of an open-end investment company may require the company to redeem their shares at any time (except in certain circumstances as authorized by or under the 1940 Act) at their net asset value, less any redemption charge that is in effect at the time of redemption. In order to avoid maintaining large cash positions or liquidating favorable investments to meet redemptions, open-end companies typically engage in a continuous offering of their shares. Open-end companies are thus subject to periodic asset in-flows and out-flows that can complicate portfolio management. The Board may at any time propose conversion of the Fund to an open-end company depending upon their judgment as to the advisability of such action in light of circumstances then prevailing.

The repurchase by the Fund of its Common Shares at prices below net asset value will result in an increase in the net asset value of those shares that remain outstanding. However, there can be no assurance that share repurchases or tenders at or below net asset value will result in the Common Shares trading at a price equal to their net asset value. Nevertheless, the fact that the Common Shares may be the subject of repurchase or tender offers at net asset value from time to time, or that the Fund may be converted to an open-end company, may reduce any spread between market price and net asset value that might otherwise exist.

In addition, a purchase by the Fund of its Common Shares will decrease the Fund's total assets which would likely have the effect of increasing the Fund's expense ratio. Any purchase by the Fund of its Common Shares at a time when Preferred Shares, including MFP Shares, are outstanding will increase the leverage applicable to the outstanding Common Shares then remaining. Before deciding whether to take any action if the Common Shares trade below net asset value, the Board of Trustees would consider all relevant factors, including the extent and duration of the discount, the liquidity of the Fund's portfolio, the impact of any action that might be taken on the Fund or its shareholders, and market considerations. Based on these considerations, even if the Common Shares should trade at a discount, the Board may determine that, in the interest of the Fund and its shareholders, no action should be taken. On August 1, 2017, the Fund's Board renewed the Fund's open market share repurchase program under which the Fund may repurchase up to 10% of its Common Shares. Since the inception of the Fund's share repurchase program through October 31, 2017, the Fund has repurchased 202,500 Common Shares under the program.

#### **TAX MATTERS**

The following information is meant as a general summary for U.S. holders of an investment in the shares of the Fund. Please see the SAI for additional information. A description of material U.S. federal income tax consequences relating to the purchase and ownership of any Common Shares or MFP Shares being offered will be set forth in the related prospectus supplement. Investors should rely on their own tax adviser for advice about the particular federal, state and local tax consequences to them of investing in the Fund.

The recently enacted tax legislation commonly referred to as Tax Cuts and Jobs Act (the Tax Act) makes significant changes to the U.S. federal income tax rules for taxation of individuals and corporations, generally effective for taxable years beginning after December 31, 2017. Many of the changes applicable to individuals are temporary and would apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. There are only minor changes with respect to the specific rules only applicable to a RIC, such as the Fund. The Tax Act, however, makes numerous other changes to the tax rules that may affect shareholders and the Fund. You are urged to consult with your own tax advisor regarding how the Tax Act affects your investment in the Fund.

The Fund has elected and intends to qualify each year as a RIC under Subchapter M of the Code. In order to qualify for treatment as a RIC, the Fund must satisfy certain requirements regarding the sources of its income, the diversification of its assets and the distribution of its income. As a RIC, the Fund is not expected to be subject to U.S. federal income tax. The Fund primarily invests in municipal securities (as defined above) issued by states, cities and local authorities and certain possessions and territories of the United States (such as Puerto Rico or Guam) or municipal securities whose income is otherwise exempt from regular U.S. federal income taxes. To qualify to pay exempt-interest dividends, which are treated as items of interest excludable from gross income for U.S. federal income tax purposes, at least 50% of the value of the total assets of the Fund must consist of obligations exempt from regular income tax as of the close of each quarter of the Fund's taxable year. If the proportion of taxable investments held by the Fund exceeds 50% of the Fund's total assets as of the close of any quarter of any Fund taxable year, the Fund would not for that taxable year satisfy the general eligibility test that would otherwise permit it to pay exempt-interest dividends. Substantially all of the Fund's dividends paid to you are expected to qualify as exempt-interest dividends, which are exempt from regular U.S. federal income tax. The Fund does not intend to acquire securities whose income is subject to the federal alternative minimum tax applicable to individuals. The Tax Act repealed the federal alternative minimum tax for corporations for tax years beginning after December 31, 2017.

The exemption from U.S. federal income tax for exempt-interest dividends does not necessarily result in exemption for such dividends under the income or other tax laws of any state or local taxing authority. Some states exempt from state income tax that portion of any exempt-interest dividend that is derived from interest received by a RIC on its holdings of securities of that state and its political subdivisions and instrumentalities. Therefore, the Fund will report annually to its shareholders the percentage of interest income earned by the fund during the preceding year on tax-exempt obligations indicating, on a state-by-state basis, the source of such income. Shareholders of the Fund are advised to consult with their own tax advisers about state and local tax matters.

In addition to exempt-interest dividends, the Fund may also distribute to its shareholders amounts that are treated as long-term capital gain or ordinary income (which may include short-term capital gains). These distributions are generally subject to regular U.S. federal income tax, whether or not reinvested in additional shares. Capital gain distributions are generally taxable at rates applicable to long-term capital gains regardless of how long a shareholder has held its shares. Long-term capital gains are taxable to non-corporate shareholders at rates of up to 20%. The Fund does not expect that any part of its distributions to shareholders from its investments will qualify for the dividends-received deduction available to corporate shareholders or as qualified dividend income, which is taxable to non-corporate shareholders at reduced maximum U.S. federal income tax rates.

A 3.8% Medicare contribution tax generally applies to all or a portion of the net investment income of a shareholder who is an individual and not a nonresident alien for U.S. federal income tax

purposes and who has adjusted gross income (subject to certain adjustments) that exceeds a threshold amount (\$250,000 if married filing jointly or if considered a surviving spouse for U.S. federal income tax purposes, \$125,000 if married filing separately, and \$200,000 in other cases). This 3.8% tax also applies to all or a portion of the undistributed net investment income of certain shareholders that are estates and trusts. For these purposes, interest, dividends and certain capital gains are generally taken into account in computing a shareholder's net investment income, but exempt-interest dividends are not taken into account.

As a RIC, the Fund will not be subject to U.S. federal income tax in any taxable year provided that it meets certain requirements. The Fund might not distribute some (or all) of its net capital gain. If the Fund does not distribute all of its net capital gain and net investment income, it will be subject to tax at regular corporate rates on the amount retained. If the Fund retains any net capital gain, it may designate the retained amount as undistributed capital gains in a notice to its shareholders who, if subject to U.S. federal income tax on long-term capital gains, (i) will be required to include in income for U.S. federal income tax purposes, as long-term capital gain, their share of such undistributed amount; (ii) will be deemed to have paid their proportionate shares of the tax paid by the Fund on such undistributed amount and will be entitled to credit that amount of tax against their U.S. federal income tax liabilities, if any; and (iii) will be entitled to claim refunds to the extent the credit exceeds such liabilities. For U.S. federal income tax purposes, the tax basis of shares owned by a shareholder of the Fund will be increased by an amount equal to the difference between the amount of undistributed capital gains included in the shareholder's gross income and the tax deemed paid by the shareholder.

The Internal Revenue Service (the IRS) currently requires that a RIC that has two or more classes of stock allocate to each such class proportionate amounts of each type of its income (such as exempt interest, ordinary income and capital gains). Accordingly, the Fund reports dividends made with respect to Common Shares and Preferred Shares as consisting of particular types of income (e.g., exempt interest, net capital gains and ordinary income) in accordance with each class' proportionate share of the total dividends paid by the Fund with respect to the year.

Dividends declared by the Fund in October, November or December, payable to shareholders of record in such a month, and paid during the following January will be treated as having been received by shareholders in the year the distributions were declared.

Each shareholder will receive an annual statement summarizing the U.S. federal income tax status of all distributions.

The repurchase, sale or exchange of Securities normally will result in capital gain or loss to holders who hold their shares as capital assets. Generally a shareholder's gain or loss will be long-term capital gain or loss if the shares have been held for more than one year even though the increase in value in such Common Shares may be at least partly attributable to tax-exempt interest income. Present law taxes both long-term and short-term capital gains of corporations at the rates applicable to ordinary income. For non-corporate taxpayers, however, long-term capital gains are currently taxed at rates of up to 20%. Short-term capital gains and other ordinary income are taxed to non-corporate taxpayers at ordinary income rates. If a shareholder sells or otherwise disposes of Securities before holding them for six months, any loss on the sale or disposition will be treated as a long-term capital loss to the extent of any amounts treated as distributions to the holder of long-term capital gain (including any amount credited to the holder as undistributed capital gain). Any loss realized by a shareholder on the disposition of shares held 6 months or less is disallowed to the extent of the amount of exempt-interest

dividends received by the shareholder with respect to shares of the Fund. Any loss realized on a sale or exchange of shares of the Fund will be disallowed to the extent those shares of the Fund are replaced by substantially identical shares of the Fund (including shares acquired by reason of participation in the dividend reinvestment plan) within a period of 61 days beginning 30 days before and ending 30 days after the date of disposition of the original shares, or to the extent the shareholder enters into a contract or option to repurchase shares within such period. In that event, the basis of the replacement shares of the Fund will be adjusted to reflect the disallowed loss.

Any interest on indebtedness incurred or continued to purchase or carry the Fund's shares to which exempt-interest dividends are allocated is not deductible. Under certain applicable rules, the purchase or ownership of shares may be considered to have been made with borrowed funds even though such funds are not directly used for the purchase or ownership of the shares. In addition, if you receive social security or certain railroad retirement benefits, you may be subject to U.S. federal income tax on a portion of such benefits as a result of receiving investment income, including exempt-interest dividends and other distributions paid by the Fund.

The Fund may be required to withhold (as backup withholding) U.S. federal income tax for distributions (including exempt-interest dividends) and repurchase proceeds payable to a shareholder if the shareholder fails to provide the Fund with his or her correct taxpayer identification number or to make required certifications, or if the shareholder has been notified by the IRS that he or she is subject to backup withholding. The backup withholding rate is 24%. Backup withholding is not an additional tax; rather, it is a way in which the IRS ensures it will collect taxes otherwise due. Any amounts withheld may be credited against a shareholder's U.S. federal income tax liability.

The Fund may invest a portion of its assets in securities that generate income that is not exempt from regular U.S. federal income tax.

With respect to MFP Shares or other Preferred Shares of the Fund, the Fund has received or will receive prior to issuance an opinion from special tax counsel that the Preferred Shares will constitute equity of the Fund, and the foregoing discussion relies on the position that the Preferred Shares will constitute equity of the Fund. Accordingly, distributions with respect to the Preferred Shares (other than distributions in redemption of Preferred Shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of the Fund's current or accumulated earnings and profits, as calculated for U.S. federal income tax purposes and to the extent allocable to such distribution. Because the treatment of a corporate security as debt or equity is determined on the basis of the facts and circumstances of each case, and no controlling precedent exists for the Preferred Shares, there can be no assurance that the IRS will not question special tax counsel's opinion and the Fund's treatment of the Preferred Shares as equity. If the IRS were to succeed in such a challenge, holders of Preferred Shares could be characterized as receiving taxable interest income rather than exempt-interest or other dividends, possibly requiring them to file amended income tax returns and retroactively to recognize additional amounts of ordinary income and pay additional tax, interest and penalties.

*State and Local Tax Matters.* The exemption from U.S. federal income tax for exempt-interest dividends generally does not result in exemption for such dividends under the income or other tax laws of any state or local taxing authority. In some states, however, the portion of any exempt-interest dividends derived from interest received by the Fund on its holdings of that state's securities and those of its political subdivisions and instrumentalities is exempt from the state's income tax. The Fund will

report annually to its shareholders the percentage of interest income earned by the Fund during the preceding year on tax-exempt obligations indicating, on a state-by-state basis, the source of such income. Shareholders of the Fund are advised to consult their own tax advisors about state and local tax matters.

Please refer to the SAI for more detailed information.

#### **CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REDEMPTION AND PAYING AGENT**

The custodian of the assets of the Fund is State Street Bank and Trust Company ( State Street or the Custodian ), One Lincoln Street, Boston, Massachusetts 02111. State Street performs custodial, fund accounting and portfolio accounting services. The Fund's transfer, shareholder services and dividend disbursing agent with respect to its Common Shares is Computershare Inc. and Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021.

The Fund expects to enter into a Tender and Paying Agent Agreement with the Tender and Paying Agent, with respect to each series of MFP Shares. The Tender and Paying Agent will serve as the Fund's transfer agent and registrar, dividend disbursing agent, calculation agent and paying agent and redemption price disbursing agent with respect to the MFP Shares.

#### **LEGAL MATTERS**

Certain legal matters in connection with the Securities will be passed upon for the Fund by Sidley Austin LLP, New York, New York, and any additional legal opinions will be described in a prospectus supplement. Sidley Austin LLP may rely as to certain matters of Massachusetts law on the opinion of [ ].

#### **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

#### **WHERE YOU CAN FIND MORE INFORMATION**

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

This prospectus does not contain all of the information in the Fund's registration statement, including amendments, exhibits, and schedules. Statements in this prospectus about the contents of any

contract or other document are not necessarily complete and in each instance reference is made to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference.

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

**STATEMENT OF ADDITIONAL INFORMATION**

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**The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities was filed with the Securities and Exchange Commission and became effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion**

**Preliminary Prospectus Supplement dated [ ], 20[ ]**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated [ ] 2018)**

**[Up to \$[ ]]**

**Nuveen AMT-Free Municipal Credit Income Fund**

**[ ] COMMON SHARES, \$0.01 PAR VALUE PER SHARE**

Nuveen AMT-Free Municipal Credit Income Fund (the Fund), a diversified, closed-end management investment company, is offering [up to \$[ ] of its][ ] common shares, \$0.01 par value per share (the Common Shares), pursuant to this prospectus supplement.

[The minimum price on any day at which Common Shares may be sold will not be less than the current net asset value per share plus the per share amount of the commission to be paid to the Fund's distributor, Nuveen Securities, LLC (Nuveen Securities or the Agent). The Fund and Nuveen Securities will suspend the sale of Common Shares if the per share price of the shares is less than the minimum price. The Fund will distribute the Common Shares offered pursuant to this prospectus supplement through at-the-market transactions.]

Common Shares are listed on the New York Stock Exchange (the NYSE) under the symbol NVG. The closing price for the Common Shares on the NYSE on [ ], 20 was \$[ ]. The net asset value of the Common Shares at the close of business on [ ], 20 was \$[ ] per Common Share.

**Common shares of closed-end investment companies, such as the Fund, often trade at a discount to their net asset value. This creates a risk of loss for an investor purchasing common shares in a public offering.**

**Investing in the Common Shares involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement and on page 8 of the accompanying prospectus. You should consider carefully these risks together with all of the other information in this prospectus supplement and the accompanying prospectus before making a decision to purchase Common Shares.**

*(continued on next page)*



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

	Per Share	Total
[Public offering price	\$ [ ]	\$ [ ]
Underwriting discounts and commissions	\$ [ ]	\$ [ ]
Proceeds, before expenses, to the Fund <sup>(1)</sup>	\$ [ ]	\$ [ ]

[(1) The Fund has granted the underwriters an option exercisable for a period of [ ] days from the date of this prospectus supplement to purchase up to [ ] additional Common Shares at the public offering price, less the underwriting discount, to cover over-allotments, if any. If the underwriters exercise the option in full, the total underwriting discounts and commissions will be \$[ ], and the total proceeds, before expenses, to the Fund will be \$ [ ].]

**[The Agent is not required to sell any specific number of Common Shares, but will use its reasonable best efforts to sell the Common Shares being offered as described in Plan of Distribution. ] [The underwriters are offering the Common Shares as described in Underwriting. Delivery of the Common Shares will be made on or about [ ], 20[ ].]**

[Nuveen Securities, LLC] [UNDERWRITER (S)]

[ ], 20[ ]

*(continued from previous page)*

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

You should read this prospectus supplement, together with the accompanying prospectus, which contains important information about the Fund, before deciding whether to invest in Common Shares and retain it for future reference. A statement of additional information, dated [ ], 20[ ], and as it may be supplemented, (the SAI ) containing additional information about the Fund has been filed with the SEC and is incorporated by reference in its entirety into this prospectus supplement and the accompanying prospectus. You may request a free copy of the statement of additional information, the table of contents of which is on page 61 of the accompanying prospectus, annual and semi-annual reports to shareholders, when available, and other information about the Fund, and make shareholder inquiries by calling (800) 257-8787 or by writing to the Fund, or from the Fund's website ([www.nuveen.com](http://www.nuveen.com)). The information contained in, or that can be accessed through, the Fund's website is not part of this prospectus supplement, the accompanying prospectus or the SAI. You also may obtain a copy of the SAI (and other information regarding the Fund) from the SEC's website ([www.sec.gov](http://www.sec.gov)).

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

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You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. The Fund has not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer of Common Shares in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the respective dates on the front covers. The Fund's business, financial condition and prospects may have changed since that date.

**FORWARD-LOOKING STATEMENTS**

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

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This is only a summary. You should review the more detailed information contained elsewhere in this prospectus supplement, in the accompanying prospectus and in the statement of additional information, dated [ ], 20[ ], and as it may be supplemented (the SAI ), including the documents incorporated by reference, prior to making an investment in the Fund, especially the information set forth under the heading Risk Factors beginning on page S-7 of this prospectus supplement and beginning on page 8 in the accompanying prospectus.*

**The Fund**

Nuveen AMT-Free Municipal Credit Income Fund (the Fund ) is a diversified, closed-end management investment company. The Fund's common shares, \$.01 par value per share (the Common Shares ), are traded on the New York Stock Exchange (the NYSE ) under the symbol NVG. See Description of Securities Common Shares in the prospectus. As of [ ], 20[ ], the Fund had [ ] Common Shares outstanding and net assets applicable to Common Shares of \$[ ].

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

**Investment Objectives and Policies**

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

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

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

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

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

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

**Investment Adviser**

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

Nuveen Fund Advisors, a registered investment adviser, offers advisory and investment management services to a broad range of investment company clients. Nuveen Fund Advisors has overall responsibility for management of the Fund, oversees the

management of the Fund's portfolio, manages the Fund's business affairs and provides certain clerical, bookkeeping and other administrative services. Nuveen Fund Advisors is located at 333 West Wacker Drive, Chicago, Illinois 60606. Nuveen Fund Advisors is an indirect subsidiary of Nuveen, LLC (Nuveen), the investment management arm of Teachers Insurance and Annuity Association of America (TIAA). TIAA is a life insurance company founded in 1918 by the Carnegie Foundation for the Advancement of Teaching and is the companion organization of College Retirement Equities Fund. As of [ ], 20[ ], Nuveen managed approximately \$[ ] billion in assets, of which approximately \$[ ] billion was managed by Nuveen Fund Advisors.

**Sub-Adviser**

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

**The Offering**

**Common Shares the Fund is Offering**

[Up to \$[ ] of Common Shares][ [ ]Common Shares]

**Common Shares to be Outstanding after this Offering**

[ ]

**Use of Proceeds**

The Fund estimates that its net proceeds from this offering after expenses [assuming the full dollar amount of Common Shares offered pursuant to this prospectus supplement are sold,] [,without exercise of the over-allotment option,] will be approximately \$ [ ]. [The Fund intends to use the net proceeds to [ ].] See Use of Proceeds.

**Distributions**

The Fund pays monthly distributions to common shareholders at a level rate (stated in terms of a fixed cents per Common Share dividend rate) based on the projected performance of the Fund. The Fund's ability to maintain a level Common Share dividend rate will depend on a number of factors, including dividends payable on Preferred Shares. As portfolio and market conditions change, the rate of dividends on the Common Shares and the Fund's dividend policy could change. For each taxable year, the Fund will distribute all or substantially all of its net investment income (after it pays accumulated dividends on Preferred Shares). While not currently anticipated, if the Fund makes total distributions during a given calendar year in an amount that exceeds the Fund's net investment income and net

capital gain for that calendar year, the excess would generally be treated by common shareholders as a return of capital for tax purposes. A return of capital reduces a shareholder's tax basis, which could result in higher taxes when the shareholder sells his or her shares. This may cause the shareholder to pay taxes even if he or she sells shares for less than the original price. In addition, the Fund intends to distribute, at least annually, all or substantially all of its net capital gain and taxable ordinary income, if any, to common shareholders so long as the net capital gain (which is the excess of net long-term capital gain over net short-term capital loss) and taxable ordinary income are not necessary to pay accrued dividends on, or redeem or liquidate, any Preferred Shares then outstanding or pay any interest and required principal payments on borrowings. You may elect to reinvest automatically some or all of your distributions in additional Common Shares under the Fund's Dividend Reinvestment Plan.

The Fund might not distribute all or a portion of any net capital gain for a taxable year. If the Fund does not distribute all of its net capital gain for a taxable year, it will pay U.S. federal income tax on the retained gain. Provided that the Fund satisfies certain requirements, each common shareholder of record as of the end of the Fund's taxable year (i) will include in income for U.S. federal income tax purposes, as long-term capital gain, his or her share of the retained gain, (ii) will be deemed to have paid his or her proportionate share of the tax paid by the Fund on such retained gain, and (iii) may be entitled to an income tax credit or refund for that share of the tax. The Fund will treat the retained capital gain amount as a substitute for equivalent cash distributions. See "Distributions" and "Dividend Reinvestment Plan."

#### **Special Tax Considerations**

Because the Fund will invest, under normal circumstances, at least 80% of its Assets in municipal securities that pay interest exempt from regular federal income tax and, under normal circumstances, at least 100% of its Managed Assets in municipal securities that pay interest exempt from the federal alternative minimum tax applicable to individuals at the time of purchase, the dividends paid by the Fund will ordinarily be similarly exempt. Although the Fund expects that under normal circumstances it will not invest in municipal securities the interest on which is subject to the federal alternative minimum tax, at the time of purchase, to the extent a portion of the income from municipal securities in which the Fund invests becomes may be subject to the federal alternative minimum tax, dividends paid by the Fund may be subject to the federal alternative minimum tax. See "Tax Matters" in the prospectus.



**Use of Leverage**

The Fund uses leverage to pursue its investment objectives. The Fund may use leverage to the extent permitted by the Investment Company Act of 1940, as amended ( 1940 Act ). The Fund may source leverage through a number of methods including the issuance of Preferred Shares, investments in inverse floating rate securities, entering into reverse repurchase agreements and borrowings (subject to certain investment restrictions). See

The Fund s Investments Portfolio Composition Municipal Securities Inverse Floating Rate Securities, Risk Factors Inverse Floating Rate Securities Risk, Risk Factors Reverse Repurchase Agreement Risk and Risk Factors Borrowing Risks in the prospectus and Investment Restrictions in the SAI. The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities. The Fund may also use certain derivatives that have the economic effect of leverage by creating additional investment exposure. The Fund currently employs leverage primarily through its outstanding Preferred Shares. The Fund may also borrow for temporary purposes permitted by the 1940 Act. See Use of Leverage. The Fund may reduce or increase leverage based upon changes in market conditions and anticipates that its leverage ratio will vary from time to time based upon variations in the value of the Fund s holdings. So long as the rate of net income received on the Fund s investments exceeds the then current expense on any leverage, leverage will generate more net income than if the Fund had not used leverage. If so, the excess net income will be available to pay higher distributions to common shareholders. However, if the rate of net income received from the Fund s portfolio investments is less than the then current expense on outstanding leverage, the Fund may be required to utilize other Fund assets to make expense payments on outstanding leverage, which may result in a decline in Common Share net asset value and reduced net investment income available for distribution to common shareholders.

The Fund currently employs leverage primarily through its outstanding VRDP Shares and MFP Shares, both Preferred Shares. For the six months ended April 30, 2018, the average liquidation value of the VRDP Shares outstanding was \$1,411,600,000 and the average annual dividend rate on the VRDP Shares was 1.58%. In addition, the Fund currently pays a liquidity fee and a remarketing fee in connection with four series of VRDP Shares. For the period January 29, 2018 through April 30, 2018 the average liquidation value of the MFP Shares outstanding was \$405,400,000 and the average annual dividend rate was 2.02%.

The use of leverage creates additional risks for common shareholders, including increased variability of the Fund's net asset value, net income and distributions in relation to market changes. See Risk Factors Leverage Risk.

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

**Exchange Listing**