DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC
Form N-2
April 30, 2019
As filed with the Securities and Exchange Commission on April 30, 2019
Securities Act File No. 333-[ ]
Investment Company Act File No. 811-07460

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM N-2
[X] Registration Statement Under the Securities Act of 1933
[ ] Pre-Effective Amendment No.
[ ] Post-Effective Amendment No.
and/or
[X] Registration Statement Under the Investment Company Act of 1940
[ ] Amendment No. [ ]

Delaware Investments® Dividend and Income Fund, Inc.
(Exact Name of Registrant as Specified In Charter)
2005 Market Street, Philadelphia, PA 19103
(Address of Principal Executive Offices)

Registrant's Telephone Number, including Area Code: (800) 523-1918

A.G. Ciavarelli, Esq.
2005 Market Street
Philadelphia, PA 19103
(Name and Address of Agent for Service)

Copies of Communications to:
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2005 Market Street
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Philadelphia, Pennsylvania 19103

Approximate Date of Proposed Public Offering: From time to time 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. [X]
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It is proposed that this filing will become effective (check appropriate box)
[X] when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Shares, $0.01 par value per share Rights to Purchase Common Shares (3)			$82,600,000	$10,283.70
Total			$82,600,000	$10,283.70

(1) There is being registered hereunder an indeterminate principal amount of Common Shares as may be sold, from time to time, including rights to purchase Common Shares.

(2) Estimated pursuant to Rule 457(o) solely for the purpose of determining the registration fee. The proposed maximum offering price per security will be determined, from time to time, by the Registrant in connection with the sale by the Registrant of the securities registered under this registration statement.

(3) No separate consideration will be received by the Registrant. Any shares issued pursuant to an offering of rights to purchase Common Shares, including any shares issued pursuant to an over-subscription privilege or a secondary over-subscription privilege, will be shares registered under this Registration Statement.

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 WHICH SPECIFICALLY STATES THAT 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 DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.
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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. DELAWARE INVESTMENTS® DIVIDEND AND INCOME FUND, INC. 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 IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.
SUBJECT TO COMPLETION, DATED APRIL 30, 2019
PRELIMINARY BASE PROSPECTUS
$82,600,000
DELAWARE INVESTMENTS® DIVIDEND
AND INCOME FUND, INC.
Common Shares
Rights to Purchase Common Shares

The Fund. Delaware Investments® Dividend and Income Fund, Inc. (the “Fund”) is a diversified closed-end management investment company. The Fund’s primary investment objective is to seek high current income; capital appreciation is a secondary objective. There is no assurance that the Fund will achieve its investment objectives.
Fund Strategies. The Fund seeks to achieve its objectives by investing, under normal circumstances, at least 65% of its total assets in income-generating equity securities, including dividend-paying common stocks, convertible securities, preferred stocks, and other equity-related securities, which may include up to 25% in real estate investment trusts (“REITs”) and real estate industry operating companies. Up to 35% of the Fund’s total assets may be invested in nonconvertible debt securities consisting primarily of high yield, high-risk corporate bonds. In addition, the Fund utilizes leveraging techniques in an attempt to obtain a higher return for the Fund.
We may offer, from time to time, in one or more offerings, common stock, $0.01 par value (“Common Shares”), or subscription rights to purchase Common Shares. Common Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each, a “Prospectus Supplement”). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Common Shares.
Common Shares may be offered directly to one or more purchasers, including existing shareholders in a rights offering, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of Common Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any offering of rights will set forth the number of Common Shares issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. We may not sell any of Common Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of Common Shares.
Common Shares are listed on the New York Stock Exchange under the trading or “ticker” symbol “DDF.” The last reported sale price of our Common Shares, as reported by the New York Stock Exchange (NYSE) on March 31, 2019 was $12.97 per Common Share. The net asset value of our

Common Shares at the close of business on March 31, 2019 was $11.11 per Common Share. Rights issued by the Fund may also be listed on a securities exchange.

Investing in the Fund's Common Shares involves certain risks and special considerations. The debt securities in which the Fund may invest may be high yield, high-risk securities which are rated below investment grade or are unrated and are considered speculative and subject to certain risks that generally will be greater than those of higher rated securities. In addition, certain income-generating equity securities in which the Fund may invest may be rated below investment grade and generally will have characteristics similar to those of lower rated debt securities. You could lose some or all of your investment. See "Risks" beginning on page [ ] of this Prospectus. Certain of these risks are also summarized in "Prospectus Summary—Special Risk Considerations" beginning on page [ ] of this Prospectus.

Shares of closed-end investment companies frequently trade at a discount to their net asset value. The Fund's Common Shares have traded at a discount to net asset value, including during recent periods. If the Fund's Common Shares trade at a discount to its net asset value, the risk of loss may increase for purchasers in a public offering. See "Risks—Net Asset Value Discount Risk."

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

This Prospectus sets forth concisely the information about the Fund that a prospective investor should know before investing, and should be retained for future reference. A Statement of Additional Information ("SAI"), dated [ ], 2019, as amended or supplemented through the effective date of this prospectus, containing additional information about the Fund, has been filed with the SEC and is incorporated by reference in its entirety into this Prospectus. You can review the table of contents of the SAI on page [ ] of this Prospectus. You may request a free copy of the SAI, the annual and semi-annual reports to shareholders, request other information about the Fund, and make shareholder inquiries by calling (866) 437-0252 (toll free) or by writing to the Fund, or from the Fund's website (delawarefunds.com/closed-end/literature). The information contained in, or that can be accessed through, the Fund's website is not a part of this Prospectus. You may also obtain a copy of the SAI (and other information regarding the Fund) from the SEC's website (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.

Delaware Management Company is the Fund's investment manager (the "Manager"). As of March 31, 2019, the Manager and its affiliates within Macquarie Management Holdings, Inc. ("MMHI") were managing in the aggregate $167.9 billion in assets in various institutional or separately managed, investment company, and insurance accounts.

The address of the Fund is 2005 Market Street, Philadelphia, Pennsylvania 19103-7094 and its telephone number is (866) 437-0252.

The Fund utilizes leveraging techniques in an attempt to obtain a higher return for the Fund. There are special risks and costs associated with leveraging. See "Special Leverage Considerations and Risks" and "Description of Shares."

The date of this Prospectus is [ ], 2019

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You should rely only on the information contained or incorporated by reference in this 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 these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus. The Fund's business, financial condition and prospects may have changed since that date.

PROSPECTUS SUMMARY

This is only a summary of certain information contained in this Prospectus relating to Delaware Investments® Dividend and Income Fund, Inc. This summary may not contain all of the information that you should consider before investing in the Fund's Common Shares. You should review the more detailed information contained in this Prospectus and in any related Prospectus Supplement and in the SAI prior to making an investment in the Fund, especially the information set forth under the heading "Risks."

The Fund	Delaware Investments® Dividend and Income Fund, Inc. (the "Fund") is a diversified, closed-end management investment company. See "The Fund" for more information. The Fund's Common Shares are listed for trading on the NYSE under the trading or "ticker" symbol "DDF." As of March 31, 2019, the net assets of the Fund were $85,380,380, the total assets of the Fund were $120,881,298 and the Fund had outstanding 7,688,158.16 Common Shares. The last reported sale price of the Fund's Common Shares, as reported by the NYSE on March 31, 2019 was $12.97 per Common Share. The net asset value ("NAV") of the Fund's Common Shares at the close of business on March 31, 2019 was $11.11 per Common Share. See "Description of Shares." Rights issued by the Fund may also be listed on a securities exchange.
Offering	We may offer, from time to time, in one or more offerings, up to $82,600,000 of Common Shares on terms to be determined at the time of the offering. We may also offer subscription rights to purchase Common Shares. Common Shares may be offered at prices and on terms to be set forth in one or more Prospectus Supplements. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Common Shares. Common Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The offering price per Common Share will not be less than the NAV per Common Share at the time we make the offering, exclusive of any underwriting commissions or discounts, provided that rights offerings that meet certain conditions may be offered at a price below the then current NAV. See "Rights Offerings." The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of Common Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. See "Plan of Distribution." The Prospectus Supplement relating to any offering of rights will set forth the number of Common Shares issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. We may not sell any Common Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular

offering of Common Shares.

Use of Proceeds	We intend to use the net proceeds from any offering primarily to invest in accordance with our investment objectives and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately one month from the conclusion of the offering; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions could result in the Fund's anticipated investment period extending to as long as three months. See "Use of Proceeds."
Investment Objectives	The Fund's primary investment objective is high current income; capital appreciation is a secondary objective. There is no assurance that the Fund will achieve its investment objectives. See "Investment Objectives and Strategies" and "Risks." The Fund's investment objective is nonfundamental. This means that the Fund's board of directors (the "Board" or "Board of Directors") may change the objective without obtaining shareholder approval. If the objective were changed, the Fund would notify shareholders at least 60 days before the change became effective.
Investment Strategies	The Fund seeks to achieve its objectives by investing, under normal circumstances, at least 65% of its total assets in income-generating equity securities, including dividend-paying common stocks, convertible securities, preferred stocks, and other equity-related securities, which may include up to 25% in real estate investment trusts (REITs) and real estate industry operating companies. Up to 35% of the Fund's total assets may be invested in nonconvertible debt securities consisting primarily of high yield, high-risk corporate bonds. In addition, the Fund utilizes leveraging techniques in an attempt to obtain a higher return for the Fund.
	The Fund is not intended to be a complete investment program and there can be no assurance that the Fund's strategies will be successful in achieving the Fund's investment objectives. See "Investment Objectives and Strategies" and "Risks."
Investment Restrictions	The Fund has certain investment restrictions that may not be changed without approval by a majority of the Fund's outstanding voting securities. These restrictions concern senior securities, borrowing, lending, and other matters. See "Investment Restrictions" in the SAI.

Portfolio Management Strategies	In selecting investments for the Fund's portfolio, Delaware Management Company (the "Manager") employs a yield-oriented and value driven approach. The Manager analyzes economic and market conditions, and assesses the income and potential for appreciation that can be achieved from the equity investments being considered. The Manager will then apply fundamental analysis to identify the equity securities that it believes can best help the Fund meet its investment objectives. The industry sector weightings in the income-generating equity securities portion of the Fund's portfolio will be determined based on the Manager's investment research efforts. The Fund defines income-generating equity securities as dividend-paying common stocks, convertible securities, preferred stocks and other equity related securities. With respect to the debt securities component of the Fund's investment portfolio, securities will be screened by the Manager and in-depth credit research will then be conducted to arrive at a core group of securities presenting, in the Manager's opinion, the potential for investment returns consistent with the Fund's objectives. The Manager intends to shift investments between income-generat-ing equity securities and debt securities within the percentage guidelines reflected above while tracking the yield differential between the two sectors. See "Investment Objectives and Strategies" for more information.
Investment Manager	The Manager is a series of Macquarie Investment Management Business Trust (a Delaware statutory trust). The Manager, located at 2005 Market Street, Philadelphia, PA 19103-7094, furnishes investment management services to the Fund, subject to the supervision and direction of the Board. The Manager also provides investment management services to all of the other Delaware Funds® by Macquarie. As of March 31, 2019, the Manager and its affiliates within MMHI were managing in the aggregate $167.9 billion in assets in various institutional or separately managed, investment company, and insurance accounts. Under the Investment Management Agreement, the Fund pays the Manager, an annual fee of 0.55%, calculated daily and paid monthly, of the adjusted average daily net assets of the Fund. For purposes of the calculation of investment management fees, adjusted average daily net assets exclude the line of credit liability. See "Management of the Fund—Investment Manager."
Annual Tender Offer Conditions and Repurchases of Shares	Shares of common stock of closed-end investment companies fre-quently trade at a discount from NAV but may trade at a premium. The Fund cannot predict whether its shares will trade at, below, or above NAV. In recognition of the possibility that

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the Fund's shares may trade at a discount to NAV, the Board has determined that annual tender offers and periodic open market repurchases for the shares of Com-mon Shares may help reduce any market discount from NAV that may develop. In this connection, the Board has committed to conduct a tender offer for shares on an annual basis subject to certain conditions. A tender offer will be conducted during the second quarter of each calendar year unless, during the period of 12 calendar weeks prior to a date in the second quarter designated by the Board no later than the end of the first calendar quarter, shares of the Fund's Common Shares have traded, on the principal securities exchanges where listed, at an average discount from NAV of less than 10% or at an average premium, determined on the basis of the discount or pre-mium, as the case may be, as of the last trading day in each week during such 12 week period. In addition, the Board will consider from time to time more frequent tender offers for and/or open market repurchases of shares of the Fund's Common Shares. There are certain risks associated with tender offers and repurchases. See "Annual Tender Offer Measurement Period and Repurchases of Shares."

Pursuant to an open market share repurchase program, the Fund may purchase up to 10% of the Fund's shares, from time to time, in open-market transactions, at the discretion of management. The share repurchase program commenced on August 1, 2017 and has no stated expiration date.

The open-market share repurchase program is intended to benefit shareholders by enabling the Fund to acquire its own shares at a discount to NAV, thereby increasing the proportionate interest of remaining shareholders. It is also hoped that the implementation of the open-market share repurchase program will help bring the market price of the Fund's shares closer to their true NAV; however, the success of the program cannot be guaranteed. There can be no certainty regarding the impact of share repurchases on the sustainability or size of a discount. The Fund does not anticipate repurchasing shares when it is trading at a premium. See "Annual Tender Offer Measurement Period and Repurchases of Shares."

Dividends and Distributions

The Fund, acting pursuant to a SEC exemptive order and with the approval of the Board, has adopted a managed distribution policy (the "Plan"). Effective as of March 29, 2018, the Fund makes monthly distributions to common shareholders at a targeted annual distribution rate of 10% of the Fund's average NAV per share. The Fund will calculate the average NAV per share from the previous three full months immediately prior to the distribution based on the number of business days in those three months on which the NAV is calculated. The distribution will be calculated as 10% of the prior three months' average NAV per share, divided by 12. This distribution methodology is intended to provide shareholders with a consistent, but not guaranteed, income stream and a targeted annual distribution rate and is intended to narrow any discount between the market price and the NAV of the Fund's common shares, but there is no assurance that the policy will be successful in doing so.

Under the Plan, the Fund is managed with a goal of generating as much of the distribution as possible from net investment income and short-term capital gains. The balance of the distribution will then come from long-term capital gains to the extent permitted, and if necessary, a return of capital. The Fund will generally distribute amounts necessary to satisfy the terms of the Fund's Plan and the requirements prescribed by excise tax rules and Subchapter M of the Internal Revenue Code, as amended (the "Code"). Each monthly distribution to shareholders is expected to be at the fixed percentage described above, except for extraordinary distributions and potential distribution rate increases or decreases to enable the Fund to comply with the distribution requirements imposed by the Code.

The Board may amend, suspend, or terminate the Fund's Plan at any time without prior notice if it deems such action to be in the best interest of the Fund or its shareholders. The methodology for determining monthly distributions under the Plan will be reviewed at least annually by the Fund's Board, and the Fund will continue to evaluate its distribution in light of ongoing market conditions. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund's stock is trading at or above NAV) or widening an existing trading discount. The Fund is subject to risks that could have an adverse impact on its ability to maintain distributions under the Plan. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, increased market volatility, portfolio companies suspending or decreasing corporate dividend distributions, and changes in the Code.

Shareholders should not draw any conclusions about the Fund's investment performance from the amounts of these distributions or from the terms of the Plan. See "Dividends and Distributions" and "Taxation."

Automatic Dividend Reinvestment Plan

The Fund offers an automatic dividend reinvestment program ("Automatic Dividend Reinvestment Plan"). Shareholders who have shares registered in their own names are automatically considered participants in the Automatic Dividend Reinvestment Plan, unless they elect to withdraw from the Automatic Dividend Reinvestment Plan and receive cash. Shareholders who hold their shares through a bank, broker, or other nominee should request the bank, broker, or nominee to participate in the Automatic Dividend Reinvestment Plan on their behalf.

	Under the Automatic Dividend Reinvestment Plan, distributions will automatically be reinvested to purchase outstanding shares of the Fund's common stock for such participant. See "Automatic Dividend Reinvestment Plan."
Listing	Common Shares are listed on the New York Stock Exchange under the trading or "ticker" symbol "DDF."
Conversion to Open-End Fund	The Fund could be converted to an open-end investment company by the approval of 66-2/3% of the Fund's Directors, includ-ing a majority of the disinterested Directors, and the affirmative vote of 66-2/3% of the outstanding shares of capital stock of the Fund (including any preferred stock) and the affirmative vote of 66-2/3% of the outstanding shares of any preferred stock, voting as a separate class. If the Fund converts to an open-end investment company, it will be required to redeem any preferred stock or short-term debt securities that are outstanding. See "Description of Shares—Con-version to Open-End Fund."
Administrator	The Fund accountant and financial administrator is The Bank of New York Mellon, whose principal address is 240 Greenwich Street, New York, NY 10286-0001. See "Management of the Fund—Administrator."
Administrator Oversight Provider	Delaware Investments Fund Services Company (DIFSC), an affiliate of the Manager, provides fund accounting and financial administration oversight services (the "Administrator Oversight Provider"). See "Management of the Fund—Administrator Oversight Provider."
Custodian	The custodian for the Fund is The Bank of New York Mellon, whose principal address is 240 Greenwich Street, New York, NY 10286-0001. See "Custodian."
Transfer Agent and Registrar	The transfer agent and registrar for the Fund is Computershare, Inc., whose principal address is 480 Washington Boulevard, Jersey City, New Jersey 07310. See "Transfer Agent and Registrar."
Special Leverage Considerations and Risks	General Considerations. Leveraging techniques, such as issuing preferred stock, borrowing or issuing short-term debt securities (collectively "Senior Securities") will pose certain risks for holders of Common Shares, including the possibility of higher volatility of both the NAV and market value of the Common Shares. There can be no assurance that the Fund will be able to realize a higher net return on its investment portfolio than the then current dividend interest rate on any Senior Securities. In such event, the Fund leveraged capital structure would result in a lower yield to the holders of Common Shares than if the Fund were not leveraged. Dividends or interest paid to holders of

Senior Securities will reduce the net investment income of the Fund available for distribution to holders of Common Shares. Moreover, any decline in the value of the Fund's assets will be borne entirely by holders of Common Shares in the form of reductions in the Fund's NAV, and any requirement that the Fund sell assets at a loss in order to redeem or repay any Senior Securities or for other reasons would make it more difficult for the NAV to recover. Accordingly, the effect of leverage in a declining market is likely to be a greater decline in the NAV of Common Shares than if the Fund were not lever-aged, which may be reflected in a greater decline in the market price of the Common Shares. The leveraging of the Common Shares would be eliminated during any period that Senior Securities are not outstanding.

If the Fund leverages through issuing Senior Securities, such Senior Securities will be subject to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act") governing their issuance, including asset coverage requirements and restric-tions on the declaration of dividends and distributions to holders of Common Shares or purchases of Common Shares in the event such asset coverage requirements are not met.

The Fund expects to seek to have a nationally recognized statistical rating organization ("NRSRO") rate any preferred stock or short-term debt securities which it issues, although obtaining such a rating will not eliminate the risks associated with the Fund's use of leverage. While the Fund believes that such ratings will enhance the marketability of and lower the dividend requirements on such preferred stock or interest requirements on such short-term debt securities, the Fund also expects that, as a condition to obtaining such ratings, the terms of any preferred stock or short-term debt securities issued will be required to include asset coverage maintenance provisions that may be more stringent than those imposed by the 1940 Act. The requirements of the 1940 Act, any rating agency or the applicable provisions of the documents establishing the terms of such Senior Securities may limit the Fund's ability to make dividend or distribution payments to holders of its Common Shares for so long as any dividend or interest pay-ments are in arrears or in default, may limit the Fund's ability to take advantage of certain investments which might otherwise be available to it, may require the Fund to invest a greater portion of its assets in more highly rated, potentially lower yielding securities than it might otherwise do, and may require the Fund to sell a portion of the assets when it might otherwise be disadvantageous to do so. In the event that the Fund is required to restructure its portfolio by selling assets in order to satisfy the requirements set forth above, such sales of assets would cause the Fund to incur related transaction costs, could result in capital losses to the Fund, could impair the Fund's ability to qualify as a regulated investment company and have other adverse tax consequences. See “Special Leverage Considerations and Risks” and “Taxation.”

Preferred Stock. If the Fund leverages through the issuance of preferred stock, the holders of preferred stock will be entitled to receive dividends on a cumulative basis before any dividend may be paid to holders of Common Shares. Dividends paid to holders of preferred stock will reduce the net investment income of the Fund available for distribution to holders of Common Shares. In addition, under the 1940 Act, no dividends or distributions on the Common Shares (except in shares of Common Shares) may be declared or repurchases of Common Shares may be made unless, after giving effect to such dividend, distribution or repurchase, the value of the Fund’s total assets, less all liabilities and indebtedness not represented by Senior Securities, as defined in the 1940 Act, exceeds 200% of the aggregate amount of Senior Securities representing indebtedness plus the aggregate liquidation value of any outstanding preferred stock. See “Dividends and Distributions” and “Annual Tender Offer Measurement Period and Repurchases of Shares.” Upon liquidation of the Fund, the holders of shares of preferred stock, if any is outstanding, will be entitled to receive liquidating distributions (expected to equal the original purchase price per share of preferred stock plus any accumulated and unpaid dividends thereon) before any distribution may be made to holders of Common Shares. See “Description of Shares—Preferred Stock—Liquidation Preference.”

Holders of preferred stock, if any, voting as a separate class, will be entitled to elect two of the Fund’s Directors, and holders of Common Shares and preferred stock, voting together as a single class, will be entitled to elect the remaining Directors. If at any time dividends on the Fund’s preferred stock were to be in arrears in an amount equal to two full years of dividend payments, the holders of all outstanding shares of preferred stock, voting as a separate class, would be entitled to elect a majority of the Fund’s Directors. The holders of any preferred stock will also vote separately on certain other matters as required under the Fund’s Articles of Incorporation, the 1940 Act and Maryland law, but otherwise will have equal voting rights with holders of Common Shares (one vote per share) and will vote together with holders of Common Shares as a single class. See “Special Leverage Considerations and Risks” and “Description of Shares—Preferred Stock—Voting Rights.”

Borrowing and Short-Term Debt Securities. Immediately after any borrowing or issuance of any short-term debt securities, the value of the Fund’s total assets less all liabilities and indebtedness of the Fund not represented by Senior Securities, as defined in the 1940 Act, must at least be equal, immediately after the issuance of Senior Securities consisting of debt to 300% of the aggregate principal amount of all outstanding Senior Securities of the Fund which are debt. The 1940 Act also requires that the terms of any such Senior Securities consisting of debt include certain other provisions, including the grant of voting rights under certain circumstances. See "Special Leverage Considerations and Risks."

Net Asset Value Discount Risk. The Fund is a closed-end investment company, and its shares are not redeemable at the option of the shareholders. Common Shares of the Fund have in the past traded at a discount from their NAVs and initial offering price. The Fund cannot predict whether its shares will trade at, above or below NAV. If Common Shares of the Fund are sold, the price received may be more or less than the original investment. This risk may be greater for investors who sell their shares relatively shortly after completion of the offering. The Common Shares of the Fund are designed for long-term investors and should not be considered as a vehicle for trading purposes. See "Risks—Net Asset Value Discount Risk."

Special Risk Considerations

The Fund may repurchase its Common Shares in the open market or engage in tender offers for its Common Shares at NAV in order to attempt to reduce or eliminate a market value discount. The ability of the Fund to make repurchases or tender offers, however, may be limited by certain asset coverage requirements of the 1940 Act, and any additional asset coverage requirements which may be imposed by a rating agency in connection with any rating of Senior Securities. See "Special Leverage Considerations and Risks" and "Annual Tender Offers Measurement Period and Repurchases of Shares."

High Yield, High-Risk Debt Securities. At any time, up to 35% of the Fund's total assets may be invested in high yield, high-risk debt securities that are rated below investment grade or which are unrated but are of comparable quality as determined by the Manager. Debt securities rated below investment grade are those rated "Ba" or lower by Moody's Investors Service, Inc. ("Moody's") or "BB" or lower by Standard & Poor's Financial Service LLC ("S&P") or have similar ratings by other comparable NRSROs. Such securities are considered by those orga-nizations to be subject to greater risk of loss of principal and interest than higher rated securities and are considered to be speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. In addition, lower rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade securities. Accordingly, these types of fac-tors could, in certain instances, reduce the value and liquidity of securities held by the Fund with a commensurate effect on the value of the Fund's shares.

The market values of debt securities rated below investment grade and comparable unrated securities tend to be more sensitive to company-specific developments and changes in economic conditions than higher rated securities. Issuers of these securities are often highly leveraged, so that their ability to service their debt obliga-tions during an economic downturn or during sustained periods of rising interest rates may be impaired. In addition, such issuers may not have more traditional methods of financing available to them, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by such issuers is significantly greater than with investment grade securities because such securities frequently are subordinated to the prior payment of senior indebtedness. See "Investment Objectives and Strategies— Investment Strategy" and "Risks."

Lower Rated Convertible Securities and Preferred Stock. The Fund may invest in convertible securities and preferred stock rated below investment grade or which are unrated but are of comparable quality as determined by the Manager. The Fund includes the securities in its income-generating equity securities category as they are in addition to the high yield, high-risk debt securities discussed above. Such securities are judged to have speculative elements and may be subject to greater risks with respect to timely repayment of principal and timely payment of interest and dividends. See "Investment Objectives and Strategies—Investment Strategy" and "Risks." See also "Risks—High Yield, High-Risk Debt Securities" in this Summary.

Securities Lending. The Fund may lend portfolio securities to creditworthy institutions; the principal risk to which the Fund would be exposed is the risk that the borrower would fail financially at a time when the value of the security increases. In addition, should the borrower become insolvent, the Fund could be faced with loss of rights in the collateral. The Fund will require borrowers to deliver collateral to the Fund before lending securities. See "Portfolio Composition and Other Information" and "Risks."

REITs. The Fund may invest up to 25% of its net assets in real estate investment trusts ("REITs"). REITs are pooled investment vehicles that invest primarily in income-producing real estate or real estate-related loan or interests. Real estate industry risk includes, among others: possible declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies; increases in competition, property taxes, and operating expenses; changes in zoning laws; costs resulting from the cleanup of, and liability to third parties resulting from, environmental problems; casualty for condemnation losses; uninsured damages from floods, earthquakes, or other natural disasters; limitations on and variations in rents; and changes in interest rates.

Illiquid Investments. The Fund may invest up to 10% of its total assets in illiquid investments, which include securities with contractual restrictions on resale, repurchase agreements maturing in greater than seven days, and other securities which may not be readily marketable. The relative illiquidity of some of the Fund's portfolio securities may adversely affect the ability of the Fund to dispose of such securities in a timely manner and at a fair price at times when it might be necessary or advantageous for the Fund to liquidate portfolio securities. See "Portfolio Composition and Other Information" and "Risks."

Other Investment Practices. The Fund may employ various, additional investment strategies, such as using futures, options, swaps forward foreign currency contracts, entering into repurchase agreements, and purchasing securities on a when-issued or delayed delivery basis, that entail certain special considerations. For further discussion of these practices and the associated risks and special considerations, see "Portfolio Composition and Other Information," "Risks" and "Taxation."

SUMMARY OF FUND EXPENSES

Shareholder Transaction Expenses	
Sales Load (as a percentage of offering price)	none
Dividend Reinvestment and Cash Purchase Plan Fees	none
Annual Expenses (as a percentage of net assets attributable to Common Shares)	
Management Fee	0.80%
Interest Payments on Borrowed Funds	1.23%
Other Expenses (estimated)	0.45%
Total Annual Expenses (estimated)	2.48%

The purpose of the table above is to assist the investor in understanding the various costs and expenses that an investor in the Fund will bear directly or indirectly. For additional information with respect to the expenses identified in the table above, see "Management of the Fund."

Example

The following example illustrates the expenses that an investor would pay on a $1,000 investment, assuming (1) that the percentage amounts listed in the table above under Summary of Fund Expenses remain the same in the years shown; (2) a 5% annual return; and (3) reinvestment of all dividends and distributions at NAV:

1 year	3 years	5 years	10 years
$[____]	$[____]	$[____]	$[____]

The above table and example are intended to assist investors in understanding the various costs and expenses directly or indirectly associated with investing in Shares of the Fund. The "Example" as well as the information set forth in the table above should not be considered a

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representation of the future expenses of the Fund, and the actual expenses may be greater or less than those shown. Moreover, while the example assumes a 5% annual return, the Fund's performance will vary and may result in a return greater or less than 5%. In addition, while the example assumes reinvestment of all dividends and distributions at NAV, participants in the Fund's Automatic Dividend Reinvestment Program will receive shares purchased by the Program Agent at the market price in effect at that time which may be at, above or below NAV. For more complete descriptions of certain of the Fund's costs and expenses, see "Management of the Fund."

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance. Information is shown for the Fund's last ten fiscal years. Certain information reflects financial results for a single Fund Share. The information for the fiscal years ended November 30, 2018, 2017, 2016, 2015, and 2014 have been audited by [ ], independent registered public accounting firm for the Fund, whose reports thereon were unqualified. The report of [ ] is included in the Fund's November 30, 2018 Annual Report, and is incorporated by reference into the SAI. The Fund's financial statements are included in the Fund's Annual Report and are incorporated by reference into the SAI.

	Year				
	11/30/18	11/30/17	11/30/16	11/30/15	11/30/14
Per Common Share operating performance (for a Common Share outstanding throughout) the period)					
Net asset value, beginning of period	$ 12.09	$ 10.96	$ 10.20	$ 11.14	$ 10.37
Income (loss) from investment operations:					
Net investment income[1]	0.28	0.34	0.38	0.44	0.44
Net realized and unrealized gain (loss)	0.01	1.27	0.97	(0.75)	0.96
Total from investment operations	0.29	1.61	1.35	(0.31)	1.40
Less dividends and distributions from:					
Net investment income	(0.95)	(0.48)	(0.59)	(0.63)	(0.63)
Net realized gain	(0.34)	—	—	—	—
Total dividends and distributions	(1.29)	(0.48)	(0.59)	(0.63)	(0.63)
Net asset value, end of period	$ 11.09	$ 12.09	$ 10.96	$ 10.20	$ 11.14
Market value, end of period	$ 12.42	$ 10.85	$ 9.70	$ 9.00	$ 10.05
Total return based on[2]:					
Net asset value	2.55%	15.49%	14.50%	(2.26%)	14.51%
Market value	27.97%	17.11%	14.85%	(4.41%)	13.85%
Ratios and supplemental data:					
Net assets, end of period (000 omitted)	$ 85,244	$ 92,916	$ 88,664	$ 86,919	$ 99,889
Ratio of expenses to average net assets[3,4,5]	2.48%	2.09%	1.95%	1.71%	1.55%
Ratio of net investment income to average net assets[6]	2.37%	2.94%	3.68%	4.03%	4.06%
Portfolio turnover	29%	36%	47%	43%	48%
Leverage analysis:					
Debt outstanding at end of period at par (000 omitted)	$ 40,000	$ 40,000	$ 40,000	$ 38,000	$ 40,000
Asset coverage per $1,000 of debt outstanding at end of period	$ 3,131	$ 3,323	$ 3,217	$ 3,287	$ 3,497

[1] The average shares outstanding method has been applied for per share information.

[2] Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purpose of this calculation, to be reinvested at prices obtained under the

Fund's dividend reinvestment plan. Generally, total investment return based on NAV will be higher than total investment return based on market value in periods where there is an increase in the discount or decrease in the premium of the market value to the NAV from the beginning to the end of such periods. Conversely, total investment return based on NAV will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the NAV from the beginning to the end of such periods.

[3] The ratio of interest expense to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2018, 2017, 2016, 2015, and 2014 were 0.85%, 0.58%, 0.41%, 0.32%, and 0.26%, respectively.

[4] The ratio of interest expense to average net assets for the years ended Nov. 30, 2018, 2017, 2016, 2015, and 2014 were 1.23%, 0.84%, 0.59%, 0.45%, and 0.35%, respectively.

[5] The ratio of expenses before interest expense to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2018, 2017, 2016, 2015, and 2014 were 0.86%, 0.87%, 0.95%, 0.89%, and 0.90%, respectively.

[6] The ratio of net investment income to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2018, 2017, 2016, 2015, and 2014 were 1.64%, 2.05%, 2.56%, 2.85%, and 3.05%, respectively.

	Year Ended				
	11/30/13	11/30/12	11/30/11	11/30/10	11/30/09
Per Common Share operating performance					
(for a Common Share outstanding throughout the period)					
Net asset value, beginning of period	$8.660	$7.670	$7.680	$7.040	$5.220
Income (loss) from investment operations:					
Net investment income[1]	0.437	0.439	0.432	0.423	0.413
Net realized and unrealized gain (loss)	1.903	1.226	0.248	0.907	2.120
Total from investment operations	2.340	1.665	0.680	1.330	2.533
Less dividends and distributions from:					
Net investment income	(0.630)	(0.581)	(0.690)	(0.690)	(0.410)
Return of capital	—	(0.094)	—	—	(0.303)
Total dividends and distributions	(0.630)	(0.675)	(0.690)	(0.690)	(0.713)
Net asset value, end of period	$10.370	$8.660	$7.670	$7.680	$7.040
Market value, end of period	$9.410	$7.920	$6.890	$7.560	$6.600
Total return based on:[2]					
Net asset value	28.51%	22.88%	9.30%	19.61%	53.26%
Market value	27.51%	25.10%	(0.26%)	25.59%	86.93%
Ratios and supplemental data:					
Net assets, end of period (000 omitted)	$97,875	$81,723	$72,386	$72,470	$66,421

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	Year Ended				
	11/30/13	11/30/12	11/30/11	11/30/10	11/30/09
Ratio of expenses to average net assets[3,4]	1.43%	1.60%	1.51%	1.65%	1.83%
Ratio of net investment income to average net assets[5]	4.51%	5.26%	5.35%	5.75%	7.06%
Portfolio turnover	45%	39%	45%	62%	65%
Leverage Analysis:					
Debt outstanding at end of period at par (000 omitted)	$28,225	$28,225	$20,225	$20,225	$20,225
Asset coverage per $1,000 of debt outstanding at end of period	$4,468	$3,895	$4,579	$4,583	$4,284

[1] The average shares outstanding method has been applied for per share information.
[2] Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund' s dividend reinvestment plan. Generally, total investment return based on NAV will be higher than total investment return based on market value in periods where there is an increase in the discount or decrease in the premium of the market value to the NAV from the beginning to the end of such periods. Conversely, total investment return based on NAV will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the NAV from the beginning to the end of such periods.
[3] The ratio of expenses, before interest expense, to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2013, 2012, 2011, 2010 and 2009 were 0.84%, 0.85%, 0.91%, 0.95% and 1.05%, respectively.
[4] The ratio of interest expense to adjusted average net assets (excluding debt outstanding) for the years ending Nov. 30, 2013, 2012, 2011, 2010 and 2009 were 0.26%, 0.36%, 0.28%, 0.33% and 0.30%, respectively.
[5] The ratio of net investment income to adjusted average net assets for the years ended Nov. 30, 2013, 2012, 2011, 2010 and 2009 were 3.44%, 3.97%, 4.23%, 4.45% and 5.21%, respectively.

PLAN OF DISTRIBUTION

We may sell Common Shares, including to existing shareholders in a rights offering, through underwriters or dealers, directly to one or more purchasers (including existing shareholders in a rights offering), through agents, to or through underwriters or dealers, or through a combination of any such methods of sale. The applicable Prospectus Supplement will identify any underwriter, dealer, or agent involved in the offer and sale of Common Shares, any sales loads, discounts, commissions, fees or other compensation paid to any underwriter, dealer or agent, the offering price, net proceeds and use of proceeds and the terms of any sale. In the case of a rights offering, the applicable Prospectus Supplement will set forth the number of Common Shares issuable upon the exercise of each right and the other terms of such rights offering.

The distribution of Common Shares may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices or Fund NAV at the time of sale, at prices related to such prevailing market prices or Fund NAV, or at negotiated prices.

Sales of Common Shares may be made in transactions that are deemed to be “at the market” as defined in Rule 415 under the Securities Act of 1933 (the “Securities Act”), including sales made directly on the NYSE or sales made to or through a market maker other than on an exchange.

The Fund from time to time may issue additional Common Shares through a syndicated secondary offering. In order to limit the impact on the market price of the Fund’s Common Shares, underwriters will market and price the offering on an expedited basis (e.g., overnight or similarly abbreviated offering period). The Fund will launch a syndicated offering on a day, and upon terms, mutually agreed upon between the Fund and the underwriting syndicate.

We may sell Common Shares directly to, and solicit offers from, institutional investors or others who may be deemed to be underwriters as defined in the Securities Act for any resales of the securities. In this case, no underwriters or agents would be involved. We may use electronic media, including the Internet, to sell offered securities directly.

In connection with the sale of Common Shares, underwriters or agents may receive compensation from us in the form of discounts, concessions or commissions. Underwriters may sell Common Shares to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of Common Shares may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of Common Shares may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable Prospectus Supplement. The maximum amount of compensation to be received by any Financial Industry Regulatory Authority (“FINRA”) member or independent broker-dealer will not exceed eight percent for the sale of any securities being offered pursuant to Rule 415 under the Securities Act. We will not pay any compensation to any underwriter or agent in the form of warrants, options, consulting or structuring fees or similar arrangements. In connection with any rights offering to existing shareholders, we may enter into a standby underwriting arrangement with one or more underwriters pursuant to which the underwriter(s) will purchase Common Shares remaining unsubscribed after the rights offering.

If a Prospectus Supplement so indicates, we may grant the underwriters an option to purchase additional Common Shares at the public offering price, less the underwriting discounts and commissions, within 45 days from the date of the Prospectus Supplement, to cover any over-allotments.

Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of Common Shares may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may engage in transactions with us, or perform services for us, in the ordinary course of business.

If so indicated in the applicable Prospectus Supplement, we will ourselves, or will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase Common Shares from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contacts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligation of any purchaser under any such contract will be subject to the condition that the purchase of the Common Shares shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the Prospectus Supplement, and the Prospectus Supplement will set forth the commission payable for solicitation of such contracts.

To the extent permitted under the 1940 Act and the rules and regulations promulgated thereunder, the underwriters may from time to time act as brokers or dealers and receive fees in connection with the execution of our 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.

A Prospectus and accompanying Prospectus Supplement in electronic form may be made available on the websites maintained by underwriters. The underwriters may agree to allocate a number of securities for sale to their online brokerage account holders. Such allocations of securities for Internet distributions will be made on the same basis as other allocations. In addition, securities may be sold by the underwriters to securities dealers who resell securities to online brokerage account holders.

In order to comply with the securities laws of certain states, if applicable, Common Shares offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers.

THE FUND

Delaware Investments® Dividend and Income Fund, Inc. (the "Fund"), which was incorporated in Maryland on February 2, 1993, is a diversified, closed-end management investment company registered under the 1940 Act. The Fund's principal office is located at 2005 Market Street, Philadelphia, Pennsylvania 19103-7094, and its telephone number is (866) 437-0252.

USE OF PROCEEDS

The Fund will invest the net proceeds of the offering in accordance with the Fund's investment objectives and policies as stated below. It is presently anticipated that the Fund will be able to invest substantially all of the net proceeds in income-generating equity securities and other investments that meet its investment objectives and policies within approximately one month after the completion of the offering; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions could result in the Fund's anticipated investment period extending to as long as three months. Pending such investment, the Fund anticipates investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments. See "Investment Objectives and Strategies."

DESCRIPTION OF SHARES

The Fund, which was incorporated in Maryland on February 2, 1993, is authorized to issue 500,000,000 shares of capital stock, par value $0.01 per share, all of which shares are currently classified as Common Shares. The Board is authorized, however, to classify or reclassify any unissued shares of capital stock by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption. In the event that the Board determines to leverage the Fund's Common Shares through the issuance of preferred stock, the Fund would reclassify an amount of unissued Common Shares as preferred stock and at that time offer shares of preferred stock representing up to 25% of the Fund’s total assets immediately after the issuance of such preferred stock. See “Special Leverage Considerations and Risks” and “Preferred Stock” below.

Common Shares

Common Shares, when issued and outstanding, will be fully paid and non-assessable. All Common Shares are equal as to dividends, distributions and voting privileges and the Fund’s Common Shares have no preemptive, conversion, exchange or redemption rights. Stockholders are entitled to a pro rata share in the net assets of the Fund available for distribution to stockholders upon liquidation of the Fund. Stockholders are entitled to one vote for each share held.

In the event that the Fund issues Senior Securities consisting of either preferred stock or short-term debt securities, certain asset coverage requirements under the 1940 Act, imposed by certain rating agencies or by the documents establishing the terms of such securities, will limit the Fund’s ability to declare dividends or distributions on its Common Shares. See “Special Leverage Considerations and Risks.” Further, in the event that the dividend or interest payments on such Senior Securities are in arrears or in default, the requirements of the 1940 Act, certain rating agencies or the documents establishing the terms of such securities, may also limit the Fund’s ability to declare such dividends or distributions. The Fund intends, to the extent possible, to purchase or redeem preferred stock, if issued, from time to time to maintain compliance with the 1940 Act asset coverage requirements and any other asset coverage requirements which may be imposed in connection with any such rating. See “Preferred Stock” below.

The Fund’s Common Shares have traded in the market below, at, and above NAV at various times since the commencement of the Fund’s operations. However, it has recently been the case that the Fund’s Common Shares have traded at a premium to NAV. The Fund cannot determine the reasons why the Fund’s Common Shares trade at a premium to or discount from NAV, nor can the Fund predict whether its Common Shares will trade in the future at a premium to or discount from NAV, or the level of any premium or discount. Shares of closed-end investment companies frequently trade at a discount from NAV. Because the market value of the Common Shares may be influenced by such factors as dividend levels (which are in turn affected by expenses), call protection, dividend stability, portfolio credit quality, NAV, relative demand for and supply of such shares in the market, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot assure you that the Common Shares will trade at a price equal to or higher than NAV in the future. 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.

The Fund’s outstanding Common Shares are, and when issued, the Common Shares offered by this Prospectus will be, publicly held and listed and traded on the NYSE. The Fund determines its NAV on a daily basis. The following table sets forth, for the quarters indicated, the highest and lowest daily closing prices on the NYSE per Common Share, and the NAV per Common Share and the premium to or discount from NAV, on the date of each of the high and low market prices. The table also sets forth the number of Common Shares traded on the NYSE during the respective quarters.

	NAV per Common Share on Date of Market Price[(1)]		NYSE Market Price per Common Share[(2)]		Premium/(Discount) on Date of Market Pricing[(3)]		Trading[(4)]
During Quarter Ended	High	Low	High	Low	High	Low	Volume
Feb. 28, 2017	$11.35	$10.62	$10.13	$9.41	-9.66%	-11.77%	1,040,300
May 31, 2017	11.44	10.92	10.24	9.87	-8.54%	-10.78%	1,189,700
Aug. 31, 2017	11.36	10.99	10.30	9.91	-7.67%	-10.58%	1,378,000
Nov. 30, 2017	11.76 1	11.20	10.56	10.11	-8.86%	-10.78%	1,014,100
Feb. 28, 2018	12.62	11.29	11.34	10.32	-7.79%	-10.73%	1,303,700
May 31, 2018	11.85	11.12	11.22	10.31	-2.86%	-9.40%	3,239,100
Aug. 31, 2018	11.94	11.33	12.98	11.18	9.44%	-3.04%	4,483,000
Nov. 30, 2018	12.00	10.71	13.91	11.11	17.81%	1.18%	3,404,200
Dec. 1, 2018 through Feb. 28, 2019	11.19	9.47	13.45	9.83	22.31%	3.28%	2,058,200

(1) Based on the Fund's computations.
(2) Source: NYSE.
(3) Based on the Fund's computations.
(4) Source: Bloomberg.

The NAV per Common Share on [the date immediately before the date of this prospectus] was $[ ] and the market price per Common Share at the close of business on [the date immediately before the date of this prospectus] was $[ ], representing a [ ]% discount from such NAV.

The Fund has 500,000,000 Common Shares authorized. As of March 31, 2019, the Fund has outstanding 7,688,158.16 Common Shares.

Share Repurchase Program. Under the Board-approved open-market share repurchase program which commenced on August 1, 2017, the Fund may purchase, from time to time, up to 10% of the Fund's Common Shares in open-market transactions, at the discretion of management. The Fund has not repurchased any Common Shares since the inception of the share repurchase program.

Tender Offer. Most recently, on May 18, 2017, the Fund's Board approved a tender offer for shares of the Fund's Common Shares. The tender offer authorized the Fund to purchase up to 5% of its issued and outstanding shares at price equal to 98% of the Fund's NAV at the close of business on the NYSE on June 30, 2017, the first business day following the expiration of the offer. The tender offer commenced on June 1, 2017, and expired on June 29, 2017. In connection with the tender offer, the Fund purchased 404,640 shares of capital stock at a total cost of $4,548,154. The tender offer was oversubscribed and all tenders of shares were subject to pro-ration (at a ratio of approximately 19.48%) in accordance with the terms of the tender offer. In addition, the Fund has conducted a number of other tender offers previously.

Preferred Stock

It is anticipated that if the Fund's Board determines to issue preferred stock in the future, the Fund's shares of preferred stock will be issued in one or more series, with rights as determined by the Board, by action of the Board without the approval of the holders of Common Shares. Under the 1940

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Act, the Fund is permitted to have outstanding more than one series of preferred stock so long as no single series has a priority over another series as to the distribution of assets of the Fund or the payment of dividends. Holders of Common Shares have no preemptive right to purchase any shares of preferred stock that might be issued. It is anticipated that the NAV per share of the preferred stock, if issued, will equal its original purchase price per share plus accumulated dividends per share.

Although the terms of any preferred stock that may be issued, including its dividend rate, voting rights, liquidation preference and redemption provisions would be determined by the Board (subject to applicable law and the Fund's Articles of Incorporation), it is likely that any preferred stock that is issued would be structured to carry a relatively short-term dividend rate reflecting interest rates on short-term debt securities, by providing for the periodic redetermination of the dividend rate at relatively short intervals through an auction, remarketing or other procedure. Auction or remarketing procedures are mechanisms by which dividend payments on the subject securities are redetermined on a periodic basis. The Board also has indicated that it is likely that the liquidation preference, voting rights and redemption provisions of any preferred stock that is issued will be as stated below.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Fund, the holders of shares of preferred stock will be entitled to receive a preferential liquidating distribution (expected to equal the original purchase price per share plus an amount equal to accumulated and unpaid dividends, whether or not earned or declared) before any distribution of assets is made to holders of Common Shares. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of preferred stock will not be entitled to any further participation in any distribution of assets by the Fund. A consolidation or merger of the Fund with or into any other corporation or corporations or a sale of all or substantially all of the assets of the Fund will not be deemed to be a liquidation, dissolution or winding up of the Fund.

Voting Rights. The 1940 Act requires that the holders of any preferred stock, voting separately as a single class, have the right to elect at least two Directors at all times and, subject to the prior rights, if any, of holders of any other class of Senior Securities outstanding, to elect a majority of the Directors at any time that two full years' dividends on any preferred stock are unpaid. In addition to any approval by stockholders that might otherwise be required, the 1940 Act also requires the approval of the holders of a majority of any outstanding preferred stock, voting separately as a class, to (a) adopt any plan of reorganization that would adversely affect the preferred stock and (b) take any action requiring a vote of security holders pursuant to Section 13(a) of the 1940 Act, including, among other things, changes in the Fund's subclassification as a closed-end investment company or changes in its fundamental investment restrictions. See "Conversion to Open-End Fund" below concerning voting requirements for conversion of the Fund to an open-end investment company. In addition, the Board presently intends that, except as otherwise indicated in this Prospectus and except as otherwise required by applicable law, holders of shares of any preferred stock that is issued will have equal voting rights with holders of Common Shares (one vote per share, unless otherwise required by the 1940 Act), and will vote together with holders of Common Shares as a single class.

It is presently intended that in connection with any election of the Fund's Directors, occurring on and after issuance of any preferred stock, the holders of all outstanding shares of preferred stock, voting as a separate class, would be entitled to elect two Directors of the Fund, and the remaining Directors would be elected by holders of the Common Shares and preferred stock, voting together as a single class. The Fund's By-Laws provide that the size of the Board may be determined from time to time by vote of a majority of Directors then in office; provided that the Board shall consist of not less than three Directors, unless there are fewer than three stockholders, in which case, the number of Directors may be the same as the number of stockholders, but not less than one.

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

For a description of voting rights that may be granted to holders of Senior Securities consisting of debt, in the event such securities are issued, see "Management of the Fund—Directors and Officers."

Redemption, Purchase and Sale of Preferred Stock by the Fund. The terms of any preferred stock that is issued are expected to provide that such preferred stock is redeemable by the Fund in whole or in part at the original purchase price per share plus accumulated dividends per share, that the Fund may tender for or purchase shares of preferred stock and that the Fund may subsequently resell any shares so tendered for or purchased. Any redemption or purchase of shares of preferred stock by the Fund will reduce the leverage applicable to Common Shares, while any resale of shares by the Fund will increase such leverage. See "Special Leverage Considerations and Risks."

The discussion above describes the present intention of the Board with respect to an offering of preferred stock if the Board elects to utilize preferred stock in order to leverage the Fund's Common Shares. If the Board determines to proceed with such an offering, the terms of the preferred stock may be the same as, or different from, the terms described above, subject to applicable law and the Fund's Articles of Incorporation, as amended or supplemented. The Board, without the approval of the holders of Common Shares, may authorize an offering of preferred stock or may determine not to authorize such an offering, and may fix the terms of the preferred stock to be offered.

Conversion to Open-End Fund

The Fund may be converted to an open-end investment company by an amendment to its Articles of Incorporation. The Articles of Incorporation provide that such an amendment that makes the Common Shares or any other class of capital stock a "redeemable security" (as defined in the 1940 Act) would require the approval of (a) at least 66-2/3% of the Directors, including the approval by a majority of the Directors who are not interested persons (as defined in the 1940 Act) of the Fund, (b) at least 66-2/3% of all voting securities of the Fund (which includes Common Shares and preferred stock together) and (c) at least 66-2/3% of all voting securities of any preferred stock, if any, of the Fund, voting as a separate class. If approved in the foregoing manner, conversion of the Fund could not occur until the later of (i) 90 days after the approval of such conversion or (ii) the next July 1 or January 1 (whichever is next to occur) following the date of the approval of such conversion by the Fund's stockholders and also would require at least 30 days' prior notice to all stockholders. The Board will consider a number of factors in determining whether to propose such a conversion, including the effect of such an action on the Fund's status as a regulated investment company under the Code, and the ability of the Fund to operate in accordance with its investment policies (such as its authority to invest in illiquid investments) which may be impaired as a result. Conversion of the Fund to an open-end investment company would require the redemption of all outstanding preferred stock and short-term debt securities, which would eliminate the leveraged capital structure of the Fund with respect to the Common Shares. In the event of conversion, the Common Shares would cease to be listed on the NYSE or other national securities exchange or national market system. Stockholders of an open-end investment company may require the company to redeem their shares at any time (except in certain circumstances as authorized by or under the 1940 Act) at their NAV, less such redemption charge, if any, as might be in effect at the time of a redemption. If converted to an open-end fund, the Fund would expect to pay all such redemption requests in cash, but intends to reserve the right to pay redemption requests in a combination of cash or securities. If such partial payment in securities were made, investors may incur brokerage costs in converting such securities to cash. If the Fund were converted to an open-end fund, it is likely that new Common Shares would be sold at NAV plus a sales load. Following any such conversion, it also is possible that it would be necessary to modify certain of the Fund's investment policies and strategies to assure sufficient portfolio liquidity and to comply with various state law restrictions not currently applicable to the Fund. In addition, such state securities laws may require registration of the Fund's shares, as a result of the change to an open-end fund, which may involve significant registration expenses.

Listing

The Fund's shares are listed on the NYSE. Shares of closed-end investment companies frequently trade at a discount to NAV, but in some cases trade at NAV or a premium. Because the market price of the Fund's shares will be determined by factors eluding trading volume, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot predict whether its shares will trade at, below or above their NAV. The Fund is authorized to tender for or repurchase its shares and may do so when such shares are trading at a discount from NAV. The Fund's shares do not have any right of redemption. See "Annual Tender Offers Conditions and Repurchases of Shares."

Authorized Shares

The following tables provides the Fund's authorized shares and Common Shares outstanding as of March 31, 2019.

Title of Class	Amount Authorized	Amount Outstanding Exclusive of Amount held by Fund
Common Shares	500,000,000	7,688,158.16

INVESTMENT OBJECTIVES AND STRATEGIES

Investment Objectives

The Fund's primary investment objective is to seek high current income; capital appreciation is a secondary objective. There is no assurance that the Fund will achieve its investment objectives. The Fund's investment objective is nonfundamental. This means that the Fund's Board may change the objective without obtaining shareholder approval. If the objective were changed, the Fund would notify shareholders at least 60 days before the change became effective.

Investment Strategy

The Fund seeks to achieve its objectives by investing, under normal circumstances, at least 65% of its total assets in income-generating equity securities, including dividend-paying common stocks, convertible securities, preferred stocks, and other equity-related securities, which may include up to 25% in REITs and real estate industry operating companies. Up to 35% of the Fund's total assets may be invested in nonconvertible debt securities consisting primarily of high yield, high-risk corporate bonds. In addition, the Fund utilizes leveraging techniques in an attempt to obtain a higher return for the Fund.

Portfolio Management Strategies

In selecting investments for the Fund's portfolio, the Manager employs a yield-oriented and value driven approach. The Manager analyzes economic and market conditions, and assesses the income and potential for appreciation that can be achieved from the equity investments being considered. The Manager will then apply fundamental analysis to identify the equity securities that it believes can best help the Fund meet its investment objectives. The industry sector weightings in the income-generating equity securities portion of the Fund's portfolio will be determined based on the Manager's investment research efforts. The Fund defines income-generating equity securities as dividend-paying common stocks, convertible securities, preferred stocks and other equity-related securities.

Preferred stocks or convertible securities in which the Fund may invest, may be rated below investment grade (i.e., "Ba" or lower for convertible securities or "Ba" or lower for preferred stock by Moody's or "BB" or lower for both convertible securities and preferred stock by S&P or similarly rated by other comparable rating agencies) or, if unrated, determined to be of comparable quality by the Manager. The Fund includes these assets in its income-generating equity securities category and they are in addition to the high yield, high-risk debt securities discussed above. Such securities are judged to have speculative elements, and pose a greater risk as to the timely repayment of principal and timely payment of interest and dividends. See "Risks—Lower Rated Convertible Securities and Preferred Stock," "Risks—High Yield, High-Risk Debt Securi-ties" and Appendix A to this Prospectus.

The debt securities component of the Fund's portfolio will be structured to earn as high a level of current income as is consistent with reasonable risk, in light of the nature of such investments. The Manager will screen individual securities for such characteristics as minimum yield and issue size, issue liquidity, and financial and operational strength. In-depth credit research will then be conducted to arrive at a core group of securities within this universe from which the portfolio will be constructed. Continuous credit monitoring and adherence to sell disciplines associated with both price appreciation and depreciation will be utilized to achieve the overall yield and price objectives of the Fund.

The Fund may invest up to 35% of its total assets in high yield, high-risk debt securities that are rated below investment grade or which are unrated but are of comparable quality as determined by the Manager. Debt securities rated below investment grade include those rated "Ba" or lower by Moody's or "BB " or lower by S&P or have similar ratings by other comparable NRSROs and are considered by those organizations to be subject to greater risk of loss of principal and interest than higher rated securities. These securities are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, which may in any case decline during sustained periods of deteriorating economic conditions or rising interest rates. Certain of the debt securities in which the Fund may invest may be considered comparable to securities having the lowest ratings for interest paying debt instruments by Moody's or S&P (i.e., rated "C" by Moody's or "C" by S&P) or have similar ratings by other comparable NRSROs. The Fund may invest in unrated bonds if the Manager believes their credit quality is comparable to the rated bonds in which the Fund is permitted to invest. Unrated bonds may be more speculative in nature than rated bonds. See "Risks—High Yield, High-Risk Debt Securities" and Appendix A to this Prospectus.

The Manager intends to shift investments between income-generating equity securities and debt securities within the percentage guidelines reflected above while tracking the yield differential between the two sectors. Depending upon such yield differentials, the income-generating equity securities portion of the Fund's portfolio will vary between 65% and 100% of the Fund's total assets and the debt securities portion will vary between 35% and 0% of the Fund's total assets.

In determining when to sell income-generating equity securities, the Manager will consider the following. Generally, if through capital appreciation or a reduction in dividend payment, the anticipated yield of any security declines below the prevailing yield on the S&P 500, the Manager, in its discretion will likely sell the security. With respect to income-generating equity securities and debt securities the Manager will continuously monitor the fundamentals attributable to the issues of securities held by the Fund and, in its discretion, generally will seek to sell a security if those fundamentals begin to deteriorate. The Manager may also sell income-generating equity securities or debt securities if continuing research uncovers more attractive securities than those held in the Fund's portfolio.

PORTFOLIO COMPOSITION AND OTHER INFORMATION

The Fund has fundamental investment restrictions which may not be amended without approval of the holders of a majority of the Fund's outstanding voting securities voting as a single class, and approval by the holders of a majority of the Fund's preferred stock, if any, voting as a separate class as described further in "Investment Restrictions."

The following is a more detailed description of some of the securities in which the Fund may invest and some of the investment techniques which may be utilized by the Fund.

Common Stock

Common stock is defined as shares of a corporation that entitle the holder to a pro rata share of the profits of the corporation, if any, without a preference over any other shareholder or class of shareholders, including holders of the corporation's preferred stock and other senior equity. Common stock usually carries with it the right to vote and frequently an exclusive right to do so. Holders of common stock also have the right to participate in the remaining assets of the corporation after all claims are paid, including those of debt securities and preferred stock.

Real Estate Investment Trusts ("REITs")

The Fund may invest up to 25% of its net assets in REITs. REITs are pooled investment vehicles that invest primarily in income-producing real estate or real estate-related loans or interests. REITs are generally classified as equity REITs, mortgage REITs, or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments.

Real estate industry risk includes, among others: possible declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes, and operating expenses; changes in zoning laws; costs resulting from the cleanup of, and liability to third parties resulting from, environmental problems; casualty for condemnation losses; uninsured damages from floods, earthquakes, or other natural disasters; limitations on and variations in rents; and changes in interest rates. REITs are subject to substantial cash flow dependency, defaults by borrowers, self-liquidation, and the risk of failing to qualify for tax-free pass-through of income under the Code, or other similar statute in non-US countries and/or to maintain exemptions from the 1940 Act. See "Risks—REIT Risks."

Preferred Stock

Generally, preferred stock receives dividends prior to distributions on common stock and usually has a priority of claim over common stockholders if the issuer of the stock is liquidated. Unlike common stock, preferred stock does not usually have voting rights; preferred stock, in some instances, can be convertible into common stock. In order to be payable, dividends on preferred stock must be declared by the issuer's board of directors. Dividends on the typical preferred stock are cumulative, causing dividends to accrue even if not declared by the board of directors. There is, however, no assurance that dividends will be declared by the boards of directors of issuers of the preferred stocks in which the Fund invests. Preferred stock in which the Fund may invest may be rated below investment grade (i.e., "Ba" or lower by Moody's or "BB" or lower by S&P or similarly rated by other comparable rating agencies or, if unrated, determined to be of comparable quality by the Manager. See "Risks—Lower Rated Convertible Securities and Preferred Stock" and Appendix A to this Prospectus.

Convertible Securities

The Fund invests in both convertible preferred stock and convertible bonds. Both pay fixed rates of income, but because they can be converted into common stock, they are indirectly tied to the common stock's performance. As a result, convertible securities generally offer higher income potential than common stocks and an opportunity for price appreciation if the value of the underlying security rises. The Fund may buy convertibles when the underlying common stock offers strong growth potential, but a low yield.

Traditional convertible securities include corporate bonds, notes and preferred stocks that may be converted into or exchanged for common stock, and other securities that also provide an opportunity for equity participation. These securities are generally convertible either at a stated price or a stated time; (that is, for a specific number of shares of common stock or other security). As with other fixed income securities, the price of a convertible security to some extent varies inversely with interest rates. While providing a fixed-income stream (generally higher in yield than the income derivable from a common stock but lower than that afforded by a non-convertible debt security), a convertible security also affords the investor an opportunity, through its conversion feature, to participate in the capital appreciation of the common stock into which it is convertible. As the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the price of a convertible security tends to rise as a reflection the value of the underlying common stock. To obtain such a higher yield, the Fund may be required to pay for a convertible security an amount in excess of the value of the underlying common stock. Common stock acquired by the Fund upon conversion of a convertible security will generally be held for so long as the Manager anticipates such stock will provide the Fund with opportunities which are consistent with the Fund's investment objectives and policies. Convertible securities in which the Fund may invest may be rated below investment grade (i.e., "Ba" or lower by Moody's or "BB" or lower by S&P or similarly rated by other comparable rating agencies) or, if unrated, determined to be of comparable quality by the Manager. See "Risks—Lower Rated Convertible Securities and Preferred Stock" and Appendix A to this Prospectus.

Foreign Securities and Depository Receipts

The Fund may invest in foreign securities directly or indirectly through American depositary receipts (ADRs), European depositary receipts (EDRs), and global depositary receipts (GDRs). Foreign securities are securities of issuers which are classified by index providers, or by the investment manager applying internally consistent guidelines, as being assigned to countries outside the United States and include investments in ADRs, EDRs, and GDRs. ADRs are receipts issued by a depositary (usually a US bank) and EDRs and GDRs are receipts issued by a depositary outside of the US (usually a non-US bank or trust company or a foreign branch of a US bank). Depositary receipts represent an ownership interest in an underlying security that is held by the depositary. Generally, the underlying security represented by an ADR is issued by a foreign issuer and the underlying security represented by an EDR or GDR may be issued by a foreign or US issuer. Sponsored depositary receipts are issued jointly by the issuer of the underlying security and the depositary, and unsponsored depositary receipts are issued by the depositary without the participation of the issuer of the underlying security. Generally, the holder of the depositary receipt is entitled to all payments of interest, dividends, or capital gains that are made on the underlying security.

Debt Securities

A debt security represents money borrowed that must be repaid and has a fixed amount, a specific maturity or maturities and usually a specific rate of interest or original purchase discount. Debt securities include bills, bonds, notes, debentures and commercial paper. Unlike common and preferred stock, a debt security does not represent an equity interest in the issuer. However, a debt security has a priority of claim over stockholders if the issuer is liquidated. The Fund may invest in a wide variety of debt securities, although it is anticipated that under normal market conditions, the debt securities portion of the Fund's portfolio primarily will be invested in corporate bonds. Such bonds may be rated below investment grade (i.e., "Ba" or lower by Moody's or "BB" or lower by S&P or similarly rated by other comparable rating agencies) or, if unrated, determined to be of comparable quality by the Manager. See "Risks—High Yield, High Risk Debt Securities" and Appendix A to this Prospectus.

Corporate Bonds, including high yield corporate bonds (junk bonds)

Corporate bonds are bonds, notes, or debentures issued by corporations and other business organizations, including REITs, and other business trusts. Up to 35% of the Fund's total assets may be invested in nonconvertible debt securities consisting primarily of high yield, high-risk corporate bonds.

High yield corporate bonds are debt obligations issued by a corporation and rated below investment grade ("Ba" or lower by Moody's or "BB" or lower by S&P or having similar ratings by other comparable NRSROs). High yield bonds, also known as "junk bonds," are issued by corporations that have lower credit quality and may have difficulty repaying principal and interest.

Future Developments

From time to time, the Fund may also invest in certain income-generating equity securities or debt securities which have features other than those that are typical for such securities and which have in the past been offered or may be offered in the future. In the past, for example, such securities have been issued to replicate the performance of a certain component or components of a particular security or combination of securities and/or to hedge or reduce the risks associated with certain securities or market trends. The Fund may invest in these securities if the Manager believes that doing so would be consistent with the Fund's investment objectives and policies. Since the market for these securities may be new, the Fund may have difficulty disposing of them at a suitable price and time. In addition to limited liquidity, these instruments may present other risks, such as high price volatility. The unavailability of such innovative securities would not adversely affect the Fund's ability to achieve investment objectives.

Defensive Strategies

For temporary defensive purposes, the Fund may invest a substantial portion of its assets in (i) debt securities issued by the U.S. Government, its agencies or instrumentalities, (ii) commercial paper, (iii) time deposits, certificates of deposit and bankers' acceptances or (iv) repurchase agreements with respect to any of the foregoing investments. The Fund will only invest in commercial paper of companies rated "A-2" or better by S&P or "P-2" or better by Moody's or similarly rated by another comparable rating agency or, if not so rated, of equivalent investment quality as determined by the Manager. See Appendix A of this Prospectus for additional ratings information. The Fund may also invest in such securities as a means to achieve its investment objective pending the investment of the proceeds of certain sales of portfolio securities or at such other times when suitable income-generating equity securities or debt securities are not available. It is impossible to predict whether, or for how long, the Fund will use any of such temporary or defensive strategies. Further, the Fund is authorized to borrow up to 5% of its total assets for temporary defensive purposes such as the clearance of portfolio transactions, the payment of dividends or in connection with tender offers or shares repurchases. To the extent that a Fund holds such instruments, it may be unable to achieve its investment objective.

In addition, the yields on short-term high quality obligations may approach or be less than the current dividend or interest rate payable to holders of any Senior Securities issued by the Fund. In such event, the benefit of financial leverage to the holders of Common Shares will diminish and the Fund's leveraged capital structure may work to the disadvantage of the holders of Common Shares. See "Special Leverage Considerations and Risks."

When-Issued and Delayed Delivery Securities

The Fund may buy or sell securities on a when-issued or delayed-delivery basis — that is, paying for securities before delivery or taking delivery at a later date. The Fund will designate cash or securities in amounts sufficient to cover its obligations, and will value the designated assets daily.

Investment Companies

The Fund may invest in other investment companies which can include open-end funds, closed-end funds, unit investment trusts and business development companies to the extent permitted by the 1940 Act, SEC rules thereunder and exemptions thereto.

With respect to unaffiliated funds in which the Fund may invest, Section 12(d)(1)(A) of the 1940 Act requires that, as determined immediately after a purchase is made, (i) not more than 5% of the value of the Fund's total assets will be invested in the securities of any one investment company, (ii) not more than 10% of the value of the Fund's total assets will be invested in securities of investment companies as a group, and (iii) not more than 3% of the outstanding voting stock of any one investment company will be owned by the Fund. The Fund will limit its investments in unaffiliated funds in accordance with the Section 12(d)(1)(A) limitations set forth above, except to the extent that any rules, regulations or no-action or exemptive relief under the 1940 Act permit the Fund's investments to exceed such limits in unaffiliated underlying funds. To the extent that the Fund invests in another investment company, because other investment companies pay advisory, administrative and service fees that are borne indirectly by investors, such as the Fund, there may be duplication of investment management and other fees.

Repurchase Agreements

A repurchase agreement is an agreement between a buyer of securities, such as the Fund, and a seller of securities, in which the seller agrees to buy the securities back within a specified time at the same price the buyer paid for them, plus an amount equal to an agreed-upon interest rate. Repurchase agreements are often viewed as equivalent to cash. Typically, the Fund uses repurchase agreements as short-term investments for its cash position. In order to enter into these repurchase agreements, the Fund must have collateral of at least 102% of the repurchase price. The Fund will only enter into repurchase agreements in which the collateral is composed of US government securities. At the Manager's discretion, a Fund may invest overnight cash balances in short-term discount notes issued or guaranteed by the US government, its agencies or instrumentalities, or government-sponsored corporations.

Delaware Funds® by Macquarie (collectively, "Delaware Funds") have obtained an exemption (the "Order") from the joint-transaction prohibitions of Section 17(d) of the 1940 Act to allow Delaware Funds jointly to invest cash balances. The Fund may invest cash balances in a joint repurchase agreement in accordance with the terms of the Order subject generally to the conditions described above.

Illiquid Investments

Illiquid investments are any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment.

The Fund may invest up to 10% of its total assets in illiquid investments, which include securities, contractual restrictions on resale, repurchase agreements maturing in greater than seven days, and other securities which may not be readily marketable. In addition, the Fund may purchase securities sold in reliance on Rule 144A of the Securities Act.

Restricted Securities

Restricted securities are privately placed securities whose resale is restricted under US securities laws. The Fund may invest in privately placed securities, including those that are eligible for resale only among certain institutional buyers without registration, which are commonly known as "Rule 144A Securities." Restricted securities that are determined to be illiquid may not exceed the Fund's limit on investments in illiquid investments.

Securities Lending

The Fund may lend up to 25% of its total assets to qualified broker/dealers or institutional investors for their use relating to short sales or other security transactions. By lending its portfolio securities, the Fund attempts to increase its income through the receipt of interest on the loan.

The Fund, along with other funds in the Delaware Funds, may lend its securities pursuant to a security lending agreement ("Lending Agreement") with The Bank of New York Mellon ("BNY Mellon"). At the time a security is loaned, the borrower must post collateral equal to the required percentage of the market value of the loaned security, including any accrued interest. The required percentage is: (1) 102% with respect to US securities and foreign securities that are denominated and payable in US dollars; and (2) 105% with respect to foreign securities. With respect to each loan, if on any business day the aggregate market value of securities collateral plus cash collateral held is less than

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the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral by the end of the following business day, which, together with the collateral already held, will be not less than the applicable initial collateral requirements for such security loan. If the aggregate market value of securities collateral and cash collateral held with respect to a security loan exceeds the applicable initial collateral requirement, upon request of the borrower, BNY Mellon must return enough collateral to the borrower by the end of the following business day to reduce the value of the remaining collateral to the applicable initial collateral requirement for such security loan. As a result of the foregoing, the value of the collateral held with respect to a loaned security on any particular day may be more or less than the value of the security on loan. The collateral percentage with respect to the market value of the loaned securities is determined by the security lending agent.
Cash collateral received by the Fund is generally invested in a series of individual separate accounts, each corresponding to a fund. The investment guidelines permit each separate account to hold certain securities that would be considered eligible securities for a money market fund. Cash collateral received is generally invested in government securities; certain obligations issued by government sponsored enterprises; repurchase agreements collateralized by US Treasury securities; obligations issued by the central government of any Organization for Economic Cooperation and Development (OECD) country or its agencies, instrumentalities or establishments; obligations of supranational organizations, commercial paper, notes, bonds and other debt obligations; certificates of deposit, time deposits, and other bank obligations; and asset-backed securities. The Fund can also accept US government securities and letters of credit (non-cash collateral) in connection with securities loans.
In the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund or, at the discretion of the lending agent, replace the loaned securities. The Fund continues to record dividends or interest, as applicable, on the securities loaned and is subject to changes in value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand.
With respect to security loans collateralized by non-cash collateral, the Fund receives loan premiums paid by the borrower. With respect to security loans collateralized by cash collateral, the earnings from the collateral investments are shared among the Fund, the security lending agent, and the borrower. The Fund records security lending income net of allocations to the security lending agent, and the borrower.
The Fund may incur investment losses as a result of investing securities lending collateral. This could occur if an investment in the collateral investment account defaulted or became impaired. Under those circumstances, the value of the Fund's cash collateral account may be less than the amount the Fund would be required to return to the borrowers of the securities and the Fund would be required to make up for this shortfall.
Loan Participation
A loan participation is an interest in a loan or other direct indebtedness, such as an assignment, that entitles the acquiring of such interest payments, and/or other amounts due under the structure of the loan or other direct indebtedness. In addition to being structured as secured or unsecured loans, such investments could be structured as novations or assignments or represent trade or other claims owed by a company to a supplier. The Fund may invest without restriction in loan participations that meet the credit standards established by the portfolio managers. The portfolio managers perform their own independent credit analysis on each borrower and on the collateral securing each loan. The portfolio managers consider the nature of the industry in which the borrower operates, the nature of the borrower's assets and

the general quality and creditworthiness of the borrower. The Fund may invest without limitation in loan participations in order to enhance total return, to affect diversification or to earn additional income. The Fund will not use loan participations for reasons inconsistent with its investment objective.

These loans are made generally to finance internal growth, mergers, acquisitions, stock repurchases, leveraged buy-outs and other corporate activities. Such loans are typically made by a syndicate of lending institutions, represented by an agent lending institution that has negotiated and structured the loan and is responsible for collecting interest, principal and other amounts due on its own behalf and on behalf of the others in the syndicate, and for enforcing its and their other rights against the borrower. Alternatively, such loans may be structured as novations, pursuant to which the Fund would assume all of the rights of the lending institution in a loan or as an assignment, pursuant to which the Fund would purchase an assignment of a portion of a lender's interest in a loan either directly from the lender or through an intermediary.

The Fund may also purchase trade or other claims against companies, which generally represent money owed by the company to a supplier of goods or services. These claims may also be purchased at a time when the company is in default. Loans and other direct indebtedness involve the risk that the Fund will not receive payment of principal, interest and other amounts due in connection with these investments and will depend primarily on the financial condition of the borrower. Loans that are fully secured offer the Fund more protection than unsecured loans in the event of non-payment of scheduled interest or principal, although there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation, or that the collateral can be liquidated. Some loans or claims may be in default at the time of purchase. Certain of the loans and the other direct indebtedness acquired by the Fund may involve revolving credit facilities or other standby financing commitments which obligate the Fund to pay additional cash on a certain date or on demand. These commitments may require the Fund to increase its investment in a company at a time when the Fund might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that the Fund is committed to advance additional funds, it will, at all times, hold and maintain in a segregated account cash or other high grade debt obligations in an amount sufficient to meet such commitments. The Fund's ability to receive payment of principal, interest and other amounts due in connection with these investments will depend primarily on the financial condition of the borrower.

As the Fund may be required to rely upon another lending institution to collect and pass on to the Fund amounts payable with respect to the loan and to enforce the Fund's rights under the loan and other direct indebtedness, an insolvency, bankruptcy or reorganization of the lending institution may delay or prevent the Fund from receiving such amounts. In such cases, the Fund will evaluate the creditworthiness of the borrower and the lending institution and will treat both the borrower and the lending institution as an "issuer" of the loan for purposes of compliance with applicable law pertaining to the diversification of the Fund's portfolio investments. The highly leveraged nature of many such loans and other direct indebtedness may make such loans and other direct indebtedness especially vulnerable to adverse changes in economic or market conditions. Investments in such loans and other direct indebtedness may involve additional risk to the Fund.

Floating Rate Loans

The Fund may invest in floating rate loans. In connection with these investments, the Fund may also enter into unfunded corporate loan commitments (commitments). Commitments may obligate the Fund to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Fund earns a commitment fee, typically set as a percentage of the commitment amount.

Futures and Options

Futures contracts are agreements for the purchase or sale of a security or a group of securities at a specified price, on a specified date. Unlike purchasing an option, a futures contract must be executed unless it is sold before the settlement date.

Options represent a right to buy or sell a swap agreement, a futures contract, or a security or a group of securities at an agreed-upon price at a future date. The purchaser of an option may or may not choose to go through with the transaction. The seller of an option, however, must go through with the transaction if the purchaser exercises the option.

Certain options and futures may be considered illiquid.

The Fund may invest in futures, options, and closing transactions related thereto. These activities will be entered into for hedging purposes and to facilitate the ability to quickly deploy into the market its cash, short-term debt securities, and other money market instruments at times when its assets are not fully invested. The Fund may only enter into these transactions for hedging purposes if they are consistent with its respective investment objective and policies. In addition, the Fund may enter into futures contracts, purchase or sell options on futures contracts, and trade in options on foreign currencies, and may enter into closing transactions with respect to such activities to hedge or "cross hedge" the currency risks associated with its investments. Generally, futures contracts on foreign currencies operate similarly to futures contracts concerning securities, and options on foreign currencies operate similarly to options on securities. To the extent that the Fund sells or "writes" put and call options, or enters into futures contracts, it will designate assets sufficient to "cover" these obligations and mark them to market daily.

Use of these strategies can increase the operating costs of the Fund and can lead to loss of principal.

Interest rate swap, index swap, and credit default swap agreements

In an interest rate swap, the Fund receives payments from another party based on a variable or floating interest rate, in return for making payments based on a fixed interest rate. An interest rate swap can also work in reverse with the Fund receiving payments based on a fixed interest rate and making payments based on a variable or floating interest rate.

In an index swap, the Fund receives gains or incurs losses based on the total return of a specified index, in exchange for making interest payments to another party. An index swap can also work in reverse with the Fund receiving interest payments from another party in exchange for movements in the total return of a specified index.

In a credit default swap, the Fund may transfer the financial risk of a credit event occurring (a bond default, bankruptcy, or restructuring, for example) on a particular security or basket of securities to another party by paying that party a periodic premium; likewise, the Fund may assume the financial risk of a credit event occurring on a particular security or basket of securities in exchange for receiving premium payments from another party.

Interest rate swaps, index swaps, and credit default swaps may be considered illiquid.

The Fund may use interest rate swaps to adjust its sensitivity to interest rates or to hedge against changes in interest rates. Index swaps may be used to gain exposure to markets that the Fund invests in, such as the corporate bond market. The Fund may also use index swaps as a substitute for futures or options contracts if such contracts are not directly available to the Fund on favorable terms. The Fund may enter into credit default swaps in order to hedge against a credit event, to enhance total return, or to gain exposure to certain securities or markets.

At times when the Manager anticipates adverse conditions, the Manager may want to protect gains on securities without actually selling them. The Manager might use swaps to neutralize the effect of any price declines without selling a bond or bonds.

If the Fund has any financial obligation under a swap agreement, it will designate cash and liquid assets sufficient to cover the obligation and will value the designated assets daily as long as the obligation is outstanding. Use of these strategies can increase the operating costs of the Fund and can lead to loss of principal.

Forward Foreign Currency Contracts

The Fund may enter into contracts to purchase or sell foreign currencies at a future date (a "forward foreign currency" contract or "forward" contract). A forward contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract, agreed upon by the parties, at a price set at the time of the contract.

Although the Manager values the Fund's assets daily in terms of US dollars, it does not intend to convert the Fund's holdings of foreign currencies into US dollars on a daily basis. The Fund is permitted to, however, from time to time, purchase or sell foreign currencies and/or engage in forward foreign currency contracts in order to facilitate or expedite settlement of Fund transactions and to minimize currency value fluctuations.

Exclusion From Commodity Pool Operator Definition

The Fund has claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act ("CEA") and, therefore, is not subject to registration or regulation as a commodity pool operator under the CEA.

SPECIAL LEVERAGE CONSIDERATIONS AND RISKS

General Leverage Considerations. There can be no assurance that the Fund will engage in any leveraging techniques, such as issuing preferred stock, borrowing or issuing short-term debt securities (collectively "Senior Securities"). The Fund may be leveraged in an amount up to 25% of its total assets immediately after the issuance of any Senior Securities. The issuance of the Senior Securities would result in the leveraging of the Common Shares. Although the terms of any Senior Securities offering will be determined by the Fund's Board, it is anticipated that any dividends paid on any preferred stock or interest paid on any borrowing or short-term debt securities will be based on short-term rates, and that the net return on the Fund's portfolio, including the proceeds of any offering of Senior Securities, will exceed the dividend or interest rate applicable to the Senior Securities. The proceeds of the offering of any Senior Securities will be invested in accordance with the Fund's investment objectives and policies.

Assuming the utilization of leverage through borrowings and/or reverse repurchase agreements of approximately 29% of the Fund's Managed Assets, at an interest rate of 3.36% payable on such borrowings, the income generated by the Fund's portfolio (net of non-leverage expenses) must exceed 1.23% in order to cover such interest or dividend payments and other expenses specifically related to borrowings. Of course, these numbers are merely estimates, used for illustration. Actual interest rates may vary frequently and may be significantly higher or lower than the rate estimated above.

Utilization of leverage, however, involves certain risks to the holders of Common Shares. These include a higher volatility of the NAV of the Common Shares and potentially more volatility in the market value of the Common Shares. So long as the Fund is able to realize a higher net return on its investment portfolio than the then current dividend or interest rate related to the Senior Securities, the effect of leverage will be to cause holders of Common Shares to realize a higher current rate of return than if the Fund, were not leveraged. Similarly, if net capital gains are realized by the Fund, the effect of leverage will be to increase the amount of such gains distributed to holders of Common Shares. To the extent that the current dividend or interest rate related to any Senior Securities approaches, the net return on the Fund's investment portfolio, the benefit of leverage to holders of Common Shares will be reduced, and if the then current dividend or interest rate related to such, Senior Securities were to exceed the net return on the Fund's portfolio, the Fund's leveraged capital structure would result in a lower rate of return to holders of Common Shares than if the Fund were not leveraged. Similarly, since any decline in the value of the Fund's investments will be borne entirely by holders of Common Shares, the effect of leverage in a declining market would result in a greater decrease in NAV to holders of Common Shares than if the Fund were not leveraged, which would likely be reflected in a greater decline in the market price for shares of Common Shares.

If the Fund leverages through issuing Senior Securities, such Senior Securities will be subject to the provisions of the 1940 Act governing their issuance, including asset coverage requirements and restrictions on the declaration of dividends and distributions to holders of Common Shares or purchases of Common Shares in the event such asset coverage requirements are not met.

The Fund intends to apply for a rating from Moody's or S&P or another comparable NRSRO on any preferred stock or short-term debt securities which it issues although obtaining such a rating will not eliminate the risks associated with the Fund's use of leverage. The Fund believes that obtaining one or both ratings for any preferred stock or short-term debt securities would enhance the marketability of such Senior Securities and thereby reduce the dividend rate on the preferred stock or the interest rate on the short-term debt securities from that which the Fund would be required to pay if such Senior Securities were not so rated. The rating agencies for any preferred stock or short-term debt securities may require asset coverage maintenance tests that are more stringent than those imposed by the 1940 Act. This requirement may also restrict the amount of any preferred stock or short-term debt securities that may be outstanding from time to time. It is expected that the terms of any preferred stock or short-term debt securities will provide for mandatory redemption of such Senior Securities in the event the Fund fails to meet such asset coverage maintenance ratios. In such circumstances, the Fund may be required to liquidate portfolio securities in order to meet redemption requirements. This would have the effect of reducing the NAV to holders of the Common Shares.

The ability of the Fund to comply with such asset coverage maintenance ratios imposed by the 1940 Act and the rating agencies, may be subject to circumstances beyond the control of the Fund such as market conditions for its portfolio securities. The requirements of the 1940 Act, any rating agency or the applicable provisions of the documents establishing the terms of such Senior Securities may limit the Fund's ability to make dividend or distribution payments to holders of its Common Shares for so long as any dividend or interest payments on Senior Securities are in arrears or in default, may limit to Fund's ability to take advantage of certain investments which might otherwise be available to it, may require the Fund to invest a greater portion of its assets in more highly rated, potentially lower yielding securities than it might otherwise do, and may require the Fund to sell a portion of its assets when it might otherwise be disadvantageous to do so. In the event that the Fund is required to restructure its portfolio by selling assets in order to satisfy the requirements set forth above, such sales of portfolio securities could cause the Fund to incur related transaction costs and might cause the Fund to realize gains on securities held for less than three months. In the event that the Fund is precluded from making distributions on the Common Shares because of any applicable asset coverage requirements, the Fund intends to redeem, repay or call sufficient Senior Securities to enable the Fund to pay such distributions.

The issuance of any Senior Securities will entail certain initial costs and expenses such as underwriting discounts or placement fees, fees associated with any registration of Senior Securities with the SEC, filings under state securities laws, rating agency fees, legal and accounting fees, printing costs and certain other ongoing expenses such as administrative and accounting fees. These costs and expenses will be borne by the Fund and will reduce net assets available to holders of Common Shares.

Until any Senior Securities are issued, the Fund's Common Shares will not be leveraged, and the special leverage considerations described in this Prospectus will not apply. Such leveraging of the Common Shares cannot be fully achieved until the proceeds of the borrowing or offering of Senior Securities have been invested in accordance with the Fund's investment objectives and policies. In addition, the leveraging of the Common Shares would be eliminated during any period when there are no Senior Securities outstanding.

The timing and the terms of any financial leveraging by the Fund will be determined by the Fund's Board based upon prevailing market conditions and a determination that financial leveraging is likely to achieve the benefits to the holders of Common Shares described in this Prospectus. If, as a result of intervening changes in market conditions, the Board were to determine that the financial leveraging by the Fund at that time would not increase the potential yield of the Fund to the holders of Common Shares, the Fund would delay such leveraging until such market conditions changed. There can be no assurance that the Fund will leverage its Common Shares.

Preferred Stock. If the Fund leverages through the issuance of preferred stock, under the requirements of the 1940 Act, the value of the Fund's total assets, less all liabilities and indebtedness of the Fund not represented by Senior Securities, as defined in the 1940 Act, must at least be equal, immediately after any issuance of preferred stock, to 200% of the aggregate amount of Senior Securities representing indebtedness plus the aggregate liquidation value of any outstanding preferred stock. The 1940 Act requires such percentage also be met any time the Fund declares a dividend or distribution on Common Shares (other than a distribution in Common Shares) or any time the Fund makes tender offers for or repurchases Common Shares, in each case after giving effect to such dividend, distribution or repurchase. The liquidation value of preferred stock is expected to equal the aggregate original purchase price plus any accumulated and unpaid dividends thereon. See "Description of Shares—Preferred Stock."

The Fund will have the authority to redeem any preferred stock that is issued for any reason and may redeem all or part of such preferred stock if it anticipates that the Fund's leveraged capital structure will result in a lower rate of return to holders of the Common Shares than that obtainable if the Common Shares were unleveraged for any significant amount of time.

Under the 1940 Act, the holders of any preferred stock, voting as a class, must have the right to elect at least two Directors at all times, and, subject to the prior rights, if any, of the holders of any other class of Senior Securities outstanding, to elect a majority of the Directors if at any time dividends on such class of securities shall be unpaid in an amount equal to two full years' dividends on such securities, and to continue to be so represented until all dividends in arrears shall have been paid or otherwise provided for. In addition, the vote of a majority of the preferred stock, voting as a class, is required to approve any plan of reorganization adversely affecting the preferred stock, or any action requiring a vote of security holders pursuant to Section 13(a) of the 1940 Act, including, among other things, changes in the Fund's subclassification as a closed-end investment company or changes in its fundamental policies. The Fund's Articles of Incorporation also require the approval of at least 66-2/3% of all votes entitled to be cast by the holders of the preferred stock, voting as a separate class, for certain transactions involving conversion of the Fund to open-end status. See "Description of Shares—Conversion to Open-End Fund."

It is anticipated that if the Fund issues preferred stock, it may, from time to time, attempt to reduce the degree to which it is leveraged by redeeming or otherwise purchasing shares of preferred stock pursuant to applicable provisions of the corporate documents establishing the rights and prefer-ences of the preferred stock. Purchases and redemptions of preferred stock, whether on the open market or in negotiated transactions, are subject to limitations under the 1940 Act. If market conditions subsequently change, the Fund may sell previously unissued shares of preferred stock or shares of preferred stock that the Fund previously issued but later repurchased or redeemed.

Borrowing and Short-Term Debt Securities. If the Fund leverages through borrowing or issuing short-term debt securities, under the requirements of the 1940 Act, the value of the Fund's total assets, less all liabilities and indebtedness of the Fund not represented by Senior Securities, as defined in the 1940 Act, must at least be equal, immediately after the issuance of Senior Securities consisting of debt, to 300% of the aggregate principal amount of all outstanding Senior Securities of the Fund which are debt. The Fund may conduct other offerings of Senior Securities consisting of debt in the future subject to the same percentage restriction after giving effect to previously issued Senior Securities.

If the Fund leverages through the issuance of Senior Securities consisting of debt, the 300% asset coverage maintenance ratio referred to above must also be met any time the Fund declares a dividend or other distribution on Common Shares (other than a distribution in additional Common Shares) or any time the Fund repurchases Common Shares, in each case after giving effect to such dividend, distribution or repurchase. Under the 1940 Act, the terms of any such Senior Securities consisting of debt must provide either that (i) the holders of Senior Securities, voting as a class, have the right to elect at least a majority of the members of the Board if on the last business day of each of 12 consecutive calendar months such Senior Securities have an asset coverage of less than 100% and such voting right shall continue until such Senior Securities have an asset coverage of 110% or more on the last business day of each of three consecutive calendar months, or (ii) an event of default shall be deemed to have occurred if such Senior Securities do not have an asset coverage of 100% on the last business day of each of 24 consecutive calendar months. If required by an agency rating any such Senior Securities consisting of debt or if the Board determines it to be in the best interests of the holders of Common Shares, more restrictive provisions may be imposed than those required by the 1940 Act. Such provisions may include entitling holders of the Senior Securities consisting of debt to elect a majority of the Fund's Board if interest payments are unpaid in an amount less than the amount specified in the 1940 Act.

The Fund is also authorized to borrow up to an additional 5% of its total assets without regard to the foregoing asset coverage and dividend payment limitations for temporary or defensive purposes such as clearance of portfolio transactions, the payment of dividends, or in connection with tender offers or share repurchases.

RISKS

An investment in the Fund involves certain risks and considerations, which are described below.

Net Asset Value Discount Risk. As with any stock, the price of the Fund's Common Shares will fluctuate with market conditions and other factors. Shares of closed-end investment companies frequently trade at a discount from NAV. This characteristic is a risk separate and distinct from the risk that NAV will decrease. The Fund cannot predict whether its Common Shares in the future will trade at, below or above NAV. This risk that shares of a closed-end fund might trade at a discount is more significant for investors who wish to sell their shares in a relatively short period of time. For those investors, realization of gain or loss on their investment is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance. If Common Shares are sold, the price received may be more or less than the original investment. The Common Shares are designed for long-term investors and should not be treated as trading vehicles. Common Shares of closed-end management investment companies frequently trade at a discount from their NAV.

High Yield, High-Risk Debt Securities. Investing in high yield, high-risk debt securities rated "Ba" or lower by Moody's or "BB" or lower by S&P or similarly rated by another comparable NRSRO entails certain risks, including the risk of loss of principal, which may be greater than the risks involved in investing in investment grade bonds, and which should be considered by investors contemplating an investment in the Fund. The NAV of the Fund's shares will change with fluctuations in the value of its portfolio securities. The high yield, high-risk debt securities in which the Fund will invest generally will be rated below investment grade, or if unrated, will be of comparable quality as determined by the Manager. These lower rated and comparable unrated securities involve greater risks than higher rated securities. Under rating agency guidelines, lower rated securities and comparable unrated securities will likely have some quality and protective characteristics that are outweighed by large uncertainties or major risk exposures to adverse conditions. Such securities are considered speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Accordingly, it is possible that these types of factors could, in certain instances, reduce the value and liquidity of securities held by the Fund with a commensurate effect on the value of the Fund's shares.

The secondary market for high yield debt securities is not as liquid as the secondary market for higher rated securities. The high yield market is characterized by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and mutual funds. In addition, the trading volume for high yield debt securities is generally lower than that for higher rated securities and the secondary market could contract under adverse market or economic conditions independent of any specific adverse changes in the condition of a particular issuer. These factors may have an adverse effect on the Fund's ability to dispose of particular portfolio investments and may limit the ability of the Fund to obtain accurate market quotations for purposes of valuing securities and calculating NAV. If the Fund is not able to obtain a precise or accurate market quotation for a particular security, it will become more difficult for the Board to value the Fund's portfolio securities and the Board may have to use a greater degree of judgment in making such valuations. Less liquid secondary markets may also affect the Fund's ability to sell securities at their fair value. The Fund may invest only up to 10% of its total assets in illiquid investments, which may be more difficult to value and to sell at fair value. If the secondary market for high yield debt securities contracts due to adverse economic conditions or for other reasons, certain liquid securities in the Fund's portfolio may become illiquid and the proportion of the Fund's assets invested in illiquid investments may increase.

The market values of debt securities rated below investment grade and comparable unrated securities tend to be more sensitive to company-specific developments and changes in economic conditions than higher rated securities. Issuers of these securities are often highly leveraged, so that their ability to service their debt obligations during an economic downturn or during sustained periods of rising interest rates may be impaired. In addition, such issuers may not have more traditional methods of financing available to them, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by such issuers is significantly greater than with investment grade securities because such securities frequently are subordinated to the prior payment of senior indebtedness.

Certain of the debt securities in which the Fund may invest may be considered comparable to securities having the lowest ratings for interest paying debt instruments assigned by Moody's or S&P

(i.e., rated "C" by Moody's or "C" by S&P) or another comparable NRSRO. These securities are considered to have extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions, and/or to be in default or not current in the payment of interest or principal. A description of the bond ratings used by Moody's and S&P is set forth in Appendix A to this Prospectus. The Manager will attempt to reduce the risks attendant to investing in high yield debt securities through portfolio diversification, credit analysis and attention to trends in the economy, industries and financial markets.

Lower Rated Convertible Securities and Preferred Stock. The Fund may invest in lower rated convertible securities and preferred stock (i.e., "Ba" or lower for convertible securities or "Ba" or lower for preferred stock by Moody's or "BB" or lower for convertible securities or preferred stock by S&P or similarly rated by other comparable rating agencies) or, if unrated, determined to be of comparable quality by the Manager. The Fund may have difficulty disposing of such securities because the trading market for such securities may be thinner than the market for higher rated convertible securities and preferred stock. To the extent a secondary trading market for these securities does exist, it generally is not as liquid as the secondary trading market for higher rated securities. The lack of a liquid secondary market as well as adverse publicity with respect to these securities, may have an adverse impact on market price and the Fund's ability to dispose of particular issues in response to a specific economic event such as a deterioration in the creditworthiness of the issuer. The lack of a liquid secondary market for certain securities also may make it more difficult for the Fund to obtain accurate market quotations for purposes of pricing the Fund's portfolio and calculating its NAV. The market behavior of convertible securities and preferred stocks in lower rating categories is often more volatile than that of higher quality securities. Lower quality convertible securities and preferred stocks are judged by Moody's and S&P or another comparable NRSRO to have speculative elements or characteristics; their future cannot be considered as well assured and earnings and asset protection may be moderate or poor in comparison to investment grade securities. In addition, such lower quality securities face major ongoing uncertainties or exposure to adverse business, financial or economic conditions, which could lead to inadequate capacity to meet timely payments. A description of the ratings used by Moody's and S&P for such securities is set forth in Appendix A to this Prospectus. See also "Risks—High Yield, High-Risk Debt Securities."

Illiquid Investments. The Fund may invest up to 10% of its total assets in illiquid investments and other securities which may not be readily marketable. In addition, the Fund may purchase securities sold in reliance on Rule 144A of the Securities Act. Liquidity relates to the ability of the Fund to sell a security in a timely manner at a price which reflects the value of that security. The relative illiquidity of some of the Fund's portfolio securities may adversely affect the ability of the Fund to dispose of such securities in a timely manner and at a fair price at times when it might be necessary or advantageous for the Fund to liquidate portfolio securities. The risks associated with these investments will be accentuated in situations in which the Fund's operations require cash, such as when the Fund tenders for its shares of Common Shares or pays distributions, and could result in the Fund borrowing to meet short-term cash requirements or incurring capital losses on the sale of these investments. The market for less liquid securities tends to be more volatile than the market for more liquid securities and market values of relatively illiquid investments may be more susceptible to change as a result of adverse publicity and investor perceptions than are the market values of more liquid securities. The Manager values the Fund's investments pursuant to guidelines adopted and periodically reviewed by the Board. To the extent that there is no established retail market for some of the securities in which the Fund may invest, there may be relatively inactive trading in such securities and the ability of the Manager to accurately value such securities may be adversely affected. During periods of reduced market liquidity and in the absence of readily available market quotations for portfolio securities held in the Fund's portfolio, the responsibility of the Manager to value the Fund's securities becomes more difficult and the Manager's judgment may play a greater role in the valuation of the Fund's securities due to the reduced availability of reliable objective data. To the extent that the Fund invests in illiquid investments and securities which are restricted as to resale, the Fund may incur additional risks and costs because such securities are particularly difficult to dispose of.

Certain securities in which the Fund may invest are subject to legal or contractual restrictions as to resale ("Restricted Securities") and may therefore be illiquid by their terms. Restricted Securities may involve added expense to the Fund should the Fund be required to bear registration costs with respect to such securities. In the absence of registration, the Fund would be required to dispose of its Restricted Securities pursuant to an exemption from registration under the Securities Act, including a transaction in reliance on Rule 144A, which permits only limited sales under specified conditions unless the Fund has held the securities for at least three years and is unaffiliated with the issuer. Companies whose securities are not publicly traded are also not subject to the same disclosure and other legal requirements as are applicable to companies with publicly traded securities.

Securities Lending Risk. The major risk to which the Fund would be exposed on a securities lending transaction is the risk that the borrower would fail financially at a time when the value of the security increases. In addition, should the borrower become insolvent, the Fund could be faced with loss of rights in the collateral. Therefore, the Fund will enter into loan arrangements only after a review of all pertinent facts by the Manager, subject to overall supervision by the Board, including the creditworthiness of the borrowing broker, dealer or institution and then only if the consideration to be received from such loans would justify the risk. Creditworthiness will be monitored on an ongoing basis by the Manager.

Credit and Market Risks. The Fund invests in high yield fixed income securities, which carry ratings of BB or lower by S&P and/or Ba or lower by Moody's or have similar ratings by other comparable NRSROs. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The Fund may invest up to 10% of its total assets in illiquid investments, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so.

The Fund invests in REITs and is subject to some of the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. The Fund's REIT holdings are also affected by interest rate changes, particularly if the REITs it holds use floating rate debt to finance their ongoing operations.

The Fund borrows through its line of credit for purposes of leveraging. Leveraging may result in higher degrees of volatility because the Fund's NAV could be subject to fluctuations in short-term interest rates and changes in market value of portfolio securities attributable to the leverage.

The Fund invests in certain obligations held by the Fund that may have liquidity protection to ensure that the receipt of payments due on the underlying security is timely. Such protection may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor through third parties, through various means of structuring the transaction or through a combination of such approaches. The Fund will not pay any additional fees for such credit support, although the existence of credit support may increase the price of a security.

The Fund invests in bank loans and other securities that may subject it to direct indebtedness risk, the risk that the Fund will not receive payment of principal, interest, and other amounts due in connection with these investments and will depend primarily on the financial condition of the borrower. Loans that are fully secured offer the Fund more protection than unsecured loans in the event of nonpayment of scheduled interest or principal, although there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower’s obligation, or that the collateral can be liquidated. Some loans or claims may be in default at the time of purchase. Certain of the loans and the other direct indebtedness acquired by the Fund may involve revolving credit facilities or other standby financing commitments that obligate the Fund to pay additional cash on a certain date or on demand. These commitments may require the Fund to increase its investment in a company at a time when the Fund might not otherwise decide to do so (including at a time when the company’s financial condition makes it unlikely that such amounts will be repaid). To the extent that the Fund is committed to advance additional funds, it will at all times hold and maintain cash or other high grade debt obligations in an amount sufficient to meet such commitments.

As the Fund may be required to rely upon another lending institution to collect and pass on to the Fund amounts payable with respect to the loan and to enforce the Fund’s rights under the loan and other direct indebtedness, an insolvency, bankruptcy, or reorganization of the lending institution may delay or prevent the Fund from receiving such amounts. The highly leveraged nature of many loans may make them especially vulnerable to adverse changes in economic or market conditions. Investments in such loans and other direct indebtedness may involve additional risk to the Fund.

Some countries in which the Fund may invest require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in a country’s balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad.

The securities exchanges of certain foreign markets are substantially smaller, less liquid and more volatile than the major securities markets in the United States. Consequently, acquisition and disposition of securities by the Fund may be inhibited. In addition, a significant portion of the aggregate market value of equity securities listed on the major securities exchanges in emerging markets is held by a smaller number of investors. This may limit the number of shares available for acquisition or disposition by the Fund.

REIT Risks. A Fund’s investments in REITs present certain further risks that are unique and in addition to the risks associated with investing in the real estate industry in general. Equity REITs may be affected by any changes in the value of the underlying properties owned by the REITs and other factors and their prices tend to go up and down, while mortgage REITs may be affected by the quality of any credit extended. REITs are not diversified and are subject to the risks of financing projects. A REIT’s performance depends on the types and locations of the properties it owns and on management skills. A decline in rental income may occur because of extended vacancies, increased competition from other properties, tenants’ failure to pay rent, or poor management. REITs whose underlying assets include US long-term healthcare properties, such as nursing, retirement and assisted living homes, may be impacted by US federal regulations concerning the healthcare industry. A REIT’s performance also depends on the company’s ability to finance property purchases and renovations and manage its cash flows.

REITs (especially mortgage REITs) are also subject to interest rate risks — when interest rates decline, the value of a REIT’s investment in fixed-rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed-rate obligations can be expected to decline. In contrast, as interest rates on adjustable-rate mortgage loans are reset periodically, yields on a REIT's investments in such loans will gradually align themselves to reflect changes in market interest rates, causing the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed-rate obligations.

Because REITs typically are invested in a limited number of projects or in a particular market segment, REITs may have limited financial resources, may trade less frequently and in a limited volume, and may be subject to more abrupt or erratic price movements than other securities. Loss of status as a qualified REIT under the US federal tax laws could adversely affect the value of a particular REIT or the market for REITs as a whole.

For US federal tax law purposes, to qualify as a REIT, a company must derive at least 75% of its gross income from real estate sources (rents, mortgage interest, or gains from the sale of real estate assets), and at least 95% from real estate sources, plus dividends, interest and gains from the sale of securities. Real property, mortgage loans, cash, and certain securities must comprise 75% of a company's assets. In order to qualify as a REIT, a company must also make distributions to shareholders aggregating annually at least 90% of its REIT taxable income.

Derivatives Risks. Derivatives risk is the possibility that the Fund may experience a significant loss if it employs a derivatives strategy (including a strategy involving equity-linked securities, futures, options, forward foreign currency contracts, or swaps such as interest rate swaps, index swaps, or credit default swaps) related to a security, index, reference rate, or other asset or market factor (collectively, a "reference instrument") and that reference instrument moves in the opposite direction from what a portfolio manager had anticipated. If a market or markets, or prices of particular classes of investments, move in an unexpected manner, the Fund may not achieve the anticipated benefits of the transaction and it may realize losses. Derivatives also involve additional expenses, which could reduce any benefit or increase any loss to the Fund from using the strategy. In addition, changes in government regulation of derivatives could affect the character, timing, and amount of the Fund's taxable income or gains. A fund's use of derivatives may be limited by the requirements for taxation of the fund as a regulated investment company.

Investing in derivatives may subject the Fund to counterparty risk. Please refer to "Counterparty risk" for more information. Other risks include illiquidity, mispricing or improper valuation of the derivatives contract, and imperfect correlation between the value of the derivatives instrument and the underlying reference instrument so that the fund may not realize the intended benefits. In addition, since there can be no assurance that a liquid secondary market will exist for any derivatives instrument purchased or sold, the Fund may be required to hold a derivatives instrument to maturity and take or make delivery of an underlying reference instrument that the Manager would have otherwise attempted to avoid, which could result in losses. When used for hedging, the change in value of the derivatives instrument may also not correlate specifically with the currency, rate, or other risk being hedged, in which case the Fund may not realize the intended benefits.

Interest Rate Risk. Interest rate risk is the risk that the prices of bonds and other fixed income securities will increase as interest rates fall and decrease as interest rates rise. Interest rate changes are influenced by a number of factors, such as government policy, monetary policy, inflation expectations, and the supply and demand of bonds. Bonds and other fixed income securities with longer maturities or duration generally are more sensitive to interest rate changes. A fund may be subject to a greater risk of rising interest rates due to the current period of historically low interest rates.

Swaps may be particularly sensitive to interest rate changes. Depending on the actual movements of interest rates and how well the portfolio manager anticipates them, the Fund could experience a higher or lower return than anticipated. For example, if the Fund holds interest rate swaps and is required to make payments based on variable interest rates, it will have to make interest payments if interest rates rise, which will not necessarily be off-set by the fixed-rate payments it is entitled to receive under the swap agreement.

Market Risk. Market risk is the risk that all or a majority of the securities in a certain market—such as the stock or bond market—will decline in value because of factors such as adverse political or economic conditions, future expectations, investor confidence, or heavy institutional selling.

Counterparty Risk. Counterparty risk is the risk that if the Fund enters into a derivatives contract (such as a futures, options, or swap contract) or a repurchase agreement, the counterparty to such a contract or agreement may fail to perform its obligations under the contract or agreement due to, among other reasons, financial difficulties (such as a bankruptcy or reorganization). As a result, the fund may experience significant delays in obtaining any recovery, may obtain only a limited recovery, or may obtain no recovery at all.

Loan Participation Risk. The Fund may purchase a participation interest in a loan and by doing so acquire some or all of the interest of a bank or other lending institution in a loan to a borrower. A participation typically will result in the Fund having a contractual relationship only with the lender, not the borrower. As a result, the Fund assumes the credit risk of the lender selling the participation in addition to the credit risk of the borrower. By purchasing a participation, the Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In the event of insolvency or bankruptcy of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not have a senior claim to the lender’s interest in the loan. If the Fund only acquires a participation in the loan made by a third party, the Fund may not be able to control the exercise of any remedies that the lender would have under the loan. Such third party participation arrangements are designed to give loan investors preferential treatment over high yield investors in the event of a deterioration in the credit quality of the borrower. Even when these arrangements exist, however, there can be no assurance that the principal and interest owed on the loan will be repaid in full.

Currency Risk. Currency risk is the risk that the value of the Fund’s investments may be negatively affected by changes in foreign currency exchange rates. Adverse changes in exchange rates may reduce or eliminate any gains produced by investments that are denominated in foreign currencies and may increase any losses.

Foreign Risk. Foreign risk is the risk that foreign securities (particularly in emerging markets and frontier countries) may be adversely affected by political instability, changes in currency exchange rates, inefficient markets and higher transaction costs, foreign economic or government conditions, the imposition of economic and/or trade sanctions, inadequate or different regulatory and accounting standards, and the possibility that significant events in foreign markets, including broad market moves, may affect the value of fund shares.

MANAGEMENT OF THE FUND

Directors and Officers

The Board has oversight responsibility for the management of the Fund’s business affairs. The Board establishes procedures and oversees and reviews the performance of the investment manager and others who perform services for the Fund. The independent Directors, in particular, are advocates for shareholder interests. Each Director has served in that capacity since he or she was elected to or appointed to the Board, and will continue to serve until his or her retirement or the election of a new director in his or her place. The names and business addresses of the Fund's directors and officers and their principal occupations and other affiliations during the past five years are set forth under "Management of the Fund" in the SAI.

Under the 1940 Act, holders of shares of preferred stock (when and if issued) will be entitled to elect two Directors if and when submitted to a vote, and the remaining Directors, subject to the provisions of the 1940 Act and the Fund's Articles of Incorporation, as supplemented or amended, will be elected by the holders of Common Shares and preferred stock, if any, voting together as a single class. When dividends are in arrears for two full years, such provisions permit the holders of shares of preferred stock, if any, to elect the minimum number of additional Directors that when combined with the two Directors elected by the holders of preferred stock would allow the holders of such shares to elect a majority of the Directors.

Under the 1940 Act, the terms of any Senior Securities consisting of debt which are offered, must provide either that (i) the holders of Senior Securities consisting of debt, voting as a class, have the right to elect at least a majority of the members of the Board if on the last business day of each of 12 consecutive calendar months such Senior Securities have an asset coverage of less than 100% and such voting right shall continue until such Senior Securities have an asset coverage of 110% or more on the last business day of each of three consecutive calendar months, or (ii) an event of default shall be deemed to have occurred if such Senior Securities consisting of debt do not have an asset coverage of 100% on the last business day of each of 24 consecutive calendar months. If required by an agency rating any such Senior Securities or if the Board determines it to be in the best interest of the holders of Common Shares, more restrictive voting provisions may be imposed than those required by the 1940 Act.

The Articles of Incorporation and By-Laws of the Fund provide that the Fund will indemnify its Directors and officers against liabilities and expenses incurred in connection with the successful defense of litigation in which they may be involved because of their offices with the Fund to the fullest extern permitted by Maryland corporation law. In addition, the Fund's Articles of Incorporation provide that the Fund's Directors and officers will not be liable to stockholders for damages, except in limited instances. However, nothing in the Articles of Incorporation or By-Laws of the Fund protects or indemnifies a Director or officer against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

The Investment Manager

The Fund's investment manager is Delaware Management Company (the "Manager"), a series of Macquarie Investment Management Business Trust (a Delaware statutory trust). The Manager is a US registered investment advisor. The Manager's principal business address is 2005 Market Street, Philadelphia, Pennsylvania 19103-7094.

The Manager furnishes investment management services to the Fund, subject to the supervision and direction of the Board. The Manager also provides investment management services to all of the other Delaware Funds.

Affiliates of the Manager also manage other investment accounts. While investment decisions for the Fund are made independently from those of the other funds and accounts, investment decisions for such other funds and accounts may be made at the same time as investment decisions for the Fund. The

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Manager pays the salaries of all Directors, officers, and employees who are affiliated with both the Manager and the Board. In the course of discharging its non-portfolio management duties under the advisory contract, the Manager may delegate to affiliates.

As of March 31, 2019, the Manager and the subsidiaries of Macquarie Management Holdings, Inc. ("MMHI") were managing in the aggregate $167.9 billion in assets in various institutional or separately managed, investment company, and insurance accounts. The Manager is a series of Macquarie Investment Management Business Trust (a Delaware statutory trust), which is a subsidiary of MMHI. MMHI is a subsidiary, and subject to the ultimate control, of Macquarie Group Limited ("Macquarie"). Macquarie is a Sydney, Australia-headquartered global provider of banking, financial, advisory, investment and funds management services. "Macquarie Investment Management" is the marketing name for certain companies comprising the asset management division of Macquarie.

Sub-advisors

Macquarie Investment Management Europe Limited ("MIMEL"); Macquarie Investment Management Global Limited ("MIMGL"); and Macquarie Funds Management Hong Kong ("MFMHK") each have been approved as sub-advisors for the Fund. MIMEL, MIMGL, and MFMHK may also be referenced as "sub-advisor(s)" below.

The nature of the services to be provided by the sub-advisors, unlike traditional sub-advisors who make the investment-related decisions with respect to the sub-advised portfolio, is more like a collaborative effort between the advisor and sub-advisors and a cross-pollination of investment ideas. The portfolio managers for the Fund listed below retain portfolio management discretion over the Fund. The Manager also retains the decision-making authority with respect to purchases and sales of securities in the Fund.

The Manager does not pay MIMEL, MIMGL, and MFMHK fees in conjunction with any services rendered to the Fund.

It is anticipated that MIMEL and MIMGL will each provide investment advice and recommendations, including with respect to specific securities, for consideration and evaluation by the Fund's fixed income portfolio managers.

It is anticipated that MIMGL and MFMHK will each provide access to the additional quantitative investment resources and related technology support of MIMGL and MFMHK. MIMGL and MFMHK also provide trade execution support.

Portfolio Managers

Roger A. Early, Babak "Bob" Zenouzi, Damon J. Andres, Wayne A. Anglace, Kristen E. Bartholdson, Adam H. Brown, Craig C. Dembek, Nikhil G. Lalvani, Paul A. Matlack, John P. McCarthy, D. Tysen Nutt Jr., and Robert A. Vogel Jr. serve as the Fund's portfolio managers.

The information below provides the name, title, length of service, and business experience during the past five years for each Portfolio Manager. The SAI provides additional information about the Portfolio Managers' compensation, other accounts managed by the Portfolio Managers, and the Portfolio Managers' ownership of securities in the Fund.

Roger A. Early, CPA, CFA

Executive Director, Chief Investment Officer of US Fixed Income

Roger A. Early is chief investment officer of the US fixed income business. He rejoined Macquarie Investment Management ("MIM") in March 2007 as a member of the firm's taxable fixed income portfolio management team, with primary responsibility for portfolio construction and strategic asset allocation. He became head of fixed income investments in the Americas in February 2015. During his previous time at the firm, from 1994 to 2001, he was a senior portfolio manager in the same area, and he left the firm as head of its US investment grade fixed income group. In recent years, Mr. Early was a senior portfolio manager at Chartwell Investment Partners and Rittenhouse Financial and was the chief investment officer for fixed income at Turner Investments. Prior to joining the firm in 1994, he worked for more than 10 years at Federated Investors where he managed more than $25 billion in mutual fund and institutional portfolios in the short-term and investment grade markets. He left the firm as head of institutional fixed income management. Earlier in his career, he held management positions with the Federal Reserve Bank, PNC Financial, Touche Ross, and Rockwell International. Mr. Early earned his bachelor's degree in economics from The Wharton School of the University of Pennsylvania and an MBA with concentrations in finance and accounting from the University of Pittsburgh. He is a member of the CFA Society of Philadelphia.

Mr. Early has been a co-portfolio manager of the Fund since January 2008.

Babak "Bob" Zenouzi

Senior Vice President, Chief Investment Officer — Real Estate Securities and Income Solutions ("RESIS")

Bob Zenouzi is the lead manager for the RESIS group at MIM. Mr. Zenouzi created this team, including its process and its institutional and retail products, during his prior time with the firm. He also focuses on opportunities in Japan, Singapore, and Malaysia for the firm's global real estate securities strategy. He is also a member of the firm's asset allocation committee, which is responsible for building and managing multi-asset class portfolios. He rejoined the firm in May 2006 as senior portfolio manager and head of real estate securities. In his first term with the firm, he spent seven years as an analyst and portfolio manager, leaving in 1999 to work at Chartwell Investment Partners, where from 1999 to 2006 he was a partner and senior portfolio manager on Chartwell's Small-Cap Value portfolio. He began his career with The Boston Company, where he held several positions in accounting and financial analysis. Mr. Zenouzi earned a master's degree in finance from Boston College and a bachelor's degree in finance from Babson College. He is a member of the National Association of Real Estate Investment Trusts and the Urban Land Institute.

Mr. Zenouzi has been a co-portfolio manager of the Fund since May 2006.

Damon J. Andres, CFA

Vice President, Senior Portfolio Manager

Damon J. Andres joined MIM in 1994 as an analyst, and is currently a senior portfolio manager for the RESIS group. From 1991 to 1994, he performed investment-consulting services as a consulting associate with Cambridge Associates. Mr. Andres earned a bachelor's degree in business administration with an emphasis in finance and accounting from the University of Richmond.

Mr. Andres has been a co-portfolio manager of the Fund since January 2001.

Wayne A. Anglace, CFA

Senior Vice President, Senior Portfolio Manager

Wayne A. Anglace currently serves as a senior portfolio manager for the firm's corporate and convertible bond strategies. Prior to joining MIM in March 2007 as a research analyst for the firm's high grade, high yield, and convertible bond portfolios, he spent more than two years as a research analyst at Gartmore Global Investments for its convertible bond strategy. From 2000 to 2004, Mr. Anglace worked in private client research at Deutsche Bank Alex. Brown in Baltimore, where he focused on equity research, and he started his financial services career with Ashbridge Investment Management in 1999. Prior to moving to the financial industry, Mr. Anglace worked as a professional civil engineer. He earned his bachelor's degree in civil engineering from Villanova University and an MBA with a concentration in finance from Saint Joseph's University, and he is a member of the CFA Society of Philadelphia.

Mr. Anglace has been a co-portfolio manager of the Fund since March 2010.

Kristen E. Bartholdson

Vice President, Senior Portfolio Manager

Kristen E. Bartholdson is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining MIM in 2006 as an associate portfolio manager, she worked at Susquehanna International Group from 2004 to 2006, where she was an equity research salesperson. From 2000 to 2004, she worked in equity research at Credit Suisse, most recently as an associate analyst in investment strategy. Ms. Bartholdson earned her bachelor's degree in economics from Princeton University.

Ms. Bartholdson has been a co-portfolio manager of the Fund since December 2008.

Adam H. Brown, CFA

Senior Vice President, Co-Head of High Yield, Senior Portfolio Manager

Adam H. Brown is a senior portfolio manager and co-head of the firm's high yield strategies. He manages the bank loan portfolios and is a co-portfolio manager for the high yield, fixed rate multisector, and core plus strategies. Mr. Brown joined MIM in April 2011 as part of the firm's integration of Macquarie Four Corners Capital Management, where he had worked since 2002. At Four Corners, he was a co-portfolio manager on the firm's collateralized loan obligations (CLOs) and a senior research analyst supporting noninvestment grade portfolios. Before that, Mr. Brown was with the predecessor of Wells Fargo Securities, where he worked in the leveraged finance group arranging senior secured bank loans and high yield bond financings for financial sponsors and corporate issuers. He earned a bachelor's degree in accounting from the University of Florida and an MBA from the A.B. Freeman School of Business at Tulane University.

Mr. Brown has been a co-portfolio manager of the Fund since July 2016.

Craig C. Dembek, CFA

Executive Director, Global Head of Credit Research

Craig C. Dembek is global head of credit research and a senior research analyst on the firm's taxable fixed income team with primary responsibility for banks, brokers, and real estate investment trusts (REITs). He rejoined MIM in March 2007. During his previous time at the firm, from April 1999 to January 2001, he was a senior investment grade credit analyst. Most recently, he spent four years at Chartwell Investment Partners as a senior fixed income analyst and Turner Investment Partners as a senior fixed income analyst and portfolio manager. Mr. Dembek also spent two years at Stein, Roe & Farnham as a senior fixed income analyst. Earlier in his career, he worked for two years as a lead bank analyst at the Federal Reserve Bank of Boston. Mr. Dembek earned a bachelor's degree in finance from Michigan State University and an MBA with a concentration in finance from the University of Vermont.

Mr. Dembek has been a co-portfolio manager of the Fund since December 2012.

Nikhil G. Lalvani, CFA

Vice President, Senior Portfolio Manager, Team Leader

Nikhil G. Lalvani is a senior portfolio manager for the firm's Large-Cap Value team and assumed the role of team leader in October 2018. At MIM, Mr. Lalvani has worked as both a fundamental and quantitative analyst. Prior to joining the firm in 1997 as an account analyst, he was a research associate with Bloomberg. Mr. Lalvani holds a bachelor's degree in finance from The Pennsylvania State University. He is a member of the CFA Institute and the CFA Society of Philadelphia.

Mr. Lalvani has been a co-portfolio manager of the Fund since October 2006.

Paul A. Matlack, CFA

Senior Vice President, Senior Portfolio Manager, Fixed Income Strategist

Paul A. Matlack is a strategist and senior portfolio manager for the firm's fixed income team. Mr. Matlack rejoined the firm in May 2010. During his previous time at MIM from September 1989 to October 2000, he was senior credit analyst, senior portfolio manager, and left the firm as co-head of the high yield group. Most recently, he worked at Chartwell Investment Partners from September 2003 to April 2010 as senior portfolio manager in fixed income, where he managed core, core plus, and high yield strategies. Prior to that, Mr. Matlack held senior roles at Turner Investment Partners, PNC Bank, and Mellon Bank. He earned a bachelor's degree in international relations from the University of Pennsylvania and an MBA with a concentration in finance from George Washington University.

Mr. Matlack has been a co-portfolio manager of the Fund since December 2012.

John P. McCarthy, CFA

Senior Vice President, Co-Head of High Yield, Senior Portfolio Manager

John P. McCarthy is a senior portfolio manager and co-head for the firm's high yield strategies, a role he assumed in July 2016. From December 2012 to June 2016, he was co-head of credit research on the firm's taxable fixed income team. Mr. McCarthy rejoined MIM in March 2007 as a senior research analyst, after he worked in the firm's fixed income area from 1990 to 2000 as a senior high yield analyst and high yield trader, and from 2001 to 2002 as a municipal bond trader. Prior to rejoining the firm, he was a senior high yield analyst/trader at Chartwell Investment Partners. Mr. McCarthy earned a bachelor's degree in business administration from Babson College, and he is a member of the CFA Society of Philadelphia.

Mr. McCarthy has been a co-portfolio manager of the Fund since December 2012.

D. Tysen Nutt Jr.

Senior Vice President, Senior Portfolio Manager

D. Tysen Nutt Jr. is a senior portfolio manager for the firm's Large-Cap Value team. Before joining MIM in 2004 as senior vice president and senior portfolio manager, Mr. Nutt led the US Active Large-Cap Value team within Merrill Lynch Investment Managers, where he managed mutual funds and separate accounts for institutions and private clients. Mr. Nutt earned his bachelor's degree from Dartmouth College, and he is a member of the CFA Society New York and the CFA Institute.

Mr. Nutt has been a co-portfolio manager of the Fund since March 2005. Mr. Nutt intends to retire on or about July 15, 2019.

Robert A. Vogel Jr., CFA

Vice President, Senior Portfolio Manager

Robert A. Vogel Jr. is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining MIM in 2004 as vice president and senior portfolio manager, he worked at Merrill Lynch Investment

Managers for more than seven years, where he rose to the position of director and portfolio manager within the US Active Large-Cap Value team. He began his career in 1992 as a financial consultant at Merrill Lynch. Mr. Vogel graduated from Loyola University Maryland, earning both bachelor's and master's degrees in finance. He also earned an MBA with a concentration in finance from The Wharton School of the University of Pennsylvania. Mr. Vogel is a member of the CFA Society New York, the CFA Institute, and the CFA Society of Philadelphia.

Mr. Vogel has been a co-portfolio manager of the Fund since March 2005.

Investment Management Agreement

In accordance with the terms of its Investment Management Agreement, the Fund pays the Manager an annual fee of 0.55%, calculated daily and paid monthly, of the adjusted average daily net assets of the Fund. For purposes of the calculation of investment management fees, adjusted average daily net assets exclude the line of credit liability.

A discussion regarding the basis for the Board's approval of the continuation of the Investment Management Agreement of the Fund is available in the Fund's annual report to shareholders dated November 30, 2018.

Administrator

The Bank of New York Mellon is the Fund's accountant and financial administrator (the "Administrator").

Administrator Oversight Provider

Delaware Investments Fund Services Company (DIFSC), an affiliate of the Manager provides fund accounting and financial administration oversight services (the "Administrator Oversight Provider").

Custodian

The custodian for the Fund is The Bank of New York Mellon, whose principal address is 240 Greenwich Street, New York, NY 10286.

Transfer Agent and Registrar

The transfer agent and registrar for the Fund is Computershare, Inc., whose principal address is 480 Washington Boulevard, Jersey City, New Jersey 07310.

DIVIDENDS AND DISTRIBUTIONS

The Fund has implemented a managed distribution policy. Under the Fund's managed distribution policy, the Fund makes monthly distributions to common shareholders at a targeted annual distribution rate of 10% of the Fund's average NAV per share. Under the policy, the Fund is managed with a goal of generating as much of the distribution as possible from net investment income and short-term capital gains. The balance of the distribution will then come from long-term capital gains to the extent permitted, and if necessary, a return of capital. A return of capital may occur for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income." Even though the Fund may realize current year capital gains, such gains may be offset, in whole or in part, by the Fund's capital loss carryovers from prior years.

The Fund offers an automatic dividend reinvestment program ("Automatic Dividend Reinvestment Plan"). See "Automatic Dividend Reinvestment Plan" below for a description of the Fund's automatic dividend reinvestment program.

Methodology for determining distribution amount. Currently under the Fund's managed distribution policy, the Fund makes monthly distributions to common shareholders at a targeted annual distribution rate of 10% of the Fund's average NAV per share. The Fund will calculate the average NAV per share from the previous three full months immediately prior to the distribution based on the number of business days in those three months on which the NAV is calculated. The distribution will be calculated as 10% of the prior three month's average NAV per share, divided by 12. The Fund will generally distribute amounts necessary to satisfy the Fund's managed distribution policy and the requirements prescribed by excise tax rules and Subchapter M of the Code. This distribution methodology is intended to provide shareholders with a consistent, but not guaranteed, income stream and a targeted annual distribution rate and is intended to narrow any discount between the market price and the NAV of the Fund's common shares, but there is no assurance that the policy will be successful in doing so. The methodology for determining monthly distributions under the Fund's managed distribution policy will be reviewed at least annually by the Fund's Board of Trustees, and the Fund will continue to evaluate its distribution in light of ongoing market conditions.

The payment of dividend distributions in accordance with the managed distribution policy may result in a decrease in the Fund's net assets. A decrease in the Fund's net assets may cause an increase in the Fund's annual operating expenses and a decrease in the Fund's market price per share to the extent the market price correlates closely to the Fund's NAV per share. The managed distribution policy may also negatively affect the Fund's investment activities to the extent that the Fund is required to hold larger cash positions than it typically would hold or to the extent that the Fund must liquidate securities that it would not have sold, for the purpose of paying the dividend distribution. The managed distribution policy may, under certain circumstances, cause the amounts of taxable distributions to exceed the amount minimally required to be distributed under the tax rules, such excess will be taxable as ordinary income to the extent loss carry forwards reduce the required amount of capital gains distributions in that year. Investors should consult their tax advisor regarding federal, state, and local tax considerations that may be applicable in their particular circumstances.

You should not draw any conclusions about the Fund's investment performance from the amount of any distribution or from the terms of the Fund's managed distribution policy. The amounts and sources of the Fund's distributions will be estimates. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send a Form 1099-DIV informing shareholders of the source and tax status of all distributions promptly after the close of each calendar year.

Implementation of exemptive relief. In order to make multiple long-term capital gains distributions over the course of the year, the Fund relies on an exemptive order granted by the SEC. The exemptive relief helps provide the Fund with the ability to pay its monthly distribution to shareholders as described above.

Leverage. In the event that the Fund leverages through the issuance of preferred stock, the Fund, under the 1940 Act, may not declare a dividend or other distribution on Common Shares (other than a distribution in Common Shares); unless at the time of such declaration, (1) all cumulative dividends on preferred stock have been issued, and (2) the value of the Fund's total assets, less all liabilities and indebtedness of the Fund not represented by Senior Securities, as defined in the 1940 Act, is equal, immediately after any issuance of preferred stock, to at least 200% of the aggregate amount of Senior Securities representing indebtedness plus the aggregate liquidation value of any outstanding preferred stock. From and after the issuance of any preferred stock, monthly distributions to holders of Common Shares will consist of net investment income remaining after the payment of dividends on any outstanding preferred stock.

In the event the Fund leverages through the issuance of short-term debt securities, the Fund, under the 1940 Act, may not declare any cash dividend or other distribution on its Common Shares (other than in additional Common Shares), unless at the time of such declaration, the value of the Fund's total assets, less all liabilities and indebtedness not represented by Senior Securities (as defined in the 1940 Act) of the Fund (determined after deducting the amount of such dividend or other distribution), is at least 300% of the aggregate outstanding principal amount of the Senior Securities consisting of debt plus any accrued and unpaid interest thereon.

In addition to the requirements of the 1940 Act, the Fund may be required to comply with other asset coverage requirements as a condition of the Fund obtaining the desired rating on any such Senior Securities from a NRSRO. These requirements may include, an asset coverage test more stringent than that imposed under the 1940 Act. See "Special Leverage Considera-tions and Risks."

AUTOMATIC DIVIDEND REINVESTMENT PLAN

Shareholders who have shares registered in their own names are automatically considered participants in the Automatic Dividend Reinvestment Plan, unless they elect to withdraw from the Automatic Dividend Reinvestment Plan. Shareholders who hold their shares through a bank, broker, or other nominee should request the bank, broker, or nominee to participate in the Automatic Dividend Reinvestment Plan on their behalf. This can be done as long as the bank, broker, or nominee provides a dividend reinvestment service for the Fund. If the bank, broker, or nominee does not provide this service, such shareholders must have their shares taken out of "street" or nominee name and re-registered in their own name in order to participate in the Automatic Dividend Reinvestment Plan.

Computershare Trust Company, N.A. ("Computershare") will apply all cash dividends, capital gains and other distributions (collectively, "Distributions") on the Fund's shares of common stock which become payable to each Automatic Dividend Reinvestment Plan participant to the purchase of outstanding shares of the Fund's common stock for such participant. These purchases may be made on a securities exchange or in the over-the-counter market, and may be subject to such terms of price, delivery, and related matters to which Computershare may agree. The Fund will not issue new shares in connection with the Automatic Dividend Reinvestment Plan.

Distributions reinvested for participants are subject to income taxes just as if they had been paid directly to the shareholder in cash. Participants will receive a year-end statement showing distributions reinvested, and any brokerage commissions paid on such participant's behalf.

Shareholders holding shares of the Fund in their own names who wish to terminate their participation in the Automatic Dividend Reinvestment Plan may do so by sending written instruction to Computershare so that Computershare receives such instructions by the Distribution record date. Shareholders with shares held in account by a bank, broker, or other nominee should contact such bank, broker, or other nominee to determine the procedure for withdrawal from the Automatic Dividend Reinvestment Plan.

If written instructions are not received by Computershare by the record date for a particular Distribution, that Distribution may be reinvested at the sole discretion of Computershare. After a shareholder's instructions to terminate participation in the Automatic Dividend Reinvestment Plan become effective, Distributions will be paid to shareholders in cash. Upon termination, a shareholder may elect to receive either stock or cash for all the full shares in the account. If cash is elected, Computershare will sell such shares at the weighted average sale price obtained by Computershare's broker for all shares sold on such batch on the applicable trade date or dates and then send the net proceeds to the shareholder, after deducting any applicable transaction fees, per share fees, and related expenses. Any fractional shares at the time of termination will be paid in cash at the current market price, less any applicable transaction fees, per share fees, and related expenses, if any. Shareholders may at any time request a full or partial withdrawal of shares from the Automatic Dividend Reinvestment Plan, without terminating participation in the Automatic Dividend Reinvestment Plan. When shares outside of the Automatic Dividend Reinvestment Plan are liquidated, Distributions on shares held under the Automatic Dividend Reinvestment Plan will continue to be reinvested unless Computershare is notified of the shareholder's withdrawal from the Automatic Dividend Reinvestment Plan.

An investor holding shares that participate in the Automatic Dividend Reinvestment Plan in a brokerage account may not be able to transfer the shares to another broker and continue to participate in the Automatic Dividend Reinvestment Plan. Please contact your broker/dealer for additional details.

Computershare will charge participants their proportional share of the per share fees on market purchases.

Participants may obtain a certificate or certificates for all or part of the full shares credited to their accounts at any time by making a request in writing to Computershare. A fee may be charged to the participant for each certificate issuance.

If you have any questions and shares are registered in your name, contact Computershare at 866 437-0252 or P.O. Box 505000, Louisville, KY 40233-5000. If you have any questions and shares are registered in "street" name, contact the broker/dealer holding the shares or your financial advisor.

The Automatic Dividend Reinvestment Plan may be amended by the Fund upon 20 days written notice to participants.

RIGHTS OFFERINGS

The Fund may in the future, and at its discretion, choose to make offerings of rights to its shareholders to purchase Common Shares. Rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the rights. In connection with a rights offering to shareholders, we would distribute certificates or other documentation (i.e., rights cards distributed in lieu of certificates) evidencing the rights and a prospectus supplement to our shareholders as of the record date that we set for determining the shareholders eligible to receive rights in such rights offering. Any such future rights offering will be made in accordance with the 1940 Act. Under the laws of Maryland, the Board is authorized to approve rights offerings without obtaining shareholder approval.

The staff of the SEC has interpreted the 1940 Act as not requiring shareholder approval of a transferable rights offering to purchase Common Shares at a price below the then current NAV so long as certain conditions are met, including: (i) a good faith determination by a fund's board that such offering would result in a net benefit to existing shareholders; (ii) the offering fully protects shareholders' preemptive rights and does not discriminate among shareholders (except for the possible effect of not offering fractional rights); (iii) management uses its best efforts to ensure an adequate trading market in

the rights for use by shareholders who do not exercise such rights; and (iv) the ratio of a transferable rights offering does not exceed one new share for each three rights held.
Among other things, the applicable prospectus supplement would describe the following terms of the rights in respect of which this Prospectus is being delivered:

- the period of time the offering would remain open;
- the underwriter or distributor, if any, of the rights and any associated underwriting fees or discounts applicable to purchases of the rights;
- the title of such rights;
- the exercise price for such rights (or method of calculation thereof);
- the number of such rights issued in respect of each Common Share;
- the number of rights required to purchase a single Common Share;
- the extent to which such rights are transferable and the market on which they may be traded if they are transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such rights;
- the date on which the right to exercise such rights will commence, and the date on which such right will expire (subject to any extension);
- the extent to which such rights include an over-subscription privilege with respect to unsubscribed securities and the terms of such over-subscription privilege;
- termination right we may have in connection with such rights offering; and
- any other terms of such rights, including exercise, settlement and other procedures and limitations relating to the transfer and exercise of such rights.

A certain number of rights would entitle the holder of the right(s) to purchase for cash such number of Common Shares at such exercise price as in each case is set forth in, or be determinable as set forth in, the prospectus supplement relating to the rights offered thereby. Rights would be exercisable at any time up to the close of business on the expiration date for such rights set forth in the prospectus supplement. After the close of business on the expiration date, all unexercised rights would become void. Upon expiration of the rights offering and the receipt of payment and the rights certificate or other appropriate documentation properly executed and completed and duly executed at the corporate trust office of the rights agent, or any other office indicated in the prospectus supplement, the Common Shares purchased as a result of such exercise will be issued as soon as practicable. To the extent permissible under applicable law, we may determine to offer any unsubscribed offered securities directly to persons other than shareholders, to or through agents, underwriters or dealers or through a combination of such methods, as set forth in the applicable prospectus supplement.

TAXATION

The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Code. If the Fund so qualifies and distributes each year to its shareholders at least 90% of its investment company taxable income (generally including ordinary income and net short-term capital gain, but not net capital gain, which is the excess of net long-term capital gain over net short-term capital loss) and meets certain other requirements, it will not be required to pay federal income taxes on any income distributed to shareholders. The Fund will not be subject to federal income tax on any net capital gain distributed to shareholders. If the Fund distributes less than an amount equal to the sum of 98% of its ordinary income and 98.2% of its capital gain net income, plus any amounts that were not distributed in previous taxable years, then the Fund will be subject to a nondeductible 4% excise tax on the undistributed amounts.

If the Fund failed to qualify as a regulated investment company in any taxable year, it would be taxed as an ordinary corporation on its taxable income (even if such income were distributed to its shareholders) and all distributions out of earnings and profits would generally be taxed to certain noncorporate U.S. shareholders (including individuals) as “qualified dividend income” eligible for reduced maximum tax rates.

Distributions of the Fund’s investment company taxable income are taxable to shareholders as ordinary income to the extent of the Fund’s earnings and profits, whether paid in cash or reinvested in additional Common Shares.

Distributions of the Fund’s net capital gain designated as capital gain dividends, if any, are taxable to shareholders as long-term capital gains regardless of the length of time Shares have been held by such shareholders, whether paid in cash or reinvested in additional Shares. The Fund expects that its distributions will consist primarily of ordinary income. Distributions in excess of the Fund’s earnings and profits will first reduce the adjusted tax basis of a shareholder’s Common Shares and, after such adjusted tax basis is reduced to zero, will constitute capital gain to such shareholder (assuming such Shares are held as a capital asset).

Although distributions generally are treated as taxable in the year they are paid, distributions declared in October, November or December, payable to shareholders of record on a specified date in such month and paid during January of the following year will be treated as having been distributed by the Fund and received by shareholders on the December 31st prior to the date of payment. The Fund will inform shareholders of the source and tax status of all distributions promptly after the close of each calendar year.

Current law provides for reduced federal income tax rates on (i) long-term capital gains received by individuals and certain other non-corporate taxpayers and (ii) “qualified dividend income” received by individuals and certain other non-corporate taxpayers from certain domestic and foreign corporations. Fund shareholders, as well as the Fund itself, must also satisfy certain holding period and other requirements in order for such reduced rates for “qualified dividend income” to apply.

To the extent that distributions from the Fund are designated as capital gain dividends, such distributions will be eligible for the reduced rates applicable to long-term capital gains.

The use of derivatives by the Fund may cause the Fund to realize higher amounts of ordinary income or short-term capital gain, distributions from which are taxable to individual shareholders at ordinary income tax rates rather than at the more favorable tax rates for long-term capital gain.

Foreign shareholders, including shareholders who are non-resident aliens, may be subject to U.S. withholding tax on certain distributions (whether received in cash or in shares) at a rate of 30% or such lower rate as prescribed by an applicable treaty.

Foreign shareholders must provide documentation to the Fund certifying their non-United States status. Prospective foreign investors should consult their advisers concerning the tax consequences to them of an investment in Common Shares of the Fund.

The sale or exchange of Common Shares in connection with a repurchase of Common Shares, as well as certain other transfers, will be a taxable transaction for federal income tax purposes. Except as discussed below, selling shareholders will generally recognize gain or loss in an amount equal to the difference between their adjusted tax basis in the Common Shares sold and the amount received. If the Common Shares are held as a capital asset, the gain or loss will be a capital gain or loss.

Any loss recognized upon a taxable disposition of Common Shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gain dividends received with respect to such Common Shares. For purposes of determining whether Shares have been held for six months or less, the holding period is suspended for any periods during which the shareholder's risk of loss is diminished as a result of holding one or more other positions in substantially similar or related property or through certain options or short sales.

Fund distributions and gains from sale or exchange of Fund Common Shares generally are subject to state and local income taxes.

Gross proceeds and, for Common Shares acquired on or after January 1, 2012 and disposed of after that date, cost basis will be reported to shareholders and the Internal Revenue Service ("IRS"). Cost basis will be calculated using the Fund's default method, unless the shareholder instructs the Fund to use a different calculation method. If a shareholder holds their Fund shares through a broker (or other nominee), the shareholder should contact that broker (nominee) with respect to reporting of cost basis and available elections for their account.

It is possible, although the Fund believes it is unlikely, that, in connection with a repurchase offer, distributions to tendering shareholders may be subject to tax as ordinary income (rather than as gain or loss).

Backup withholding rules require the Fund, in certain circumstances, to withhold federal income tax from dividends and certain other payments, including repurchase proceeds, paid to shareholders who do not furnish to the Fund their correct taxpayer identification number (in the case of individuals, their social security number) and make certain required certifications (including certifications as to foreign status, if applicable), or who are otherwise subject to backup withholding.

Under the Foreign Account Tax Compliance Act (FATCA), the Fund will be required to withhold a 30% tax on the income dividends paid by the Fund to certain foreign entities, referred to as foreign financial institutions or non-financial foreign entities, that fail to comply (or be deemed compliant) with extensive reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. After December 31, 2018, FATCA withholding also would have applied to certain capital gain distributions, return of capital distributions and the proceeds arising from the sale of Fund shares; however, based on proposed regulations issued by the IRS, which may be relied upon currently, such withholding is no longer required unless final regulations provide otherwise (which is not expected). The Fund may disclose the information that it receives from its shareholders to the IRS, non-U.S. taxing authorities or other parties as necessary to comply with FATCA or similar laws. Withholding also may be required if a foreign entity that is a shareholder of the Fund fails to provide the Fund with appropriate certifications or other documentation concerning its status under FATCA.

The federal income tax discussion set forth above is for general information only. Shareholders and prospective investors should consult their own advisers regarding the specific federal income tax consequences of purchasing, holding and disposing of Shares of the Fund, as well as the effects of state, local and foreign tax laws and any proposed tax law changes. For more information, see the "Taxation" section in the Fund's SAI.

ANNUAL TENDER OFFER MEASUREMENT PERIOD AND REPURCHASES OF SHARES

The Directors have implemented an annual tender offer measurement period to provide a periodic liquidity opportunity to shareholders. Specifically, if the Fund is trading at an average discount of more than 10% during a 12-week measurement period established each year by the Board during the second calendar quarter of the year, the Fund will conduct a tender offer. In addition, the Board will consider from time to time more frequent tender offers for and/or open market repurchases of shares of the Fund's Common Shares.

In addition, the Fund has implemented an open market share repurchase program. The share repurchase program commenced on August 1, 2017 and has no stated expiration date. Pursuant to the open market share repurchase program, the Fund may purchase up to 10% of the Fund's shares, from time to time, in open-market transactions, at the discretion of management.

The open-market share repurchase program is intended to benefit shareholders by enabling the Fund to acquire its own shares at a discount to NAV, thereby increasing the proportionate interest of remaining shareholders. There can be no certainty regarding the impact of share repurchases on the sustainability or size of a discount.

In exercising its discretion consistent with its portfolio management responsibilities, the Manager will take into account various other factors, including, but not limited to, the level of the discount, the Fund's performance, portfolio holdings, dividend history, market conditions, cash on hand, the availability of other attractive investments and whether the sale of certain portfolio securities would be undesirable because of liquidity concerns or because the sale might subject the Fund to adverse tax consequences. Any repurchases would be made on a national securities exchange at the prevailing market price, subject to exchange requirements, federal securities laws and rules that restrict repurchases, and the terms of any outstanding leverage or borrowing of the Fund. If and when the Fund's 10% threshold is reached, no further repurchases could be completed until authorized by the Board. Until the 10% threshold is reached, the Manager will have the flexibility to commence share repurchases if and when it is determined to be appropriate in light of prevailing circumstances.

Subject to the Fund's investment restrictions with respect to borrowings, the Fund may incur debt to finance tender offers and/or repurchases. See "Investment Restrictions." Interest on any such borrowings will reduce the Fund's net investment income, and any such borrowings are subject to special considerations.

There can be no assurance that tenders and/or repurchases will result in the Fund's shares trading at a price that approximates or is equal to their NAV. The Fund anticipates that the market price of its shares will from time to time vary from NAV. The market price of the Fund's shares will, among other things, be determined by the relative demand for and supply of shares in the market, the Fund's investment performance, the Fund's dividends and yield and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives. Nevertheless, the fact that the Fund's shares may be subject to tender offers at NAV from time to time may reduce the spread between market price and NAV that might otherwise exist. In the opinion of the Manager, sellers may be less inclined to accept a significant discount if they have a reasonable expectation of being able to recover NAV in conjunction with an annual tender offer measurement period.

Although the Board believes that tender offers and share repurchases generally would have a favorable effect on the market price of the Fund's shares, the repurchase of shares by the Fund will decrease the total assets of the Fund and, therefore, have the effect of increasing the Fund's expense ratio. Because of the nature of the Fund's investment objectives and policies and the Fund's portfolio, the Manager does not anticipate that tender offers and repurchases should have a materially adverse effect on the Fund's investment performance and does not anticipate any material difficulty in disposing of portfolio securities in order to consummate tender offers and share repurchases.

Although the Board has committed to the annual tender offer measurement period under the circumstances set forth above, it is the Directors' announced policy, which may be changed by the Directors, that the Fund cannot accept tenders or effect repurchases if (1) such transactions, if consummated, would (a) result in the delisting of the Fund's shares from the NYSE (the NYSE having advised the Fund that it would consider delisting if the aggregate market value of the Fund's outstanding shares is less than $5,000,000, the number of publicly held shares falls below 600,000 or the number of round-lot holders falls below 1,200), (b) impair the Fund'