

NUVEEN MUNICIPAL HIGH INCOME OPPORTUNITY FUND

Form 486BPOS

April 11, 2019

As filed with the U.S. Securities and Exchange Commission on April 11, 2019

1933 Act File No. 333-220101

1940 Act File No. 811-21449

## U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### FORM N-2

(Check appropriate box or boxes)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No.

Post-Effective Amendment No. 1

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 38

## Nuveen Municipal High Income Opportunity Fund

(Exact name of Registrant as Specified in Charter)

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

(Address of Principal Executive Offices)

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

**(800) 257-8787**

(Registrant's Telephone Number, including Area Code)

**Gifford R. Zimmerman**

**Vice President and Secretary**

**333 West Wacker Drive**

**Chicago, Illinois 60606**

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

*Copy to:*

**Thomas S. Harman**

**Morgan, Lewis & Bockius LLP**

**1111 Pennsylvania Avenue NW**

**Washington, DC 20004**

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

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

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

When declared effective pursuant to section 8(c)

Immediately upon filing pursuant to no-action relief granted to Registrant on November 9, 2010.



**PROSPECTUS**

## 15.7 Million Common Shares

# Nuveen Municipal High Income Opportunity Fund

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Nuveen Municipal High Income Opportunity Fund (the Fund) is a diversified, closed-end management investment company. The Fund's primary investment objective is to provide high current income exempt from regular federal income tax. The Fund's secondary investment objective is to seek attractive total return consistent with its primary objective. The Fund cannot assure you that it will achieve its investment objectives.

**Investing in the Fund's common shares ( Common Shares ) involves certain risks that are described in the Risk Factors section of this Prospectus (the Prospectus ), including the specific risks relating to the Fund's use of leverage.**

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

You should read this Prospectus, which contains important information about the Fund, before deciding whether to invest and retain it for future reference. A Statement of Additional Information (the SAI), dated April 11, 2019, containing additional information about the Fund, has been filed with the SEC and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of the SAI, the table of contents of which is on the last page of this Prospectus, annual and semi-annual reports to shareholders and other information about the Fund, and make shareholder inquiries by calling (800) 257-8787, by writing to the Fund or from the Fund's website (<http://www.nuveen.com>). The information contained in, or that can be accessed through, the Fund's website is not part of this Prospectus. You also may obtain a copy of the SAI (and other information regarding the Fund) from the SEC's web site (<http://www.sec.gov>).

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

*Portfolio Contents.* The Fund invests at least 80% of its Assets (as defined on page 2 of the Prospectus Summary), in municipal securities and other related investments the income from which is exempt from regular federal income tax. Up to 20% of the Fund's Managed Assets (as defined on page 2 of the Prospectus Summary) may be invested in municipal securities that pay interest that is taxable under the federal alternative minimum tax applicable to individuals, which creates an opportunity for increased Common Share net income and returns, but also creates special risks for Common Shareholders. The Fund may invest up to 75% of its Managed Assets in municipal securities that, at the time of investment, are rated Baa/BBB or lower by at least one nationally recognized statistical rating organization ( NRSRO ), including below-investment grade securities, or unrated securities that are judged to be of comparable quality by Nuveen Asset Management, LLC ( Nuveen Asset Management ). No more than 10% of the Fund's Managed Assets may be invested in municipal securities rated below B3/B- by

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any NRSROs that rate the security or that are unrated by all NRSROs but judged to be of comparable quality by Nuveen Asset Management. Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as junk bonds. The Fund may invest in the securities of an issuer which, at the time of investment, is in default on its obligations to pay principal or interest thereon when due or that is involved in a bankruptcy proceeding (*i.e.* rated below C-, at the time of investment), and may invest in municipal securities that are experiencing other financial difficulties at the time of acquisition (such securities are

commonly referred to as distressed securities). The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities. Currently, the Fund employs leverage through its investments in inverse floating rate securities and its outstanding Adjustable Rate MuniFund Term Preferred Shares (referred to herein as AMTP Shares).

*Adviser and Sub-Adviser.* Nuveen Fund Advisors, LLC, the Fund's investment adviser, is responsible for determining the Fund's overall investment strategies and their implementation. Nuveen Asset Management, LLC is the Fund's investment sub-adviser and oversees the day-to-day investment operations of the Fund.

The minimum price on any day at which Common Shares may be sold will not be less than the current net asset value (NAV) per share plus the per share amount of the commission to be paid to Nuveen Securities, LLC (Nuveen Securities). The Fund and Nuveen Securities will suspend the sale of Common Shares if the per share price of the shares is less than the minimum price. The Fund currently intends to distribute the shares offered pursuant to this Prospectus primarily through at-the-market transactions, although from time to time it may also distribute shares through an underwriting syndicate or a privately negotiated transaction. To the extent shares are distributed other than through at-the-market transactions, the Fund will file a supplement to this Prospectus describing such transactions. For information on how Common Shares may be sold, see the Plan of Distribution section of this Prospectus.

As of April 2, 2019, the Fund has sold in this offering an aggregate of 996,513 Common Shares, representing net proceeds to the Fund of \$13,507,448, after payment of commissions of \$136,442 in the aggregate.

Common Shares are listed on the NYSE. The trading or ticker symbol of the Fund is NMZ. The Fund's closing price on the NYSE on April 2, 2019 was \$13.58.

Beginning on January 1, 2021, as permitted by regulations adopted by the SEC, paper copies of the Fund's annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website ([www.nuveen.com](http://www.nuveen.com)), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by enrolling at [www.nuveen.com/client-access](http://www.nuveen.com/client-access).

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the Fund, you can call 800-257-8787 (select option # 2) to let the Fund know you wish to continue receiving paper copies of your shareholder reports or you can set your delivery preference by logging into your Investor Center account at [www.computershare.com/investor](http://www.computershare.com/investor) and click on Communication Preferences. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary or all funds held with the fund complex if you invest directly with the Fund.

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**The date of this Prospectus is April 11, 2019**

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You should rely only on the information contained or incorporated by reference into this Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer of these securities in any state 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 Prospectus may have changed since that date. The Fund will update this Prospectus to reflect any material changes to the disclosures herein.

## PROSPECTUS SUMMARY

*This is only a summary. You should review the more detailed information contained elsewhere in this Prospectus and in the Statement of Additional Information (the SAI).*

### **The Fund**

Nuveen Municipal High Income Opportunity Fund (the Fund) is a diversified, closed-end management investment company. See The Fund. The Fund's common shares, \$.01 par value (Common Shares), are traded on the New York Stock Exchange (the NYSE) under the symbol NMZ. See Description of Shares. As of March 31, 2019, the Fund had 64,078,935 Common Shares outstanding, 870 shares of Adjustable Rate MuniFund Term Preferred Shares (referred to herein as AMTP Shares), and net assets applicable to Common Shares of \$866,167,713.

### **Investment Objectives and Policies**

The Fund's primary investment objective is to provide high current income exempt from regular federal income tax. The Fund's secondary investment objective is to seek attractive total return consistent with its primary objective. The Fund cannot assure you that it will achieve its investment objectives.

The Fund seeks to achieve its investment objectives primarily by investing at least 80% of its Assets (defined below) in municipal securities and other related investments the income from which is exempt from regular federal income tax. Up to 20% of the Fund's Managed Assets may be invested in municipal securities that pay interest that is taxable under the federal alternative minimum tax applicable to individuals. For a discussion of how the federal alternative minimum tax may affect shareholders, see Tax Matters.

The Fund may invest in various municipal securities, including municipal bonds and notes, other securities issued to finance and refinance public projects, and other related securities and derivative instruments creating exposure to municipal securities that provide for the payment of interest income that is exempt from regular federal income tax (as used in this document, the term municipal securities refers to all such investments collectively). Municipal securities are often issued by state and local governmental entities to finance or refinance public projects, such as roads, schools, and water supply systems. Municipal securities also may be issued on behalf of private entities or for private activities, such as housing, medical and educational facility construction, or for privately owned transportation, electric utility and pollution control projects. Municipal securities may be issued on a long-term basis to provide long-term financing. The repayment of such debt may be secured generally by a pledge of the full faith and credit taxing power of the issuer, a limited or special tax, or any other revenue source, including project revenues, which may include tolls, fees and other user charges, lease payments, and mortgage payments. Municipal securities also may be issued to finance projects on a short-term interim basis, anticipating repayment with the proceeds of the later issuance of long-term debt. The Fund may purchase municipal securities in the form of bonds, notes, leases or certificates of participation; structured as callable or non-callable; with payment forms that include fixed coupon, variable rate, zero coupon, capital appreciation bonds, tender option bonds, and inverse floating rate securities. Such municipal securities also may be acquired through investments in pooled



vehicles, partnerships, or other investment companies. See The Fund's Investments Municipal Securities for additional information on the types of municipal securities in which the Fund may invest.

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

The Fund seeks to achieve its investment objectives by investing in municipal securities that Nuveen Asset Management (defined below under Sub-Adviser) believes are underrated and undervalued. The Fund's investment objectives and certain investment policies identified as such are considered fundamental and may not be changed without shareholder approval.

The Fund may invest up to 75% of its Managed Assets in municipal securities that, at the time of investment, are rated Baa/BBB or lower by at least one nationally recognized statistical rating organization (NRSRO), including below-investment grade securities, or unrated securities that are judged to be of comparable quality by Nuveen Asset Management. No more than 10% of the Fund's Managed Assets may be invested in municipal securities rated below B3/B- by any NRSROs that rate the security or that are unrated by all NRSROs but judged to be of comparable quality by Nuveen Asset Management. Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as junk bonds. The Fund may invest in the securities of an issuer which, at the time of investment, is in default on its obligations to pay principal or interest thereon when due or that is involved in a bankruptcy proceeding (*i.e.* rated below C-, at the time of investment), and may invest in municipal securities that are experiencing other financial difficulties at the time of acquisition (such securities are commonly referred to as distressed securities). The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities.

As of February 28, 2019, approximately 57% of the Fund's total investment exposure were invested in municipal securities rated investment grade (using the lowest of Standard & Poor's Corporation Ratings Group, a division of The McGraw-Hill Companies (S&P), Moody's Investors Services, Inc. (Moody's) or Fitch Ratings, Inc. (Fitch) ratings). The relative percentages of the value of the investments attributable to investment grade municipal securities and to below investment grade municipal securities could change over time as a result of rebalancing the Fund's assets by Nuveen Asset Management, market value fluctuations, issuance of additional shares and other events.

As of February 28, 2019, the effective maturity of the Fund's portfolio was 23.52 years. The Fund will generally invest in municipal securities with an average effective maturity of 15 to 30 years, including the effects of

leverage, but it may be shortened or lengthened depending on market conditions and on an assessment by the Fund's portfolio manager of which segments of the municipal securities market offer the most favorable relative investment values and opportunities for tax-exempt income and total return.

The Fund also may invest in certain derivative instruments in pursuit of its investment objectives. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts, or other derivative instruments. Nuveen Asset Management may use derivative instruments to seek to enhance return, to hedge some of the risk of the Fund's investments in municipal securities or as a substitute for a position in the underlying asset. These types of strategies may generate taxable income. See "The Fund's Investments - Municipal Securities - Derivatives."

See "The Fund's Investments" and "Risk Factors."

#### **Investment Adviser**

Nuveen Fund Advisors, LLC ( "Nuveen Fund Advisors" or the "Adviser" ), the Fund's investment adviser, is responsible for overseeing the Fund's overall investment strategy and implementation. Nuveen Fund Advisors offers advisory and investment management services to a broad range of investment company clients. Nuveen Fund Advisors has overall responsibility for management of the Fund, oversees the management of the Fund's portfolio, manages the Fund's business affairs and provides certain clerical, bookkeeping and other administrative services. Nuveen Fund Advisors is located at 333 West Wacker Drive, Chicago, Illinois 60606. Nuveen Fund Advisors is a subsidiary of Nuveen, LLC ( "Nuveen" ), the investment management arm of Teachers Insurance and Annuity Association of America ( "TIAA" ). TIAA is a life insurance company founded in 1918 by the Carnegie Foundation for the Advancement of Teaching and is the companion organization of College Retirement Equities Fund. As of December 31, 2018, Nuveen managed approximately \$930.5 billion in assets, of which approximately \$135.3 billion was managed by Nuveen Fund Advisors.

#### **Sub-Adviser**

Nuveen Asset Management, LLC ( "Nuveen Asset Management" ) serves as the Fund's sub-adviser. Nuveen Asset Management, a registered investment adviser, is a wholly-owned subsidiary of Nuveen Fund Advisors. Nuveen Asset Management oversees the day-to-day investment operations of the Fund.

Nuveen Securities, LLC ( "Nuveen Securities" ), a registered broker-dealer affiliate of Nuveen Fund Advisors and Nuveen Asset Management, is involved in the offering of the Fund's Common Shares. See "Plan of Distribution-Distribution Through At-The-Market Transactions."

#### **Use of Leverage**

The Fund uses leverage to pursue its investment objectives. The Fund may use leverage to the extent permitted by the Investment Company Act of 1940, as amended (the "1940 Act" ). The Fund may source leverage through a number of methods including the issuance of Preferred Shares, investments in inverse floating rate securities, entering into reverse repurchase agreements (effectively a secured borrowing) and borrowings (subject to certain investment restrictions). See "The Fund's Investments - Portfolio Composition - Municipal Securities - Inverse Floating Rate Securities," "Risk Factors - Inverse Floating Rate Securities Risk," "Risk

Factors Reverse Repurchase Agreement Risk and Risk Factors Borrowing Risks in this Prospectus and Investment Restrictions in the SAI. The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities. The Fund may also use certain derivatives that have the economic effect of leverage by creating additional investment exposure. Currently, the Fund employs leverage through its outstanding AMTP Shares, which have seniority over the Common Shares. The Fund also currently invests in residual interest certificates of tender option bond trusts, also called inverse floating rate securities, that have the economic effect of leverage because the Fund's investment exposure to the underlying bonds held by the trust have been effectively financed by the trust's issuance of floating rate certificates. The combined economic effect of the total leverage used by the Fund is referred to herein as effective leverage.

For the period February 26, 2018 through October 31, 2018, the average liquidation value of the AMTP Shares outstanding and the annualized dividend rate on the AMTP Shares were \$87 million and 2.25%, respectively. As of February 28, 2019, the Fund's effective leverage was approximately 41% of its Managed Assets.

The Fund may also borrow for temporary purposes permitted by the 1940 Act. The Fund, along with certain other funds managed by Nuveen Fund Advisors (the Participating Funds), are party to a committed unsecured credit facility (the Facility) provided by a group of lenders, under which Participating Funds may borrow for temporary purposes only. Outstanding balances drawn by the Fund, or any other Participating Fund, will bear interest at a variable rate and is the liability of such Fund. The Facility is not intended for sustained levered investment purposes. A large portion of the Facility's capacity (and corresponding annual costs, excluding interest cost) is currently allocated by Nuveen Fund Advisors to a small number of Participating Funds, which does not include the Fund. The Facility has a 364-day term and will expire in July 2019 unless extended or renewed.

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

The Fund pays a management fee to Nuveen Fund Advisors (which in turn pays a portion of its fee to Nuveen Asset Management) based on a percentage of Managed Assets. Managed Assets for this purpose includes the proceeds realized and managed from the Fund's use of leverage as set forth in the Fund's investment management agreement. Because Managed Assets include the Fund's net assets as well as assets that are attributable to the Fund's use of leverage, it is anticipated that the Fund's Managed Assets

will be greater than its net assets. Nuveen Fund Advisors and Nuveen Asset Management are responsible for using leverage to pursue the Fund's investment objectives, and base their decision regarding whether and how much leverage to use for the Fund on their assessment of whether such use of leverage will advance the Fund's investment objectives. However, a decision to employ or increase the Fund's leverage will have the effect, all other things being equal, of increasing Managed Assets and therefore Nuveen Fund Advisors' and Nuveen Asset Management's fees. Thus, Nuveen Fund Advisors and Nuveen Asset Management may have a conflict of interest in determining whether the Fund should use or increase leverage. Nuveen Fund Advisors and Nuveen Asset Management will seek to manage that potential conflict by only employing or increasing the Fund's use of leverage when they determine that such increase is in the best interest of the Fund and is consistent with the Fund's investment objectives, and by periodically reviewing the Fund's performance and use of leverage with the Fund's Board of Trustees (the Board).

The use of leverage creates additional risks for common shareholders, including increased variability of the Fund's NAV, net income and distributions in relation to market changes. See Risk Factors Leverage Risk. There is no assurance that the Fund will continue to use leverage or that the Fund's use of leverage will work as planned or achieve its goals.

#### Offering Methods

The Fund may offer shares using one or more of the following methods: (i) at-the-market transactions through one or more broker-dealers that have entered into a selected dealer agreement with Nuveen Securities, one of the Fund's underwriters; (ii) through an underwriting syndicate; and (iii) through privately negotiated transactions between the Fund and specific investors. See Plan of Distribution.

*Distribution Through At-The-Market Transactions.* The Fund, from time to time, may issue and sell its Common Shares through Nuveen Securities to certain broker-dealers that have entered into selected dealer agreements with Nuveen Securities. Currently, Nuveen Securities has entered into a selected dealer agreement with UBS Securities LLC (UBS) pursuant to which UBS will be acting as Nuveen Securities' sub-placement agent with respect to at-the-market offerings of Common Shares. Common Shares will only be sold on such days as shall be agreed to by the Fund, Nuveen Securities and UBS. Common Shares will be sold at prevailing market prices through the National Market System, subject to a minimum price to be established each day by Nuveen Securities. The minimum price on any day will not be less than the current NAV per share plus the per share amount of the commission to be paid to Nuveen Securities. The Fund, Nuveen Securities, and UBS will suspend the sale of Common Shares if the per share price of the shares is less than the minimum price.

The Fund will compensate Nuveen Securities with respect to sales of the Common Shares at a commission rate of up to 1.0% of the gross proceeds of the sale of Common Shares. Nuveen Securities will compensate sub-placement agents or other broker-dealers participating in the offering at a rate of up to 0.8% of the gross sales proceeds of the sale of Common Shares sold by that sub-placement agent or other broker-dealer. Settlements of Common Share sales will occur on the second business day following the date of sale.

In connection with the sale of the Common Shares on behalf of the Fund, Nuveen Securities may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended (the 1933 Act ), and the compensation of Nuveen Securities may be deemed to be underwriting commissions or discounts. Unless otherwise indicated in a further Prospectus supplement, Nuveen Securities will act as underwriter on a reasonable efforts basis.

The offering of Common Shares pursuant to the Distribution Agreement (defined below under Plan of Distribution Distribution Through At-The-Market Transactions ) will terminate upon the earlier of (i) the sale of all Common Shares subject thereto or (ii) termination of the Distribution Agreement. The Fund and Nuveen Securities each have the right to terminate the Distribution Agreement in its discretion at any time. See Plan of Distribution Distribution Through At-The-Market-Transactions.

The Fund currently intends to distribute the shares offered pursuant to this Prospectus primarily through at-the-market transactions, although from time to time it may also distribute shares through an underwriting syndicate or a privately negotiated transaction. To the extent shares are distributed other than through at-the-market transactions, the Fund will file a supplement to this Prospectus describing such transactions.

As of April 2, 2019, the Fund has sold in this offering an aggregate of 996,513 Common Shares, representing net proceeds to the Fund of \$13,507,448, after payment of commissions of \$136,442 in the aggregate.

The Fund's closing price on the NYSE on April 2, 2019 was \$13.58.

UBS, its affiliates and their respective employees hold or may hold in the future, directly or indirectly, investment interests in Nuveen, Nuveen Fund Advisors, TIAA, or any of their affiliates or funds. The interests held by employees of UBS or its affiliates are not attributable to, and no investment discretion is held by, UBS or its affiliates.

*Distribution Through Underwriting Syndicates.* 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, Nuveen Securities and the underwriting syndicate.

The Fund will offer its shares at a price equal to a specified discount of up to 5% from the closing market price of the Fund's Common Shares on the day prior to the offering date. The applicable discount will be negotiated by the Fund and Nuveen Securities in consultation with the underwriting syndicate on a transaction-by-transaction basis. The Fund will compensate the underwriting syndicate out of the proceeds of the offering based upon a sales load of up to 4% of the gross proceeds of the sale of Common Shares. The minimum net proceeds per share to the Fund will not be less than the greater of (i) the Fund's latest NAV per Common Share or (ii) 91% of the closing market price of the Fund's Common Shares on the day prior to the offering date. See Plan of Distribution Distribution Through Underwriting Syndicates.

*Distribution Through Privately Negotiated Transactions.* The Fund from time to time may sell directly to, and solicit offers from, institutional and other sophisticated investors, who may be deemed to be underwriters as defined in the 1933 Act for any resale of Common Shares. No sales commission or other compensation will be paid to Nuveen Securities or any other FINRA member in connection with such transactions.

The terms of such privately negotiated transactions will be subject to the discretion of the management of the Fund. In determining whether to sell Common Shares through a privately negotiated transaction, the Fund will consider relevant factors including, but not limited to, the attractiveness of obtaining additional funds through the sale of Common Shares, the purchase price to apply to any such sale of Common Shares and the investor seeking to purchase the Common Shares.

Common Shares issued by the Fund through privately negotiated transactions will be issued at a price equal to the greater of (i) the NAV per Common Share or (ii) at a discount ranging from 0% to 5% of the average daily closing market price of the Fund's Common Shares at the close of business on the two business days preceding the date upon which Common Shares are sold pursuant to the privately negotiated transaction. The applicable discount will be determined by the Fund on a transaction-by-transaction basis. See Plan of Distribution Distribution Through Privately Negotiated Transactions.

The principal business address of Nuveen Securities is 333 West Wacker Drive, Suite 3300, Chicago, Illinois 60606.

#### **Special Risk Considerations**

Investment in the Fund involves special risk considerations, which are summarized below. The Fund is designed as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program. See Risk Factors for a more complete discussion of the special risk considerations of an investment in the Fund.

*Investment and Market Risk.* An investment in the Fund's Common Shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Common Shares represents an indirect investment in the municipal securities owned by the Fund, which generally trade in the over-the-counter markets. Your Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions. See Risk Factors Investment and Market Risk.

*Recent Market Circumstances.* Since the financial crisis that started in 2008, the U.S. and many foreign economies continue to experience its after-effects, which have resulted, and may continue to result, in certain instruments experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. These events have reduced the willingness and ability of some lenders to extend credit, and have made it more difficult for some borrowers to obtain financing on attractive terms, if at all. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region. A rise in protectionist trade policies, and the possibility of changes to some

international trade agreements, could affect the economies of many nations in ways that cannot necessarily be foreseen at the present time. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations.

In addition, political events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. The U.S. government has recently reduced federal corporate income tax rates, and future legislative, regulatory and policy changes may result in more restrictions on international trade, less stringent prudential regulation of certain players in the financial markets, and significant new investments in infrastructure and national defense. Interest rates have been unusually low in recent years in the U.S. and abroad. Because there is little precedent for this situation, it is difficult to predict the impact on various markets of a significant rate increase, whether brought about by U.S. policy makers or by dislocations in world markets. In addition, there is a risk that the prices of goods and services in the U.S. and many foreign economies may decline over time, known as deflation (the opposite of inflation). Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. To the extent the Fund focuses its investments in a region enduring geopolitical market disruption, it will face higher risks of loss. Thus, investors should closely monitor current market conditions to determine whether the Fund meets their individual financial needs and tolerance for risk.

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

*Legislation and Regulatory Risk.* At any time after the date of this Prospectus, legislation or additional regulations may be enacted that could negatively affect the assets of the Fund, securities held by the Fund or the issuers of such securities. Fund shareholders may incur increased costs resulting from such legislation or additional regulation. There can be no assurance that future legislation, regulation or deregulation will not have a material adverse effect on the Fund or will not impair the ability of the Fund to achieve its investment objectives.

The U.S. Securities and Exchange Commission (the SEC) has indicated that it may adopt new policies on the use of derivatives by registered investment companies, which could affect the nature and extent of derivatives used by the Fund. While the nature of any such regulations, if adopted, is uncertain at this time, it is possible that such regulations could have an adverse impact on the Fund.

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

*Market Discount from Net Asset Value.* Shares of closed-end investment companies like the Fund have during some periods traded at prices higher than NAV and have during other periods traded at prices lower than NAV. The Fund cannot predict whether Common Shares will trade at, above or below NAV. This characteristic is a risk separate and distinct from the risk that the Fund's NAV could decrease as a result of investment activities. Investors bear a risk of loss to the extent that the price at which they sell their shares is lower in relation to the Fund's NAV than at the time of purchase, assuming a stable NAV. Proceeds from the sale of Common Shares in this offering will be reduced by shareholder transaction costs (if applicable, which vary depending on the offering method used). The NAV per Common Share will be reduced by costs associated with any future issuances of Common Shares. Depending on the premium of Common Shares at the time of any offering of Common Shares hereunder, the Fund's NAV may be reduced by an amount up to the offering costs. Common Shares are designed primarily for long-term investors, and you should not view the Fund as a vehicle for trading purposes. See Risks Market Discount from Net Asset Value.

*Credit Risk.* Credit risk is the risk that one or more municipal securities in the Fund's portfolio will decline in price, or the issuer thereof will fail to pay interest or principal when due, because the issuer experiences a decline in its financial status. Credit risk is increased when a portfolio security is downgraded or the perceived creditworthiness of the issuer deteriorates. If a municipal security satisfies certain rating requirements at the time of investment and is subsequently downgraded below that rating, the Fund will not be required to dispose of the security. If a downgrade occurs, Nuveen Asset Management will consider what action, including the sale of the security, is in the best interests of the Fund and its shareholders. This means that the Fund may invest in municipal securities that are involved in bankruptcy or insolvency proceedings or are experiencing other financial difficulties at the time of acquisition (such securities are commonly referred to as distressed securities). See Risk Factors Credit Risk.

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

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

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



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

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

See Risk Factors Below Investment Grade Risk.

*Interest Rate Risk.* Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the municipal securities in the Fund's portfolio will decline in value because of increases in market interest rates. As interest rates decline, issuers of municipal securities may prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities and potentially reducing the Fund's income. As interest rates increase, slower than expected principal payments may extend the average life of securities, potentially locking in a below-market interest rate and reducing the Fund's value. In typical market interest rate environments, the prices of longer-term municipal securities generally fluctuate more than prices of shorter-term municipal securities as interest rates change. Because the Fund will invest primarily in long-term municipal securities, the Common Share NAV and market price per share will fluctuate more in response to changes in market interest rates than if the Fund invested primarily in shorter-term municipal securities. In comparison to maturity (which is the date on which a debt instrument ceases and the issuer is obligated to repay the principal amount), duration is a measure of the price volatility of a debt instrument as a result of changes in market rates of interest, based on the weighted average timing of the instrument's expected principal and interest payments. Duration differs from maturity in that it considers a security's yield, coupon payments, principal payments and call features, in addition to the amount of time until the security finally matures. As the value of a security changes over time, so will its duration.

Prices of securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. In general, a portfolio of securities with a longer duration can be expected to be more sensitive to interest rate changes than a portfolio with a shorter duration. For example, the price of a bond with an effective duration of two years will rise (fall) two percent for every one percent decrease (increase) in its yield, and the price of a five-year duration bond will rise (fall) five percent for a one percent decrease (increase) in its yield. Greater sensitivity to changes in interest rates typically corresponds to higher volatility and higher risk.

Yield curve risk is the risk associated with either a flattening or steepening of the yield curve, which is a result of changing yields among comparable bonds with different maturities. When market interest rates, or yields, increase, the price of a bond will decrease and vice versa. When the yield curve shifts, the price of the bond, which was initially priced based on the initial yield curve, will change in price. If the yield curve flattens, then the yield spread between long- and short-term interest rates narrows, and the price of the bond will change accordingly. If the bond is short-term and the yield decreases, the price of this bond will increase. If the yield curve

steepens, this means that the spread between long- and short-term interest rates increases. Therefore, long-term bond prices, like the ones held by the Fund, will decrease relative to short-term bonds. Changes in the yield curve are based on bond risk premiums and expectations of future interest rates.

Because the values of lower-rated and comparable unrated debt securities are affected both by credit risk and interest rate risk, the price movements of such lower grade securities in response to changes in interest rates typically have not been highly correlated to the fluctuations of the prices of investment grade quality securities in response to changes in market interest rates. The Fund's use of leverage, as described herein, will tend to increase Common Share interest rate risk. See Risk Factors Interest Rate Risk.

*Municipal Securities Market Risk.* The municipal market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital, and during the recent market turmoil these firms' capital was severely constrained. As a result, some firms were unwilling to commit their capital to purchase and to serve as a dealer for municipal bonds.

Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the municipal securities in the Fund's portfolio will decline in value because of increases in market interest rates. Currently, market interest rates are at or near historically low levels which may be unsustainable. In typical market interest rate environments, the prices of longer-term municipal securities generally fluctuate more than prices of shorter-term municipal securities as interest rates change. Because the Fund will invest primarily in longer-term municipal securities, the Common Share NAV and market price per share will fluctuate more in response to changes in market interest rates than if the Fund invested primarily in shorter-term municipal securities. See Risk Factors Municipal Securities Market Risk and Risk Factors Special Risks Related to Certain Municipal Obligations.

*Reinvestment Risk.* Reinvestment risk is the risk that income from the Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called bonds at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the Common Share's market price or your overall returns. See Risk Factors Reinvestment Risk.

*Call Risk.* The Fund may invest in securities that are subject to call risk. Debt instruments may be redeemed at the option of the issuer, or called, before their stated maturity or redemption date. In general, an issuer will call its debt instruments if they can be refinanced by issuing new instruments which bear a lower interest or dividend rate. The Fund is subject to the possibility that during periods of falling interest rates, an issuer will call its debt. The Fund would then be forced to invest the unanticipated proceeds at lower interest or dividend rates, resulting in a decline in the Fund's income.

*Tax Risk.* To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things, the Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources and satisfy a diversification test on a quarterly basis. If the Fund fails to satisfy the qualifying income or

diversification requirements in any taxable year, the Fund may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the diversification requirements where the Fund corrects the failure within a specified period. In order to be eligible for the relief provisions with respect to a failure to meet the diversification requirements, the Fund may be required to dispose of certain assets. If these relief provisions were not available to the Fund and it were to fail to qualify for treatment as a regulated investment company for a taxable year, all of its taxable income (including its net capital gain) would be subject to tax at regular corporate rates without any deduction for distributions to shareholders, and such distributions would be taxable as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits.

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

The Fund may enter into various types of derivatives transactions, including financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts, or other derivative instruments. The use of such derivatives may generate taxable income. The Fund's use of derivatives may also affect the amount, timing, and character of distributions to shareholders and, therefore, may increase the amount of taxes payable by shareholders.

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

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

*Leverage Risk.* The use of leverage creates special risks for Common Shareholders, including the likelihood of greater volatility of NAV and market price of, and distributions on, the Common Shares than a

comparable portfolio without leverage. The use of leverage in a declining market will likely cause a greater decline in Common Share NAV, which may result in a greater decline of the Common Share price, than if the Fund were not to have used leverage.

Leverage risk is the risk associated with the use of the Fund's outstanding preferred shares, including AMTP Shares, use of tender option bonds to leverage the Common Shares or borrowings, if any. There can be no assurance that the Fund's leveraging strategy will be successful. Because the long-term municipal securities in which the Fund invests generally pay fixed rates of interest while the Fund's costs of leverage generally fluctuate with short- to intermediate-term yields, the incremental earnings from leverage will vary over time. However, the Fund may use derivatives, such as interest rate swaps, to fix the effective rate paid on all or a portion of the Fund's leverage in an effort to lower leverage costs over an extended period. Accordingly, the Fund cannot assure you that the use of leverage will result in a higher yield or return to Common Shareholders. The income benefit from leverage will be reduced to the extent that the difference narrows between the net earnings on the Fund's portfolio securities and its cost of leverage. The income benefit from leverage will increase to the extent that the difference widens between the net earnings on the Fund's portfolio securities and its cost of leverage. If short- or intermediate-term rates rise, the Fund's cost of leverage could exceed the fixed rate of return on longer-term bonds held by the Fund that were acquired during periods of lower interest rates, reducing returns to Common Shareholders. This could occur even if short- or intermediate-term and long-term municipal rates rise.

The Fund will pay (and common shareholders will bear) any costs and expenses relating to the Fund's use of leverage, which will result in a reduction in the NAV of and net income payable with respect to the Common Shares. Because of the costs of leverage, the Fund may incur losses even if the Fund has positive returns if they are not sufficient to cover the costs of leverage. Nuveen Fund Advisors, based on its assessment of market conditions, may increase or decrease the Fund's level of leverage. Such changes may impact the Fund's distributions and the valuation of the Common Shares in the secondary market. There is no assurance that the Fund will continue to utilize leverage or that the Fund's use of leverage will be successful. Furthermore, the amount of fees paid to Nuveen Fund Advisors and Nuveen Asset Management for investment advisory services will be higher if the Fund uses leverage because the fees will be calculated based on the Fund's Managed Assets, which may create an incentive for Nuveen Fund Advisors and Nuveen Asset Management to leverage the Fund or increase the Fund's leverage.

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

managing the Fund's portfolio in accordance with its investment objectives and policies. See Use of Leverage.

The Fund is required to maintain certain regulatory and rating agency asset coverage requirements in connection with its use of leverage, in order to be able to maintain the ability to declare and pay Common Share distributions. An NRSRO could downgrade its ratings on the Fund's outstanding preferred shares, including AMTP Shares. A ratings downgrade of the Fund's preferred shares may result in higher dividend rates and may also force the redemption of such preferred shares at what might be an inopportune time in the market. These factors may result in reduced net earnings or returns to Common Shareholders.

In order to maintain required asset coverage levels, the Fund may be required to alter the composition of its investment portfolio or take other actions, such as redeeming preferred shares, including AMTP Shares, or prepaying borrowings with the proceeds from portfolio transactions, at what might be an inopportune time in the market. Such actions could reduce the net earnings or returns to Common Shareholders over time. NRSRO ratings of the Fund's outstanding preferred shares neither eliminate nor mitigate the risks of investing in Common Shares.

The Fund may invest in the securities of other investment companies, which may themselves be leveraged and therefore present similar risks to those described above and magnify the Fund's leverage risk. The risk of loss attributable to the Fund's use of leverage is borne by Common Shareholders.

*Inverse Floating Rate Securities Risk.* The Fund may invest in inverse floating rate securities. Typically, inverse floating rate securities represent beneficial interests in a special purpose trust (sometimes called a tender option bond trust) formed by a third party sponsor for the purpose of holding municipal bonds. See The Fund's Investments Inverse Floating Rate Securities. In general, income on inverse floating rate securities will decrease when interest rates increase and increase when interest rates decrease. Investments in inverse floating rate securities may subject the Fund to the risks of reduced or eliminated interest payments and losses of principal. In addition, inverse floating rate securities may increase or decrease in value at a greater rate than the underlying interest rate, which effectively leverages the Fund's investment. As a result, the market value of such securities generally will be more volatile than that of fixed rate securities.

The Fund may invest in inverse floating rate securities, issued by special purpose trusts that have recourse to the Fund. In Nuveen Asset Management's discretion, the Fund may enter into a separate shortfall and forbearance agreement with the third party sponsor of a special purpose trust. The Fund may enter into such recourse agreements (i) when the liquidity provider to the special purpose trust requires such an agreement because the level of leverage in the special purpose trust exceeds the level that the liquidity provider is willing to support absent such an agreement; and/or (ii) to seek to prevent the liquidity provider from collapsing the special purpose trust in the event that the municipal obligation held in the trust has declined in value. Such an agreement would require the Fund to reimburse the third-party sponsor of the trust, upon termination of the trust

issuing the inverse floater, the difference between the liquidation value of the bonds held in the trust and the principal amount due to the holders of floating rate interests. In such instances, the Fund may be at risk of loss that exceeds its investment in the inverse floating rate securities.

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

The Fund's investment in inverse floating rate securities will create effective leverage, which will create an opportunity for increased Common Share net income and returns, but will also create the possibility that Common Share long-term returns will be diminished if the cost of leverage exceeds the return on the inverse floating rate securities purchased by the Fund. Inverse floating rate securities have varying degrees of liquidity based upon the liquidity of the underlying securities deposited in a special purpose trust. The market price of inverse floating rate securities is more volatile than the underlying securities due to leverage. The leverage attributable to such inverse floating rate securities may be called away on relatively short notice and therefore may be less permanent than more traditional forms of leverage. In certain circumstances, the likelihood of an increase in the volatility of NAV and market price of the Common Share may be greater for a fund (like the Fund) that relies primarily on inverse floating rate securities to achieve a desired effective leverage ratio. The Fund may be required to sell its inverse floating rate securities at less than favorable prices, or liquidate other Fund portfolio holdings in certain circumstances, including, but not limited to, the following:

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

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

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

See Risk Factors Inverse Floating Rate Securities Risk.

*Inflation Risk.* Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline. See Risk Factors Inflation Risk.

*Derivatives Risk.* The Fund's use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives. Whether the Fund's use of derivatives is successful will depend on, among other things, if Nuveen Asset Management correctly forecasts market values, interest rates and other applicable factors. If Nuveen Asset Management incorrectly forecasts these and other factors, the investment performance of the Fund will be unfavorably affected.

The Fund may enter into various types of derivatives transactions, including financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts, or other derivative instruments. As of October 31, 2018, the Fund was not invested in derivatives. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of derivatives requires an understanding by Nuveen Asset Management not only of the referenced asset, rate or index, but also of the swap itself and the markets on which they trade. Successful implementation of most hedging strategies would generate taxable income.

The derivatives market is subject to a changing regulatory environment. It is possible that regulatory or other developments in the derivatives market could adversely affect the Fund's ability to successfully use derivative instruments. See Risk Factors Derivatives Risk, Risk Factors Counterparty Risk, Risk Factors Hedging Risk and the SAI.

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

*Hedging Risk.* The Fund's use of derivatives or other transactions to reduce risks involves costs and will be subject to Nuveen Fund Advisors' and Nuveen Asset Management's ability to predict correctly changes in the relationships of such hedge instruments to the Fund's portfolio holdings or other factors. No assurance can be given that Nuveen Fund Advisors' and Nuveen Asset Management's judgment in this respect will be correct. In addition, no assurance can be given that the Fund will enter into hedging or

other transactions at times or under circumstances in which it may be advisable to do so. See Risk Factors Hedging Risk.

*Potential Conflicts of Interest Risk.* Nuveen Fund Advisors and Nuveen Asset Management each provide a wide array of portfolio management and other asset management services to a mix of clients and may engage in ordinary course activities in which their respective interests or those of their clients may compete or conflict with those of the Fund. For example, Nuveen Fund Advisors and Nuveen Asset Management may provide investment management services to other funds and accounts that follow investment objectives similar to those of the Fund. In certain circumstances, and subject to its fiduciary obligations under the Investment Advisers Act of 1940, Nuveen Asset Management may have to allocate a limited investment opportunity among its clients, which include closed-end funds, open-end funds and other commingled funds. Nuveen Fund Advisors and Nuveen Asset Management have each adopted policies and procedures designed to address such situations and other potential conflicts of interests. For additional information about potential conflicts of interest, and the way in which Nuveen Fund Advisors and Nuveen Asset Management address such conflicts, please see the SAI.

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

In addition, an investment in the Fund's Common Shares raises other risks, which are more fully disclosed in the Risk Factors section of this Prospectus.

## Distributions

The Fund pays monthly distributions to Common Shareholders at a level rate (stated in terms of a fixed cents per Common Share dividend rate) based on the projected performance of the Fund. The Fund's ability to maintain a level Common Share dividend rate will depend on a number of factors, including dividends payable on AMTP Shares. As portfolio and market conditions change, the rate of dividends on the Common Shares and the Fund's dividend policy could change. For each taxable year, the Fund will distribute all or substantially all of its net investment income (after it pays accrued dividends on AMTP Shares). In addition, the Fund intends to distribute, at least annually, all or substantially all of its net capital gain (which is the excess of net long-term capital gain over net short-term capital loss) and taxable ordinary income, if any, to Common Shareholders so long as the net capital gain and taxable ordinary income are not necessary to pay accrued dividends on, or redeem or liquidate, any preferred shares, including AMTP Shares, then outstanding or pay any interest and required principal payments on borrowings. While not currently anticipated, if the Fund makes total distributions during a given calendar year in an amount that exceeds the Fund's net investment income and net capital gain for that calendar year, the excess would generally be treated by Common Shareholders as a return of capital for tax purposes. A return of capital



reduces a shareholder's tax basis, which could result in higher taxes when the shareholder sells his or her shares. This may cause the shareholder to pay taxes even if he or she sells shares for less than the original price. You may elect to reinvest automatically some or all of your distributions in additional Common Shares under the Fund's Dividend Reinvestment Plan.

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

The Fund reserves the right to change its distribution policy and the basis for establishing the rate of its monthly distributions at any time, subject to a finding by the Fund's Board that such change is in the best interests of the Fund and its Common Shareholders.

**Custodian and Transfer Agent**

State Street Bank and Trust Company serves as custodian of the Fund's assets. Computershare Inc. and Computershare Trust Company, N.A. (together, "Computershare") serve as the Fund's transfer agent. See "Custodian and Transfer Agent."

**Special Tax Considerations**

The Fund may invest up to 20% of its Managed Assets in municipal securities that pay interest that is taxable under the federal alternative minimum tax applicable to individuals. If you are, or as a result of investment in the Fund would become, subject to the federal alternative minimum tax, the Fund may not be a suitable investment for you. In addition, distributions of taxable ordinary income (including any net short-term capital gain) will be taxable to shareholders as ordinary income (and not eligible for favorable taxation as "qualified dividend income"), and capital gain dividends will be taxable as long-term capital gains. See "Tax Matters."

**Voting Rights**

The holders of the Fund's AMTP Shares, voting as a separate class, would have the right to elect at least two trustees at all times and to elect a majority of the trustees in the event two full years dividends on the preferred shares, including AMTP Shares, are unpaid. In each case, the remaining trustees would be elected by holders of Common Shares and preferred shares voting together as a single class. The holders of shares of preferred shares, including AMTP Shares, will vote as a separate class or classes on certain other matters as required under the Declaration, the 1940 Act and Massachusetts law. See "Description of Shares Preferred Shares Voting Rights" and "Certain Provisions in the Declaration of Trust."

**SUMMARY OF FUND EXPENSES**

The purpose of the table and the Examples below is to help you understand all fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. The table shows the expenses of the Fund as a percentage of the average net assets applicable to Common Shares, and not as a percentage of total assets or Managed Assets.

<b>Shareholder Transaction Expenses</b> (as a percentage of offering price)	
Maximum Sales Charge	4.00%*
Dividend Reinvestment Plan Fees <sup>(1)</sup>	\$ 2.50

\* A maximum sales charge of 4.00% applies only to offerings pursuant to a syndicated underwriting. The maximum sales charge for offerings made at-the-market is 1.00%. There is no sales charge for offerings pursuant to a private transaction.

	<b>As a Percentage of Net Assets Attributable to Common Shares<sup>(2)</sup></b>
<b>Annual Expenses</b>	
Management Fees <sup>(3)</sup>	0.97%
Fees on AMTP Shares and Interest and Related Expenses from Inverse Floaters <sup>(4)</sup>	0.91%
Other Expenses <sup>(5)</sup>	0.07%
<b>Total Annual Expenses</b>	<b>1.95%</b>

(1) You will be charged a \$2.50 service charge and pay brokerage charges if you direct Computershare, as agent for the Common Shareholders (the Plan Agent), to sell your Common Shares held in a dividend reinvestment account.

(2) Stated as percentages of average net assets attributable to Common Shares for the fiscal year ended October 31, 2018.

(3) The Management Fees shown in the fee table are higher than the contractual management fee rates because the Management Fees in the table are calculated as a percentage of the Fund's average net assets applicable to Common Shares, rather than the Fund's Managed Assets. Managed Assets includes assets attributable to leverage. The management fee consists of a fund-level fee and complex-level fee. For the fiscal year ended October 31, 2018, the Fund-level fee was 0.5193% of Managed Assets or 0.7444% of Net Assets Attributable to Common Shares and the complex-level fee was 0.1592% of Managed Assets or 0.2283% of Net Assets Attributable to Common Shares. See Management of the Fund Investment Management and Sub-Advisory Agreements for a complete discussion of how the Management Fee is calculated.

(4) Currently, the Fund employs leverage through its investment in AMTP Shares and through certain of its investments in inverse floating rate securities. For the fiscal year ended October 31, 2018, the Fund's effective leverage was approximately 39% of the Fund's Managed Assets. Fees on AMTP Shares assume annual dividends paid and amortization of offering costs. Interest and Related Expenses from Inverse Floaters include interest expense attributable to inverse floating rate securities created by selling a fixed-rate bond to a broker dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (self-deposited inverse floating rate securities). To the extent each Fund creates self-deposited inverse floating rate securities, the Fund recognizes interest expense because accounting rules require the Fund to treat interest paid by such trusts as having been paid (indirectly) by the Fund. Because the Fund also recognizes a corresponding amount of additional interest earned (also indirectly), the Fund's NAV per share, net investment income and total return are not affected by this accounting treatment. The actual fees



on AMTP Shares and interest and related expenses from inverse floaters incurred in the future may be higher or lower. If short-term market interest rates rise in the future, and if the Fund continues to maintain leverage the cost of which is tied to short-term interest rates, the Fund's interest expenses on its short-term borrowings can be expected to rise in tandem. The Fund's use of leverage will increase the amount of management fees paid to the Nuveen Fund Advisors and Nuveen Asset Management.

- (5) Other Expenses is based on estimated amounts for the current fiscal year. Expenses attributable to the Fund's investments, if any, in other investment companies are currently estimated not to exceed 0.01%. See Investment Policies and Techniques Other Investment Companies in the SAI.

### Examples

The following examples illustrate the expenses (including the applicable transaction fees, referred to as the Maximum Sales Charge in the fee table above), if any, that a shareholder would pay on a \$1,000 investment that is held for the time periods provided in the table. Each example assumes that all dividends and other distributions are reinvested in the Fund and that the Fund's Annual Expenses, as provided above, remain the same. The examples also assume a 5% annual return.<sup>(1)</sup>

#### Example # 1 (At-the-Market Transaction)

The following example assumes a transaction fee of 1.00%, as a percentage of the offering price.

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$30	\$71	\$114	\$235

#### Example # 2 (Underwriting Syndicate Transaction)

The following example assumes a transaction fee of 4.00%, as a percentage of the offering price.

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$59	\$99	\$141	\$258

#### Example # 3 (Privately Negotiated Transaction)

The following example assumes there is no transaction fee.

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<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$20	\$61	\$105	\$227

**The examples should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown above.**

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<sup>(1)</sup> The examples assume that all dividends and distributions are reinvested at Common Share NAV. Actual expenses may be greater or less than those assumed. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

## FINANCIAL HIGHLIGHTS

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

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

Selected data for a Common share outstanding throughout each period:

PER SHARE OPERATING PERFORMANCE	Year Ended October 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Beginning Common Share Net Asset Value (NAV)	\$ 13.47	\$ 13.68	\$ 13.66	\$ 13.71	\$ 12.36	\$ 13.45	\$ 11.59	\$ 12.13	\$ 11.18	\$ 9.63
Investment Operations:										
Net Investment Income (Loss)	0.82	0.80	.86	.91	.93	.94	.91	.96	1.04	1.06
Net Realized/Unrealized Gain (Loss)	(0.78)	(0.22)	.04	(.04)	1.33	(1.20)	1.78	(.57)	.89	1.48
Distributions from Net Investment Income to Auction Rate Preferred (ARPS) Shareholders(a)								(.01)	(.01)	(.04)
<b>Total</b>	<b>0.04</b>	<b>0.58</b>	<b>.90</b>	<b>.87</b>	<b>2.26</b>	<b>(.26)</b>	<b>2.69</b>	<b>.38</b>	<b>1.92</b>	<b>2.50</b>
Less Distributions to Common Shareholders:										
From Net Investment Income	(0.74)	(0.81)	(.91)	(.92)	(.91)	(.88)	(.90)	(.96)	(1.01)	(1.04)
From Accumulated Net Realized Gains										
<b>Total</b>	<b>(0.74)</b>	<b>(0.81)</b>	<b>(.91)</b>	<b>(.92)</b>	<b>(.91)</b>	<b>(.88)</b>	<b>(.90)</b>	<b>(.96)</b>	<b>(1.01)</b>	<b>(1.04)</b>
Common Share: Premium Per Share Sold through Shelf Offering	*	0.02	.03		*	.05	.07	.04	.04	.09

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Shelf Offering Costs and ARPS Share Underwriting Discounts						*	*	*	*	*	*
Ending NAV	\$ 12.77	\$ 13.47	\$ 13.68	\$ 13.66	\$ 13.71	\$ 12.36	\$ 13.45	\$ 11.59	\$ 12.13	\$ 11.18	
Ending Share Price	\$ 11.76	\$ 13.53	\$ 13.32	\$ 13.76	\$ 13.21	\$ 11.99	\$ 14.22	\$ 11.75	\$ 12.95	\$ 11.92	
Common Share Total Returns:											
Based on NAV(b)	0.25%	4.73%	6.91%	6.54%	18.90%	(1.71)%	24.55%	4.24%	18.18%	30.90%	
Based on Share Price(b)	(7.93)%	8.04%	3.34%	11.49%	18.31%	(9.71)%	29.84%	(1.22)%	17.90%	20.00%	
<b>Common Share Supplemental Data/Ratios Applicable to Common Shares</b>											
Ending Net Assets (000)	\$ 818,439	\$ 853,745	\$ 788,577	\$ 684,109	\$ 686,299	\$ 618,394	\$ 402,573	\$ 323,090	\$ 324,450	\$ 288,963	
Ratios to Average Net Assets Before Reimbursement(c):											
Expenses(e)	1.95%	1.54%	1.28%	1.25%	1.28%	1.28%	1.42%	1.52%	1.22%	1.53%	
Net Investment Income (Loss)	6.17%	6.14%	6.27%	6.64%	7.14%	7.34%	7.31%	8.55%	8.66%	10.88%	
Ratios to Average Net Assets After Reimbursement(c)(d):											
Expenses(e)	N/A	N/A	N/A	N/A	N/A	N/A	1.41%	1.40%	1.00%	1.17%	
Net Investment Income (Loss)	N/A	N/A	N/A	N/A	N/A	N/A	7.32%	8.66%	8.88%	11.24%	
Portfolio Turnover Rate(f)	11%	10%	11%	9%	13%	16%	12%	32%	7%	28%	
ARPS Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$	\$	\$	\$ 95,000	\$ 95,000	
Asset Coverage Per \$25,000 Share	\$	\$	\$	\$	\$	\$	\$	\$	\$ 110,382	\$ 101,043	
Adjustable Rate MuniFund Term Preferred ( AMTP ) Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$ 87,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Asset Coverage Per \$100,000 Share	\$ 1,040,734	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Variable Rate MuniFund Term Preferred ( VMTP ) Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$	\$ 87,000	\$ 87,000	\$ 87,000	\$ 87,000	\$ 87,000	\$	\$	\$	\$	
Asset Coverage Per \$100,000 Share	\$	\$ 1,081,317	\$ 1,006,411	\$ 886,333	\$ 888,850	\$ 810,798	\$	\$	\$	\$	
Borrowings at the End of Period:											
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$	\$ 50,000	\$ 50,000	\$	\$	
Asset Coverage Per \$1,000	\$	\$	\$	\$	\$	\$	\$ 9,051	\$ 7,462	\$	\$	

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

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

- (c) Ratios do not reflect the effect of dividend payments to ARPS shareholders, during periods when ARPS were outstanding; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS, and other subsequent forms of preferred shares issued by the Fund, where applicable.
- (d) After expense reimbursement from Nuveen Fund Advisors, where applicable. As of November 30, 2011, Nuveen Fund Advisors is no longer reimbursing the Fund for any fees or expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to Preferred Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund and/or the effect of the interest expense and fees paid on borrowings (which the Fund terminated during the fiscal year ended October 31, 2013), where applicable, as follows:

**Year Ended 10/31:**

2018	0.91%
2017	0.49
2016	0.24
2015	0.17
2014	0.19
2013	0.20
2012	0.21
2011	0.15
2010	0.01
2009	0.03

- (f) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales divided by the average long-term market value during the period.

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

N/A Fund no longer has a contractual reimbursement agreement with Nuveen Fund Advisors.



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**TRADING AND NET ASSET VALUE INFORMATION**

The following table shows for the periods indicated: (i) the high and low sales prices for the Common Shares reported as of the end of the day on the NYSE or NYSE MKT, as applicable, (ii) the high and low NAV of the Common Shares, and (iii) the high and low of the premium/(discount) to NAV (expressed as a percentage) of the Common Shares.

Fiscal Quarter Ended	Market Price		Net Asset Value		Premium/(Discount)	
	High	Low	High	Low	High	Low
January 2019	\$ 12.40	\$ 11.37	\$ 13.07	\$ 12.71	(4.33)%	(12.27)%
October 2018	\$ 13.14	\$ 11.77	\$ 13.23	\$ 12.77	(0.38)%	(8.23)%
July 2018	\$ 12.90	\$ 12.40	\$ 13.36	\$ 13.13	(2.27)%	(6.12)%
April 2018	\$ 13.17	\$ 12.29	\$ 13.35	\$ 13.08	(0.91)%	(6.29)%
January 2018	\$ 13.88	\$ 13.13	\$ 13.75	\$ 13.37	1.62%	(1.80)%
October 2017	\$ 13.81	\$ 13.45	\$ 13.58	\$ 13.36	2.25%	(0.15)%
July 2017	\$ 13.61	\$ 13.22	\$ 13.39	\$ 13.07	2.02%	0.30%
April 2017	\$ 13.28	\$ 12.73	\$ 13.14	\$ 12.81	1.54%	(0.62)%
January 2017	\$ 13.53	\$ 12.70	\$ 13.70	\$ 12.65	1.63%	(2.05)%

The NAV per Common Share, the market price and percent of premium/(discount) to NAV per Common Share on April 2, 2019 were \$13.50, \$13.58 and 0.59%, respectively. As of March 31, 2019, the Fund had 64,078,935 Common Shares outstanding, 870 AMTP Shares and net assets applicable to Common Shares of \$866,167,713. See Repurchase of Fund Shares; Conversion to Open-End Fund.

**THE FUND**

The Fund is a diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Massachusetts business trust on October 8, 2003. The Fund's Common Shares are listed on the NYSE under the symbol NMZ.

The following provides information about the Fund's outstanding shares as of March 31, 2019:

Title of Class	Amount Authorized	Amount Held by the Fund or for its Account	Amount Outstanding
Common	unlimited	0	64,078,935
Preferred	unlimited		
AMTP Shares	870	0	870

The Fund's principal office is located at 333 West Wacker Drive, Chicago, Illinois 60606, and its telephone number is (800) 257-8787.

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**5% Shareholders**

The following table sets forth the percentage ownership of each person who, as of April 1, 2019, owned of record, or is known by the Fund to own of record or beneficially, 5% or more of any class of the Fund's equity securities:\*

<u>Name of Equity Security</u>	<u>Name and Address of Owner</u>	<u>% of Beneficial Ownership*</u>
Adjustable Rate Munifund Term Preferred Shares	Bank of America Corporation  Banc of America Preferred Funding Corporation  Bank of America Corporate Center  100 N. Tryon Street, Charlotte, North Carolina 28255	100%

\* The information contained in this table is based on a Schedule 13D filing made February 27, 2018.

## USE OF PROCEEDS

The net proceeds from the issuance of Common Shares hereunder will be invested in accordance with the Fund's investment objectives and policies as stated below. Pending investment, the timing of which may vary depending on the size of the investment but in no case is expected to exceed 30 days, it is anticipated that the proceeds will be invested in short-term or long-term securities issued by the U.S. Government and its agencies or instrumentalities or in high quality, short-term money market instruments.

## THE FUND'S INVESTMENTS

### Investment Objectives

The Fund's primary investment objective is to provide high current income exempt from regular federal income tax. The Fund's secondary investment objective is to seek attractive total return consistent with its primary objective. Any capital appreciation realized by the Fund will generally result in the distribution of taxable capital gains to Common Shareholders. The Fund seeks to achieve its investment objectives by investing in municipal securities that Nuveen Asset Management believes are underrated and undervalued. The Fund cannot assure you that it will achieve its investment objectives. See "The Fund's Investments" Investment Policies.

### Investment Philosophy

Nuveen Asset Management believes that the unique tax treatment of municipal securities and the structural characteristics in the municipal securities market create attractive opportunities to enhance the after-tax total return and diversification of the investment portfolios of taxable investors. Nuveen Asset Management believes that these unique characteristics also present unique risks that may be managed to realize the benefits of the asset class.

*After-Tax Income Potential.* The primary source of total return from municipal securities comes from the tax-exempt income derived therefrom. Nuveen Asset Management believes that, at acceptable levels of credit risk and maturity principal risk, the municipal securities market offers the potential for higher after-tax income when compared with other fixed income markets.

*Managing Multi-Faceted Risks.* Risk in the municipal securities market is derived from multiple sources, including credit risk at the issuer and sector levels, structural risks such as call risk, yield curve risk, and legislative and tax-related risks. Nuveen Asset Management believes that managing these risks at both the individual security and Fund portfolio levels is an important element of realizing the after-tax income and total return potential of the asset class.

*Opportunities to Identify Underrated and Undervalued Municipal Securities.* Within the state and national municipal securities markets, there are issuers with a wide array of financing purposes, security terms, offering structures and credit quality. Nuveen Asset Management believes that the size, depth and other characteristics of the state and national municipal securities markets offer a broad opportunity set of individual issuers in securities that may be underrated and undervalued relative to the general market.

*Market Inefficiencies.* Nuveen Asset Management believes that the scale and intricacy of the municipal securities market often results in pricing anomalies and other inefficiencies that can be identified and capitalized on through trading strategies.

**Investment Process**

Nuveen Asset Management believes that a bottom-up, value-oriented investment strategy that seeks to identify underrated and undervalued securities and sectors is positioned to capture the opportunities inherent in

the municipal securities market and potentially outperform the general municipal securities market over time. The primary elements of Nuveen Asset Management's investment process are:

*Credit Analysis and Surveillance.* Nuveen Asset Management focuses on bottom-up, fundamental analysis of municipal securities issuers. Analysts screen each sector for issuers that meet the fundamental tests of creditworthiness and favor those securities with demonstrable growth potential, solid coverage of debt service and a priority lien on hard assets, dedicated revenue streams or tax resources. As part of Nuveen Asset Management's overall risk management process, analysts actively monitor the credit quality of portfolio holdings.

*Sector Analysis.* Organized by sector, analysts continually assess the key issues and trends affecting each sector in order to maintain a sector outlook. Evaluating such factors as historical default rates and average credit spreads within each sector, analysts provide top-down analysis that supports decisions to overweight or underweight a given sector in a portfolio.

*Diversification.* Nuveen Asset Management seeks to invest in a large number of sectors, states and specific issuers in order to help insulate a portfolio from events that affect any individual industry, geographic location or credit.

Portfolio managers normally seek to limit exposure to individual credits over the long-term. Portfolio managers also seek to diversify other portfolio level risks, including exposure to calls, and to manage a portfolio's interest rate sensitivity within tolerance bands relative to the relevant benchmark.

*Trading Strategies.* Through its trading strategies, Nuveen Asset Management seeks to enhance portfolio value by trading to take advantage of inefficiencies found in the municipal market. This may entail selling issues Nuveen Asset Management deems to be overvalued and purchasing issues Nuveen Asset Management considers to be undervalued.

*Sell Discipline.* Nuveen Asset Management generally sells securities when it (i) determines a security has become overvalued or over-rated, (ii) identifies credit deterioration, or (iii) modifies a portfolio strategy, such as sector allocation. Nuveen Asset Management may also sell securities when such securities exceed the portfolio's diversification targets.

## **Investment Policies**

It is a fundamental policy of the Fund that its investment in municipal securities and other related investments paying interest that is exempt from regular federal income tax will, under normal circumstances, comprise at least 80% of the Fund's Assets. Up to 20% of the Fund's Managed Assets may be invested in municipal securities that pay interest that is taxable under the federal alternative minimum tax applicable to individuals. For a discussion of how the federal alternative minimum tax may affect shareholders, see Tax Matters.

The Fund may invest up to 75% of its Managed Assets in municipal securities that, at the time of investment, are rated Baa/BBB or lower by at least one NRSRO, including below-investment grade securities, or unrated securities that are judged to be of comparable quality by Nuveen Asset Management. No more than 10% of the Fund's Managed Assets may be invested in municipal securities rated below B3/B- by any NRSROs that rate the security or that are unrated by all NRSROs but judged to be of comparable quality by Nuveen Asset Management. Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as junk bonds. The Fund may invest in the securities of an issuer which, at the

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time of investment, is in default on its obligations to pay principal or interest thereon when due or that is involved in a bankruptcy proceeding (*i.e.* rated below C-, at the time of investment), and may invest in municipal securities that are experiencing other financial difficulties at the time of acquisition (such securities are commonly referred to as distressed securities). The Fund may invest up to 15% of its Managed Assets in inverse floating rate securities.

As of February 28, 2019, approximately 57% of the Fund's total investment exposure were invested in municipal securities rated investment grade. The relative percentages of the value of the investments attributable to investment grade municipal securities and to below investment grade municipal securities could change over time as a result of rebalancing the Fund's assets by Nuveen Asset Management, market value fluctuations, issuance of additional shares and other events.

The Fund may also invest in securities of other open-or closed-end investment companies that invest primarily in municipal securities of the types in which the Fund may invest directly. See [The Fund's Investments](#), [Municipal Securities](#), [Other Investment Companies](#) and [Portfolio Composition](#).

The Fund may purchase municipal securities that are additionally secured by insurance, bank credit agreements, or escrow accounts. The credit quality of companies which provide such credit enhancements will affect the value of those securities. Although the insurance feature reduces certain financial risks, the premiums for insurance and the higher market price paid for insured obligations may reduce the Fund's income. The Fund may use any insurer, regardless of its rating. A municipal security will be deemed to have the rating of its insurer. The insurance feature does not guarantee the market value of the insured obligations or the NAV of the Common Shares.

The Fund may invest up to 25% of its total assets in municipal securities in any one industry or in any one state of origin. In addition, subject to the concentration limits of the Fund's investment policies and guidelines, the Fund may invest a significant portion of its total assets in certain sectors of the municipal securities market. See [Risk Factors - Sector and Industry Risk](#).

The credit quality policies noted above apply only at the time a security is purchased, and the Fund is not required to dispose of a security in the event that a rating agency downgrades its assessment of the credit characteristics of a particular issue, even if such downgrade causes the portfolio to fall below the 80% threshold. If at any time the Fund falls below the 80% threshold, the Fund's future investments will be made in a manner that will bring the Fund's portfolio back into compliance with this policy. In determining whether to retain or sell such a security, Nuveen Asset Management may consider such factors as Nuveen Asset Management's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other rating agencies. A general description of the ratings of S&P, Moody's and Fitch of municipal securities is set forth in Appendix A to the SAI.

Upon Nuveen Asset Management's recommendation, during temporary defensive periods and in order to keep the Fund's cash fully invested, including the period during which the net proceeds of any offering of Common Shares or preferred shares, including AMTP Shares, are being invested, the Fund may deviate from its investment objectives and invest up to 100% of its net assets in short-term investments including high quality, short-term securities that may be either tax-exempt or taxable. The Fund intends to invest in taxable short-term investments only in the event that suitable tax-exempt short-term investments are not available at reasonable prices and yields. Investment in taxable short-term investments would result in a portion of your dividends being subject to regular federal income tax, and if the proportion of taxable investments exceeded 50% of the Fund's total assets as of the close of any quarter of any Fund taxable year, the Fund would not for that taxable year satisfy the general eligibility test that would otherwise permit it to pay exempt-interest dividends. For more information, see the SAI.

The Fund cannot chang