

Gabelli Healthcare & WellnessRx Trust
Form 497
September 18, 2014
Table of Contents

Filed Pursuant to Rule 497(c)

Registration Statement No. 333-194973

THE GABELLI HEALTHCARE & WELLNESS^{Rx} TRUST

PROSPECTUS SUPPLEMENT

(To Prospectus dated September 16, 2014)

\$35,000,000

1,400,000 Shares

5.875% Series B Cumulative Preferred Shares

(Liquidation Preference \$25.00 per share)

The Gabelli Healthcare & Wellness^{Rx} Trust (the Fund, we, us or our) is offering 1,400,000 shares of 5.875% Series B Cumulative Preferred Shares (the Series B Preferred Shares). The Series B Preferred Shares will constitute a separate series of the Fund's preferred shares. Investors in Series B Preferred Shares will be entitled to receive cumulative cash dividends at a rate of 5.875% per annum. Dividends and distributions on Series B Preferred Shares will be payable quarterly on March 26, June 26, September 26 and December 26 in each year commencing on December 26, 2014.

The Series B Preferred Shares are redeemable at our option on or after September 24, 2019, and are subject to mandatory redemption by us in certain circumstances. See Special Characteristics and Risks of the Series B Preferred Shares Redemption.

The Fund is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's investment objective is long-term growth of capital. Under normal market conditions, the Fund will invest at least 80% of its assets (plus borrowings made for investment purposes) in equity securities (such as common stock and preferred stock) and income producing securities (such as fixed income debt securities and securities convertible into common stock) of domestic and foreign companies in the healthcare and wellness industries. Companies in the healthcare and wellness industries are defined as those companies which are primarily engaged in providing products, services and/or equipment related to healthcare, medical, or lifestyle needs (i.e., food, beverages, nutrition and weight management). Primarily engaged, as used in this Prospectus Supplement and the accompanying Prospectus, means a company that derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated business. The Fund's investment adviser is Gabelli Funds, LLC (the Investment Adviser).

The Fund's common shares are listed on the New York Stock Exchange (NYSE) under the symbol GRX. On September 17, 2014, the last reported net asset value per share of our common shares was \$11.34 and the last reported

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sales price per share of our common shares on the NYSE was \$10.13. Shares of our 5.76% Series A Cumulative Preferred Shares (the Series A Preferred Shares) are traded on the NYSE under the symbol GRX PrA. On September 17, 2014, the last reported sales price per share of Series A Preferred Shares was \$26.37.

Application has been made to list the Series B Preferred Shares on the NYSE. The Series B Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance.

An investment in the Fund is not appropriate for all investors. We cannot assure you that the Fund's investment objectives will be achieved. You should read this Prospectus Supplement and the accompanying Prospectus before deciding whether to invest in Series B Preferred Shares and retain it for future reference. The Prospectus Supplement and the accompanying Prospectus contain important information about us. Material that has been incorporated by reference and other information about us can be obtained from us by calling 800-GABELLI (422-3554) or from the Securities and Exchange Commission's (SEC) website (<http://www.sec.gov>).

Investing in Series B Preferred Shares involves certain risks that are described in the Special Characteristics and Risks of the Series B Preferred Shares section of this Prospectus Supplement and the Risk Factors and Special Considerations section beginning on page 25 of the accompanying Prospectus.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total⁽¹⁾
Public offering price	\$ 25.00	\$ 35,000,000
Underwriting discounts and commissions	\$ 0.7875	\$ 1,102,500
Proceeds, before expenses, to the Fund	\$ 24.2125	\$ 33,897,500

⁽¹⁾ The aggregate expenses of the offering (excluding underwriting discounts and commissions) are estimated to be \$350,000, which represents approximately \$0.02 per common share.

The Underwriters are expected to deliver the Series B Preferred Shares in book-entry form through The Depository Trust Company on or about September 24, 2014.

BofA Merrill Lynch

G.research, Inc.

The date of this Prospectus Supplement is September 17, 2014

Table of Contents

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Neither the Fund nor the underwriters have authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus Supplement and the accompanying Prospectus is accurate as of any date other than the date of this Prospectus Supplement and the accompanying Prospectus, respectively. Our business, financial condition, results of operations and prospects may have changed since those dates. In this Prospectus Supplement and in the accompanying Prospectus, unless otherwise indicated, Fund, us, our and we refer to The Gabelli Healthcare & Wellness^{Rx} Trust. This Prospectus Supplement also includes trademarks owned by other persons.

TABLE OF CONTENTS**Prospectus Supplement**

<u>CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS</u>	P-3
<u>SUMMARY OF THE TERMS OF THE SERIES B PREFERRED SHARES</u>	P-4
<u>DESCRIPTION OF THE SERIES B PREFERRED SHARES</u>	P-6
<u>USE OF PROCEEDS</u>	P-6
<u>CAPITALIZATION</u>	P-7
<u>ASSET COVERAGE RATIO</u>	P-8
<u>SPECIAL CHARACTERISTICS AND RISKS OF THE SERIES B PREFERRED SHARES</u>	P-8
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OFFERING</u>	P-12
<u>EMPLOYEE BENEFIT PLAN AND IRA CONSIDERATIONS</u>	P-13
<u>UNDERWRITING</u>	P-14
<u>LEGAL MATTERS</u>	P-16
<u>FINANCIAL STATEMENTS</u>	P-16

Prospectus

<u>PROSPECTUS SUMMARY</u>	1
<u>SUMMARY OF FUND EXPENSES</u>	12
<u>FINANCIAL HIGHLIGHTS</u>	13
<u>USE OF PROCEEDS</u>	14
<u>THE FUND</u>	14
<u>INVESTMENT OBJECTIVES AND POLICIES</u>	15
<u>RISK FACTORS AND SPECIAL CONSIDERATIONS</u>	25
<u>MANAGEMENT OF THE FUND</u>	36
<u>PORTFOLIO TRANSACTIONS</u>	40
<u>DIVIDENDS AND DISTRIBUTIONS</u>	40
<u>ISSUANCE OF COMMON SHARES</u>	40
<u>AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLAN</u>	40
<u>DESCRIPTION OF THE SECURITIES</u>	42
<u>ANTI-TAKEOVER PROVISIONS OF THE FUND'S GOVERNING DOCUMENTS</u>	55
<u>CLOSED-END FUND STRUCTURE</u>	56

<u>REPURCHASE OF COMMON SHARES</u>	56
<u>RIGHTS OFFERINGS</u>	57
<u>NET ASSET VALUE</u>	57
<u>LIMITATION ON TRUSTEES AND OFFICERS LIABILITY</u>	58
<u>TAXATION</u>	58
<u>CUSTODIAN, TRANSFER AGENT AND DIVIDEND DISBURSING AGENT</u>	62
<u>PLAN OF DISTRIBUTION</u>	62
<u>LEGAL MATTERS</u>	63
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	64
<u>ADDITIONAL INFORMATION</u>	64
<u>PRIVACY PRINCIPLES OF THE FUND</u>	64
<u>TABLE OF CONTENTS OF STATEMENT OF ADDITIONAL INFORMATION</u>	65

Table of Contents

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar terms and the negative of such terms. Such forward-looking statements may be contained in this Prospectus Supplement as well as in the accompanying Prospectus. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the SEC.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors and Special Considerations section of the accompanying Prospectus and Special Characteristics and Risks of the Series B Preferred Shares in this Prospectus Supplement. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus are made as of the date of this Prospectus Supplement or the accompanying Prospectus, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the Securities Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors and Special Considerations section of the accompanying Prospectus as well as in the Special Characteristics and Risks of the Series B Preferred Shares section of this Prospectus Supplement. We urge you to review carefully those sections for a more detailed discussion of the risks of an investment in the Series B Preferred Shares.

Table of Contents**SUMMARY OF THE TERMS OF THE SERIES B PREFERRED SHARES**

The Fund	The Gabelli Healthcare & Wellness ^{Rx} Trust (the Fund) is a diversified, closed-end management investment company registered under the Investment Company Act of 1940 (the 1940 Act). The Fund's investment objective is long-term growth of capital. Under normal market conditions, the Fund will invest at least 80% of its assets (plus borrowings made for investment purposes) in equity securities (such as common stock and preferred stock) and income producing securities (such as fixed income debt securities and securities convertible into common stock) of domestic and foreign companies in the healthcare and wellness industries. Companies in the healthcare and wellness industries are defined as those companies which are primarily engaged in providing products, services and/or equipment related to healthcare, medical, or lifestyle needs (i.e., food, beverages, nutrition and weight management). Primarily engaged, as used in this Prospectus Supplement and the accompanying Prospectus, means a company that derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated business. The Fund's investment adviser is Gabelli Funds, LLC (the Investment Adviser). The Fund was organized under the laws of the State of Delaware on February 20, 2007. The Fund's common shares are traded on the New York Stock Exchange (the NYSE) under the symbol GRX.
Securities Offered	1,400,000 shares of 5.875% Series B Cumulative Preferred Shares (the Series B Preferred Shares). Series B Preferred Shares shall constitute a separate series of preferred shares of the Fund. The Series B Preferred Shares rank pari passu with the Series A Preferred Shares as to the priority of payment of distributions and liquidation preference.
Dividend Rate	Dividends and distributions on Series B Preferred Shares are cumulative from their original issue date at the annual rate of 5.875%.
Dividend Payment Date	Holders of Series B Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Trustees, out of funds legally available therefor, cumulative cash dividends and distributions. Dividends and distributions will be paid quarterly on March 26, June 26, September 26, and December 26 in each year, commencing on December 26, 2014.
Liquidation Preference	\$25.00 per share.
Use of Proceeds	The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions may cause the investment period to extend as long as six months from the issue date. Pending such investment, the proceeds of the offering of the Series B Preferred Shares will be held in high-quality short-term debt securities and similar instruments.
Non-Call Period/Redemption	

The Series B Preferred Shares generally may not be called for redemption at the option of the Fund prior to September 24, 2019. The Fund reserves the right, however, to redeem the Series B Preferred Shares at any time if it is necessary, in the judgment of the Board of Trustees, to meet tax, regulatory or rating agency asset coverage requirements.

Commencing September 24, 2019, and thereafter, to the extent permitted by the 1940 Act and Delaware law, the Fund may at any time, upon notice of redemption, redeem the Series B Preferred Shares in whole or in part at the liquidation preference per share plus accumulated unpaid dividends through the date of redemption.

Table of Contents**Stock Exchange Listing**

Application has been made to list the Series B Preferred Shares on the NYSE. Prior to the offering, there has been no public market for Series B Preferred Shares. It is anticipated that trading on the NYSE will begin within thirty days from the date of this Prospectus Supplement. During such period, the underwriters do not intend to make a market in Series B Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series B Preferred Shares will be illiquid.

Taxation

The Fund expects that distributions made on the Series B Preferred Shares will consist of (i) long-term capital gain (gain from the sale of a capital asset held longer than 12 months), (ii) qualified dividend income (dividend income from certain domestic and foreign corporations, provided certain holding period and other requirements are met by both the Fund and the shareholder), and (iii) investment company taxable income (other than qualified dividend income, including interest income, short-term capital gain and income from certain hedging and interest rate transactions). Distributions paid to investors by the Fund from its investment company taxable income which includes the excess of net short-term capital gains over net long-term capital losses (together referred to hereinafter as "ordinary income dividends") are generally taxable to investors as ordinary income to the extent of the earnings and profits of the Fund. Such distributions (if reported by the Fund) may, however, qualify (provided holding periods and other requirements are met) (i) for the dividends received deduction in the case of corporate shareholders to the extent that the income of the Fund consists of dividend income from U.S. corporations, and (ii) as qualified dividend income eligible for the reduced maximum federal tax rate to individuals of 15% for those with incomes below approximately \$400,000 (\$450,000 if married filing jointly), amounts adjusted annually for inflation, 20% for those with any income above those amounts that is net long-term capital gain or qualified dividend income, and 0% at certain income levels to the extent that the Fund receives qualified dividend income. Distributions made to investors from an excess of net long-term capital gains over net short-term capital losses ("capital gain dividends"), including capital gain dividends credited to investors but retained by the Fund, are taxable to investors as long-term capital gains if they have been properly designated by the Fund, regardless of the length of time investors have owned shares of the Fund. The maximum federal income tax rate on net long-term capital gain of individuals is 15% for those with incomes below approximately \$400,000 (\$450,000 if married filing jointly), amounts adjusted annually for inflation, 20% for those with any income above those amounts that is net long-term capital gain or qualified dividend income, and 0% at certain income levels. In addition, certain U.S. shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on their net investment income. We cannot assure you, however, as to what percentage of future distributions made on the Series B Preferred Shares will consist of long-term capital gain and qualified dividend income. *See U.S. Federal Income Tax Consequences of the Offering.*

ERISA

See Employee Benefit Plan and IRA Considerations.

Dividend Paying Agent

Computershare Trust Company, N.A.

Table of Contents

DESCRIPTION OF THE SERIES B PREFERRED SHARES

The following is a brief description of the terms of the Series B Preferred Shares. This is not a complete description and is subject to and entirely qualified by reference to the Fund's Statement of Preferences creating and fixing the rights of the Series B Preferred Shares (the "Statement"). The Statement is attached as an exhibit to post-effective amendment number 3 to the Fund's registration statement. Copies may be obtained as described under "Additional Information" in the accompanying Prospectus. Any capitalized terms in this section and the "Special Characteristics and Risks of the Series B Preferred Shares" section of this Prospectus Supplement that are not defined have the meaning assigned to them in the Statement.

The Fund's declaration of trust (the "Declaration") authorizes its Board of Trustees to issue shares of beneficial interest of the Fund, \$0.001 par value per share, without the approval of common shareholders. The Declaration authorizes the Board of Trustees to issue an unlimited number of shares of beneficial interest. All Series B Preferred Shares will have a liquidation preference of \$25.00 per share. Holders of Series B Preferred Shares shall be entitled to receive cumulative cash dividends and distributions at the rate of 5.875% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the \$25.00 liquidation preference on the Series B Preferred Shares. Dividends and distributions on Series B Preferred Shares will accumulate from the date of their original issue, which is September 24, 2014.

The Series B Preferred Shares, when issued by the Fund and paid for pursuant to the terms of this Prospectus Supplement and the accompanying Prospectus, will be fully paid and non-assessable and will have no preemptive, exchange or conversion rights. The Board of Trustees may by resolution classify or reclassify any authorized and unissued Series B Preferred Shares from time to time by setting or changing the preferences, rights, voting powers, restrictions, limitations as to dividends and distributions, qualifications or terms or conditions of redemption of such shares. To the extent permitted by law, the Board of Trustees or its delegate, without the vote of the holders of the Series B Preferred Shares or any other shares of the Fund, may amend the Statement to resolve any inconsistency or ambiguity, to remedy any formal defect or to make any other change so long as the amendment does not in the aggregate adversely affect the rights and preferences of the Series B Preferred Shares.

The disclosure set forth in this Description of the Series B Preferred Shares and under the heading "Special Characteristics and Risks of the Series B Preferred Shares" is intended to be a summary of the material provisions of the Series B Preferred Shares. Since this Description of the Series B Preferred Shares is only a summary, you should refer to the Statement of Preferences for a complete description of the obligations of the Fund and your rights. The disclosure set forth in this Description of the Series B Preferred Shares and under the heading "Special Characteristics and Risks of the Series B Preferred Shares" supplements the description of the preferred Shares set forth under the caption "Description of the Securities - Preferred Shares" in the accompanying Prospectus, and in the event that any provision described in the disclosure set forth in this Description of the Series B Preferred Shares and under the heading "Special Characteristics and Risks of the Series B Preferred Shares" is inconsistent with any description contained in the accompanying Prospectus, the disclosure set forth in this Description of the Series B Preferred Shares and under the heading "Special Characteristics and Risks of the Series B Preferred Shares" will apply and supersede the description in the accompanying Prospectus.

USE OF PROCEEDS

We estimate the total net proceeds of the offering to be \$33,547,500 based on the public offering price of \$25 per share and after deduction of the underwriting discounts and commissions and estimated offering expenses payable by the Fund.

The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions may cause the investment period to extend as long as six months from the issue date. Pending such investment, the proceeds of the offering of the Series B Preferred Shares will be held in high-quality short-term debt securities and similar instruments.

Table of Contents**CAPITALIZATION**

The following table sets forth (i) the unaudited capitalization of the Fund as of June 30, 2014, (ii) the unaudited adjusted capitalization of the Fund as of the date of this Prospectus Supplement reflecting certain rights and common share offerings consummated after June 30, 2014 and (iii) the unaudited further adjusted capitalization of the Fund assuming the issuance of the Series B Preferred Shares offered in this Prospectus Supplement and the use of proceeds thereof.

	As of June 30, 2014 (unaudited)		
	Actual	As adjusted	As further adjusted
Preferred shares, \$0.001 par value per share, unlimited shares authorized (The Actual and As adjusted columns reflect the Fund's outstanding capitalization of 1,200,000 Series A Preferred Shares, \$25 liquidation preference per share, as of June 30, 2014; and the As further adjusted column assumes the issuance of 1,400,000 Series B Preferred Shares at \$25 liquidation preference per share and the outstanding capitalization of 1,200,000 Series A Preferred Shares, \$25 liquidation preference per share, as of June 30, 2014)	\$ 30,000,000	\$ 30,000,000	\$ 65,000,000
Shareholders' equity applicable to common shares:			
Common shares, \$0.001 par value per share; unlimited shares authorized (The Actual column reflects the Fund's outstanding capitalization of 14,956,614 common shares as of June 30, 2014; the As adjusted and As further adjusted columns reflect the issuance of 4,985,538 common shares issued in a rights offering on July 16, 2014, and outstanding capitalization of 14,956,614 common shares as of June 30, 2014)	14,957	19,942	19,942
Paid-in surplus*	114,322,883	158,807,740	157,355,240
Accumulated net investment loss	(83,731)	(83,731)	(83,731)
Accumulated net realized gain on investments and foreign currency transactions	1,368,610	1,368,610	1,368,610
Net unrealized appreciation on investments and foreign currency translations	63,342,325	63,342,325	63,342,325
Net assets applicable to common shares	178,965,044	223,454,886	222,002,386
Liquidation preference of preferred shares	30,000,000	30,000,000	65,000,000
Net assets, plus the liquidation preference of preferred shares	208,965,044	253,454,886	287,002,386

* As adjusted paid-in surplus reflects the net proceeds of \$44,489,842 from the common share rights offering, and as further adjusted paid-in surplus reflects a deduction for the estimated underwriting discounts of \$1,102,500 and estimated offering costs of \$350,000 for the Series B Preferred Shares.

For financial reporting purposes, the Fund will deduct the liquidation preference of its outstanding preferred shares from net assets so long as the senior securities have redemption features that are not solely within the control of the Fund. For all regulatory purposes, the Fund's preferred shares will be treated as equity (rather than debt).

P-7

Table of Contents

ASSET COVERAGE RATIO

Pursuant to the 1940 Act, the Fund generally will not be permitted to declare any dividend, or declare any other distribution, upon any outstanding common shares, or purchase any such common shares, unless, in every such case, all preferred shares issued by the Fund have at the time of declaration of any such dividend or distribution or at the time of any such purchase an asset coverage of at least 200% (1940 Act Asset Coverage Requirement) after deducting the amount of such dividend, distribution, or purchase price, as the case may be. As of the date of this Prospectus Supplement, all of the Fund's outstanding preferred shares are expected to have asset coverage on the date of issuance of the Series B Preferred Shares of approximately 448%.

In addition to the 1940 Act Asset Coverage Requirement, the Fund is subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which have issued ratings for the Series A Preferred Shares. See Special Characteristics and Risks of the Series B Preferred Shares Risks Credit Rating Risk in this Prospectus Supplement. As a condition of the underwriters' obligation to purchase Series B Preferred Shares, the Series B Preferred Shares must be rated at a minimum level by a rating agency that is a Nationally Recognized Statistical Rating Organization.

SPECIAL CHARACTERISTICS AND RISKS OF THE SERIES B PREFERRED SHARES

Dividends

Holders of Series B Preferred Shares shall be entitled to receive cumulative cash dividends and distributions at the rate of 5.875% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the \$25.00 liquidation preference on the Series B Preferred Shares. Dividends and distributions on Series B Preferred Shares will accumulate from the date of their original issue, which is expected to be September 24, 2014.

Dividends and distributions will be payable quarterly on March 26, June 26, September 26 and December 26 in each year (each a Dividend Payment Date) commencing on December 26, 2014 (or, if any such day is not a business day, then on the next succeeding business day) to holders of record of Series B Preferred Shares as they appear on the shareholder register of the Fund at the close of business on the fifth preceding business day. Dividends and distributions on Series B Preferred Shares shall accumulate from the date on which the shares are originally issued. Each period beginning on and including a Dividend Payment Date (or the date of original issue, in the case of the first dividend period after issuance of the Series B Preferred Shares) and ending on but excluding the next succeeding Dividend Payment Date is referred to herein as a Dividend Period. Dividends and distributions on account of arrears for any past Dividend Period or in connection with the redemption of Series B Preferred Shares may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date as shall be fixed by the Board of Trustees.

No full dividends or distributions will be declared or paid on Series B Preferred Shares for any Dividend Period or part thereof unless full cumulative dividends and distributions due through the most recent Dividend Payment Dates therefor for all series of preferred shares of the Fund ranking on a parity with the Series B Preferred Shares as to the payment of dividends and distributions, including the Series A Preferred Shares, have been or contemporaneously are declared and paid through the most recent Dividend Payment Dates therefor. If full cumulative dividends and distributions due have not been paid on all outstanding preferred shares of the Fund, any dividends and distributions being paid on such preferred shares (including the Series B Preferred Shares) will be paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on each such series of preferred shares on the relevant Dividend Payment Date.

Restrictions on Dividend, Redemption and Other Payments. Under the 1940 Act, the Fund is not permitted to issue preferred shares (such as the Series B Preferred Shares) unless immediately after such issuance the Fund will have an asset coverage of at least 200% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing stock of a closed-end investment company as a condition of declaring distributions, purchases or redemptions of its shares). In general, the term asset coverage for this purpose means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness of the Fund plus the aggregate of the involuntary liquidation preference of the preferred shares. The involuntary liquidation preference refers to the amount to which the preferred shares would be entitled on the involuntary liquidation of the Fund in preference to a security junior to them. The Fund also is not permitted to declare any cash dividend or other distribution on its common shares or purchase its common shares unless, at the time of such declaration or purchase, the Fund satisfies this 200% asset coverage requirement after deducting the amount of the distribution or purchase price, as applicable.

Table of Contents

In addition, the Fund may be limited in its ability to declare any cash distribution on its shares of beneficial interest (including the Series B Preferred Shares) or purchase its shares of beneficial interest (including the Series B Preferred Shares) unless, at the time of such declaration or purchase, the Fund has an asset coverage on its indebtedness, if any, of at least 300% after deducting the amount of such distribution or purchase price, as applicable. The 1940 Act contains an exception, however, that permits dividends to be declared upon any preferred shares issued by the Fund (including the Series B Preferred Shares) if the Fund's indebtedness has an asset coverage of at least 200% at the time of declaration after deducting the amount of the dividend. In general, the term "asset coverage" for this purpose means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness of the Fund.

The term "senior security" does not include any promissory note or other evidence of indebtedness in any case where such a loan is for temporary purposes only and in an amount not exceeding 5% of the value of the total assets of the Fund at the time when the loan is made. A loan is presumed under the 1940 Act to be for temporary purposes if it is repaid within 60 days and is not extended or renewed; otherwise it is presumed not to be for temporary purposes. For purposes of determining whether the 200% and 300% asset coverage requirements described above apply in connection with dividends or distributions on or purchases or redemptions of Series B Preferred Shares, the asset coverages may be calculated on the basis of values calculated as of a time within 48 hours (not including Sundays or holidays) next preceding the time of the applicable determination.

Voting Rights

Except as otherwise provided in the Fund's governing documents or a resolution of the Board of Trustees or its delegatee, or as required by applicable law, holders of Series B Preferred Shares shall have no power to vote on any matter except matters submitted to a vote of the Fund's common shares. In any matter submitted to a vote of the holders of the common shares, each holder of Series B Preferred Shares shall be entitled to one vote for each Series B Preferred Share held and the holders of all outstanding preferred shares, including Series B Preferred Shares, and the common shares shall vote together as a single class; provided, however, that at any meeting of the shareholders of the Fund held for the election of trustees, the holders of the outstanding preferred shares, including Series B Preferred Shares, shall be entitled, as a class, to the exclusion of the holders of all other classes of shares of beneficial interest of the Fund, to elect a number of Fund trustees, such that following the election of trustees at the meeting of the shareholders, the Fund's Board of Trustees shall contain two trustees elected by the holders of the outstanding preferred shares, including the Series B Preferred Shares.

During any period in which any one or more of the conditions described below shall exist (such period being referred to herein as a "Voting Period"), the number of trustees constituting the Board of Trustees shall be increased by the smallest number of additional trustees that, when added to the two trustees elected exclusively by the holders of outstanding preferred shares, would constitute a simple majority of the Board of Trustees as so increased by such smallest number, and the holders of outstanding preferred shares, including the Series B Preferred Shares, voting separately as one class (to the exclusion of the holders of all other classes of shares of beneficial interest of the Fund) shall be entitled to elect such smallest number of additional trustees. The Fund and the Board of Trustees shall take all necessary actions, including amending the Fund's governing documents, to effect an increase in the number of trustees as described in the preceding sentence. A Voting Period shall commence:

- (i) if at any time accumulated dividends and distributions on the outstanding Series B Preferred Shares equal to at least two full years' dividends and distributions shall be due and unpaid; or
- (ii) if at any time holders of any other preferred shares are entitled to elect a majority of the trustees of the Fund under the 1940 Act, or the statement of preferences or other instrument creating such shares.

Redemption

Mandatory Redemption. Under certain circumstances, the Series B Preferred Shares will be subject to mandatory redemption by the Fund out of funds legally available therefor in accordance with the Statement and applicable law.

If the Fund fails to have asset coverage, as determined in accordance with Section 18(h) of the 1940 Act, of at least 200% with respect to all outstanding senior securities of the Fund which are stock, including all outstanding

Table of Contents

Series B Preferred Shares (or such other asset coverage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities which are stock of a closed-end investment company as a condition of declaring dividends on its common shares), and such failure is not cured as of the cure date specified in the Statement, (i) the Fund shall give a notice of redemption with respect to the redemption of a sufficient number of preferred shares, which at the Fund's determination (to the extent permitted by the 1940 Act and Delaware law) may include any proportion of Series B Preferred Shares, to enable it to meet the asset coverage requirements, and, at the Fund's discretion, such additional number of Series B Preferred Shares or other preferred shares in order for the Fund to have asset coverage with respect to the Series B Preferred Shares and any other preferred shares remaining outstanding after such redemption as great as 220%, and (ii) deposit an amount with Computershare Trust Company, N.A., or its successors or any other dividend-disbursing agent appointed by the Fund, having an initial combined value sufficient to effect the redemption of the Series B Preferred Shares or other preferred shares to be redeemed.

On such cure date, the Fund shall redeem, out of funds legally available therefor, the number of preferred shares, which, to the extent permitted by the 1940 Act and Delaware law, at the option of the Fund may include any proportion of Series B Preferred Shares or any other series of preferred shares, equal to the minimum number of shares the redemption of which, if such redemption had occurred immediately prior to the opening of business on such cure date, would have resulted in the Fund having asset coverage immediately prior to the opening of business on such cure date in compliance with the 1940 Act or, if asset coverage cannot be so restored, all of the outstanding Series B Preferred Shares, at a price equal to \$25.00 per share plus accumulated but unpaid dividends and distributions (whether or not earned or declared by the Fund) through the date of redemption. See "Description of the Securities Preferred Shares Redemption" in the Prospectus for a discussion of the consequences that would arise if the Fund fails to maintain the asset coverage requirements as calculated in accordance with the applicable rating agency guidelines set forth in the Statement as of any monthly valuation date.

Optional Redemption. Prior to September 24, 2019, the Series B Preferred Shares are not subject to optional redemption by the Fund unless the redemption is necessary, in the judgment of the Board of Trustees, to maintain the Fund's status as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). Commencing September 24, 2019 and thereafter, to the extent permitted by the 1940 Act and Delaware law, the Fund may at any time upon notice redeem the Series B Preferred Shares in whole or in part at a price equal to the liquidation preference per share plus accumulated but unpaid dividends through the date of redemption.

Liquidation

In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the holders of Series B Preferred Shares shall be entitled to receive out of the assets of the Fund available for distribution to shareholders, after satisfying claims of creditors but before any distribution or payment shall be made in respect of the Fund's common shares or any other shares of the Fund ranking junior to the Series B Preferred Shares as to liquidation payments, a liquidation distribution in the amount of \$25.00 per share (the "Liquidation Preference"), plus an amount equal to all unpaid dividends and distributions accumulated to and including the date fixed for such distribution or payment (whether or not earned or declared by the Fund, but excluding interest thereon), and such holders shall be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up of the Fund.

If, upon any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the assets of the Fund available for distribution among the holders of all outstanding Series B Preferred Shares, and any other outstanding shares of a class or series of the Fund's preferred shares ranking on a parity with the Series B Preferred Shares as to payment upon liquidation, shall be insufficient to permit the payment in full to such holders of

Series B Preferred Shares of the Liquidation Preference plus accumulated and unpaid dividends and distributions and the amounts due upon liquidation with respect to such other preferred shares of the Fund, then such available assets shall be distributed among the holders of Series B Preferred Shares and such other preferred shares of the Fund ratably in proportion to the respective preferential liquidation amounts to which they are entitled. Unless and until the Liquidation Preference plus accumulated and unpaid dividends and distributions has been paid in full to the holders of Series B Preferred Shares, no dividends or distributions will be made to holders of the Fund's common shares or any other shares of the Fund ranking junior to the Series B Preferred Shares as to liquidation.

P-10

Table of Contents

Stock Exchange Listing

Application has been made to list the Series B Preferred Shares on the NYSE. The Series B Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance.

Risks

Risk is inherent in all investing. Therefore, before investing in the Series B Preferred Shares you should consider the risks carefully. See **Risk Factors and Special Considerations** in the Prospectus. Primary risks associated with an investment in the Series B Preferred Shares include:

Market Price Risk. The market price for the Series B Preferred Shares will be influenced by changes in interest rates, the perceived credit quality of the Series B Preferred Shares and other factors, and may be higher or lower than the liquidation preference of the Series B Preferred Shares. There is currently no market for the Series B Preferred Shares.

Liquidity Risk. Currently, there is no public market for the Series B Preferred Shares. As noted above, an application has been made to list the Series B Preferred Shares on the NYSE. However, during an initial period which is not expected to exceed thirty days after the date of its issuance, the Series B Preferred Shares will not be listed on any securities exchange. During such period, the underwriters do not intend to make a market in the Series B Preferred Shares. No assurances can be provided that listing on any securities exchange or market making by the underwriters will result in the market for Series B Preferred Shares being liquid at any time.

Redemption Risk. The Fund may at any time redeem Series B Preferred Shares to the extent necessary to meet regulatory asset coverage requirements or requirements imposed by credit rating agencies. For example, if the value of the Fund's investment portfolio declines, thereby reducing the asset coverage for the Series B Preferred Shares, the Fund may be obligated under the terms of the Series B Preferred Shares to redeem some or all of the Series B Preferred Shares. In addition, commencing September 24, 2019, the Fund will be able to call the Series B Preferred Shares at the option of the Fund. Investors may not be able to reinvest the proceeds of any redemption in an investment providing the same or a higher dividend rate than that of the Series B Preferred Shares.

The Series B Preferred Shares are not a debt obligation of the Fund. The Series B Preferred Shares are junior in respect of distributions and liquidation preference to any indebtedness incurred by the Fund, and rank *pari passu* with the Series A Preferred Shares as to the priority of payment of distributions and liquidation preference. Although unlikely, precipitous declines in the value of the Fund's assets could result in the Fund having insufficient assets to redeem all of the Series B Preferred Shares for the full redemption price.

Credit Rating Risk. The Fund is seeking a credit rating on the Series B Preferred Shares. Any credit rating that is issued on the Series B Preferred Shares could be reduced or withdrawn while an investor holds Series B Preferred Shares. A reduction or withdrawal of the credit rating would likely have an adverse effect on the market value of the Series B Preferred Shares. In addition, a credit rating does not eliminate or mitigate the risks of investing in the Series B Preferred Shares.

Distribution Risk. The Fund may not meet the asset coverage requirements or earn sufficient income from its investments to make distributions on the Series B Preferred Shares.

Interest Rate Risk. The Series B Preferred Shares pay dividends at a fixed rate. Prices of fixed income investments tend to vary inversely with changes in market yields. The market yields on securities comparable to the Series B Preferred Shares may increase, which would likely result in a decline in the value of the Series B Preferred

Shares. Additionally, if interest rates rise, securities comparable to the Series B Preferred Shares may pay higher dividend rates and holders of the Series B Preferred Shares may not be able to sell the Series B Preferred Shares at their liquidation preference and reinvest the proceeds at market rates.

P-11

Table of Contents

U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OFFERING

Preferred Share Distributions. In accordance with the Fund's Declaration and as required by the 1940 Act, all preferred shares of the Fund must have the same seniority with respect to distributions. Accordingly, no full distribution will be declared or paid on any series of preferred shares of the Fund for any dividend period, or part thereof, unless full cumulative dividends and distributions due through the most recent dividend payment dates for all series of outstanding preferred shares of the Fund are declared and paid. If full cumulative distributions due have not been declared and made on all outstanding preferred shares of the Fund, any distributions on such preferred shares will be made as nearly pro rata as possible in proportion to the respective amounts of distributions accumulated but unmade on each such series of preferred shares on the relevant dividend payment date.

In the event that for any calendar year the total distributions on the Fund's preferred shares exceed the Fund's current and accumulated earnings and profits allocable to such shares, the excess distributions will generally be treated as a tax-free return of capital (to the extent of the shareholder's tax basis in the shares). The amount treated as a tax-free return of capital will reduce a shareholder's adjusted tax basis in the preferred shares, thereby increasing the shareholder's potential taxable gain or reducing the potential taxable loss on the sale or redemption of the shares. The Fund did not make return of capital distributions to its preferred shareholders during the year ended December 31, 2013.

The Fund expects that distributions made on the Series B Preferred Shares will consist of (i) long-term capital gain (gain from the sale of a capital asset held longer than 12 months), (ii) qualified dividend income (dividend income from certain domestic and foreign corporations, provided certain holding period and other requirements are met by both the Fund and the shareholder), and (iii) investment company taxable income (other than qualified dividend income, including interest income, short-term capital gain and income from certain hedging and interest rate transactions). Distributions paid to investors by the Fund from its investment company taxable income which includes the excess of net short-term capital gains over net long-term capital losses (together referred to hereinafter as "ordinary income dividends") are generally taxable to investors as ordinary income to the extent of the earnings and profits of the Fund. Such distributions (if reported by the Fund) may, however, qualify (provided holding periods and other requirements are met) (i) for the dividends received deduction in the case of corporate shareholders to the extent that the income of the Fund consists of dividend income from U.S. corporations, and (ii) as qualified dividend income eligible for the reduced maximum federal tax rate to individuals of 15% for those with incomes below approximately \$400,000 (\$450,000 if married filing jointly), amounts adjusted annually for inflation, 20% for those with any income above those amounts that is net long-term capital gain or qualified dividend income, and 0% at certain income levels to the extent that the Fund receives qualified dividend income. Distributions made to investors from an excess of net long-term capital gains over net short-term capital losses ("capital gain dividends"), including capital gain dividends credited to investors but retained by the Fund, are taxable to investors as long-term capital gains if they have been properly designated by the Fund, regardless of the length of time investors have owned shares of the Fund. The maximum federal income tax rate on net long-term capital gain of individuals is 15% for those with incomes below approximately \$400,000 (\$450,000 if married filing jointly), amounts adjusted annually for inflation, 20% for those with any income above those amounts that is net long-term capital gain or qualified dividend income, and 0% at certain income levels. In addition, certain U.S. shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on their net investment income. We cannot assure you, however, as to what percentage of future distributions made on the Series B Preferred Shares will consist of long-term capital gain and qualified dividend income.

Please refer to the Taxation sections in the accompanying Prospectus and in the Statement of Additional Information for a description of additional consequences of investing in the preferred shares of the Fund.

P-12

Table of Contents

EMPLOYEE BENEFIT PLAN AND IRA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Series B Preferred Shares by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plans, individual retirement accounts (IRAs) and other arrangements that are subject to Section 4975 of the Code, and entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Benefit Plan).

ERISA and the Code impose certain duties on persons who are fiduciaries of a Benefit Plan and prohibit certain transactions involving the assets of a Benefit Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Benefit Plan or the management or disposition of the assets of such a Benefit Plan, or who renders investment advice for a fee or other compensation to such a Benefit Plan, is generally considered to be a fiduciary of the Benefit Plan.

In considering an investment in the Series B Preferred Shares of a portion of the assets of any Benefit Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Benefit Plan and the applicable provisions of ERISA and Section 4975 of the Code relating to a fiduciary's duties to the Benefit Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA and the Code. The purchase of Series B Preferred Shares by a fiduciary for a Benefit Plan should be considered in light of such fiduciary requirements.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Benefit Plan and certain persons (referred to as parties in interest for purposes of ERISA and disqualified persons for purposes of the Code) having certain relationships to such Benefit Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code (or with respect to certain Benefit Plans, such as IRAs, a prohibited transaction may cause the Benefit Plan to lose its tax-exempt status). In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions (PTCEs) that may apply to the purchase of the Series B Preferred Shares. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers, PTCE 84-24 governing purchases of shares in investment companies) and PTCE 75-1 respecting sales of securities. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code each provides a limited exemption, commonly referred to as the service provider exemption, from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between a Benefit Plan and a person that is a party in interest and/or a disqualified person (other than a fiduciary or an affiliate that, directly or indirectly, has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Benefit Plan involved in the transaction) solely by reason of providing services to the Benefit Plan or by relationship to a service provider, provided that the Benefit Plan receives no less, nor pays no more, than adequate consideration. There can be no assurance that all of the conditions of any such exemptions or any other exemption will be satisfied at the time that the Series B Preferred Shares are acquired, or thereafter while the Series B Preferred Shares are held, if the facts relied upon for utilizing a prohibited transaction exemption change.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Series B Preferred Shares on behalf of, or with the assets of, any Benefit Plan, consult with their counsel regarding the potential applicability of ERISA

and Section 4975 of the Code to such investment and whether an exemption would be applicable to the purchase of the Series B Preferred Shares.

P-13

Table of Contents**UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative of each of the underwriters named below. Subject to the terms and conditions set forth in a firm commitment underwriting agreement among the Fund, the Investment Adviser and the underwriters, the Fund has agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from the Fund, the number of Series B Preferred Shares set forth opposite its name below.

Underwriter	Number of Series B Preferred Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,300,000
G.research, Inc.	100,000
Total	1,400,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Series B Preferred Shares sold pursuant to the underwriting agreement if any of the Series B Preferred Shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

The Fund and the Investment Adviser have each agreed to indemnify the underwriters and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Series B Preferred Shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Series B Preferred Shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Delivery is expected to be made against payment for the Series B Preferred Shares on September 24, 2014, which will be the fifth business day following the date hereof (this settlement cycle being referred to as T+5). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade Series B Preferred Shares on the date hereof or the next succeeding business day will be required, by virtue of the fact that the Series B Preferred Shares initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

Commissions and Discounts

The representative has advised us that the underwriters propose initially to offer the Series B Preferred Shares to the public at the public offering price set forth on the cover page of this Prospectus Supplement and to certain dealers at such price less a concession not in excess of \$0.50 per share. Any underwriter may allow, and such dealers may reallocate, a concession not in excess of \$0.45 per share to other underwriters or to certain dealers. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The expenses of the offering, not including the underwriting discount, are estimated at \$350,000 and are payable by the Fund.

Application has been made to list the Series B Preferred Shares on the NYSE. Prior to the offering, there has been no public market for the Series B Preferred Shares. The Series B Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance. During such period, the underwriters do not intend to make a market in the Series B Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series B Preferred Shares will be illiquid.

If a secondary trading market develops prior to the commencement of trading on the NYSE, holders of the Series B Preferred Shares may be able to sell such shares, however, such shares may trade at discounts from the liquidation preference of the Series B Preferred Shares.

Table of Contents

No Sales of Similar Securities

The Fund and the Investment Adviser have agreed that the Fund will not, for a period of 90 days from the date of this Prospectus Supplement, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any of its preferred shares or securities exchangeable for or convertible into its preferred shares, except for the Series B Preferred Shares sold to the underwriters pursuant to the underwriting agreement.

Short Positions

In connection with the offering, the underwriters may purchase and sell Series B Preferred Shares in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of Series B Preferred Shares than they are required to purchase in the offering. The underwriters must close out any short position by purchasing Series B Preferred Shares in the open market. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Series B Preferred Shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the representative repurchases Series B Preferred Shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Series B Preferred Shares or preventing or retarding a decline in the market price of the Series B Preferred Shares. As a result, the price of the Series B Preferred Shares may be higher than the price that might otherwise exist in the open market.

None of the Fund, the Investment Adviser or any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Series B Preferred Shares. In addition, none of the Fund, the Investment Adviser or any of the underwriters makes any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Fund, the Investment Adviser or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Fund, the Investment Adviser or their respective affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Fund anticipates that, from time to time, certain underwriters may act as brokers or dealers in connection with the Fund's execution of the Fund's portfolio transactions after they have ceased to be underwriters and, subject to certain restrictions, may act as brokers while they are underwriters.

P-15

Table of Contents

G.research, Inc. is a wholly-owned subsidiary of Gabelli Securities, Inc., which is a majority-owned subsidiary of the parent company of the Investment Adviser, which is, in turn, indirectly majority-owned by Mario J. Gabelli. As a result of these relationships, Mr. Gabelli is a controlling person of G.research, Inc.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is One Bryant Park, New York, New York 10036. The principal business address of G.research, Inc. is One Corporate Center, Rye, New York 10580.

LEGAL MATTERS

Certain legal matters will be passed on by Willkie Farr & Gallagher LLP, New York, New York, counsel to the Fund in connection with the offering of the Series B Preferred Shares. Certain legal matters in connection with this offering will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP. Willkie Farr & Gallagher LLP and Simpson Thacher & Bartlett LLP may rely as to certain matters of Delaware law on the opinion of Richards, Layton & Finger, P.A.

FINANCIAL STATEMENTS

The Fund's unaudited financial statements as of and for the six months ended June 30, 2014 included below should be read in conjunction with the audited financial statements of the Fund and the Notes thereto included in the Annual Report to the Fund's shareholders for the fiscal year ended December 31, 2013. The audited annual financial statements of the Fund and the unaudited semiannual financial statements of the Fund are incorporated by reference into this Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information.

Table of Contents

The Gabelli Healthcare & Wellness^{Rx} Trust
Semiannual Report June 30, 2014

To Our Shareholders,

For the six months ended June 30, 2014, the net asset value (NAV) total return of The Gabelli Healthcare & Wellness^{Rx} Trust (the Fund) was 7.8%, compared with a total return of 10.6% for the Standard & Poor's (S&P) 500 Health Care Index. The total return for the Fund's publicly traded shares was 5.6%. The Fund's NAV per share was \$11.97, while the price of the publicly traded shares closed at \$10.34 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the schedule of investments and financial statements as of June 30, 2014.

Comparative Results

Average Annual Returns through June 30, 2014 (a) (Unaudited)

Since