

GABELLI GLOBAL MULTIMEDIA TRUST INC

Form N-2

April 29, 2011

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As filed with the Securities and Exchange Commission on April 29, 2011
Securities Act File No. 333-[]
Investment Company Act File No. 811-08476

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM N-2

(Check Appropriate Box or Boxes)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No.

Post-Effective Amendment No.

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No.

THE GABELLI GLOBAL MULTIMEDIA TRUST INC.

(Exact Name of Registrant as Specified in Charter)

**One Corporate Center
Rye, New York 10580-1422**

(Address of Principal Executive Offices)

Registrant's Telephone Number, including Area Code: (800) 422-3554

**Bruce N. Alpert
The Gabelli Global Multimedia Trust Inc.**

**One Corporate Center
Rye, New York 10580-1422**

(914) 921-5100

(Name and Address of Agent for Service)

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Approximate date of proposed public offering: From time to time after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, as amended, 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).

If appropriate, check the following box:

This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].

This form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration number of the earlier effective registration statement for the same offering is _____.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities	Amount Being Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock	[] Shares	[\$]	\$200 million	\$23,220
Preferred Stock	[] Shares	[\$]	\$200 million	\$23,220 (2)
Total	[] Shares	[\$]	\$400 million	\$46,440(2)

(1) Estimated pursuant to Rule 457 solely for the purpose of calculating the registration fee.

(2) \$7,860 was previously paid in connection with filing of the registration statement for these securities on February 27, 2008.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer, solicitation or sale is not permitted.

Subject to Completion,
Preliminary Base Prospectus dated [], 2011
PRELIMINARY PROSPECTUS
\$[]
THE GABELLI GLOBAL MULTIMEDIA TRUST INC.
Common Stock
Preferred Stock

Investment Objectives. The Gabelli Global Multimedia Trust Inc. (the Fund) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund s primary investment objective is long-term growth of capital, primarily through investment in a portfolio of common stock and other securities of foreign and domestic companies involved in the telecommunications, media, publishing, and entertainment industries. Income is a secondary objective of the Fund. Gabelli Funds, LLC (the Investment Adviser) serves as investment adviser to the Fund. Under normal market conditions, the Fund will invest at least 80% of the value of its assets in common stock and other securities, including convertible securities, preferred stock, options, and warrants of companies in the telecommunications, media, publishing, and entertainment industries (the 80% Policy). A company will be considered to be in these industries if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or multimedia related activities. The 80% Policy may be changed without shareholder approval. The Fund will provide shareholders with notice at least sixty days prior to the implementation of any change in the 80% Policy. The Fund was organized as a Maryland corporation on May 31, 1994 and commenced its investment operations on November 15, 1994. An investment in the Fund is not appropriate for all investors. No assurances can be given that the Fund s objectives will be achieved.

We may offer, from time to time, in one or more offerings, our common stock or preferred stock, each having a par value of \$0.001 per share. Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a Prospectus Supplement). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our shares.

Our shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of our shares, and will set forth any applicable purchase price, fee, commission, or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any sale of preferred stock will set forth the liquidation preference and information about the dividend period, dividend rate, any call protection or non-call period and other matters. We may not sell any of our shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our shares. Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol GGT. Our 6.00% Series B Cumulative Preferred Stock (Series B Preferred) is listed on the NYSE under the symbol GGT PrB. Our Series C Auction Rate Cumulative Preferred Shares (Series C Auction Rate Preferred, and together with Series B Preferred, the Preferred Stock) is not listed on a stock exchange. On [], 2011, the last

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reported sale price of our common stock was \$[]. The net asset value of the Fund's common stock at the close of business on [], 2011 was \$[] per share. **Shares of closed-end funds often trade at a discount from net asset value. This creates a risk of loss for an investor purchasing shares in a public offering.**

Investing in the Fund's shares involves risks. See Risk Factors and Special Considerations on page 27 for factors that should be considered before investing in shares of the Fund.

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

These securities have not been approved or disapproved by any securities regulatory authority in Canada. This offering will not be made in any province in Canada where it is not permitted by law.

This Prospectus may not be used to consummate sales of shares by us through agents, underwriters, or dealers unless accompanied by a Prospectus Supplement.

This Prospectus sets forth concisely the information about the Fund that a prospective investor should know before investing. You should read this Prospectus, which contains important information about the Fund, before deciding whether to invest in the shares, and retain it for future reference. A Statement of Additional Information (the SAI), dated [], 2011, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of the Fund's Annual and Semi-Annual Reports, the SAI, the table of contents of which is on page [] of this Prospectus, request other information about us, and make shareholder inquiries by calling (800) GABELLI (422-3554), or by writing to the Fund, or obtain a copy (and other information regarding the Fund) from the Securities and Exchange Commission's web site (<http://www.sec.gov>).

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

You should rely only on the information contained or incorporated by reference in this Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any state where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date of this Prospectus.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the SAI 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 terms. 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 the Fund's actual results are the performance of the portfolio of securities the Fund holds, the conditions in the U.S. and international financial and other markets, the price at which the Fund's shares will trade in the public markets and other factors discussed in the Fund's 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. The Fund's 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 this Prospectus. All forward-looking statements contained or incorporated by reference in this Prospectus are made as of the date of this Prospectus. Except for the Fund's ongoing obligations under the federal securities laws, the Fund does not intend, and it undertakes no obligation, to update any forward-looking statement.

Currently known risk factors that could cause actual results to differ materially from the Fund's expectations include, but are not limited to, the factors described in the Risk Factors and Special Considerations section of this Prospectus. You are urged to review carefully that section for a more complete discussion of the risks of an investment in the Fund's shares.

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PROSPECTUS SUMMARY

This is only a summary of some of the information that is described more fully elsewhere in this Prospectus. This summary may not contain all of the information that you should consider before investing in our shares. You should review the more detailed information contained in this Prospectus and the Statement of Additional Information, dated [], 2011 (the SAI).

The Fund

The Gabelli Global Multimedia Trust Inc. is a non-diversified, closed-end management investment company organized as a Maryland corporation on May 31, 1994. Throughout this Prospectus, we refer to The Gabelli Global Multimedia Trust Inc. as the Fund, or as we. See The Fund.

The Offering

We may offer, from time to time, in one or more offerings, our common or preferred stock, \$0.001 par value per share. The shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a Prospectus Supplement). The offering price per share of our common stock will not be less than the net asset value per share of our common stock at the time we make the offering, exclusive of any underwriting commissions or discounts. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our shares. Our shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters, or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters, or dealers involved in the sale of our shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any sale of preferred stock will set forth the liquidation preference and information about the dividend period, dividend rate, any call protection or non-call period and other matters. We may not sell any of our shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our shares. Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol GGT. Our 6.00% Series B Cumulative Preferred Stock (Series B Preferred) is listed on the NYSE under the symbol GGT PrB. Our Series C Auction Rate Cumulative Preferred Stock (Series C Auction Rate Preferred, together with the Series B Preferred, the Preferred Stock) is not listed on a stock exchange. The Fund completed its redemption of its 7.92% Tax Advantaged Cumulative Preferred Stock (the Series A Preferred) on April 2, 2003. The Series B Preferred and the Series C Auction Rate Preferred have the same seniority with respect to distributions and liquidation preference. On [], 2011, the last reported sale price of our common stock was \$[]. The net asset value of the Fund's common stock at the close of business on [], 2011 was \$[] per share. As of March 31, 2011, the Fund had outstanding 13,575,669 shares of common stock; 791,014 shares of Series B Preferred and 600 shares of Series C Auction Rate Preferred.

Investment Objectives and Policies

The Fund's primary investment objective is long-term growth of capital, primarily through investment in a portfolio of common stock and other securities of foreign and domestic companies involved in the telecommunications, media, publishing, and entertainment industries. Income is a secondary objective of the Fund. Under normal market conditions, the Fund will invest at least 80% of the value of its assets in common stock and other securities, including convertible securities, preferred stock, options, and warrants of companies in the telecommunications, media, publishing, and entertainment industries (the 80% Policy). A company will be considered to be in these industries if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or multimedia related activities. The 80% Policy may be changed without shareholder approval. The Fund will provide shareholders with notice at least sixty days prior to the implementation of any change in the 80% Policy.

No assurance can be given that the Fund's investment objectives will be achieved. The investment objectives of long-term growth of capital and income are fundamental policies of the Fund. The Fund's

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policy of concentration in companies in the communications industries is also a fundamental policy of the Fund. These fundamental policies may not be changed without the approval of the holders of a majority of the Fund's outstanding voting securities, as defined in the 1940 Act.

Under normal market circumstances, the Fund will invest in securities of issuers located in at least three countries, which may include the United States. Investing in securities of foreign issuers, which generally are denominated in foreign currencies, may involve certain risk and opportunity considerations not typically associated with investing in domestic companies and could cause the Fund to be affected favorably or unfavorably by changes in currency exchange rates and revaluations of currencies. See *Investment Objectives and Policies*.

Preferred Stock

On March 31, 2003, the Fund completed the placement of \$25 million of the Series B Preferred and \$25 million of Series C Auction Rate Preferred. The Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on the Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the articles supplementary classifying and designating the series of Preferred Stock (the *Articles Supplementary*) to meet certain asset coverage tests with respect to the Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Preferred Stock. For the Series B Preferred, the redemption price is \$25 per share plus an amount equal to any accumulated but unpaid dividends (whether or not earned or declared) to the redemption date. For the Series C Auction Rate Preferred, the redemption price is \$25,000 per share plus an amount equal to any accumulated but unpaid dividends (whether or not earned or declared) to the redemption date. Dividend rates for the Series C Auction Rate Preferred are cumulative at a rate that may be reset every seven days based on the results of an auction, or not in excess of a maximum rate. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. If the Fund has insufficient investment income and gains, all or a portion of the distributions to preferred shareholders would come from the common shareholders' capital. Such distributions reduce the net assets attributable to common shareholders since the liquidation value of the preferred shareholders is constant.

The Fund may issue additional series of preferred stock to leverage its investments. If the Fund's Board of Directors (the *Board*, each member of the Board individually, a *Director*) determines that it may be advantageous to the holders of the Fund's common stock for the Fund to utilize such leverage, the Fund may issue additional series of preferred stock. Any preferred stock issued by the Fund will pay distributions either at a fixed rate or at rates that will be reset frequently based on short-term interest rates. Leverage creates a greater risk of loss as well as a potential for more gains for the common stock than if leverage were not used. See *Risk Factors and Special Considerations - Leverage Risk*. The Fund may also engage in investment management techniques which will not be considered senior securities if the Fund establishes in a segregated account cash or other liquid securities equal to the Fund's obligations in respect of such techniques.

Dividends and Distributions

Preferred Stock Distributions. In accordance with the 1940 Act and the Preferred Stock Articles Supplementary, all preferred stock 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 stock 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 stock of the Fund are declared and paid. If full cumulative distributions due have not been declared and made on all outstanding preferred stock of the Fund, any distributions on such preferred stock 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 stock on the relevant dividend payment date.

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In the event that for any calendar year the total distributions on shares of the Fund's preferred stock 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 stock, thereby increasing the shareholder's potential gain or reducing the potential loss on the sale of the shares.

The distributions to the Fund's preferred shareholders for the fiscal year ended December 31, 2010, were comprised exclusively of net investment income, short-term capital gains, and long-term capital gains and did not include any return of capital.

Fixed Rate Preferred Stock. Distributions on Fixed Rate Preferred Stock, at the applicable annual rate of the per share liquidation preference, are cumulative from the original issue date and are payable, when, as and if authorized by the Board and declared by the Fund, out of funds legally available therefor.

Auction Rate Preferred Stock. The holders of Auction Rate Preferred Stock are entitled to receive cash distributions, stated at annual rates of the applicable per share liquidation preference, that vary from dividend period to dividend period. Dividend rates for the Series C Auction Rate Preferred are cumulative at a rate that may be reset every seven days based on the results of an auction, or not in excess of a maximum rate.

Common Stock Distributions. In order to allow its common shareholders to realize a predictable, but not assured, level of cash flow and some liquidity periodically on their investment without having to sell shares, the Fund has adopted a managed distribution policy, which may be changed at any time by the Board, of paying a minimum annual distribution of 10% of the average net asset value of the Fund to common shareholders. In the event the Fund does not generate a total return from dividends and interest received and net realized capital gains in an amount equal to or in excess of its stated distribution in a given year, the Fund may return capital as part of such distribution, which may have the effect of decreasing the asset coverage per share with respect to the Fund's preferred stock. Any return of capital should not be considered by investors as yield or total return on their investment in the Fund.

For the fiscal year ended December 31, 2010, the percentage of distributions paid by the Fund that was a return of capital was 90.55%. The composition of each distribution is estimated based on the earnings of the Fund as of the record date for each distribution. The actual composition of each of the current year's distributions will be based on the Fund's investment activity through the end of the calendar year.

Limitations on Distributions. If at any time the Fund has borrowings outstanding, the Fund will be prohibited from paying any distributions on any of its common stock (other than in additional stock), and from repurchasing any of its common stock or preferred stock, unless, the value of its total assets, less certain ordinary course liabilities, exceed 300% of the amount of the debt outstanding and exceed 200% of the sum of the amount of debt and preferred stock outstanding. In addition, in such circumstances the Fund will be prohibited from paying any sister distributions on its preferred stock unless the value of its total assets, less certain ordinary course liabilities, exceed 200% of the amount of debt outstanding. See Dividends and Distributions.

Use of Proceeds

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

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Exchange Listing

The Fund's common stock is listed on the New York Stock Exchange (NYSE), under the trading or ticker symbol GGT. Currently, the Series B Preferred is listed on the NYSE under the symbol GGT PrB. The Series C Auction Rate Preferred is not listed on a stock exchange. Any additional series of fixed rate preferred stock would also likely be listed on a stock exchange. See Description of Capital Stock.

Market Price of Shares

Common shares of closed-end investment companies often trade on an exchange at prices lower than their net asset value. Common shares of closed-end investment companies may trade during some periods at prices higher than their net asset value and during other periods at prices lower than their net asset value. The Fund cannot assure you that its common stock will trade at a price higher than or equal to net asset value. The Fund's net asset value will be reduced immediately following this offering by the sales load and the amount of the offering expenses paid by the Fund. See Use of Proceeds.

In addition to net asset value, the market price of the Fund's common stock may be affected by such factors as the Fund's dividend and distribution levels (which are affected by expenses) and stability, market liquidity, market supply and demand, unrealized gains, general market and economic conditions, and other factors. See Risk Factors and Special Considerations, Description of Capital Stock and Repurchase of Common Stock.

The common stock is designed primarily for long-term investors, and you should not purchase shares of common stock of the Fund if you intend to sell them shortly after purchase.

Fixed rate preferred stock may also trade at premiums to or discounts from their liquidation preference for a variety of reasons, including changes in interest rates.

Risk Factors and Special Considerations

Risk is inherent in all investing. Therefore, before investing in shares of the Fund, you should consider the risks carefully.

Leverage Risk. The Fund currently uses, and intends to continue to use, financial leverage for investment purposes by issuing preferred stock. As of March 31, 2011, the amount of leverage represented approximately 21% of the Fund's net assets. The Fund's leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objectives and policies. These include the possibility of greater loss and the likelihood of higher volatility of the net asset value of the Fund and the asset coverage for preferred stock. Such volatility may increase the likelihood of the Fund having to sell investments in order to meet its obligations to make distributions on the preferred stock, or to redeem preferred stock when it may be disadvantageous to do so. The Fund may not be permitted to declare dividends or distributions with respect to common stock or preferred stock, or purchase common stock or preferred stock unless at such time the Fund meets certain asset coverage requirements. In addition, the Fund may not be permitted to pay distributions on common stock unless all distributions on preferred stock and/or accrued interest on borrowings have been paid, or set aside for payment. Any preferred stock currently outstanding or that the Fund issues in the future would subject the Fund to certain asset coverage requirements under the 1940 Act that could, under certain circumstances, restrict the Fund from making distributions necessary to qualify as a registered investment company. If the Fund is unable to obtain cash from other sources, the Fund may fail to qualify as a registered investment company and, thus, may be subject to income tax as an ordinary corporation. See Investment Objectives and Policies Leveraging and Risk Factors and Special Considerations Leverage Risk.

Special Risks for Holders of Series C Auction Rate Preferred.

Auction Risk. You may not be able to sell your Series C Auction Rate Preferred at an auction if the auction fails, i.e., if more Series C Auction Rate Preferred is offered for sale than there are buyers for those shares. Also, if you place an order (a hold order) at an auction to retain Series C Auction Rate Preferred

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only at a specified rate that exceeds the rate set at the auction, you will not retain your Series C Auction Rate Preferred. Additionally, if you place a hold order without specifying a rate below which you would not wish to continue to hold your shares and the auction sets a below market rate, you will receive a lower rate of return on your shares than the market rate. Finally, the dividend period may be changed, subject to certain conditions and with notice to the holders of the Series C Auction Rate Preferred, which could also affect the liquidity of your investment. Due to recent market turmoil most auction rate preferred stock, including our Series C Auction Rate Preferred, has been unable to hold successful auctions and holders of such stock have suffered reduced liquidity.

Secondary Market Risk. If you try to sell your Series C Auction Rate Preferred between auctions, you may not be able to sell them for their liquidation preference per share or such amount per share plus accumulated dividends. If the Fund has designated a special dividend period of more than seven days, changes in interest rates could affect the price you would receive if you sold your shares in the secondary market. Broker-dealers that maintain a secondary trading market for the Series C Auction Rate Preferred are not required to maintain this market, and the Fund is not required to redeem Series C Auction Rate Preferred if either an auction or an attempted secondary market sale fails because of a lack of buyers. The Series C Auction Rate Preferred will not be registered on a stock exchange. If you sell Series C Auction Rate Preferred to a broker-dealer between auctions, you may receive less than the price you paid for them, especially when market interest rates have risen since the last auction or during a special dividend period. Due to recent market turmoil most auction rate preferred stock, including our Series C Auction Rate Preferred, has been unable to hold successful auctions and holders of such stock have suffered reduced liquidity, including the inability to sell such stock in a secondary market.

Common Stock Distribution Policy Risk. The Fund has adopted a policy, which may be changed at any time by the Board, of paying a minimum annual distribution of 10% of the average net asset value of the Fund to common shareholders. In the event the Fund does not generate a total return from dividends and interest received and net realized capital gains in an amount equal to or in excess of its stated distribution in a given year, the Fund may return capital as part of such distribution, which may have the effect of decreasing the asset coverage per share with respect to the preferred stock. Any return of capital should not be considered by investors as yield or total return on their investment in the Fund. For the fiscal year ended December 31, 2010, the percentage of distributions paid by the Fund that was a return of capital was 90.55%. The composition of each distribution is estimated based on the earnings of the Fund as of the record date for each distribution. The actual composition of each of the current year's distributions will be based on the Fund's investment activity through the end of the calendar year.

Market Loss. Shares of closed-end funds frequently trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that shares of the Fund will trade at a discount from net asset value or at premiums that are unsustainable over the long term are risks separate and distinct from the risk that the Fund's net assets will decrease. The risk of purchasing shares of a closed-end fund that might trade at a discount or unsustainable premium is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance. The Fund's common stock is not subject to redemption. The Fund's Series B Preferred and Series C Auction Rate Preferred are subject to redemption only under limited circumstances. Shareholders desiring liquidity may, subject to applicable securities law, trade their common stock and Series B Preferred in the Fund on the NYSE or other markets on which such shares may trade at the then current market value, which may differ from the then current net asset value. See Risk Factors and Special Consideration Market Value and Net Asset Value.

Non-Diversified Status. As a non-diversified, closed-end management investment company under the 1940 Act, the Fund may invest a greater portion of its assets in a more limited number of issuers than may a diversified fund, and accordingly, an investment in the Fund may, under certain circumstances, present greater risk to an investor than an investment in a diversified company. See Risk Factors and Special Considerations Non-Diversified Status.

Industry Concentration Risk. The Fund invests a significant portion of its assets in companies in the telecommunications, media, publishing, and entertainment industries and, as a result, the value of the

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Fund's shares will be more susceptible to the factors affecting those particular types of companies, including government regulation, greater price volatility for the overall market, rapid obsolescence of products and services, intense competition, and strong market reactions to technological developments. See Risk Factors and Special Considerations Industry Concentration Risk.

Smaller Companies Risk. The Fund invests in smaller companies which may benefit from the development of new products and services. These smaller companies may involve greater investment risk than large, established issuers. See Risk Factors and Special Considerations Smaller Companies.

Interest Rate Transactions. The Fund has entered into an interest rate swap transaction with respect to its outstanding Series C Auction Rate Preferred and may enter into an interest rate swap or cap transaction with respect to all or a portion of any future series of variable rate preferred stock. Through these transactions, the Fund seeks to obtain the equivalent of a fixed rate for a series of variable rate preferred stock that is lower than the rate the Fund would have to pay if it issued fixed rate preferred stock. The use of interest rate swaps and caps is a highly specialized activity that involves certain risks to the Fund including, among others, counterparty risk and early termination risk. The Fund will enter into an interest rate swap or cap transaction only with counterparties that the Investment Adviser believes are creditworthy. Further, the Investment Adviser monitors the credit worthiness of a counterparty in an interest rate or cap transaction on an ongoing basis. See How the Fund Manages Risk Interest Rate Transactions.

Foreign Securities. There is no limitation on the amount of foreign securities in which the Fund may invest. Investing in securities of foreign companies (or foreign governments), which are generally denominated in foreign currencies, may involve certain risks and opportunities not typically associated with investing in domestic companies and could cause the Fund to be affected favorably or unfavorably by changes in currency exchange rates and revaluation of currencies. See Risk Factors and Special Considerations Foreign Securities.

Dependence on Key Personnel. The Investment Adviser is dependent upon the expertise of Mr. Mario J. Gabelli in providing advisory services with respect to the Fund's investments. If the Investment Adviser were to lose the services of Mr. Gabelli, its ability to service the Fund could be adversely affected. There can be no assurance that a suitable replacement could be found for Mr. Gabelli in the event of his death, resignation, retirement, or inability to act on behalf of the Investment Adviser. See Risk Factors and Special Considerations Dependence on Key Personnel.

Taxation. The Fund has qualified, and intends to remain qualified, for federal income tax purposes as a regulated investment company. Qualification requires, among other things, compliance by the Fund with certain distribution requirements. Statutory limitations on distributions on the common stock if the Fund fails to satisfy the 1940 Act's asset coverage requirements could jeopardize the Fund's ability to meet such distribution requirements. See Taxation for a more complete discussion of these and other federal income tax considerations.

Geopolitical Risks. The terrorist attacks on domestic U.S. targets on September 11, 2001, the wars in Iraq and Afghanistan and other geopolitical events have led to, and may in the future lead to, increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. The nature, scope and duration of the war and occupation cannot be predicted with any certainty. Similar events in the future or other disruptions of financial markets could affect interest rates, securities exchanges, auctions, secondary trading, ratings, credit risk, inflation, energy prices and other factors relating to the common stock or preferred stock. See Risk Factors and Special Considerations Geopolitical Risks.

Recent Market Conditions. While the U.S. and global markets have experienced extreme volatility and disruption for an extended period of time, the first, second and third quarters of 2010 witnessed more stabilized economic activity as expectations for an economic recovery increased. However, risks to a robust resumption of growth persist: a weak consumer weighed down by too much debt and increasing joblessness, the growing size of the federal budget deficit and national debt, and the threat of inflation. A return to unfavorable economic conditions could impair our ability to execute our investment strategies. See Risk Factors and Special Considerations Recent Market Conditions.

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Government Intervention in Financial Markets Risk. The recent instability in the financial markets has led the U.S. government and foreign governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. U.S. federal and state governments and foreign governments, their regulatory agencies or self regulatory organizations may take additional actions that affect the regulation of the securities in which the Fund invests, or the issuers of such securities, in ways that are unforeseeable. Issuers of corporate securities might seek protection under the bankruptcy laws. Legislation or regulation may also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund's ability to achieve its investment objectives. The Investment Adviser will monitor developments and seek to manage the Fund's portfolio in a manner consistent with achieving the Fund's investment objectives, but there can be no assurance that it will be successful in doing so. See Risk Factors and Special Considerations Government Intervention in Financial Markets Risk.

Management and Fees

Gabelli Funds, LLC serves as the Fund's investment adviser. The Investment Adviser's fee is computed weekly and paid monthly, equal on an annual basis to 1.00% of the Fund's average weekly net assets including the liquidation value of preferred stock. The fee paid by the Fund may be higher when leverage in the form of preferred stock is utilized, giving the Investment Adviser an incentive to utilize such leverage. However, the Investment Adviser has agreed to reduce the management fee on the incremental assets attributable to the preferred stock during the fiscal year if the total return of the net asset value of the common stock of the Fund, including distributions and advisory fees subject to reduction for that year, does not exceed the stated dividend rate or corresponding swap rate of each particular series of preferred stock for the period. In other words, if the effective cost of the leverage for any series of preferred stock exceeds the total return (based on net asset value) on the Fund's common stock, the Investment Adviser will reduce that portion of its management fee on the incremental assets attributable to the leverage for that series of preferred stock to mitigate the negative impact of the leverage on the common shareholder's total return. This fee reduction is voluntary and will remain in effect as long as any preferred stock in a series is outstanding. The Fund's total return on the net asset value of the common stock is monitored on a monthly basis to assess whether the total return on the net asset value of the common stock exceeds the stated dividend rate or corresponding swap rate of each particular series of preferred stock for the period. The test to confirm the accrual of the management fee on the assets attributable to each particular series of preferred stock is annual. The Fund will accrue for the management fee on these assets during the fiscal year if it appears probable that the Fund will incur the management fee on those additional assets. See Management of the Fund.

For the year ended December 31, 2010, the Fund's total return on the net asset value of the common stock exceeded the stated dividend rate or net swap expense of all outstanding preferred stock. Thus, management fees were accrued on these assets.

A discussion regarding the basis for the Board's approval of the continuation of the investment advisory contract of the Fund is available in the Fund's Semi-Annual Report to shareholders for the six months ended June 30, 2010.

Repurchase of Common Stock

The Board has authorized the Fund to repurchase up to 1,950,000 shares of its common stock on the open market when the shares are trading at a discount of 5% or more (or such other percentage as the Board may determine from time to time) from the net asset value of the shares. Although the Fund's Board has authorized such repurchases, the Fund is not required to repurchase its common stock. In total through March 31, 2011, the Fund has repurchased and retired 1,497,033 shares in the open market at an average investment of \$8.26 per share and at an average discount of approximately 15.3% from its net asset value. Such repurchases are subject to certain notice and other requirements under the 1940 Act. See Repurchase of Common Stock.

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Anti-Takeover Provisions

Certain provisions of Maryland law and of the Fund's charter (the Charter) and the Bylaws of the Fund, as amended from time to time (the Bylaws and, together with the Charter, the Governing Documents), may be regarded as anti-takeover provisions. Pursuant to these provisions, only one of the three classes of Directors is elected each year, and the affirmative vote or consent of the holders of 66 2/3% of the Fund's outstanding shares of each class (voting separately) is required to authorize the conversion of the Fund from a closed-end to an open-end investment company. The overall effect of these provisions and other provisions applicable to principal shareholders of the Fund, if any, is to render more difficult the accomplishment of a merger with, or the assumption of control by, a principal shareholder. These provisions may have the effect of depriving Fund shareholders of an opportunity to sell their stock at a premium to the prevailing market price. See Anti-Takeover Provisions of the Fund's Governing Documents.

Custodian, Transfer Agent, Auction Agent, and Dividend Disbursing Agent

State Street Bank and Trust Company (the Custodian), located at 150 Royall Street, Canton, Massachusetts 02021, serves as the custodian of the Fund's assets pursuant to a custody agreement. Under the custody agreement, the Custodian holds the Fund's assets in compliance with the 1940 Act. For its services, the Custodian will receive a monthly fee based upon the average weekly value of the total assets of the Fund, plus certain charges for securities transactions.

Computershare Trust Company, N.A. (Computershare), located at 250 Royall Street, Canton, Massachusetts 02021, serves as the Fund's dividend disbursing agent, as agent under the Fund's automatic dividend reinvestment and voluntary cash purchase plan (the Plan), and as transfer agent and registrar with respect to the common stock of the Fund. Computershare also serves as the transfer agent, registrar, dividend paying agent, and redemption agent with respect to the Series B Preferred.

The Bank of New York, located at 100 Church Street, New York, New York 10286, serves as the auction agent, transfer agent, registrar, dividend paying agent, and redemption agent with respect to the Series C Auction Rate Preferred. See Custodian, Transfer Agent, Auction Agent, and Dividend Disbursing Agent.

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The following table shows the Fund's expenses as a percentage of net assets attributable to common stock.

Shareholder Transaction Expenses

Sales Load (as a percentage of offering price)	2.08% (1)
Offering Expenses Borne by the Fund (as a percentage of offering price)	0.10% (1)
Dividend Reinvestment Plan Fees	None (2)
Preferred Stock Offering Expenses Borne by the Fund (as a percentage of net assets attributable to common stock)	0.11% (3)

Annual Expenses (as a percentage of net assets attributable to common stock)

Management Fees	1.71% (4)
Interest Payments on Borrowed Funds	None
Dividends on Preferred Stock	3.97% (5)
Other Expenses	0.73% (4)

Total Annual Fund Operating Expenses and Dividends on Preferred Stock 4.70% (4)

Total Annual Expenses 6.41%

- (1) Estimated maximum amount based on offering of \$200 million in common stock and \$200 million in preferred stock. The actual amounts in connection with any offering will be set forth in the Prospectus Supplement if applicable.
- (2) Shareholders participating in the Fund's Automatic Dividend Reinvestment and Voluntary Cash Purchase Plans would pay \$0.75 plus their pro rata share of brokerage commissions per transaction to purchase shares and \$2.50 plus their pro rata share of brokerage commissions per transaction to sell shares. See Automatic Dividend Reinvestment and Voluntary Cash Purchase Plans.
- (3) Assumes issuance of \$200 million in liquidation preference of fixed rate preferred stock and net assets attributable to common stock of \$332.7 million (which includes issuance of \$200 million in common stock). The actual amounts in connection with any offering will be set forth in the Prospectus Supplement if applicable.
- (4) The Investment Adviser's fee is 1.00% annually of the Fund's average weekly net assets, plus assets attributable to outstanding senior securities, with no deduction for the liquidation preference of any outstanding preferred stock. Consequently, if the Fund has preferred stock outstanding, the investment management fees and other expenses as a percentage of net assets attributable to common stock will be higher than if the Fund does not utilize a leveraged capital structure. Other Expenses are based on estimated amounts for the current year assuming completion of the proposed issuances.
- (5) The Dividends on Preferred Stock represent distributions on the existing preferred stock outstanding and the proposed \$200 million of preferred stock at 6.00%.

The purpose of the table above and the example below is to help you understand all fees and expenses that you, as a holder of common stock, would bear directly or indirectly.

The following example illustrates the expenses (including the maximum estimated sales load of \$10 and estimated offering expenses of \$12.15 from the issuance of \$200 million in common stock) you would pay on a \$1,000 investment in common stock, assuming a 5% annual portfolio total return.* The actual amounts in connection with any offering will be set forth in the Prospectus Supplement if applicable.

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	\$ 50	\$ 107	\$ 167	\$ 328

* **The Example should not be considered a representation of future expenses.** The example assumes that the amounts set forth in the Annual Expenses table are accurate and that all distributions are reinvested at net asset value. 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.

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The foregoing fee table and example are intended to assist investors in understanding the costs and expenses that an investor in the Fund will bear directly or indirectly, and include the costs and expenses borne by an investor in common stock of the Fund in connection with an offering of Preferred Stock of the Fund, in addition to the cost of servicing Preferred Stock.

The table above and the assumption in the example of a 5% annual return are required by the Securities and Exchange Commission (SEC) regulations applicable to all management investment companies. **THE EXAMPLE AND FEE TABLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OR RATES OF RETURN. THE ACTUAL EXPENSES OF THE FUND MAY BE GREATER OR LESS THAN THOSE SHOWN.** For more complete descriptions of certain of the Fund's cost and expenses, see Management of the Fund in this Prospectus and the SAI.

Table of Contents**FINANCIAL HIGHLIGHTS**

The following financial highlights tables are intended to help you understand the Fund's financial performance. The selected data below sets forth the per share operating performance and ratios for the periods presented. The financial information was derived from and should be read in conjunction with the Financial Statements of the Fund and Notes thereto, which are incorporated by reference into this Prospectus and the SAI. The financial information for the fiscal years ended December 31, 2010, 2009, 2008, 2007, and 2006, has been audited by [], the Fund's independent registered public accounting firm, whose unqualified report on such Financial Statements is incorporated by reference into the SAI.

Selected data for a share outstanding throughout each period:

	Year Ended December 31,				
	2010	2009	2008	2007	2006
Operating Performance:					
Net asset value, beginning of period	\$ 7.70	\$ 5.40	\$ 14.39	\$ 14.09	\$ 11.77
Net investment income/(loss)	(0.07)	0.05	0.14	0.10	0.29
Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions	2.22	2.33	(8.41)	1.15	2.85
Total from investment operations	2.15	2.38	(8.27)	1.25	3.14
Distributions to Preferred Shareholders: (a)					
Net investment income	(0.09)	(0.02)	(0.13)	(0.02)	(0.07)
Net realized gain				(0.18)	(0.12)
Return of capital		(0.07)	(0.03)		
Total distributions to preferred shareholders	(0.09)	(0.09)	(0.16)	(0.20)	(0.19)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations					
	2.06	2.29	(8.43)	1.05	2.95
Distributions to Common Shareholders:					
Net investment income	(0.07)			(0.08)	(0.23)
Net realized gain				(0.67)	(0.40)
Return of capital	(0.53)		(0.57)	(0.00)(f)	
	(0.60)		(0.57)	(0.75)	(0.63)

Total distributions to common
shareholders

Fund Share Transactions:

Increase in net asset value from repurchase of common shares	0.01	0.01	0.00(f)	0.00(f)	0.00(f)
Increase in net asset value from repurchase of preferred shares	0.00(f)	0.00(f)	0.01		
Offering expenses charged to paid-in capital					
Total fund share transactions	0.01	0.01	0.01	0.00(f)	0.00(f)
Net Asset Value Attributable to Common Shareholders, End of Period	\$ 9.17	\$ 7.70	\$ 5.40	\$ 14.39	\$ 14.09
Net Asset Value total return	28.76%	42.59%	(59.40)%	8.03%	26.65%
Market value, end of period	\$ 8.21	\$ 6.63	\$ 4.45	\$ 12.89	\$ 12.27
Investment total return	33.88%	48.99%	(62.65)%	11.13%	27.89%

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	Year Ended December 31,				
	2005	2004	2003	2002	2001
Operating Performance:					
Net asset value, beginning of period	\$ 12.27	\$ 10.56	\$ 7.67	\$ 10.52	\$ 12.21
Net investment income	0.16	0.04	(0.03)	(0.00)(f)	(0.02)
Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions	0.09	1.79	3.14	(2.68)	(1.44)
Total from investment operations	0.25	1.83	3.11	(2.68)	(1.46)
Distributions to Preferred Shareholders: (a)					
Net investment income	(0.03)	(0.04)			
Net realized gain	(0.13)	(0.09)	(0.13)	(0.17)	(0.17)
Total distributions to preferred shareholders	(0.16)	(0.13)	(0.13)	(0.17)	(0.17)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations					
	0.09	1.70	2.98	(2.85)	(1.63)
Distributions to Common Shareholders:					
Net investment income	(0.12)				(0.00)(f)
Net realized gain	(0.48)				(0.06)
Total distributions to common shareholders	(0.60)				(0.06)
Fund Share Transactions:					
Increase in net asset value from repurchase of common shares	0.01	0.01	0.01	0.00(f)	
Increase in net asset value from repurchase of preferred shares		0.00(f)			
Offering expenses charged to paid-in capital	(0.00)(f)		(0.10)		

Total fund share transactions	0.01	0.01	(0.09)	0.00(f)	
Net Asset Value Attributable to Common Shareholders, End of Period	\$ 11.77	\$ 12.27	\$ 10.56	\$ 7.67	\$ 10.52
Net Asset Value total return	1.6%	16.2%	37.7%	(27.1)%	(13.3)%
Market value, end of period	\$ 10.15	\$ 10.68	\$ 9.07	\$ 6.40	\$ 9.01
Investment total return	0.7%	17.8%	41.7%	(29.0)%	(12.1)%

Table of Contents**THE GABELLI GLOBAL MULTIMEDIA TRUST INC.
FINANCIAL HIGHLIGHTS (CONTINUED)**

Selected data for a share outstanding throughout each period:

	Year Ended December 31,				
	2010	2009	2008	2007	2006
Ratios and Supplemental Data:					
Net assets including liquidation value of preferred shares, end of period (in 000 s)	\$ 159,232	\$ 141,164	\$ 122,401	\$ 251,334	\$ 247,412
Net assets attributable to common shares, end of period (in 000 s)	\$ 124,457	\$ 106,386	\$ 75,619	\$ 201,506	\$ 197,584
Ratio of net investment income/(loss) to average net assets attributable to common shares before preferred share distributions	(0.89)%	0.88%	1.40%	0.46%	2.17%
Ratio of operating expenses to average net assets attributable to common shares before fees waived	3.19%	2.46%	1.89%		
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (b)	3.19%	2.43%	1.54%	1.62%	1.79%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived	2.44%	1.70%	1.40%		
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any (b)	2.44%	1.68%	1.14%	1.32%	1.39%
Portfolio turnover rate	9.4%	9.6%	14.5%	14.5%	9.8%
Preferred Stock:					
6.00% Series B Cumulative Preferred Stock					
Liquidation value, end of period (in 000 s)	\$ 19,775	\$ 19,778	\$ 24,281	\$ 24,828	\$ 24,828
Total shares outstanding (in 000 s)	791	791	971	993	993
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (c)	\$ 25.07	\$ 23.53	\$ 22.59	\$ 24.14	\$ 24.12
Asset coverage per share	\$ 114.47	\$ 101.48	\$ 65.41	\$ 126.10	\$ 124.13
Series C Auction Rate Cumulative Preferred Stock					
Liquidation value, end of period (in 000 s)	\$ 15,000	\$ 15,000	\$ 22,500	\$ 25,000	\$ 25,000
Total shares outstanding (in 000 s)	1	1	1	1	1
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (d)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

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Asset coverage per share	\$ 114,472	\$ 101,475	\$ 65,411	\$ 126,101	\$ 124,134
Asset Coverage (e)	458%	406%	262%	504%	497%

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	Year Ended December 31,				
	2005	2004	2003	2002	2001
Ratios and Supplemental Data:					
Net assets including liquidation value of preferred shares, end of period (in 000 s)	\$ 214,907	\$ 223,739	\$ 200,195	\$ 132,683	\$ 181,539
Net assets attributable to common shares, end of period (in 000 s)	\$ 165,079	\$ 173,912	\$ 150,195	\$ 109,533	\$ 150,672
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions	1.44%	0.71%	(0.36)%	(0.04)%	(0.18)%
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (b)	1.55%	1.87%	1.81%	1.46%	1.34%
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any (b)	1.20%	1.41%	1.35%	1.18%	1.13%
Portfolio turnover rate	12.4%	7.5%	10.9%	16.6%	25.4%
Preferred Stock:					
7.92% Cumulative Preferred Stock					
Liquidation value, end of period (in 000 s)				\$ 23,150	\$ 30,867
Total shares outstanding (in 000 s)				926	1,235
Liquidation preference per share				\$ 25.00	\$ 25.00
Average market value (c)				\$ 25.75	\$ 25.50
Asset coverage per share				\$ 143.29	\$ 147.00
6.00% Series B Cumulative Preferred Stock					
Liquidation value, end of period (in 000 s)	\$ 24,828	\$ 24,828	\$ 25,000		
Total shares outstanding (in 000 s)	993	993	1,000		
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00		
Average market value (c)	\$ 25.00	\$ 24.84	\$ 25.28		
Asset coverage per share	\$ 107.83	\$ 112.26	\$ 100.10		
Series C Auction Rate Cumulative Preferred Stock					
Liquidation value, end of period (in 000 s)	\$ 25,000	\$ 25,000	\$ 25,000		

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	Year Ended December 31,				
	2005	2004	2003	2002	2001
Total shares outstanding (in 000 s)	1	1	1		
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000		
Average market value (d)	\$ 25,000	\$ 25,000	\$ 25,000		
Asset coverage per share	\$ 107,825	\$ 112,257	\$ 100,097		
Asset Coverage (e)	431%	449%	400%	573%	588%

Based on net asset value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.

Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.

Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the years ended December 31, 2007, 2006, 2005, and 2004 would have been 14.8%, 16.5%, 14.5%, and 8.9%, respectively.

- (a) Calculated based upon average common shares outstanding on the record dates throughout the year.
- (b) For the years ended December 31, 2008, 2007, 2006, and 2005, the effect of the custodian fee credits was minimal.
- (c) Based on weekly prices.
- (d) Based on weekly auction prices. Since February 2008, the weekly auctions have failed. Holders that have submitted orders have not been able to sell any or all of their stock in the auctions.
- (e) Asset coverage is calculated by combining all series of preferred stock.
- (f) Amount represents less than \$0.005 per share.

USE OF PROCEEDS

[Will need to insert estimated amounts to be raised]

[The Investment Adviser expects that it will initially invest the proceeds of the offering in high quality short-term debt securities and instruments. The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objectives and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within three months; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions may cause the result in the Fund's anticipated investment period extending to as long as six months.]

THE FUND

The Fund is a non-diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Maryland corporation on May 31, 1994. The Fund commenced its investment operations on November 15, 1994. The Fund's principal office is located at One Corporate Center, Rye, New York 10580-1422.

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INVESTMENT OBJECTIVES AND POLICIES

Investment Objectives

The Fund's primary investment objective is to achieve long-term growth of capital by investing primarily in the common stock and other securities of foreign and domestic companies involved in the telecommunications, media, publishing, and entertainment industries. Income is the secondary investment objective. The investment objectives of long-term growth of capital and income are fundamental policies of the Fund. The Fund's policy of concentration in companies in the communications industries is also a fundamental policy of the Fund. These fundamental policies and the investment limitations described in the SAI under the caption "Investment Restrictions" cannot be changed without the approval of the holders of a majority of the Fund's outstanding voting securities. Such majority votes require, in each case, the lesser of (i) 67% of the Fund's applicable shares represented at a meeting at which more than 50% of the Fund's applicable shares outstanding are represented, whether in person or by proxy, or (ii) more than 50% of the outstanding shares of the applicable class.

Under normal market conditions, the Fund will invest at least 80% of the value of its assets in common stock and other securities, including convertible securities, preferred stock, options, and warrants of companies in the telecommunications, media, publishing, and entertainment industries (the "80% Policy"). A company will be considered to be in these industries if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or multimedia related activities. The 80% Policy may be changed without shareholder approval. The Fund will provide shareholders with notice at least sixty days prior to the implementation of any change in the 80% Policy.

The telecommunications companies in which the Fund may invest are engaged in the development, manufacture, or sale of communications services or equipment throughout the world, including the following products or services: regular telephone service; wireless communications services and equipment, including cellular telephone, microwave and satellite communications, paging, and other emerging wireless technologies; equipment and services for both data and voice transmission, including computer hardware and software; electronic components and communications equipment; video conferencing; electronic mail; local and wide area networking, and linkage of data and word processing systems; publishing and information systems; video text and teletext; emerging technologies combining television, telephone and computer systems; broadcasting, including television and radio, satellite and microwave transmission and cable television.

The entertainment, media and publishing companies in which the Fund may invest are engaged in providing the following products or services: the creation, packaging, distribution, and ownership of entertainment programming throughout the world, including pre-recorded music, feature-length motion pictures, made-for-TV movies, television series, documentaries, animation, game shows, sports programming, and news programs; live events such as professional sporting events or concerts, theatrical exhibitions, television and radio broadcasting, satellite and microwave transmission, cable television systems and programming, broadcast and cable networks, wireless cable television and other emerging distribution technologies; home video, interactive and multimedia programming, including home shopping and multiplayer games; publishing, including newspapers, magazines and books, advertising agencies and niche advertising mediums such as in-store or direct mail; emerging technologies combining television, telephone, and computer systems, computer hardware and software; and equipment used in the creation and distribution of entertainment programming such as that required in the provision of broadcast, cable, or telecommunications services.

Under normal circumstances, the Fund will invest in securities of issuers located in at least three countries, which may include the United States. Investing in securities of foreign issuers, which generally are denominated in foreign currencies, may involve certain risk and opportunity considerations not typically associated with investing in domestic companies and could cause the Fund to be affected favorably or unfavorably by changes in currency exchange rates and revaluations of currencies. For a further discussion of the risks associated with investing in foreign securities and a description of other risks inherent in the Fund's investment objectives and policies, see "Risk Factors and Special Considerations."

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The Investment Adviser believes that at the present time investment by the Fund in the securities of companies located throughout the world presents great potential for accomplishing the Fund's investment objectives. While the Investment Adviser expects that a substantial portion of the Fund's portfolio may be invested in the securities of domestic companies, a significant portion of the Fund's portfolio may also be comprised of the securities of issuers headquartered outside the United States.

No assurance can be given that the Fund's investment objectives will be achieved.

Investment Methodology of the Fund

In selecting securities for the Fund, the Investment Adviser normally will consider the following factors, among others:

- the Investment Adviser's own evaluations of the private market value (as defined below), cash flow, earnings per share, and other fundamental aspects of the underlying assets and business of the company;
- the potential for capital appreciation of the securities;
- the interest or dividend income generated by the securities;
- the prices of the securities relative to other comparable securities;
- whether the securities are entitled to the benefits of call protection or other protective covenants;
- the existence of any anti-dilution protections or guarantees of the security; and
- the diversification of the portfolio of the Fund as to issuers.

The Investment Adviser's investment philosophy with respect to equity securities is to identify assets that are selling in the public market at a discount to their private market value. The Investment Adviser defines private market value as the value informed purchasers are willing to pay to acquire assets with similar characteristics. The Investment Adviser also normally evaluates an issuer's free cash flow and long-term earnings trends. Finally, the Investment Adviser looks for a catalyst, something indigenous to the company, its industry, or country that will surface additional value.

Certain Investment Practices

Foreign Securities. There is no limitation on the amount of foreign securities in which the Fund may invest. Among the foreign securities in which the Fund may invest are those issued by companies located in developing countries or emerging markets, which are countries in the initial stages of their industrialization cycles. Investing in the equity and debt markets of developing countries involves exposure to economic structures that are generally less diverse and less mature, and to political systems that may have less stability than those of developed countries. The markets of developing countries historically have been more volatile than the markets of the more mature economies of developed countries, but often have provided higher rates of return to investors.

The Fund may also invest in the debt securities of foreign governments. Although such investments are not a principal strategy of the Fund, there is limitation on its ability to invest in the debt securities of foreign governments.

Corporate Reorganizations. The Fund may invest without limit in securities of companies for which a tender or exchange offer has been made or announced and in securities of companies for which a merger, consolidation, liquidation, or similar reorganization proposal has been announced if, in the judgment of the Investment Adviser, there is a reasonable prospect of capital appreciation significantly greater than the added portfolio turnover expenses inherent in the short term nature of such transactions. The principal risk is that such offers or proposals may not be consummated within the time and under the terms contemplated

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at the time of the investment, in which case, unless such offers or proposals are replaced by equivalent or increased offers or proposals that are consummated, the Fund may sustain a loss.

Temporary Defensive Investments. Subject to the Fund's investment restrictions, when a temporary defensive period is believed by the Investment Adviser to be warranted (temporary defensive periods), the Fund may, without limitation, hold cash or invest its assets in securities of U.S. government sponsored instrumentalities, in repurchase agreements in respect of those instruments, and in certain high grade commercial paper instruments. During temporary defensive periods, the Fund may also invest up to 10% of the market value of its total assets in money market mutual funds that invest primarily in securities of U.S. government sponsored instrumentalities and repurchase agreements in respect of those instruments. Obligations of certain agencies and instrumentalities of the U.S. government, such as the Government National Mortgage Association, are supported by the full faith and credit of the U.S. government; others, such as those of the Export-Import Bank of the U.S., are supported by the right of the issuer to borrow from the U.S. Treasury; others, such as those of the Federal National Mortgage Association, are supported by the discretionary authority of the U.S. government to purchase the agency's obligations; and still others, such as those of the Student Loan Marketing Association, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. government would provide financial support to U.S. government sponsored instrumentalities if it is not obligated to do so by law. During temporary defensive periods, the Fund may be less likely to achieve its secondary investment objective of income.

Further information on the investment objectives and policies of the Fund are set forth in the SAI.

Special Investment Methods

Options. On behalf of the Fund, and subject to guidelines of the Board, the Investment Adviser may purchase or sell (*i.e.*, write) options on securities, securities indices and foreign currencies which are listed on a national securities exchange or in the U.S. over-the-counter (OTC) markets as a means of achieving additional return or of hedging the value of the Fund's portfolio. The Fund may write covered call options on common stocks that it owns or has an immediate right to acquire through conversion or exchange of other securities in an amount not to exceed 25% of total assets or invest up to 10% of its total assets in the purchase of put options on common stocks that the Fund owns or may acquire through the conversion or exchange of other securities that it owns.

A call option is a contract that gives the holder of the option the right to buy from the writer (seller) of the call option, in return for a premium paid, the security underlying the option at a specified exercise price at any time during the term of the option.

The writer of the call option has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price during the option period.

A put option is a contract that gives the holder of the option the right to sell to the writer (seller), in return for the premium, the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying security upon exercise, at the exercise price during the option period.

If the Fund has written an option, it may terminate its obligation by effecting a closing purchase transaction. This is accomplished by purchasing an option of the same series as the option previously written. There can be no assurance that a closing purchase transaction can be effected when the Fund so desires.

An exchange traded option may be closed out only on an exchange which provides a secondary market for an option of the same series. Although the Fund will generally purchase or write only those options for which there appears to be an active secondary market, there is no assurance that a liquid secondary market on an exchange will exist for any particular option. See *Investment Objectives and Policies* *Investment Practices* in the SAI.

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Futures Contracts and Options on Futures. On behalf of the Fund, the Investment Adviser may, subject to the Fund's investment restrictions and guidelines of the Board, purchase and sell financial futures contracts and options thereon which are traded on a commodities exchange or board of trade for certain hedging, yield enhancement, and risk management purposes. These futures contracts and related options may be on debt securities, financial indices, securities indices, United States government securities, and foreign currencies. A financial futures contract is an agreement to purchase or sell an agreed amount of securities or currencies at a set price for delivery in the future.

The Investment Adviser has claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act and therefore, is not subject to the registration requirements under the Commodity Exchange Act. Accordingly, the Fund's investments in derivative instruments are not limited by or subject to regulation under the Commodity Exchange Act or otherwise regulated by the Commodity Futures Trading Commission. Nevertheless, the Fund's investment restrictions place certain limitations and prohibitions on its ability to purchase or sell commodities or commodity contracts. In addition, investment in futures contracts and related options generally will be limited by the rating agency guidelines applicable to any of the Fund's outstanding preferred stock.

Forward Currency Exchange Contracts. Subject to guidelines of the Board, the Fund may enter into forward foreign currency exchange contracts to protect the value of its portfolio against future changes in the level of currency exchange rates. The Fund may enter into such contracts on a "spot" (*i.e.*, cash) basis at the rate then prevailing in the currency exchange market or on a forward basis, by entering into a forward contract to purchase or sell currency. A forward contract on foreign currency is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days agreed upon by the parties from the date of the contract at a price set on the date of the contract. The Fund's dealings in forward contracts generally will be limited to hedging involving either specific transactions or portfolio positions. The Fund does not have an independent limitation on its investments in foreign currency futures contracts and options on foreign currency futures contracts.

Special Risks of Derivative Transactions. Participation in the options or futures markets and in currency exchange transactions involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies. If the Investment Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets are inaccurate, the consequences to the Fund may leave the Fund in a worse position than if such strategies were not used. Risks inherent in the use of options, foreign currency, futures contracts, and options on futures contracts, securities indices, and foreign currencies include:

- dependence on the Investment Adviser's ability to predict correctly movements in the direction of interest rates, securities prices, and currency markets;
- imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged;
- the fact that skills needed to use these strategies are different from those needed to select portfolio securities;
- the possible absence of a liquid secondary market for any particular instrument at any time;
- the possible need to defer closing out certain hedged positions to avoid adverse tax consequences; and
- the possible inability of the Fund to purchase or sell a security at a time that otherwise would be favorable for it to do so, or the possible need for the Fund to sell a security at a disadvantageous time due to a need for the Fund to maintain "cover" or to segregate securities in connection with the hedging techniques.

See "Risk Factors and Special Considerations - Futures Transactions."

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Short Sales. The Fund may from time to time make short sales of securities, including short sales against the box. A short sale is a transaction in which the Fund sells a security it does not own in anticipation that the market price of that security will decline. A short sale against the box occurs when the Fund contemporaneously owns, or has the right to obtain at no added cost, securities identical to those sold short.

The market value for the securities sold short of any one issuer will not exceed 5% of the Fund's total assets or 5% of such issuer's voting securities. In addition, the Fund may not make short sales or maintain a short position if it would cause more than 25% of the Fund's total assets, taken at market value, to be held as collateral for such sales. The Fund may make short sales against the box without respect to such limitations.

The Fund may make short sales in order to hedge against market risks when it believes that the price of a security may decline, causing a decline in the value of a security owned by the Fund or a security convertible into, or exchangeable for, such security, or when the Fund does not want to sell the security it owns. Such short sale transactions may be subject to special tax rules, one of the effects of which may be to accelerate income to the Fund. Additionally, the Fund may use short sales in conjunction with the purchase of a convertible security when it is determined that the convertible security can be bought at a small conversion premium and has a yield advantage relative to the underlying common stock sold short.

When the Fund makes a short sale, it will often borrow the security sold short and deliver it to the broker-dealer through which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale. In connection with such short sales, the Fund may pay a fee to borrow securities or maintain an arrangement with a broker to borrow securities, and is often obligated to pay over any accrued interest and dividends on such borrowed securities. In a short sale, the Fund does not immediately deliver the securities sold or receive the proceeds from the sale. The Fund may close out a short position by purchasing and delivering an equal amount of the securities sold short, rather than by delivering securities already held by the Fund, because the Fund may want to continue to receive interest and dividend payments on securities in its portfolio that are convertible into the securities sold short.

If the price of the security sold short increases between the time of the short sale and the time that the Fund replaces the borrowed security, the Fund will incur a loss; conversely, if the price declines, the Fund will realize a capital gain. Any gain will be decreased, and any loss, increased, by the transaction costs described above. The successful use of short selling may be adversely affected by imperfect correlation between movements in the price of the security sold short and the securities being hedged.

To the extent that the Fund engages in short sales, it will provide collateral to the broker-dealer and (except in the case of short sales against the box) will maintain additional asset coverage in the form of segregated or earmarked assets on the records of the Investment Adviser or with the Fund's Custodian, consisting of cash, U.S. government securities, or other liquid securities that is equal to the current market value of the securities sold short, or (in the case of short sales against the box) will ensure that such positions are covered by offsetting positions, until the Fund replaces the borrowed security. The Fund will engage in short selling to the extent permitted by the federal securities laws and rules and interpretations thereunder, subject to the percentage limitations set forth above. To the extent the Fund engages in short selling in foreign (non-U.S.) jurisdictions, the Fund will do so to the extent permitted by the laws and regulations of such jurisdiction.

Repurchase Agreements. The Fund may enter into repurchase agreements with banks and non-bank dealers of U.S. government securities which are listed as reporting dealers of the Federal Reserve Bank and which furnish collateral at least equal in value or market price to the amount of their repurchase obligation. In a repurchase agreement, the Fund purchases a debt security from a seller who undertakes to repurchase the security at a specified resale price on an agreed future date. Repurchase agreements are generally for one business day and generally will not have a duration of longer than one week. The SEC has taken the position that, in economic reality, a repurchase agreement is a loan by a fund to the other party to the transaction secured by securities transferred to the fund. The resale price generally exceeds the purchase price by an amount which reflects an agreed upon market interest rate for the term of the repurchase agreement. The Fund's risk is primarily that, if the seller defaults, the proceeds from the disposition of the

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underlying securities and other collateral for the seller's obligation may be less than the repurchase price. If the seller becomes insolvent, the Fund might be delayed in or prevented from selling the collateral. In the event of a default or bankruptcy by a seller, the Fund will promptly seek to liquidate the collateral. To the extent that the proceeds from any sale of the collateral upon a default in the obligation to repurchase are less than the repurchase price, the Fund will experience a loss. If the financial institution that is a party to the repurchase agreement petitions for bankruptcy or becomes subject to the United States Bankruptcy Code, the law regarding the rights of the Fund is unsettled. As a result, under extreme circumstances, there may be a restriction on the Fund's ability to sell the collateral and the Fund could suffer a loss.

Loans of Portfolio Securities. To increase income, the Fund may lend its portfolio securities to securities broker-dealers or financial institutions if: (i) the loan is collateralized in accordance with applicable regulatory requirements, and (ii) no loan will cause the value of all loaned securities to exceed 20% of the value of its total assets.

If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates and the Fund could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over the value of the collateral. As with any extension of credit, there are risks of delay in recovery and in some cases even loss of rights in collateral should the borrower of the securities fail financially. While these loans of portfolio securities will be made in accordance with guidelines approved by the Fund's Board, there can be no assurance that borrowers will not fail financially. On termination of the loan, the borrower is required to return the securities to the Fund, and any gain or loss in the market price during the loan would inure to the Fund. If the counterparty to the loan petitions for bankruptcy or becomes subject to the United States Bankruptcy Code, the law regarding the Fund's rights is unsettled. As a result, under these circumstances, there may be a restriction on the Fund's ability to sell the collateral and it would suffer a loss.

Borrowing. The Fund may borrow money in accordance with its investment restrictions, including as a temporary measure for extraordinary or emergency purposes. It may not borrow for investment purposes.

Leveraging. As provided in the 1940 Act, and subject to compliance with the Fund's investment limitations, the Fund may issue senior securities representing stock, such as preferred stock, so long as immediately following such issuance of stock, its total assets exceed 200% of the amount of such stock. The use of leverage magnifies the impact of changes in net asset value. For example, a fund that uses 33% leverage will show a 1.5% increase or decline in net asset value for each 1% increase or decline in the value of its total assets. In addition, if the cost of leverage exceeds the return on the securities acquired with the proceeds of leverage, the use of leverage will diminish, rather than enhance, the return to the Fund. The use of leverage generally increases the volatility of returns to the Fund. The Fund currently has two series of preferred stock outstanding: the 6.00% Series B Cumulative Preferred Stock and the Series C Auction Rate Preferred Stock.

Further information on the investment objectives and policies of the Fund is set forth in the SAI.

Investment Restrictions. The Fund has adopted certain investment restrictions as fundamental policies of the Fund. Under the 1940 Act, a fundamental policy may not be changed without the vote of a majority, as defined in the 1940 Act, of the outstanding voting securities of the Fund (voting together as a single class). The Fund's investment restrictions are more fully discussed under "Investment Restrictions" in the SAI.

Portfolio Turnover. The Fund will buy and sell securities to accomplish its investment objective. The investment policies of the Fund may lead to frequent changes in investments, particularly in periods of rapidly fluctuating interest or currency exchange rates. The portfolio turnover may be higher than that of other investment companies.

Portfolio turnover generally involves some expense to the Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestment in other securities. The portfolio turnover rate is computed by dividing the lesser of the amount of the securities purchased or securities sold by the average monthly value of securities owned during the year (excluding securities

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whose maturities at acquisition were one year or less). High portfolio turnover may also result in the realization of substantial net short-term capital gains and any distributions resulting from such gains will be taxable at ordinary income rates for U.S. federal income tax purposes. The Fund's portfolio turnover rates for the fiscal years ended December 31, 2010, and 2009, were 9.4% and 9.6%, respectively.

RISK FACTORS AND SPECIAL CONSIDERATIONS

There are a number of risks that an investor should consider in evaluation the Fund. You should read this entire Prospectus and SAI before you decide whether to invest in the Fund. In addition, you should consider the matters set forth below.

Leverage Risk

The Fund uses financial leverage for investment purposes by issuing preferred stock. The amount of leverage represents approximately 21% of the Fund's Managed Assets (defined as the aggregate net asset value of outstanding shares of common stock plus assets attributable to outstanding shares of preferred stock, with no deduction for the liquidation preference of such shares of preferred stock) as of March 31, 2011. The Fund's leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objectives and policies. These include the possibility of greater loss and the likelihood of higher volatility of the net asset value of the Fund and the asset coverage. Such volatility may increase the likelihood of the Fund's having to sell investments in order to meet dividend payments on the preferred stock, or to redeem preferred stock when it may be disadvantageous to do so. The Fund may not be permitted to declare dividends or distributions with respect to common stock or preferred stock, or purchase common stock or preferred stock unless at such time the Fund meets certain asset coverage requirements. In addition, the Fund may not be permitted to pay distributions on common stock unless all distributions on preferred stock and/or accrued interest on borrowings have been paid, or set aside for payment. Any preferred stock currently outstanding or that the Fund issues in the future would subject the Fund to certain asset coverage requirements under the 1940 Act that could, under certain circumstances, restrict the Fund from making distributions necessary to qualify as a registered investment company. If the Fund is unable to obtain cash from other sources, the Fund may fail to qualify as a registered investment company and, thus, may be subject to income tax as an ordinary corporation. Because the advisory fee paid to the Investment Adviser is calculated on the basis of the Fund's Managed Assets rather than only on the basis of net assets attributable to the shares of common stock, the fee may be higher when leverage is utilized, giving the Investment Adviser an incentive to utilize leverage. However, the Investment Adviser has agreed to reduce any management fee on the incremental assets attributable to the cumulative preferred stock during the fiscal year if the total return of the net asset value of the outstanding shares of common stock, including distributions and advisory fee subject to reduction for that year, does not exceed the stated dividend rate or corresponding swap rate of each particular series of preferred stock.

Preferred Stock Risk. The issuance of preferred stock causes the net asset value and market value of the common stock to become more volatile. If the dividend rate on the preferred stock approaches the net rate of return on the Fund's investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the dividend rate on the preferred stock plus the management fee annual rate of 1.00% (as applicable) exceeds the net rate of return on the Fund's portfolio, the leverage will result in a lower rate of return to the holders of common stock than if the Fund had not issued preferred stock.

Any decline in the net asset value of the Fund's investments would be borne entirely by the holders of common stock. Therefore, if the market value of the Fund's portfolio declines, the leverage will result in a greater decrease in net asset value to the holders of common stock than if the Fund were not leveraged. This greater net asset value decrease will also tend to cause a greater decline in the market price for the common stock. The Fund might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing its ratings on the preferred stock or, in an extreme case, the Fund's current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, the Fund might need to liquidate investments in order to fund a redemption of some or all of the preferred stock.

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In addition, the Fund would pay (and the holders of common stock will bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred shares, including the advisory fees on the incremental assets attributable to such shares.

Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over the Fund's affairs. Holders of preferred stock, voting separately as a single class, have the right to elect two members of the Board at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the Directors until such arrearage is completely eliminated. In addition, preferred shareholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion of the fund to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of the Fund's common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, might impair the Fund's ability to maintain its qualification as a regulated investment company for federal income tax purposes. While the Fund intends to redeem its preferred stock to the extent necessary to enable the Fund to distribute its income as required to maintain its qualification as a regulated investment company under the Code, there can be no assurance that such actions can be effected in time to meet the Code requirements.

Portfolio Guidelines of Rating Agencies for Preferred Stock. In order to obtain and maintain attractive credit quality ratings for preferred shares, the Fund must comply with investment quality, diversification, and other guidelines established by the relevant ratings agencies. These guidelines could affect portfolio decisions and may be more stringent than those imposed by the 1940 Act.

Effects of Leverage

The following table is furnished in response to requirements of the SEC. It is designed to illustrate the effect of leverage on common stock total return, assuming investment portfolio total returns (comprised of net investment income of the Fund, realized gains or losses of the Fund and changes in the value of the securities held in the Fund's portfolio) of -10%, -5%, 0%, 5% and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of the investment portfolio returns experienced or expected to be experienced by the Fund. See Risks. The table further reflects leverage representing 21% of the Fund's net assets, the Fund's current projected blended annual average leverage dividend or interest rate of 3.48%, a management fee at an annual rate of 1.00% of the liquidation preference of any outstanding preferred stock and estimated annual incremental expenses attributable to any outstanding preferred stock of 0.04% of the Fund's net assets attributable to common stock.

Assumed return on	(10)%	(5)%	0%	5%
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