TRI-CONTINENTAL CORP
Form POS 8C
April 26, 2017
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As filed with the Securities and Exchange Commission on April 26, 2017.

Registration Nos. 333-104669

811-00266

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Form N-2

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933
Pre-Effective Amendment No.
Post-Effective Amendment No. 22
and/or

REGISTRATION STATEMENT

UNDER

THE INVESTMENT COMPANY ACT OF 1940
Amendment No. 56

(Check Appropriate Box or Boxes)

TRI-CONTINENTAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

225 Franklin Street, Boston, Massachusetts 02110

(Address of Principal Executive Officers) (Zip Code)

Registrant s Telephone Number, Including Area Code: (800) 345-6611

Christopher O. Petersen, Esq.

c/o Columbia Management Investment Advisers, LLC

225 Franklin Street

Boston, Massachusetts 02110

(Name and Address of Agent for Service)

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any 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)
immediately upon filing pursuant to paragraph (b)
on (date) pursuant to paragraph (b)
60 days after filing pursuant to paragraph (a)
on (date) pursuant to paragraph (a) of Rule 486

If appropriate, check the following box:

This Post-Effective Amendment designates a new effective date for a previously filed Post-Effective Amendment or Registration Statement.
This Post-Effective Amendment on Form N-2 is filed to register additional securities for an offering pursuant to Rule 462(b)(1) under the Securities Act of 1933 and the Securities Act Registration Statement Number of the earlier effective Registration Statement for the same offering is: ______

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PROSPECTUS

May 1, 2017

TRI-CONTINENTAL CORPORATION

Tri-Continental Corporation seeks future growth of both capital and income while providing reasonable current income.

The Securities and Exchange Commission has neither approved nor disapproved these securities, and it has not determined this Prospectus to be accurate or adequate. Any representation to the contrary is a criminal offense.

Not FDIC Insured May Lose Value No Bank Guarantee

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an investment you can live with

Prospectus

May 1, 2017

225 Franklin Street

Boston, Massachusetts 02110

Toll-Free Telephone (800) 345-6611, option 3

Tri-Continental Corporation (the Fund) is a diversified, closed-end management investment company a publicly traded investment fund. The Fund s shares of common stock (the Common Stock) are traded primarily on the New York Stock Exchange under the symbol TY. The closing market price of the Common Stock on February 28, 2017 was $23.45 per share.

The Fund invests primarily for the longer term, and the Fund s objective is to produce future growth of both capital and income while providing reasonable current income. The Fund may invest in all types of securities. See Investment Objective and Other Policies and Related Risks. No assurance can be given that the Fund s investment objective will be realized. The Fund s investment manager is Columbia Management Investment Advisers, LLC (Columbia Management or the Investment Manager).

This Prospectus applies to all shares of Common Stock purchased under the Fund s various investment plans and to all shares of Common Stock issued upon exercise of the Fund s outstanding Warrants. See Investment Plans and Other Services. The shares of Common Stock covered by this Prospectus also may be issued from time to time by the Fund to acquire the assets of personal holding companies, private investment companies or publicly owned investment companies. See Issuance of Shares in Connection with Acquisitions.

This Prospectus sets forth the information that a prospective investor should know about the Fund before investing. Investors are advised to read this Prospectus carefully and to retain it for future reference. Additional information about the Fund, including a Statement of Additional Information (SAI) dated May 1, 2017, has been filed with the Securities and Exchange Commission. The SAI, as well as the Fund s most recent Annual and Semi-Annual Reports are also available upon request and without charge by writing to Columbia Management Investment Services Corp. (CMISC or the Service Agent), the Fund s stockholder servicing, dividend paying and transfer agent, at P.O. Box 8099, Boston, Massachusetts 02266-8099 or calling the Service Agent at the telephone number listed above. Investors may also write or call the Service Agent in order to request other available information or to make stockholder inquiries. The SAI is incorporated herein by reference in its entirety and its table of contents appears on page 25 of this Prospectus. The 2016 Annual Report contains financial statements of the Fund for the year ended December 31, 2016, which are incorporated by reference into the SAI. The SAI, as well as the Fund s most recent Annual and Semi-Annual Reports are also available at columbiathreadneedleus.com. The website references in this Prospectus are inactive textual references and information contained in or otherwise accessible through the referenced websites does not form a part of this Prospectus. The Securities and Exchange Commission maintains a website (www.sec.gov) that contains the Prospectus, SAI, material incorporated by reference, and other information filed electronically by the Fund.

Common Stock

($0.50 par value)

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Summary of Fund Expenses

The following table illustrates the expenses and fees that the Fund expects to incur and that you can expect to bear as a holder of the Fund s Common Stock. The total annual expenses in the fee and expense table below are based on expenses incurred during the Fund s most recently completed fiscal year and are expressed as a percentage (expense ratio) of the Fund s average net assets during the period attributable to Common Stock. The expense ratio has been adjusted to reflect current fee arrangements, but has not been adjusted to reflect the Fund s assets as of a different period or point in time, as asset levels will fluctuate. In general, the Fund s annual operating expense ratio will increase as the Fund s assets decrease, such that the Fund s actual expense ratio may be higher than the expense ratio presented in the table.

Columbia Management provides management services, which include investment advisory services and administrative services, for a fee, as disclosed in the fee table below. Please see the Management of the Fund section of the prospectus for a description of such fees.

Stockholder Transaction Expenses	
Automatic Dividend Investment and Cash Purchase Plan Fees	$ 2.00(a)

Annual Expenses (as a percentage of net assets attributable to Common Stock)	
Management fees(b)	0.42%
Other expenses(c)	0.08%
Acquired fund fees and expenses	0.06%
Total Annual Expenses Before Impact of Dividends on Preferred Stock(d)	**0.56%**
Impact of Dividends on Preferred Stock	0.13%
Total Annual Expenses, including Impact of Dividends on Preferred Stock	**0.69%**

(a) Stockholders participating in the Fund s Cash Purchase Plan pay a $2.00 fee per transaction. See Investment Plans and Other Services Automatic Dividend Investment and Cash Purchase Plan for a description of the investment plans and services.
(b) The Fund s management fee is 0.415% of the Fund s average daily net assets (which includes assets attributable the Fund s common and preferred stock) and is borne by the Fund s common stockholders. The management rate noted in the table reflects the rate paid by Common Stockholders as a percentage of the Fund s net assets attributable to Common Stock.
(c) Other expenses have been restated to reflect current fees paid by the Fund.
(d) Total Annual Expenses Before Impact of Dividends on Preferred Stock include acquired fund fees and expenses (expenses the Fund incurs indirectly through its investments in other investment companies) and may be higher than expense ratio shown in the *Financial Highlights* section of this prospectus because the expense ratio does not include acquired fund fees and expenses.

The following example illustrates the costs you would pay on a $1,000 investment, assuming a 5% annual return (includes the impact of dividends on preferred stock):

	1 Year	**3 Years**	**5 Years**	**10 Years**
Tri-Continental Corporation Common Stock	$ 7	$ 22	$ 38	$ 86

If dividends on the Fund s Preferred Stock (as defined herein) were not included, the total expenses incurred for 1, 3, 5 and 10 years will be $6, $18, $31 and $70.

The purpose of the table above is to assist you in understanding the various costs and expenses you will bear directly or indirectly. For more complete descriptions of the various costs and expenses, see Management of the Fund and Investment Plans and Other Services Automatic Dividend Investment and Cash Purchase Plan.

The example does not represent actual costs, which may be more or less than those shown. Moreover, the Fund s actual rate of return may be more or less than the hypothetical 5% return shown in the example.

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Prospectus Summary

The following is qualified in its entirety by the more detailed information included elsewhere in this Prospectus.

This Prospectus applies to shares of Common Stock of the Fund. The Fund invests primarily for the longer term and has no charter restrictions with respect to such investments. The Fund s objective is to produce future growth of both capital and income while providing reasonable current income. There can be no assurance that this objective will be achieved. With respect to the Fund s investments, assets may be held in cash or invested in all types of securities in whatever amounts or proportions the Investment Manager believes is best suited to current and anticipated economic and market conditions. These may include preferred and common stocks, debt securities, repurchase agreements, derivatives (including futures contracts), illiquid securities and securities of foreign issuers (including emerging markets issuers), each of which could involve certain risks. The Fund also employs leverage through its outstanding shares of preferred stock. See Investment Objective and Other Policies and Related Risks.

Columbia Management Investment Advisers, LLC, a wholly owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), is the investment manager of the Fund. Columbia Management also serves as administrative services agent to the Fund and provides or compensates others to provide accounting, treasury and other services to the Fund and the other Columbia funds.

The management fee rate for the year ended December 31, 2016 was equivalent to 0.42% of the Fund s average daily net assets. See Management of the Fund for more information.

Shares of Common Stock covered by this Prospectus may be purchased from time to time by the Service Agent, the Plan service agent for the Automatic Dividend Investment and Cash Purchase Plans, Individual Retirement Accounts (IRAs) and Retirement Plans for Self-Employed Individuals, Partnerships and Corporations (collectively, the Plans), as directed by participants, and may be sold from time to time by the Service Agent for participants in Systematic Withdrawal Plans. See Investment Plans and Other Services. Shares will be purchased for the Plans on the New York Stock Exchange or elsewhere when the market price of the Common Stock is equal to or less than its net asset value, and any brokerage commissions applicable to such purchases will be charged pro rata to the Plan participants. Shares will be purchased for the Plans from the Fund at net asset value when the net asset value is lower than the market price, all as more fully described in this Prospectus.

The Board re-approved the Fund s stock repurchase program for 2017. Identical to the Fund s 2016 stock repurchase program, the Fund s 2017 stock repurchase program allows the Fund to repurchase up to 5% of the Fund s outstanding Common Stock during the year directly from Stockholders and in the open market, provided that, with respect to shares purchased in the open market, the excess of the net asset value of a share of Common Stock over its market price (the discount) is greater than 10%. During 2016, the Fund purchased 2,087,713 shares of Common Stock in the open market. The intent of the stock repurchase program is, among other things, to moderate the growth in the number of shares of Common Stock outstanding, increase the NAV of the Fund s outstanding shares, reduce the dilutive impact on stockholders who do not take capital gains distributions in additional shares and increase the liquidity of the Fund s Common Stock in the marketplace.

The Fund

The Fund is a Maryland corporation formed in 1929 by the consolidation of two predecessor corporations. It is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified management investment company of the closed-end type. The Fund s Common Stock is listed on the New York Stock Exchange under the symbol TY. The average weekly trading volume on that and other exchanges during 2016 was 311,095 shares. The Fund s Common Stock has historically been traded on the market at less than net asset value. As of February 28, 2017, the Fund had 56,332,562 shares of Common Stock outstanding and net assets attributable to Common Stock of $1,535,160,447.

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Financial Highlights

The Fund s financial highlights for the five most recent fiscal years presented on the following pages have been derived from the financial statements audited by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm. Financial highlights for prior fiscal years were derived from the financial statements audited by other auditors. The information below, which is derived from the financial and accounting records of the Fund, should be read in conjunction with the financial statements and notes contained in the Fund s 2016 Annual Report, which may be obtained from CMISC as provided in this Prospectus.

Per Share Operating Performance data is designed to allow you to trace the operating performance, on a per Common Stock share basis, from the beginning net asset value to the ending net asset value so that you can understand what effect the individual items have on your investment, assuming it was held throughout the year. Generally, the per share amounts are derived by converting the actual dollar amounts incurred for each item, as disclosed in the financial statements, to their equivalent per Common Stock share amounts, using average shares outstanding during the period.

The total investment return based on market value measures the Fund s performance assuming you purchased shares of the Fund at the market value as of the beginning of the year, invested dividends and capital gains paid as provided for in the Fund s Automatic Dividend Investment and Cash Purchase Plan, and then sold your shares at the closing market value per share on the last day of the year. The computation does not reflect any sales commissions you may incur in purchasing or selling shares of the Fund. The total investment return based on net asset value is similarly computed except that the Fund s net asset value is substituted for the corresponding market value.

The ratios of expenses and net investment income to average net assets for Common Stock for the periods presented do not reflect the effect of dividends paid to holders of the Fund s $2.50 cumulative preferred stock (the Preferred Stock).

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PER SHARE OPERATING PERFORMANCE, TOTAL INVESTMENT RETURN, RATIOS AND SUPPLEMENTAL DATA

(for a share of Common Stock outstanding throughout each year)

	Year ended December 31,			
	2016	2015	2014	2013
Per share data				
Net asset value, beginning of period	$23.49	$24.76	$23.11	$18.77
Income from investment operations:				
Net investment income	.90	.81	.73	.69
Net realized and unrealized gain (loss)	2.33	(1.37)	1.70	4.36
Increase from payments by affiliate				
Total from investment operations	3.23	(.56)	2.43	5.05
Less distributions to Stockholders from:				
Net investment income				
Preferred stock	(.03)	(.03)	(.03)	(.03)
Common stock	(.91)	(.81)	(.75)	(.68)
Net realized gains				
Common stock				
Tax return of capital				
Common stock				
Total distributions to Stockholders	(.94)	(.84)	(.78)	(.71)
Dilution in net asset value from dividend reinvestment	(.06)	(.05)		
Increase resulting from share repurchases	.19	.18		
Capital stock transactions at market price				
Net asset value, end of period	$25.91	$23.49	$24.76	$23.11
Adjusted net asset value, end of period[b]	$25.83	$23.42	$24.68	$23.04
Market price, end of period	$22.05	$20.02	$21.41	$19.98
Total return				
Based upon net asset value	15.25%	(1.36%)	11.09%	27.76%
Based upon market price	15.08%	(2.78%)	11.11%	29.58%
Ratios to average net assets[d]				
Expenses to average net assets for Common Stock	.50%	.50%	.49%	.50%
Net investment income to average net assets for Common Stock	3.59%	3.16%	2.91%	3.12%
Supplemental data				
Net assets, end of period (000 s):				
Common stock	$1,470,843	$1,382,712	$1,511,285	$1,435,734
Preferred stock	37,637	37,637	37,637	37,637
Total net assets	$1,508,480	$1,420,349	$1,548,922	$1,473,371
Portfolio turnover	82%	76%	76%	62%

Notes to Financial Highlights

(a) Reflects the issuance of Common Stock in distributions.
(b) Assumes the exercise of outstanding warrants.
(c) During the year ended Dec. 31, 2009, the Fund received a payment by affiliate. Had the Fund not received this payment, the total return would have been lower by 0.47%.
(d) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of the acquired funds in which it invests. Such indirect expenses are not included in the reported expense ratios.

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Year ended December 31,					
2012	2011	2010	2009	2008	2007
$16.77	$15.96	$13.73	$11.29	$23.03	$25.66
.63	.33	.30	.20	.52	.84
2.00	.79	2.28	2.42	(9.88)	(1.01)
			.04		
2.63	1.12	2.58	2.66	(9.36)	(.17)
(.03)	(.03)	(.03)	(.03)	(.02)	(.02)
(.60)	(.28)	(.25)	(.17)	(.50)	(.87)
				(.39)	(1.57)
			(.02)	(1.22)	
(.63)	(.31)	(.28)	(.22)	(2.13)	(2.46)
		(.07)		(.25)[a]	
$18.77	$16.77	$15.96	$13.73	$11.29	$23.03
$18.71	$16.72	$15.90	$13.69	$11.26	$22.98
$16.00	$14.23	$13.76	$11.52	$9.86	$20.90
16.24%	7.15%	18.58%	24.11%[c]	(43.77%)	(.52%)
16.77%	5.46%	21.85%	19.24%	(45.89%)	3.51%
.52%	.59%	.60%	.98%	.73%	.66%
3.28%	1.80%	1.84%	1.46%	2.96%	3.22%
$1,183,285	$1,078,160	$1,061,251	$946,344	$893,899	$2,373,429
37,637	37,637	37,637	37,637	37,637	37,637
$1,220,922	$1,115,797	$1,098,888	$983,981	$931,536	$2,411,066
68%	97%	86%	70%	111%	123%

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SENIOR SECURITIES $2.50 CUMULATIVE PREFERRED STOCK

The following information is being presented with respect to the Fund s $2.50 cumulative Preferred Stock. The first column presents the number of shares of Preferred Stock outstanding at the end of each year presented. Year-End Asset Coverage Per Share represents the total amount of net assets of the Fund in relation to each share of Preferred Stock outstanding as of the end of the respective year. The Involuntary Liquidation Preference Per Share is the amount each share of Preferred Stock would be entitled to upon involuntary liquidation of these shares.

Year	Total Shares Outstanding	Year-End Asset Coverage Per Share	Involuntary Liquidation Preference Per Share	Average Daily Market Value Per Share
2016	752,740	$ 2,004	$ 50	$ 51.61
2015	752,740	1,887	50	49.92
2014	752,740	2,058	50	46.32
2013	752,740	1,957	50	48.50
2012	752,740	1,622	50	50.02
2011	752,740	1,482	50	46.33
2010	752,740	1,460	50	46.62
2009	752,740	1,307	50	42.31
2008	752,740	1,238	50	42.08
2007	752,740	3,203	50	43.77

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Capitalization at February 28, 2017

Title of Class	Authorized	Outstanding	Amount Held by Fund or for its Account
$2.50 Cumulative Preferred Stock, $50 par value	1,000,000 shs.	752,740 shs.	0 shs.
Common Stock, $0.50 par value	159,000,000 shs.*	56,332,562 shs.	0 shs.
Warrants to purchase Common Stock	8,148 wts.	8,148 wts.	0 wts.

* 197,100 shares of Common Stock were reserved for issuance upon the exercise of outstanding Warrants.

Trading and Net Asset Value Information

The following table shows the high and low closing prices of the Fund s Common Stock on the composite tape for issues listed on the New York Stock Exchange for each calendar quarter since the beginning of 2015, as well as the net asset values and the range of the percentage discounts to net asset value per share that correspond to such prices.

	Market Price		Corresponding Net Asset Value		Corresponding Discount to Net Asset Value	
	High	Low	High	Low	High	Low
2015						
1st Q	22.15	20.81	25.74	24.27	(13.95)	(14.26)
2nd Q	22.07	21.07	25.69	24.83	(14.09)	(15.14)
3rd Q	21.59	19.22	25.38	22.63	(14.93)	(15.07)
4th Q	20.81	19.35	24.75	22.99	(15.92)	(15.83)
2016						
1st Q	20.03	17.63	23.55	21.08	(14.95)	(16.37)
2nd Q	20.84	19.68	24.53	23.13	(15.04)	(14.92)
3rd Q	21.65	20.45	25.36	24.11	(14.63)	(15.18)
4th Q	22.20	20.62	26.44	24.45	(16.04)	(15.66)
2017						
1st Q	23.57	22.05	27.51	25.91	(14.32)	(14.90)

The Fund s Common Stock has historically been traded on the market at less than net asset value. The closing market price, net asset value and percentage discount to net asset value per share of the Fund s Common Stock on March 31, 2017 were $23.12, $27.00 and 14.37%.

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Investment Objective and Other Policies and Related Risks

The Fund is a Maryland corporation formed in 1929 by the consolidation of two predecessor corporations. It is registered under the 1940 Act as a diversified management investment company of the closed-end type.

The Fund invests primarily for the longer term and has no charter restrictions with respect to such investments. The Fund s investment objective is to produce future growth of both capital and income while providing reasonable current income. There can be no assurance that this objective will be achieved. With respect to the Fund s investments, assets may be held in cash or invested in all types of securities, that is, in common stocks, bonds, convertible bonds (including high yield instruments), debentures, notes, preferred and convertible preferred stocks, rights, derivatives (including futures contracts), and other securities, in whatever amounts or proportions the Investment Manager believes best suited to current and anticipated economic and market conditions. Derivatives may be used to produce incremental earnings, to hedge existing positions, to maintain investment efficiency, or to increase flexibility. Fixed income and convertible securities may be rated below investment grade or be deemed to have a comparable rating. The Fund may invest in fixed income securities of any maturity and does not seek to maintain a particular dollar-weighted average maturity. The Fund may invest up to 25% of its net assets in foreign investments, including those in emerging markets. The Fund also employs leverage through its outstanding shares of preferred stock.

As of March 31, 2017, the Fund had invested 68.70% of its net assets in equity securities, 15.30% of its net assets in fixed income instruments and 18.10% of its net assets in convertible securities.

The Fund s present investment policies, in respect to which it has freedom of action, are:

(1) it keeps investments in individual issuers within the limits permitted diversified companies under the 1940 Act (i.e., 75% of its total assets must be represented by cash items, government securities, securities of other investment companies, and securities of other issuers which, at the time of investment, do not exceed 5% of the Fund s total assets at market value in the securities of any issuer and do not exceed 10% of the voting securities of any issuer);

(2) it does not make investments with a view to exercising control or management except that, as of the date hereof, it has an investment in Seligman Data Corp., the former shareholder servicing agent for the Fund;

(3) it ordinarily does not invest in other investment companies, but it may purchase up to 3% of the voting securities of such investment companies, provided purchases of securities of a single investment company do not exceed in value 5% of the total assets of the Fund and all investments in investment company securities do not exceed 10% of total assets; and

(4) it has no fixed policy with respect to portfolio turnover and purchases and sales in the light of economic, market and investment considerations. The portfolio turnover rates for the ten fiscal years ended December 31, 2016 are shown under Financial Highlights.

The foregoing investment objective and policies may be changed by the Fund s Board of Director s (the Board) without stockholder approval, unless such a change would change the Fund s status from a diversified to a non-diversified company under the 1940 Act.

The Fund has fundamental policies relating to the issuance of senior securities, the borrowing of money, the underwriting of securities of other issuers, the concentration of investments in a particular industry or groups of industries, the purchase or sale of real estate, the purchase or sale of commodities or commodity contracts, and the making of loans. These policies may not be changed without a vote of stockholders. A more detailed description of the Fund s investment policies, including a list of those restrictions on the Fund s investment activities which cannot be changed without such a vote, appears in the SAI. Within the limits of these fundamental policies, the Investment Manager has reserved freedom of action.

The Fund may not invest 25% or more of its total assets in securities of companies in any one industry. The Fund may, however, invest a substantial percentage of its assets in certain industries or economic sectors believed to offer good investment opportunities, including the information technology sector. If an industry or economic sector in which the Fund is invested falls out of favor, the Fund s performance may be negatively affected.

Active Management Risk. The Fund is actively managed and its performance therefore will reflect, in part, the ability of the portfolio managers to make investment decisions that will achieve the Fund s investment objective. Due to its active management, the Fund could underperform its benchmark index and/or other funds with a similar investment objective and/or strategies.

Convertible Securities Risk. Convertible securities are subject to the usual risks associated with debt instruments, such as interest rate risk (the risk of losses attributable to changes in interest rates) and credit risk (the risk that the issuer of a debt instrument will default or otherwise become unable, or be perceived to be unable or unwilling, to honor a financial obligation, such as making payments to the Fund when due). Convertible securities also react to changes in the value of the common stock into which they convert, and are thus subject to market risk (the risk that the market values of securities or other investments that the Fund holds will fall, sometimes rapidly or unpredictably, or fail to rise). Because the value of a convertible security can be influenced by both interest rates and the common stock s market movements, a convertible security generally is not as sensitive to interest rates as a similar debt instrument, and generally will not vary in value in response to other factors to the same extent as

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the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would typically be paid before the company s common stockholders but after holders of any senior debt obligations of the company. The Fund may be forced to convert a convertible security before it otherwise would choose to do so, which may decrease the Fund s return.

Counterparty Risk. The risk exists that a counterparty to a financial instrument held by the Fund or by a special purpose or structured vehicle in which the Fund invests may become insolvent or otherwise fail to perform its obligations due to financial difficulties, including making payments to the Fund. The Fund may obtain no or limited recovery in a bankruptcy or other reorganizational proceedings, and any recovery may be significantly delayed. Transactions that the Fund enters into may involve counterparties in the financial services sector and, as a result, events affecting the financial services sector may cause the Fund s share value to fluctuate.

Credit Risk. Credit risk is the risk that the value of a security or instrument in the Fund s portfolio may or will decline in price if the issuer fails to pay interest or repay principal when due. The value of fixed-income securities may decline if the issuer of the security defaults or otherwise becomes unable or unwilling, or is perceived to be unable or unwilling, to honor its financial obligations, such as making payments to the Fund when due. Various factors could affect the actual or perceived willingness or ability of the issuer to make timely interest or principal payments, including changes in the financial condition of the issuer or general economic conditions. Fixed-income securities backed by an issuer s taxing authority may be subject to legal limits on the issuer s power to increase taxes or otherwise to raise revenue, or may be dependent on legislative appropriation or government aid. Certain fixed-income securities are backed only by revenues derived from a particular project or source, rather than by an issuer s taxing authority, and thus may have a greater risk of default. Rating agencies assign credit ratings to certain fixed-income securities to indicate their credit risk. Lower quality or unrated securities held by the Fund may present increased credit risk as compared to higher-rated securities. Non-investment grade fixed-income instruments (commonly called high-yield or junk) may be subject to greater price fluctuations and are more likely to experience a default than investment grade fixed-income instruments and therefore may expose the Fund to increased credit risk. If the Fund purchases unrated fixed-income securities, or if the ratings of securities held by the Fund are lowered after purchase, the Fund will depend on analysis of credit risk more heavily than usual.

Derivatives Risk. Derivatives may involve significant risks. Derivatives are financial instruments, traded on an exchange or in the over-the-counter (OTC) markets, with a value in relation to, or derived from, the value of an underlying asset(s) (such as a security, commodity or currency) or other reference, such as an index, rate or other economic indicator (each an underlying reference). Derivatives may include those that are privately placed or otherwise exempt from SEC registration, including certain Rule 144A eligible securities .. Derivatives could result in Fund losses if the underlying references do not perform as anticipated. Use of derivatives is a highly specialized activity that can involve investment techniques, risks, and tax planning different from those associated with more traditional investment instruments. The Fund s derivatives strategy may not be successful and use of certain derivatives could result in substantial, potentially unlimited, losses to the Fund regardless of the Fund s actual investment. A relatively small movement in the price, rate or other economic indicator associated with the underlying reference may result in substantial loss for the Fund. Derivatives may be more volatile than other types of investments. Derivatives can increase the Fund s risk exposure to underlying references and their attendant risks, including the risk of an adverse credit event associated with the underlying reference (credit risk), the risk of an adverse movement in the value, price or rate of the underlying reference (market risk), the risk of an adverse movement in the value of underlying currencies (foreign currency risk) and the risk of an adverse movement in underlying interest rates (interest rate risk). Derivatives may expose the Fund to additional risks, including the risk of loss due to a derivative position that is imperfectly correlated with the underlying reference it is intended to hedge or replicate (correlation risk), the risk that a counterparty will fail to perform as agreed (counterparty risk), the risk that a hedging strategy may fail to mitigate losses, and may offset gains (hedging risk), the risk that losses may be greater than the amount invested (leverage risk), the risk that the Fund may be unable to sell an investment at an advantageous time or price (liquidity risk), the risk that the investment may be difficult to value (pricing risk), and the risk that the price or value of the investment fluctuates significantly over short periods of time (volatility risk). The value of derivatives may be influenced by a variety of factors, including national and international political and economic developments. Potential changes to the regulation of the derivatives markets may make derivatives more costly, may limit the market for derivatives, or may otherwise adversely affect the value or performance of derivatives.

Derivatives Risk Futures Contracts Risk. A futures contract is an exchange-traded derivative transaction between two parties in which a buyer (holding the long position) agrees to pay a fixed price (or rate) at a specified future date for delivery of an underlying reference from a seller (holding the short position). The seller hopes that the market price on the delivery date is less than the agreed upon price, while the buyer hopes for the contrary. Certain futures contract markets are highly volatile, and futures contracts may be illiquid. Futures exchanges may limit fluctuations in futures contract prices by imposing a maximum permissible daily price movement. The Fund may be disadvantaged if it is prohibited from executing a trade outside the daily permissible price movement. At or prior to maturity of a futures contract, the Fund may enter into an offsetting contract and may

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incur a loss to the extent there has been adverse movement in futures contract prices. The liquidity of the futures markets depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants make or take delivery, liquidity in the futures market could be reduced. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for such contracts. Futures positions are marked to market each day and variation margin payment must be paid to or by a Fund. As a result, a relatively small price movement in a futures contract may result in substantial losses to the Fund, exceeding the amount of the margin paid. For certain types of futures contracts, losses are potentially unlimited. Futures markets are highly volatile and the use of futures may increase the volatility of the Fund s NAV. Futures contracts executed (if any) on foreign exchanges may not provide the same protection as U.S. exchanges. Futures contracts can increase the Fund s risk exposure to underlying references and their attendant risks, such as credit risk, market risk, foreign currency risk and interest rate risk, while also exposing the Fund to correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk, pricing risk and volatility risk.

Emerging Market Securities Risk. Securities issued by foreign governments or companies in emerging market countries are more likely to have greater exposure to the risks of investing in foreign securities that are described in Foreign Securities Risk. In addition, emerging market countries are more likely to experience instability resulting, for example, from rapid changes or developments in social, political, economic or other conditions. Their economies are usually less mature and their securities markets are typically less developed with more limited trading activity (i.e., lower trading volumes and less liquidity) than more developed countries. Emerging market securities tend to be more volatile than securities in more developed markets. Many emerging market countries are heavily dependent on international trade and have fewer trading partners, which makes them more sensitive to world commodity prices and economic downturns in other countries. Some emerging market countries have a higher risk of currency devaluations, and some of these countries may experience periods of high inflation or rapid changes in inflation rates and may have hostile relations with other countries.

Foreign Securities Risk. Investments in or exposure to foreign securities involve certain risks not associated with investments in or exposure to securities of U.S. companies. For example, foreign markets can be extremely volatile. Foreign securities may also be less liquid than securities of U.S. companies so that the Fund may, at times, be unable to sell foreign securities at desirable times or prices. Brokerage commissions, custodial costs and other fees are also generally higher for foreign securities. The Fund may have limited or no legal recourse in the event of default with respect to certain foreign securities, including those issued by foreign governments. In addition, foreign governments may impose withholding or other taxes on the Fund s income, capital gains or proceeds from the disposition of foreign securities, which could reduce the Fund s return on such securities. In some cases, such withholding or other taxes could potentially be confiscatory. Other risks include: possible delays in the settlement of transactions or in the payment of income; generally less publicly available information about foreign companies; the impact of economic, political, social, diplomatic or other conditions or events (including, for example, military confrontations, war and terrorism), possible seizure, expropriation or nationalization of a company or its assets or the assets of a particular investor or category of investors; accounting, auditing and financial reporting standards that may be less comprehensive and stringent than those applicable to domestic companies; the imposition of economic and other sanctions against a particular foreign country, its nationals or industries or businesses within the country; and the generally less stringent standard of care to which local agents may be held in the local markets. In addition it may be difficult to obtain reliable information about the securities and business operations of certain foreign issuers. Governments or trade groups may compel local agents to hold securities in designated depositories that are not subject to independent evaluation. The less developed a country s securities market is, the greater the level of risks. The risks posed by sanctions against a particular foreign country, its nationals or industries or businesses within the country may be heightened to the extent the Fund invests significantly in the affected country or region or in issuers from the affected country that depend on global markets. The performance of the Fund may also be negatively impacted by fluctuations in a foreign currency s strength or weakness relative to the U.S. dollar, particularly to the extent the Fund invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar. Currency rates in foreign countries may fluctuate significantly over short or long periods of time for a number of reasons, including changes in interest rates, imposition of currency exchange controls and economic or political developments in the U.S. or abroad. The Fund may also incur currency conversion costs when converting foreign currencies into U.S. dollars and vice versa.

Frequent Trading Risk. The portfolio managers may actively and frequently trade investments in the Fund s portfolio to carry out its investment strategies. Frequent trading of investments increases the possibility that the Fund, as relevant, will realize taxable capital gains (including short-term capital gains, which are generally taxable to shareholders at higher rates than long-term capital gains for U.S. federal income tax purposes), which could reduce the Fund s after-tax return. Frequent trading can also mean higher brokerage and other transaction costs, which could reduce the Fund s return. The trading costs and tax effects associated with portfolio turnover may adversely affect the Fund s performance.

High-Yield Investments Risk. Securities and other debt instruments held by the Fund that are rated below investment grade (commonly called high-yield or junk bonds) and unrated debt instruments of comparable quality tend to be more sensitive to credit risk than higher-rated debt instruments and may experience greater price fluctuations in response to perceived changes in

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the ability of the issuing entity or obligor to pay interest and principal when due than to changes in interest rates. These investments are generally more likely to experience a default than higher-rated debt instruments. High-yield debt instruments are considered to be predominantly speculative with respect to the issuer s capacity to pay interest and repay principal. These debt instruments typically pay a premium a higher interest rate or yield because of the increased risk of loss, including default. High-yield debt instruments may require a greater degree of judgment to establish a price, may be difficult to sell at the time and price the Fund desires, may carry high transaction costs, and also are generally less liquid than higher-rated debt instruments. The ratings provided by third party rating agencies are based on analyses by these ratings agencies of the credit quality of the debt instruments and may not take into account every risk related to whether interest or principal will be timely repaid. In adverse economic and other circumstances, issuers of lower-rated debt instruments are more likely to have difficulty making principal and interest payments than issuers of higher-rated debt instruments.

Interest Rate Risk. Interest rate risk is the risk of losses attributable to changes in interest rates. In general, if prevailing interest rates rise, the values of fixed-income instruments tend to fall, and if interest rates fall, the values of fixed-income instruments tend to rise. Changes in the value of a fixed-income instrument usually will not affect the amount of income the Fund receives from it but will generally affect the value of the Fund s shares. In general, the longer the maturity or duration of a fixed-income instrument, the greater its sensitivity to changes in interest rates. Interest rate declines also may increase prepayments of debt obligations, which, in turn, would increase prepayment risk. Similarly, a period of rising interest rates may negatively impact the Fund s performance. Actions by governments and central banking authorities can result in increases in interest rates. Such actions may negatively affect the value of fixed-income instruments held by the Fund, resulting in a negative impact on the Fund. Any interest rate increases could cause the value of the Fund s investments in fixed-income instruments to decrease. Rising interest rates may prompt redemptions from the Fund, which may force the Fund to sell investments at a time when it is not advantageous to do so, which could result in losses.

Leverage and its Risks: Senior securities issued or money borrowed to raise funds for investment have a prior fixed dollar claim on the Fund s assets and income. Any gain in the value of securities purchased or income received in excess of the cost of the amount borrowed or interest or dividends payable causes the net asset value of the Fund s Common Stock or the income available to it to increase more than otherwise would be the case. Conversely, any decline in the value of securities purchased or income received on them that is less than the asset or income claims of the senior securities or cost of borrowed money causes the net asset value of the Common Stock or income available to it to decline more sharply than would be the case if there were no prior claim. Funds obtained through senior securities or borrowings thus create investment opportunity, but they also increase exposure to risk. This influence ordinarily is called leverage. As of February 28, 2017, the only senior securities of the Fund outstanding were 752,740 shares of its $2.50 Cumulative Preferred Stock, $50 par value. The dividend rate as of February 28, 2017 on the Preferred Stock was $2.50 per annum payable quarterly. Based on the net asset value of the Fund s Common Stock on February 28, 2017, the Fund s portfolio requires an annual return of 0.12% in order to cover dividend payments on the Preferred Stock. For a description of such payments, see Description of Capital Stock. The following table illustrates the effect of leverage relating to presently outstanding Preferred Stock on the return available to a holder of the Fund s Common Stock.

Assumed return on portfolio (net of expenses)	-10%	-5%	0%	5%	10%
Corresponding return to common stockholder	(10.37)%	(5.25)%	(0.12)%	5.00%	10.12%

The purpose of the table above is to assist you in understanding the effects of leverage caused by the Fund s Preferred Stock. The percentages appearing in the table are hypothetical. Actual returns may be greater or less than those shown above.

The use of leverage creates certain risks for the Fund s Common Stockholders, including the greater likelihood of higher volatility of the Fund s return, its net asset value and the market price of the Fund s Common Stock. Changes in the value of the Fund s total assets will have a disproportionate effect on the net asset value per share of Common Stock because of the Fund s leveraged assets. For example, if the Fund was leveraged equal to 50% of the Fund s Common Stock equity, it would show an approximately 1.5% increase or decline in net asset value for each 1% increase or decline in the value of its total assets. An additional risk of leverage is that the cost of the leverage plus applicable Fund expenses may exceed the return on the transactions undertaken with the proceeds of the leverage, thereby diminishing rather than enhancing the return to the Fund s Common Stockholders. These risks generally would make the Fund s return to Common Stockholders more volatile. The Fund also may be required to sell investments in order to make interest payments on borrowings used for leverage when it may be disadvantageous to do so. Because the fees received by the Investment Manager are based on the net assets of the Fund (including assets attributable to the Fund s Preferred Stock and borrowings that may be outstanding), the Investment Manager has a financial incentive for the Fund to maintain the Preferred Stock or use borrowings, which may create a conflict of interest between the Investment Manager, on the one hand, and the Common Stockholders on the other hand.

Market Risk. Market risk refers to the possibility that the market values of securities or other investments that the Fund holds will fall, sometimes rapidly or unpredictably, or fail to rise. The value of Fund investments may fall or fail to rise because of a

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variety of actual or perceived factors affecting an issuer (e.g., an unfavorable earnings report), the industry or sector in which it operates, or the market as a whole, which may reduce the value of an investment in the Fund. Accordingly, an investment in the Fund could lose money over short or long periods. The market values of the investments the Fund holds can be affected by changes or potential or perceived changes in U.S. or foreign economies, financial markets, interest rates and the liquidity of these investments, among other factors.

Preferred Stock Risk. Preferred stock is a type of stock that generally pays dividends at a specified rate and that has preference over common stock in the payment of dividends and the liquidation of assets. Preferred stock does not ordinarily carry voting rights. The price of a preferred stock is generally determined by earnings, type of products or services, projected growth rates, experience of management, liquidity, and general market conditions of the markets on which the stock trades. The most significant risks associated with investments in preferred stock include issuer risk, market risk and interest rate risk (i.e., the risk of losses attributable to changes in interest rates).

Quantitative Model Risk. The Fund may use quantitative methods to select investments. Securities or other investments selected using quantitative methods may perform differently from the market as a whole or from their expected performance for many reasons, including factors used in building the quantitative analytical framework, the weights placed on each factor, and changing sources of market returns, among others. Any errors or imperfections in the quantitative analyses or models, or in the data on which they are based, could adversely affect the effective use of such analyses or models, which in turn could adversely affect the Fund s performance. It is not possible or practicable for a quantitative manager to factor all relevant, available data into quantitative model forecasts and/or trading decisions. Quantitative managers will use their discretion to determine what data to gather with respect to an investment strategy and what data the models will take into account to produce forecasts that may have an impact on ultimate trading decisions. Shareholders should be aware that there is no guarantee that a quantitative manager will use any specific data or type of data in making trading decisions on behalf of the Fund, nor is there any guarantee that the data actually utilized in generating forecasts or making trading decisions on behalf of the Fund will be the most accurate data available or free from errors. There can be no assurance that these methodologies will enable the Fund to achieve its objective.

Sector Risk. At times, the Fund may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within a sector, including the information technology sector. Companies in the same sector may be similarly affected by economic, regulatory, political or market events or conditions, which may make the Fund more vulnerable to unfavorable developments in that sector than funds that invest more broadly. Generally, the more broadly the Fund invests, the more it spreads risk and potentially reduces the risks of loss and volatility.

Information Technology and Technology-Related Sectors. The Fund may be more susceptible to the particular risks that may affect companies in the information technology sector, as well as other technology-related sectors (collectively, the technology sectors) than if it were invested in a wider variety of companies in unrelated sectors. Companies in the technology sectors are subject to certain risks, including the risk that new services, equipment or technologies will not be accepted by consumers and businesses or will become rapidly obsolete. Performance of such companies may be affected by factors including obtaining and protecting patents (or the failure to do so) and significant competitive pressures, including aggressive pricing of their products or services, new market entrants, competition for market share and short product cycles due to an accelerated rate of technological developments. Such competitive pressures may lead to limited earnings and/or falling profit margins. As a result, the value of their securities may fall or fail to rise. In addition, many technology sector companies have limited operating histories and prices of these companies securities historically have been more volatile than other securities, especially over the short term.

Management of the Fund

PRIMARY SERVICE PROVIDERS

The Fund enters into contractual arrangements (Contracts) with various parties, including, among others, the Investment Manager, the Service Agent and the Fund s custodian. The Fund s Contracts are solely among the parties thereto. Shareholders are not parties to, or intended to be third-party beneficiaries of, any Contracts. Further, this prospectus, the SAI and any Contracts are not intended to give rise to any agreement, duty, special relationship or other obligation between the Fund and any investor, or give rise to any contractual, tort or other rights in any individual shareholder, group of shareholders or other person, including any right to assert a fiduciary or other duty, enforce the Contracts against the parties or to seek any remedy thereunder, either directly or on behalf of the Fund. Nothing in the previous sentence should be read to suggest any waiver of any rights under federal or state securities laws.

The Investment Manager and the Service Agent are affiliates of Ameriprise Financial. They and their affiliates currently provide key services, including investment advisory, administration, stockholder servicing, transfer agency and dividend paying services, to the Fund and various other funds, including the Columbia Funds, and are paid for providing these services. These service relationships are described below.

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THE INVESTMENT MANAGER

Columbia Management Investment Advisers, LLC is located at 225 Franklin Street, Boston, MA 02110 and serves as investment adviser and administrator to the Columbia Funds, which includes the Fund. The Investment Manager is a registered investment adviser and a wholly-owned subsidiary of Ameriprise Financial. The Investment Manager s management experience covers all major asset classes, including equity securities, fixed-income securities and money market instruments. In addition to serving as an investment adviser to traditional mutual funds, exchange-traded funds and another closed-end fund, the Investment Manager acts as an investment adviser for itself, its affiliates, individuals, corporations, retirement plans, private investment companies and financial intermediaries.

Subject to oversight by the Board, the Investment Manager manages the day-to-day operations of the Fund, determining what securities and other investments the Fund should buy or sell and executing portfolio transactions. The Investment Manager may use the research and other capabilities of its affiliates and third parties in managing the Fund s investments. The Investment Manager is also responsible for overseeing the administrative operations of the Fund, including the general supervision of the Fund s operations, the coordination of the Fund s other service providers and the provision of related clerical and administrative services.

Under a Management Agreement between Columbia Management and the Fund (the Management Agreement), the Fund pays the Investment Manager a fee for its management services, which include investment advisory services and administrative services. The fee is calculated as a percentage of the average daily net assets of the Fund and is paid monthly. Prior to May 1, 2016, the Fund paid the Investment Manager an advisory fee under an investment management services agreement and a separate administrative fee under an administrative services agreement. For the Fund s most recent fiscal year, aggregate fees paid to the Investment Manager by the Fund, including all advisory and administrative fees paid to the Investment Manager during the period, amounted to 0.42% of average daily net assets of the Fund s Common Stock. The management fee is 0.415% of the Fund s net assets (which includes assets attributable to the Funds Common Stock and Preferred Stock) on the first $500 million, gradually reducing to 0.385% as assets increase. A discussion regarding the basis for the Board s approval of the renewal of the Fund s Management Agreement is available in the Fund s semi-annual report to shareholders for the period ended June 30, 2016.

The Management Agreement was originally entered into on May 1, 2016 and will continue in full force and effect and from year to year thereafter if such continuance is approved in the manner required by the 1940 Act (i.e., by a vote of a majority of the Board or of the outstanding voting securities of the Fund and by a vote of a majority of Fund s directors who are not parties to the Management Agreement or interested persons (as defined in the 1940 Act) of any such party). The Management Agreement may be terminated by either the Fund or Columbia Management at any time by giving the other party 60 days written notice of such intention to terminate, provided that any termination shall be made without the payment of any penalty, and provided further that termination may be effected either by the Board or by a vote of the majority of the outstanding voting shares of the Fund. The Management Agreement will terminate automatically in the event of its assignment, as such term is defined in the 1940 Act.

Under the Management Agreement, the Fund also pays taxes, brokerage commissions and nonadvisory expenses, which include custodian fees and charges; fidelity bond premiums; certain legal fees; registration fees for shares, as necessary; consultants fees; compensation of Board members, officers and employees not employed by the Investment Manager or its affiliates; corporate filing fees; organizational expenses; expenses incurred in connection with lending securities; interest and fee expense related to the Fund s participation in inverse floater structures; and expenses properly payable by the Fund, approved by the Board.

Portfolio Managers. The portfolio managers responsible for the Fund s day-to-day management are:

Brian M. Condon, Co-Portfolio Manager

- Managed the Fund since May 2010.
- Joined one of the Columbia Management legacy firms or acquired business lines in 1999.
- Began investment career in 1993.
- BA from Bryant University and MS in finance from Bentley University.

Peter Albanese, Co-Portfolio Manager

- Managed the Fund since August 2014.
- Joined the investment manager in August 2014 as a Senior Portfolio Manager.
- Previously, Mr. Albanese was employed by Robeco Investment Management from 2003 to 2013, where he was a managing director and senior portfolio manager.
- Began investment career in 1991.
- BS from Stony Brook University and an MBA from the Stern School of Business at New York University.

Yan Jin, Co-Portfolio Manager

- Managed the Fund since March 2012.
- Joined one of the Columbia Management legacy firms or acquired business lines in 2002.

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Began investment career in 1998.
MA in economics from North Carolina State University.

David L. King, Co-Portfolio Manager

Managed the Fund since April 2011.
Joined one of the Columbia Management legacy firms or acquired business lines in March 2010.
Previously, Mr. King was employed by Putnam Investments from 1983 to 2008, where he was a senior portfolio manager.
Began his investment career in 1983.
BS from the University of New Hampshire and an MBA from Harvard Business School.

The SAI provides additional information about portfolio manager compensation, management of other accounts and ownership of shares in the Fund.

Board Services Corporation. Prior to April 2017, the Fund engaged Board Services Corporation as an agent for purposes of administering the payment of compensation to each independent director, to provide office space for use by the Funds and its Board, and other requested services to the Board or the independent directors.

Transfer, Stockholder Service and Dividend Paying Agent. Columbia Management Investment Services Corp. is the Fund s transfer, stockholder service and dividend paying agent. CMISC is located at 225 Franklin Street, Boston, Massachusetts 02110.

Independent Registered Public Accounting Firm. PricewaterhouseCoopers LLP is the Fund s independent registered public accounting firm. Their address is 45 South 7th Street, Minneapolis, MN 55402.

LEGAL PROCEEDINGS

Ameriprise Financial, the parent company of Columbia Management (the Fund s investment adviser), and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Fund is not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Fund or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Fund. Information regarding certain pending and settled legal proceedings may be found in the Fund s stockholder reports and in the SAI.

Additionally, Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the Securities and Exchange Commission on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

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Description of Capital Stock

(a) **Dividend Rights:** Holders of Common Stock (Common Stockholders) are entitled to receive dividends only if and to the extent declared by the Fund s Board and only after (i) such provisions have been made for working capital and for reserves as the Board may deem advisable, (ii) full cumulative dividends at the rate of $0.625 per share per quarterly dividend period have been paid on the Preferred Stock for all past quarterly periods and have been provided for the current quarterly period, and (iii) such provisions have been made for the purchase or for the redemption (at a price of $55 per share) of the Preferred Stock as the Board may deem advisable. In any event, no dividend may be declared upon the Common Stock unless, at the time of such declaration, the net assets of the Fund, after deducting the amount of such dividend and the amount of all unpaid dividends declared on the Preferred Stock, shall be at least equal to $100 per outstanding share of Preferred Stock. The equivalent figure was $2,089.43 at February 28, 2017.

(b) **Voting Rights:** The Preferred Stock is entitled to two votes and the Common Stock is entitled to one vote per share at all meetings of stockholders. In the event of a default in payments of dividends on the Preferred Stock equivalent to six quarterly dividends, the Preferred Stockholders are entitled, voting separately as a class to the exclusion of Common Stockholders, to elect two additional directors, such right to continue until all arrearages have been paid and current Preferred Stock dividends are provided for. Notwithstanding any provision of law requiring any action to be taken or authorized by the affirmative vote of the holders of a designated portion of all the shares or of the shares of each class, such action shall be effective if taken or authorized by the affirmative vote of a majority of the aggregate number of the votes entitled to vote thereon, except that a class vote of Preferred Stockholders is also required to approve certain actions adversely affecting their rights. Any change in the Fund s fundamental policies may also be authorized by the vote of 67% of the votes present at a meeting if the holders of a majority of the aggregate number of votes entitled to vote are present or represented by proxy.

Consistent with the requirements of Maryland law, the Fund s charter provides that the affirmative vote of two-thirds of the aggregate number of votes entitled to be cast thereon shall be necessary to authorize any of the following actions: (i) the dissolution of the Fund; (ii) a merger or consolidation of the Fund (in which the Fund is not the surviving corporation) with (a) an open-end investment company or (b) a closed-end investment company, unless such closed-end investment company s articles of incorporation require a two-thirds or greater proportion of the votes entitled to be cast by such company s stock to approve the types of transactions covered by clauses (i) through (iv) of this paragraph; (iii) the sale of all or substantially all of the assets of the Fund to any person (as such term is defined in the 1940 Act); or (iv) any amendment of the charter of this Fund which makes any class of the Fund s stock a redeemable security (as such term is defined in the 1940 Act) or reduces the two-thirds vote required to authorize the actions listed in this paragraph. This could have the effect of delaying, deferring or preventing changes in control of the Fund.

(c) **Liquidation Rights:** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Fund, after payment to the holders of Preferred Stock (Preferred Stockholders) of an amount equal to $50 per share plus dividends accrued or in arrears, the Common Stockholders are entitled, to the exclusion of the Preferred Stockholders, to share ratably in all the remaining assets of the Fund available for distribution to stockholders.

(d) **Other Provisions:** Common Stockholders do not have preemptive, subscription or conversion rights, and are not liable for further calls or assessments. The Fund s Board (other than any directors who may be elected to represent Preferred Stockholders as described above) are classified as nearly as possible into three equal classes with a maximum three-year term so that the term of one class of directors expires annually. Such classification provides continuity of experience and stability of the Board while providing for the election of a portion of the Board each year. Such classification could have the effect of delaying, deferring or preventing changes in control of the Fund.

The Board may classify or reclassify any unissued stock of any class with or without par value (including Preferred Stock and Common Stock) into one or more classes of preference stock on a parity with, but not having preference or priority over, the Preferred Stock by fixing or altering before the issuance thereof the designations, preferences, voting powers, restrictions and qualifications of, the fixed annual dividends on, the times and prices of redemption, the terms of conversion, the number and/or par value of the shares and other provisions of such stock to the full extent permitted by the laws of Maryland and the Fund s charter. Stockholder approval of such action is not required.

Description of Warrants

The Fund has issued and outstanding warrants (the Warrants). The Fund s charter and Warrant certificates provide that each Warrant represents the right during an unlimited time to purchase one share of Common Stock at a price of $22.50 per share, subject to increase in the number of shares purchasable and adjustment of the price payable pursuant to provisions of the charter requiring such adjustments whenever the Fund issues any shares of Common Stock at a price less than the Warrant purchase price in effect immediately prior to issue. Each Warrant presently entitles the holder to purchase 24.19 shares of Common Stock at $0.93 per share. There were 8,148 Warrants outstanding at February 28, 2017.

Fractional shares of Common Stock are not issued

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upon the exercise of Warrants. In lieu thereof, the Fund issues scrip certificates representing corresponding fractions of the right to receive a full share of Common Stock if exchanged by the end of the second calendar year following issuance or of the proceeds of the sale of a full share if surrendered during the next four years thereafter.

Computation of Net Asset Value

The Fund calculates the net asset value (NAV) per share of the Common Stock at the end of each business day. A business day is any day that the New York Stock Exchange (NYSE) is open. A business day typically ends at the close of regular trading on the NYSE, usually at 4:00 p.m. Eastern time. If the NYSE is scheduled to close early, the business day will be considered to end as of the time of the NYSE s scheduled close. The Fund will not treat an intraday unscheduled disruption in NYSE trading or an intraday unscheduled closing as a close of regular trading on the NYSE for these purposes and will price its shares as of the regularly scheduled closing time for that day (typically, 4:00 p.m. Eastern time). Notwithstanding the foregoing, the NAV of Fund shares may be determined at such other time or times (in addition to or in lieu of the time set forth above) as the Fund s Board may approve or ratify. On holidays and other days when the NYSE is closed, the Fund s NAV is not calculated and the Fund does not accept buy or sell orders. However, the value of the Fund s assets may still be affected on such days to the extent that the Fund holds foreign securities that trade on days that foreign securities markets are open.

NAV per share of Common Stock is determined by dividing the current value of the assets of the Fund less its liabilities and the prior claim of the Preferred Stock by the total number of shares of Common Stock outstanding.

Equity securities are valued primarily on the basis of market quotations reported on stock exchanges and other securities markets around the world. If an equity security is listed on a national exchange, the security is valued at the closing price or, if the closing price is not readily available, the mean of the closing bid and asked prices. Certain equity securities, debt securities and other assets are valued differently. For instance, bank loans trading in the secondary market are valued primarily on the basis of indicative bids, fixed-income investments maturing in 60 days or less are valued primarily using the amortized cost method, unless this methodology results in a valuation that does not approximate the market value of these securities, and those maturing in excess of 60 days are valued primarily using a market-based price obtained from a pricing service, if available. Investments in open-end funds are valued at their latest NAVs. Both market quotations and indicative bids are obtained from outside pricing services approved and monitored pursuant to a policy approved by the Fund s Board. For a money market fund, the Fund s investments are generally valued at amortized cost, which approximates market value.

If a market price is not readily available or is deemed not to reflect market value, the Fund will determine the price of a portfolio security based on a determination of the security s fair value pursuant to a policy approved by the Fund s Board. In addition, the Fund may use fair valuation to price securities that trade on a foreign exchange when a significant event has occurred after the foreign exchange closes but before the time at which the Fund s NAV share price is calculated. Foreign exchanges typically close before the time at which Fund NAV share prices are calculated, and may be closed altogether on some days when the Fund is open. Such significant events affecting a foreign security may include, but are not limited to: (1) corporate actions, earnings announcements, litigation or other events impacting a single issuer; (2) governmental action that affects securities in one sector or country; (3) natural disasters or armed conflicts affecting a country or region; or (4) significant domestic or foreign market fluctuations. The Fund uses various criteria, including an evaluation of U.S. market moves after the close of foreign markets, in determining whether a foreign security s market price is readily available and reflective of market value and, if not, the fair value of the security. To the extent the Fund has significant holdings of small cap stocks, high-yield bonds, floating rate loans, or tax-exempt, foreign or other securities that may trade infrequently, fair valuation may be used more frequently than for other funds.

Fair valuation may have the effect of reducing stale pricing arbitrage opportunities presented by the pricing of Fund shares. However, when the Fund uses fair valuation to price securities, it may value those securities higher or lower than another fund would have priced the security. Also, the use of fair valuation may cause the Fund s performance to diverge to a greater degree from the performance of various benchmarks used to compare the Fund s performance because benchmarks generally do not use fair valuation techniques. Because of the judgment involved in fair valuation decisions, there can be no assurance that the value ascribed to a particular security is accurate. The Fund has retained one or more independent fair valuation pricing services to assist in the fair valuation process for foreign securities.

Dividend Policy and Taxes

Distributions: Dividends are paid quarterly on the Preferred Stock and on the Common Stock in amounts representing substantially all of the net investment income earned each year by the Fund. Payments on the Preferred Stock are in a fixed amount, but payments on the Common Stock vary in amount, depending on investment income received and expenses of operation. In addition, substantially all of any taxable net gain realized on investments is paid to Common Stockholders at least annually.

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For stockholder accounts established after June 1, 2007 directly with the Fund (which are serviced by the Service Agent), unless the Service Agent is otherwise instructed by you, distributions on the Common Stock are paid in book shares of Common Stock which are entered in your Fund account as book credits. You may also elect to receive distributions 75% in shares and 25% in cash, 50% in shares and 50% in cash, or 100% in cash. Any such election must be received by the Service Agent by the record date for a distribution. If you hold your shares of Common Stock through a financial intermediary (such as a broker), you should contact the financial intermediary to discuss your reinvestment and distribution options, as they may be different than as described above for accounts held directly with the Fund. A distribution is treated in the same manner for income tax purposes whether you receive it in cash or partly or entirely in shares. Elections received after a record date for a distribution will be effective in respect of the next distribution. Shares issued to you in respect of distributions will be at a price equal to the lower of: (i) the closing sale or bid price, plus applicable commission, of the Common Stock on the New York Stock Exchange on the ex-dividend date or (ii) the greater of NAV per share of the Common Stock and 95% of the closing price of the Common Stock on the New York Stock Exchange on the ex-dividend date (without adjustment for the exercise of Warrants remaining outstanding). The issuance of Common Stock at less than NAV per share will dilute the NAV of all Common Stock outstanding at that time. Distributions received by you will have the effect of reducing the NAV of the shares of the Fund by the amount of such distributions. If the NAV of shares is reduced below your cost by