

VECTREN CORP
Form 8-K
February 20, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 16, 2018

VECTREN CORPORATION

(Exact name of registrant as specified in its charter)

Commission File No.	Registrant, State of Incorporation, Address, and Telephone Number	I.R.S Employer Identification No.
1-15467	Vectren Corporation (An Indiana Corporation) One Vectren Square, Evansville, Indiana 47708 (812) 491-4000	35-2086905
1-16739	Vectren Utility Holdings, Inc. (An Indiana Corporation) One Vectren Square, Evansville, Indiana 47708 (812) 491-4000	35-2104850

Former name or address, if changed since last report:

N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

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Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events

The Tax Cuts and Jobs Act, which decreased the corporate tax rate from 35 percent to 21 percent, was signed into law on Dec. 22, 2017, and became effective on Jan. 1, 2018. On February 16, 2018, the Indiana Utility Regulatory Commission (IURC) issued an order providing guidance on a process on how utilities can reflect in their rates and charges the effects of the recent reduction in federal tax rates. This guidance aligns with the intentions of Vectren Energy Delivery of Indiana - North and Vectren Energy Delivery of Indiana - South to request IURC authority to adjust rates and charges to begin providing the benefits of those tax reductions in the near term. If Vectren's request is approved, the result will be lower energy bills for customers.

A copy of the Press Releases are attached as Exhibit 99.1 and Exhibit 99.2 to this Current Report on Form 8-K.

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is hereby furnishing cautionary statements identifying important factors that could cause actual results of the Company and its subsidiaries, including Vectren Utility Holdings, Inc., to differ materially from those projected in forward-looking statements of the Company and its subsidiaries made by, or on behalf of, the Company and its subsidiaries. These cautionary statements are attached as Exhibit 99.3.

Item 9.01. Exhibits.

Exhibit Number	Description
99.1	Press Release issued by Vectren Corporation (Vectren Energy Delivery of Indiana-North) on February 16, 2018
99.2	Press Release issued by Vectren Corporation (Vectren Energy Delivery of Indiana-South) on February 16, 2018
99.3	Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VECTREN CORPORATION
VECTREN UTILITY HOLDINGS, INC.

February 20, 2018

/s/ M. Susan Hardwick
M. Susan Hardwick
Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

The following Exhibits are filed as part of this Report to the extent described in Item 8.01:

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99.2	<u>Press Release issued by Vectren Corporation (Vectren Energy Delivery of Indiana-South) on February 16, 2018</u>
99.3	<u>Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995</u>

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Overseeing five portfolios in fund complex.

***** Overseeing five portfolios in fund complex.

^ The Fund Complex consists of Calamos Investment Trust, Calamos Advisors Trust, Calamos Convertible Opportunities and Income Fund, Calamos Convertible and High Income Fund, Calamos Strategic Total Return Fund, Calamos Global Total Return Fund, Calamos Global Dynamic Income Fund and Calamos Dynamic Convertible and Income Fund.

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Officers. The preceding table gives information about Mr. John P. Calamos, Sr., who is Chairman, Trustee and President of the Fund. The following table sets forth each other officer's name and year of birth, position with the Fund and date first appointed to that position, and principal occupation(s) during the past five years. Each officer serves until his or her successor is chosen and qualified or until his or her resignation or removal by the board of trustees.

NAME AND YEAR OF BIRTH	POSITION(S) WITH FUND	PRINCIPAL OCCUPATION(S)
Robert Behan (1964)	Vice President (since 2013)	President (since 2015), Head of Global Distribution (since 2013), CAM, CILLC, Calamos, CFS; prior thereto Executive Vice President (2013-2015); Senior Vice President (2009-2013), Head of US Intermediary Distribution (2010-2013)
Thomas E. Herman (1961)	Vice President (since 2016); prior thereto Chief Financial Officer (2016-2017)	Chief Financial Officer, CAM, CILLC, Calamos, and CWM (since 2016); prior thereto Chief Financial Officer and Treasurer, Harris Associates (2010-2016)
Curtis Holloway (1967)	Chief Financial Officer (since 2017) and Treasurer (since 2010); prior thereto Assistant Treasurer (2007-2010)	Senior Vice President, Head of Fund Administration (since 2017), Calamos; prior thereto Vice President, Fund Administration, (2010-2017)
J. Christopher Jackson (1951)	Vice President and Secretary (since 2010)	Senior Vice President, General Counsel and Secretary, CAM, CILLC, Calamos, CWM and CFS (since 2010); Director, Calamos Global Funds plc (since 2011)
John S. Koudounis (1966)	Vice President (since 2016)	Chief Executive Officer, CAM, CILLC, Calamos, CWM, and CFS (since 2016); Director, CAM (since 2016); President and Chief Executive Officer (2010-2016), Mizuho Securities USA Inc.
Mark J. Mickey (1951)	Chief Compliance Officer (since 2005)	Chief Compliance Officer, Calamos Funds (since 2005)

The Fund's Board of Trustees consists of seven members. In accordance with the Fund's Agreement and Declaration of Trust, the Board of Trustees is divided into three classes of approximately equal size. The terms of the trustees of the different classes are staggered. The terms of Virginia G. Breen, Stephen B. Timbers and Lloyd A. Wennlund will expire at the annual meeting of shareholders in 2019. The terms of John P. Calamos, Sr. and William R. Rybak will expire at the annual meeting of shareholders in 2020. The terms of John E. Neal and David D. Tripple will expire at the annual meeting of shareholders in 2021. Such classification of the Trustees may prevent the replacement of a majority of the Trustees for up to a two year period. Each of the Fund's officers serves until his or her successor is chosen and qualified or until his or her resignation or removal by the Board of Trustees. In connection with the issuance of the MRP Shares, Messrs. Rybak and Timbers were designated as the Trustees who represent the holders of preferred shares of the Fund.

Committees of the Board of Trustees. The Fund's Board of Trustees currently has five standing committees:

Executive Committee. Messrs. John Calamos and Stephen B. Timbers are members of the Executive Committee, which has authority during intervals between meetings of the Board of Trustees to exercise the powers of the Board, with certain exceptions.

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Audit Committee. Messrs. Stephen B. Timbers, John E. Neal (Chair), William R. Rybak, David D. Tripple and Lloyd A. Wennlund and Ms. Virginia G. Breen, each a non-interested Trustee, serve on the Audit Committee.

The Audit Committee approves the selection of the independent auditors to the Trustees, approves services to be rendered by the auditors, monitors the auditors' performance, reviews the results of the Fund's audit, determines whether to recommend to the Board that the Fund's audited financial statements be included in the Fund's annual report and responds to other matters deemed appropriate by the Board of Trustees.

Governance Committee. Stephen B. Timbers, John E. Neal, William R. Rybak (Chair), Virginia G. Breen, David D. Tripple and Lloyd A. Wennlund, each a non-interested Trustee, serve on the Governance Committee. The Governance Committee oversees the independence and effective functioning of the Board of Trustees and endeavors to be informed about good practices for fund boards. The members of the Governance Committee make recommendations to the Board of Trustees regarding candidates for election as non interested Trustees. The Governance Committee will consider shareholder recommendations regarding potential candidates for nomination as Trustees properly submitted to the Governance Committee for its consideration. A Fund shareholder who wishes to nominate a candidate to the Fund's Board of Trustees must submit any such recommendation in writing via regular mail to the attention of the Fund's Secretary, at the address of the Fund's principal executive offices. The shareholder recommendation must include:

the number and class of all Fund shares owned beneficially and of record by the nominating shareholder at the time the recommendation is submitted and the dates on which such shares were acquired, specifying the number of shares owned beneficially;

a full listing of the proposed candidate's education, experience (including knowledge of the investment company industry, experience as a director or senior officer of public or private companies, and directorships on other boards of other registered investment companies), current employment, date of birth, business and residence address, and the names and addresses of at least three professional references;

information as to whether the candidate is, has been or may be an interested person (as such term is defined in the 1940 Act) of the Fund, Calamos or any of its affiliates, and, if believed not to be or have been an interested person, information regarding the candidate that will be sufficient for the Committee to make such determination;

the written and signed consent of the candidate to be named as a nominee and to serve as a Trustee of the Fund, if elected;

a description of all arrangements or understandings between the nominating shareholder, the candidate and/or any other person or persons (including their names) pursuant to which the shareholder recommendation is being made, and if none, so specify;

the class or series and number of all shares of the Fund owned of record or beneficially by the candidate, as reported by the candidate; and

such other information that would be helpful to the Governance Committee in evaluating the candidate.

The Governance Committee may require the nominating shareholder to furnish other information it may reasonably require or deem necessary to verify any information furnished pursuant to the procedures delineated above or to determine the qualifications and eligibility of the candidate proposed by the nominating shareholder to serve as a Trustee. If the nominating shareholder fails to provide such additional information in writing within seven days of receipt of a written request from the Governance Committee, the recommendation of such candidate as a nominee will be deemed not properly submitted for consideration, and the Governance Committee is not required to consider such candidate. During periods when the Governance Committee is not actively

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recruiting new Trustees, shareholder recommendations will be kept on file until active recruitment is under way. After consideration of a shareholder recommendation, the Governance Committee may dispose of the shareholder recommendation.

Dividend Committee. John P. Calamos, Sr. serves as the sole member of the dividend committee. The dividend committee is authorized to declare distributions on the Fund's shares including, but not limited to, regular dividends, special dividends and short- and long-term capital gains distributions.

Valuation Committee. David D. Tripple (Chair), Virginia G. Breen, John E. Neal, William R. Rybak, Stephen B. Timbers and Lloyd A. Wennlund, each a non-interested Trustee, serve on the Valuation Committee. The Valuation Committee oversees the implementation of the valuation procedures adopted by the Board of Trustees. The members of the Valuation Committee make recommendations to the Board of Trustees regarding valuation matters relating to the Fund.

In addition to the above committees, there is a Board of Trustees directed pricing committee comprised of officers of the Fund and employees of Calamos.

The following table identifies the number of meetings the Board of Trustees and each standing committee held during the fiscal year ended October 31, 2018.

	NUMBER OF MEETINGS DURING FISCAL YEAR ENDED October 31, 2018
Board of Trustees	5
Executive Committee	0
Audit Committee	4
Governance Committee	2
Dividend Committee ¹	0
Valuation Committee	4

⁽¹⁾ Although the Dividend Committee held no meetings, it acted by written consent on twelve occasions.

The Fund's Agreement and Declaration of Trust provides that the Fund will indemnify the Trustees and officers against liabilities and expenses incurred in connection with any claim in which they may be involved because of their offices with the Fund, unless it is determined in the manner specified in the Agreement and Declaration of Trust that they have not acted in good faith in the reasonable belief that their actions were in the best interests of the Fund or that such indemnification would relieve any officer or Trustee of any liability to the Fund or its shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of his or her duties.

Leadership Structure and Qualifications of the Board of Trustees. The Board of Trustees is responsible for oversight of the Fund. The Fund has engaged Calamos to manage the Fund on a day-to-day basis. The Board of Trustees oversees Calamos and certain other principal service providers in the operations of the Fund. The Board of Trustees is currently composed of six members, five of whom are non-interested trustees. The Board of Trustees meets in-person at regularly scheduled meetings four times throughout the year. In addition, the Board may meet in-person or by telephone at special meetings or on an informal basis at other times. As described above, the Board of Trustees has established five standing committees—Audit, Dividend, Executive, Governance and Valuation—and may establish ad hoc committees or working groups from time to time, to assist the Board of Trustees in fulfilling its oversight responsibilities. The non-interested trustees also have engaged independent legal counsel to assist them in fulfilling their responsibilities. Such independent legal counsel also serves as counsel to the Fund.

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The chairman of the Board of Trustees is an interested person of the Fund (as such term is defined in the 1940 Act). The non-interested trustees have appointed a lead independent trustee. The lead independent trustee serves as a liaison between Calamos and the non-interested trustees and leads the non-interested trustees in all aspects of their oversight of the Fund. Among other things, the lead independent trustee reviews and approves, with the chairman, the agenda for each board and committee meeting and facilitates communication among the Fund's non-interested trustees. The Trustees believe that the Board's leadership structure is appropriate given the characteristics and circumstances of the Fund. The Trustees also believe that this structure facilitates the exercise of the Board's independent judgment in fulfilling its oversight function and efficiently allocates responsibility among committees.

The Board of Trustees has concluded that, based on each Trustee's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees, each Trustee should serve as a member of the Board. In making this determination, the Board has taken into account the actual service of the Trustees during their tenure in concluding that each should continue to serve. The Board also has considered each Trustee's background and experience. Set forth below is a brief discussion of the specific experience qualifications, attributes or skills of each Trustee that led the Board to conclude that he should serve as a Trustee.

Each of the Trustees, except Mr. Wennlund, has served for multiple years as a Trustee of the Fund. Mr. Wennlund has served as a Trustee of the Fund since 2018. In addition, each of Ms. Breen and Messrs. Calamos, Neal, Rybak, Timbers, Tripple, and Wennlund has more than 25 years of experience in the financial services industry. Each of Ms. Breen and Messrs. Calamos, Neal, Rybak, Timbers, Tripple and Wennlund has experience serving on boards of other entities, including other investment companies. Each of Ms. Breen and Messrs. Calamos, Neal, Rybak and Timbers has earned a Masters of Business Administration degree, and Mr. Tripple has earned a Juris Doctor degree.

Risk Oversight. The operation of a registered investment company, including its investment activities, generally involves a variety of risks. As part of its oversight of the Fund, the Board of Trustees oversees risk through various regular board and committee activities. The Board of Trustees, directly or through its committees, reviews reports from, among others, Calamos, the Fund's Compliance Officer, the Fund's independent registered public accounting firm, independent outside legal counsel, and internal auditors of Calamos or its affiliates, as appropriate, regarding risks faced by the Fund and the risk management programs of Calamos and certain service providers. The actual day-to-day risk management with respect to the Fund resides with Calamos and other service providers to the Fund. Although the risk management policies of Calamos and the service providers are designed to be effective, there is no guarantee that they will anticipate or mitigate all risks. Not all risks that may affect the Fund can be identified, eliminated or mitigated and some risks simply may not be anticipated or may be beyond the control of the Board of Trustees or Calamos, its affiliates or other service providers.

Compensation of Officers and Trustees. John P. Calamos, Sr., the trustee who is an interested person of the Fund, does not receive compensation from the Fund. Non-interested trustees are compensated by the Fund, but do not receive any pension or retirement benefits from the Fund. Mr. Mickey is the only Fund officer who receives compensation from the Fund. The following table sets forth the total compensation (including any amounts deferred, as described below) paid by the Fund during the fiscal year ended October 31, 2018 to each of the current non-interested trustees and the one officer compensated by the Fund.

Name of Trustee	Aggregate Compensation from Fund	Total Compensation from Calamos Fund Complex(1)*
John P. Calamos, Sr.	\$ 0	\$ 0
Virginia G. Breen	\$ 8,279	\$ 140,000
John E. Neal(1)	\$ 9,854	\$ 182,000
William R. Rybak	\$ 9,264	\$ 157,000

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Name of Trustee	Aggregate Compensation from Fund	Total Compensation from Calamos Fund Complex(1)*
Stephen B. Timbers	\$ 11,035	\$ 187,000
David D. Tripple	\$ 9,264	\$ 157,000
Lloyd A. Wennlund(2)	\$ 4,279	\$ 75,000
Mark J. Mickey	\$ 9,105	\$ 150,000

(1) Includes fees that may have been deferred during the year pursuant to a deferred compensation plan with Calamos Investment Trust. Deferred amounts are treated as though such amounts have been invested and reinvested in shares of one or more of the portfolios of the Calamos Investment Trust as selected by the Trustee. As of October 31, 2018, the value of the deferred compensation account for Mr. Neal was \$1,785,811.

(2) Mr. Wennlund was elected to the Board effective July 19, 2018.

* The Calamos Fund Complex consists of eight investment companies and each applicable series thereunder including the Fund, Calamos Investment Trust, Calamos Advisors Trust, Calamos Global Total Return Fund, Calamos Convertible Opportunities and Income Fund, Calamos Strategic Total Return Fund, Calamos Global Dynamic Income Fund and Calamos Dynamic Convertible and Income Fund.

The compensation paid to the non-interested trustees of the Calamos Funds for their services consists of an annual retainer fee in the amount of \$91,000, with annual supplemental retainers of \$40,000 to the lead independent trustee, \$20,000 to the chair of the audit committee and \$10,000 to the chair of any other standing committee. Each non-interested trustee also receives a meeting attendance fee of \$7,000 for any regular or special board meeting attended in person, \$3,500 for any regular or special board meeting attended by telephone, and \$3,000 for any committee meeting attended in person or by telephone. Compensation paid to the non-interested trustees is allocated among the series of the Calamos Funds in accordance with a procedure determined from time to time by the board.

The Fund has adopted a deferred compensation plan for non-interested trustees (the Plan). Under the Plan, a trustee who is not an interested person of Calamos and has elected to participate in the Plan (a participating trustee) may defer receipt of all or a portion of his compensation from Fund in order to defer payment of income taxes or for other reasons. The deferred compensation payable to the participating trustee is credited to the trustee's deferral account as of the business day such otherwise compensation would have been paid to the trustee. The value of a trustee's deferred compensation account at any time is equal to what the value if the amounts credited to the account had instead been invested in Class I shares of one or more of the portfolios of Calamos Investment Trust as designated by the trustee. Thus, the value of the account increases with contributions to the account or with increases in the value of the measuring shares, and the value of the account decreases with withdrawals from the account or with declines in the value of the measuring shares. If a participating trustee retires, the trustee may elect to receive payments under the plan in a lump sum or in equal annual installments over a period of five years. If a participating trustee dies, any amount payable under the Plan will be paid to the trustee's beneficiaries. Each Calamos Fund's obligation to make payments under the Plan is a general obligation of that Fund. No Fund is liable for any other Fund's obligations to make payments under the Plan.

Ownership of Shares of the Fund and Other Calamos Funds. The following table indicates the value of shares that each Trustee beneficially owns in the Fund and the Calamos Fund Complex in the aggregate. The value of shares of the Calamos Funds is determined on the basis of the net asset value of the class of shares held as of December 31, 2018. The value of the shares held, are stated in ranges in accordance with the requirements

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of the SEC. The table reflects the Trustee's beneficial ownership of shares of the Calamos Fund Complex. Beneficial ownership is determined in accordance with the rules of the SEC.

NAME OF TRUSTEE	DOLLAR RANGE OF EQUITY SECURITIES IN THE FUND	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL REGISTERED INVESTMENT COMPANIES OVERSEEN BY TRUSTEE IN THE CALAMOS FUNDS
John P. Calamos, Sr.(1)(2)	Over \$100,000	Over \$100,000
Virginia G. Breen	None	Over \$100,000
John E. Neal	None	Over \$100,000
William R. Rybak	\$10,001 - \$50,000	Over \$100,000
Stephen B. Timbers	Over \$100,000	Over \$100,000
David D. Tripple	\$1 - \$10,000	Over \$100,000
Lloyd A. Wennlund	None	None

- (1) Pursuant to Rule 16a-1(a)(2) of the Exchange Act, John P. Calamos, Sr. may be deemed to have indirect beneficial ownership of Fund shares held by Calamos Investments LLC, its subsidiaries, and its parent companies (Calamos Asset Management, Inc. and Calamos Partners LLC, and its parent company, Calamos Family Partners, Inc.) due to his direct or indirect ownership interest in those entities. As a result, these amounts reflect any holdings of those entities in addition to the individual, personal accounts of John P. Calamos, Sr.

- (2) Indicates an interested person of the Trust, as defined in the 1940 Act.

Code of Ethics. The Fund and Calamos have adopted a code of ethics under Rule 17j-1 under the 1940 Act which is applicable to officers, directors/Trustees and designated employees of Calamos and CFS. Employees of Calamos and CFS are permitted to make personal securities transactions, including transactions in securities that the Fund may purchase, sell or hold, subject to requirements and restrictions set forth in the code of ethics of Calamos and CFS. The code of ethics contains provisions and requirements designed to identify and address certain conflicts of interest between personal investment activities of Calamos and CFS employees and the interests of investment advisory clients such as the Fund. Among other things, the code of ethics prohibits certain types of transactions absent prior approval, imposes time periods during which personal transactions may not be made in certain securities, and requires the submission of duplicate broker confirmations and statements and quarterly reporting of securities transactions. Additional restrictions apply to portfolio managers, traders, research analysts and others involved in the investment advisory process. Exceptions to these and other provisions of the code of ethics may be granted in particular circumstances after review by appropriate personnel. Text only versions of the code of ethics can be viewed online or downloaded from the EDGAR Database on the SEC's internet web site at www.sec.gov.

Proxy Voting Procedures. The Fund has delegated proxy voting responsibilities to Calamos, subject to the Board of Trustees' general oversight. The Fund expects Calamos to vote proxies related to the Fund's portfolio securities for which the Fund has voting authority consistent with the Fund's best economic interests. Calamos has adopted its own Proxy Voting Policies and Procedures (Policies). The Policies address, among other things, conflicts of interest that may arise between the interests of the Fund, and the interests of the adviser and its affiliates.

The following is a summary of the Policies used by Calamos in voting proxies.

To assist it in voting proxies, Calamos has established a Committee comprised of members of its Portfolio Management and Research Departments. The Committee and/or its members will vote proxies using the following guidelines.

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In general, if Calamos believes that a company's management and board have interests sufficiently aligned with the Fund's interest, Calamos will vote in favor of proposals recommended by a company's board. More specifically, Calamos seeks to ensure that the board of directors of a company is sufficiently aligned with security holders' interests and provides proper oversight of the company's management. In many cases this may be best accomplished by having a majority of independent board members. Although Calamos will examine board member elections on a case-by-case basis, it will generally vote for the election of directors that would result in a board comprised of a majority of independent directors.

Because of the enormous variety and complexity of transactions that are presented to shareholders, such as mergers, acquisitions, reincorporations, adoptions of anti-takeover measures (including adoption of a shareholder rights plan, requiring supermajority voting on particular issues, adoption of fair price provisions, issuance of blank check preferred stocks and the creation of a separate class of stock with unequal voting rights), changes to capital structures (including authorizing additional shares, repurchasing stock or approving a stock split), executive compensation and option plans, that occur in a variety of industries, companies and market cycles, it is extremely difficult to foresee exactly what would be in the best interests of the Fund in all circumstances. Moreover, voting on such proposals involves considerations unique to each transaction. Accordingly, Calamos will vote on a case-by-case basis on proposals presenting these transactions.

Finally, Calamos has established procedures to help resolve conflicts of interests that might arise when voting proxies for the Fund. These procedures provide that the Committee, along with Calamos' Legal and Compliance Departments, will examine conflicts of interests with the Fund of which Calamos is aware and seek to resolve such conflicts in the best interests of the Fund, irrespective of any such conflict. If a member of the Committee has a personal conflict of interest, that member will refrain from voting and the remainder of the Committee will determine how to vote the proxy solely on the investment merits of any proposal. The Committee will then memorialize the conflict and the procedures used to address the conflict.

The Fund is required to file with the SEC its complete proxy voting record for the twelve-month period ending June 30, by no later than August 31 of each year. The Fund's proxy voting record for the most recent twelve-month period ending June 30 is available by August 31 of each year (1) on the SEC's website at www.sec.gov and (2) without charge, upon request, by calling 1-800-582-6959.

You may obtain a copy of Calamos' Policies by calling 1-800-582-6959, by visiting the Fund's website at www.calamos.com, by writing Calamos at: Calamos Investments, Attn: Client Services, 2020 Calamos Court, Naperville, IL 60563, and on the SEC's website at www.sec.gov.

Investment Adviser and Investment Management Agreement

Subject to the overall supervision and review of the Board of Trustees, Calamos provides the Fund with investment research, advice and supervision and furnishes continuously an investment program for the Fund. In addition, Calamos furnishes for use of the Fund such office space and facilities as the Fund may require for its reasonable needs and supervises the business and affairs of the Fund and provides the following other services on behalf of the Fund and not provided by persons not a party to the investment management agreement: (i) preparing or assisting in the preparation of reports to and meeting materials for the Trustees; (ii) supervising, negotiating contractual arrangements with, to the extent appropriate, and monitoring the performance of, accounting agents, custodians, depositories, transfer agents and pricing agents, accountants, attorneys, printers, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable to Fund operations; (iii) assisting in the preparation and making of filings with the SEC and other regulatory and self-regulatory organizations, including, but not limited to, preliminary and definitive proxy materials, amendments to the Fund's registration statement on Form N-2 and semi-annual reports on Form N-SAR and Form N-CSR; (iv) overseeing the tabulation of proxies by the Fund's transfer agent; (v) assisting in the preparation and filing of the Fund's federal, state and local tax returns; (vi) assisting in the preparation and filing of the Fund's federal excise tax return pursuant to Section 4982 of the Code; (vii) providing assistance with

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investor and public relations matters; (viii) monitoring the valuation of portfolio securities and the calculation of net asset value; (ix) monitoring the registration of shares of beneficial interest of the Fund under applicable federal and state securities laws; (x) maintaining or causing to be maintained for the Fund all books, records and reports and any other information required under the 1940 Act, to the extent that such books, records and reports and other information are not maintained by the Fund's custodian or other agents of the Fund; (xi) assisting in establishing the accounting policies of the Fund; (xii) assisting in the resolution of accounting issues that may arise with respect to the Fund's operations and consulting with the Fund's independent accountants, legal counsel and the Fund's other agents as necessary in connection therewith; (xiii) reviewing the Fund's bills; (xiv) assisting the Fund in determining the amount of dividends and distributions available to be paid by the Fund to its shareholders, preparing and arranging for the printing of dividend notices to shareholders, and providing the transfer and dividend paying agent, the custodian, and the accounting agent with such information as is required for such parties to effect the payment of dividends and distributions; and (xv) otherwise assisting the Fund as it may reasonably request in the conduct of the Fund's business, subject to the direction and control of the Trustees.

Under the investment management agreement, the Fund pays to Calamos a fee based on the average weekly managed assets that is computed weekly and payable monthly in arrears. The fee paid by the Fund is at the annual rate of 0.80% of managed assets. Because the management fees paid to Calamos is based upon a percentage of the Fund's managed assets, fees paid to Calamos are higher when the Fund is leveraged; thus, Calamos will have an incentive to use leverage. Subject to the oversight of the Board, Calamos intends to use leverage only when it believes it will serve the best interests of the Fund's shareholders.

Under the terms of its investment management agreement with the Fund, except for the services and facilities provided by Calamos as set forth therein, the Fund shall assume and pay all expenses for all other Fund operations and activities and shall reimburse Calamos for any such expenses incurred by Calamos. The expenses borne by the Fund shall include, without limitation: (a) organization expenses of the Fund (including out-of-pocket expenses, but not including Calamos' overhead or employee costs); (b) fees payable to Calamos; (c) legal expenses; (d) auditing and accounting expenses; (e) maintenance of books and records that are required to be maintained by the Fund's custodian or other agents of the Fund; (f) telephone, telex, facsimile, postage and other communications expenses; (g) taxes and governmental fees; (h) fees, dues and expenses incurred by the Fund in connection with membership in investment company trade organizations and the expense of attendance at professional meetings of such organizations; (i) fees and expenses of accounting agents, custodians, subcustodians, transfer agents, dividend disbursing agents and registrars; (j) payment for portfolio pricing or valuation services to pricing agents, accountants, bankers and other specialists, if any; (k) expenses of preparing share certificates; (l) expenses in connection with the issuance, offering, distribution, sale, redemption or repurchase of securities issued by the Fund; (m) expenses relating to investor and public relations provided by parties other than Calamos; (n) expenses and fees of registering or qualifying shares of beneficial interest of the Fund for sale; (o) interest charges, bond premiums and other insurance expenses; (p) freight, insurance and other charges in connection with the shipment of the Fund's portfolio securities; (q) the compensation and all expenses (specifically including travel expenses relating to Fund business) of Trustees, officers and employees of the Fund who are not affiliated persons of Calamos; (r) brokerage commissions or other costs of acquiring or disposing of any portfolio securities of the Fund; (s) expenses of printing and distributing reports, notices and dividends to shareholders; (t) expenses of preparing and setting in type, printing and mailing prospectuses and statements of additional information of the Fund and supplements thereto; (u) costs of stationery; (v) any litigation expenses; (w) indemnification of Trustees and officers of the Fund; (x) costs of shareholders' and other meetings; (y) interest on borrowed money, if any; and (z) the fees and other expenses of listing the Fund's shares on the Nasdaq or any other national stock exchange.

For the fiscal years ended, October 31, 2016, October 31, 2017 and October 31, 2018 the Fund incurred \$9,372,820, \$9,550,005 and \$10,218,160 respectively, in advisory fees. Pursuant to the management fee waiver agreement, Calamos waived \$0, \$0 and \$0 in advisory fees for the fiscal years ended October 31, 2016, October 31, 2017, and October 31, 2018 respectively.

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The investment management agreement had an initial term ending August 1, 2004 and continues in effect from year to year thereafter so long as such continuation is approved at least annually by (1) the Board of Trustees or the vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund, and (2) a majority of the Trustees who are not interested persons of any party to the investment management agreement, cast in person at a meeting called for the purpose of voting on such approval. The investment management agreement may be terminated at any time, without penalty, by either the Fund or Calamos upon 60 days' written notice, and is automatically terminated in the event of its assignment as defined in the 1940 Act.

Calamos is a wholly owned subsidiary of Calamos Investments LLC (CILLC). Calamos Asset Management, Inc. (CAM) is the sole manager of CILLC and a wholly owned subsidiary of Calamos Partners LLC (CPL). As of December 31, 2018, approximately 22% of the outstanding interests of CILLC was owned by CAM and the remaining approximately 78% of CILLC was owned by CPL. CPL was owned by Calamos Family Partners, Inc. (CFP), John P. Calamos, Sr., and John S. Koudounis. CFP was owned by members of the Calamos family, including John P. Calamos, Sr. In addition, Mr. Koudounis has the option to purchase a controlling interest in CPL upon the death or permanent disability of John P. Calamos, Sr., provided Mr. Koudounis is then serving as Chief Executive Officer of CAM and CILLC. John P. Calamos, Sr. is an affiliated person of the Fund and Calamos by virtue of his position as Chairman, Trustee and President of the Fund and Chairman and Global Chief Investment Officer (Global CIO) of Calamos. John S. Koudounis, Robert F. Behan, Thomas E. Herman, J. Christopher Jackson and Curtis Holloway are affiliated persons of the Fund and Calamos by virtue of their positions as Vice President; Vice President; Vice President; Vice President and Secretary; and Chief Financial Officer and Treasurer; of the Fund; respectively, and as Chief Executive Officer; President and Head of Global Distribution; Chief Financial Officer; Senior Vice President, General Counsel and Secretary; and Senior Vice President, Head of Fund Administration of Calamos, respectively. A discussion regarding the basis for the Board of Trustees' decision to approve the renewal of the Investment Management Agreement is available in the Fund's Annual Report to shareholders for the fiscal year ended October 31, 2018.

The use of the name Calamos in the name of the Fund is pursuant to licenses granted by Calamos, and the Fund has agreed to change its name to remove that reference if Calamos ceases to act as investment adviser to the Fund.

Portfolio Managers

John P. Calamos, Sr. During the past five years, John P. Calamos, Sr. has been President, Trustee and Co-Portfolio Manager of the Fund since inception and for Calamos: Founder, Chairman and Global CIO since August 2016; Chairman and Global CIO from April to August 2016; Chairman, Chief Executive Officer and Global Co-CIO between April 2013 and April 2016; Chief Executive Officer and Global Co-CIO between August 2012 and April 2013; and Chief Executive Officer and Co-CIO prior thereto.

Dennis Cogan. Dennis Cogan joined Calamos in March 2005 and since March 2013 is a Co-Portfolio Manager. Between March 2005 and March 2013 he was a senior strategy analyst.

R. Matthew Freund. R. Matthew Freund joined Calamos in November 2016 as a Co-CIO, Head of Fixed Income Strategies, as well as a Senior Co-Portfolio Manager. Previously, he was SVP of Investment Portfolio Management and Chief Investment Officer at USAA Investments since 2010.

John Hillenbrand. John Hillenbrand joined Calamos in 2002 and since September 2015 is a Co-CIO, Head of Multi-Asset Strategies and Co-Head of Convertible Strategies, as well as a Senior Co-Portfolio Manager. From March 2013 to September 2015 he was a Co-Portfolio Manager. Between August 2002 and March 2013 he was a senior strategy analyst.

Nick Niziolek. Nick Niziolek joined Calamos in March 2005 and has been a Co-CIO, Head of International and Global Strategies, as well as a Senior Co-Portfolio Manager, since September 2015. Between August 2013

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and September 2015 he was a Co-Portfolio Manager, Co-Head of Research. Between March 2013 and August 2013 he was a Co-Portfolio Manager. Between March 2005 and March 2013 he was a senior strategy analyst.

Eli Pars. Eli Pars joined Calamos in May 2013 and has been a Co-CIO, Head of Alternative Strategies and Co-Head of Convertible Strategies, as well as Senior Co-Portfolio Manager, since September 2015. Between May 2013 and September 2015, he was a Co-Portfolio Manager. Previously, he was a Portfolio Manager at Chicago Fundamental Investment Partners from February 2009 until November 2012.

Jon Vacko. Jon Vacko joined Calamos in 2000 and has been a Senior Co-Portfolio Manager since September 2015. Previously he was a Co-Portfolio Manager from August 2013 to September 2015; prior thereto he was a Co-Head of Research and Investments from July 2010 to August 2013.

Joe Wysocki. Joe Wysocki joined Calamos in October 2003 and since March 2015 is a Co-Portfolio Manager. Previously, Mr. Wysocki was a sector head from March 2014 to March 2015. Prior thereto, he was a Co-Portfolio Manager from March 2013 to March 2014. Between February 2007 and March 2013 he was a senior strategy analyst.

Calamos employs a team of teams approach to portfolio management, led by the Global CIO and our CIO team consisting of 5 Co-CIOs with specialized areas of investment expertise. The Global CIO and Co-CIO team are responsible for oversight of investment team resources, investment processes, performance and risk. As heads of investment verticals, Co-CIOs manage investment team members and, along with Co-Portfolio Managers, have day-to-day portfolio oversight and construction responsibilities of their respective investment strategies. While investment research professionals within each Co-CIO's team are assigned specific strategy responsibilities, they also provide support to other investment team verticals, creating deeper insights across a wider range of investment strategies. The combination of specialized investment teams with cross team collaboration results in what we call our team of teams approach.

This team of teams approach is further reflected in the composition of Calamos Investment Committee, made up of the Global CIO, the Co-CIO team, and the Head of Global Trading and Investment Risk Management. Other members of the investment team participate in Investment Committee meetings in connection with specific investment related issues or topics as deemed appropriate.

The structure and composition of the Investment Committee results in a number of benefits, as it:

Leads to broader perspective on investment decisions: multiple viewpoints and areas of expertise feed into consensus;

Promotes collaboration between teams; and

Functions as a think tank with the goal of identifying ways to outperform the market on a risk-adjusted basis.

The objectives of the Investment Committee are to:

Form the firm's top-down macro view, market direction, asset allocation, and sector/country positioning.

Establish firm-wide secular and cyclical themes for review.

Review firm-wide and portfolio risk metrics, recommending changes where appropriate.

Review firm-wide, portfolio and individual security liquidity constraints.

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Evaluate firm-wide and portfolio investment performance.

Evaluate firm-wide and portfolio hedging policies and execution.

Evaluate enhancements to the overall investment process.

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John P. Calamos, Sr., Founder, Chairman and Global CIO, is responsible for the day-to-day management of the team, bottom-up research efforts and strategy implementation. R. Matthew Freund, John Hillenbrand, Nick Niziolek, Eli Pars, and Jon Vacko are each Sr. Co-Portfolio Managers, and Dennis Cogan and Joe Wysocki are each Co-Portfolio Managers.

For over 20 years, the Calamos portfolio management team has managed money for their clients in convertible, high yield and global strategies. Furthermore, Calamos has extensive experience investing in foreign markets through its convertible securities and high yield securities strategies. Such experience has included investments in established as well as emerging foreign markets.

The Global CIO, Sr. Co-Portfolio Managers and Co-Portfolio Managers also have responsibility for the day-to-day management of accounts other than the Fund. Information regarding these other accounts as of October 31, 2018 is set forth below:

Other Accounts Managed and Assets by Account Type as of October 31, 2018:

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Accounts	Assets	Accounts	Assets	Accounts	Assets
John P. Calamos Sr.	23	18,788,469,860	12	675,760,165	2,859	2,078,372,497
John Hillenbrand	20	11,970,437,304	12	675,760,165	2,859	2,078,372,497
Jon Vacko	20	11,970,437,304	12	675,760,165	2,859	1,624,737,414
Eli Pars	19	17,238,272,932	12	675,760,165	2,182	1,662,886,878
Dennis Cogan	11	6,980,732,508	7	444,233,397	1,859	759,841,658
Nick Niziolek	11	6,980,732,508	7	444,233,397	1,859	759,841,658
Joe Wysocki	11	9,780,879,214	4	549,777,438	2,055	1,081,345,696
R. Matthew Freund	13	9,876,456,344	5	231,526,768	2,181	1,613,897,373

Number of Accounts and Assets for which Advisory Fee is Performance Based as of October 31, 2018:

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Accounts	Assets	Accounts	Assets	Accounts	Assets
John P. Calamos Sr.	2	329,803,661	0	0	0	0
John Hillenbrand	2	329,803,661	0	0	0	0
Jon Vacko	2	329,803,661	0	0	0	0
Eli Pars	2	329,803,661	0	0	0	0
Dennis Cogan	2	329,803,661	0	0	0	0
Nick Niziolek	2	329,803,661	0	0	0	0
Joe Wysocki	0	0	0	0	0	0
R. Matthew Freund	0	0	0	0	0	0

Each Co-Portfolio Manager may invest for his own benefit in securities held in brokerage and mutual fund accounts. The information shown in the table does not include information about those accounts where the Co-Portfolio Manager or members of his family have a beneficial or pecuniary interest because no advisory relationship exists with Calamos or any of its affiliates.

The Fund's Co-Portfolio Managers are responsible for managing both the Fund and other accounts, including separate accounts and funds not required to be registered under the 1940 Act.

Other than potential conflicts between investment strategies, the side-by-side management of both the Fund and other accounts may raise potential conflicts of interest due to the interest held by Calamos in an account and

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certain trading practices used by the portfolio managers (e.g., cross-trades between the Fund and another account and allocation of aggregated trades). Calamos has developed policies and procedures reasonably designed to mitigate those conflicts. For example, Calamos will only place cross-trades in securities held by the Fund in accordance with the rules promulgated under the 1940 Act and has adopted policies designed to ensure the fair allocation of securities purchased on an aggregated basis.

The allocation methodology employed by Calamos varies depending on the type of securities sought to be bought or sold and the type of client or group of clients. Generally, however, orders are placed first for those clients that have given Calamos brokerage discretion (including the ability to step out a portion of trades), and then to clients that have directed Calamos to execute trades through a specific broker. However, if the directed broker allows Calamos to execute with other brokerage firms, which then book the transaction directly with the directed broker, the order will be placed as if the client had given Calamos full brokerage discretion. Calamos and its affiliates frequently use a rotational method of placing and aggregating client orders and will build and fill a position for a designated client or group of clients before placing orders for other clients. A client account may not receive an allocation of an order if: (a) the client would receive an unmarketable amount of securities based on account size; (b) the client has precluded Calamos from using a particular broker; (c) the cash balance in the client account will be insufficient to pay for the securities allocated to it at settlement; (d) current portfolio attributes make an allocation inappropriate; and (e) account specific guidelines, objectives and other account specific factors make an allocation inappropriate. Allocation methodology may be modified when strict adherence to the usual allocation is impractical or leads to inefficient or undesirable results. Calamos head trader must approve each instance that the usual allocation methodology is not followed and provide a reasonable basis for such instances and all modifications must be reported in writing to the Adviser's Chief Compliance Officer on a monthly basis.

Investment opportunities for which there is limited availability generally are allocated among participating client accounts pursuant to an objective methodology (i.e., either on a pro rata basis or using a rotational method, as described above). However, in some instances, Calamos may consider subjective elements in attempting to allocate a trade, in which case the Fund may not participate, or may participate to a lesser degree than other clients, in the allocation of an investment opportunity. In considering subjective criteria when allocating trades, Calamos is bound by its fiduciary duty to its clients to treat all client accounts fairly and equitably.

The Co-Portfolio Managers advise certain accounts under a performance fee arrangement. A performance fee arrangement may create an incentive for a Co-Portfolio Manager to make investments that are riskier or more speculative than would be the case in the absence of performance fees. A performance fee arrangement may result in increased compensation to the Co-Portfolio Managers from such accounts due to unrealized appreciation as well as realized gains in the client's account.

As of October 31, 2018, John P. Calamos, Sr., our Global CIO, aside from distributions arising from his ownership from various entities, receives all of his compensation from Calamos. He has entered into an employment agreement that provides for compensation in the form of an annual base salary and a target bonus, both components payable in cash. His target bonus is set at a percentage of the respective base salary. Similarly, Mr. Calamos is eligible for a Long-Term Incentive (LTI). The LTI program at Calamos currently consists of two types of awards: (1) Mutual Fund Incentive Awards for investment professionals and (2) Phantom Equity Incentive Awards for non-investment professionals.

As of October 31, 2018, R. Matthew Freund, John Hillenbrand, Nick Niziolek, Eli Pars, Jon Vacko, Dennis Cogan, and Joe Wysocki receive all of their compensation from Calamos. These individuals each receive compensation in the form of an annual base salary, a discretionary bonus (payable in cash) and are eligible for LTI awards. Each of these individuals are also eligible for discretionary LTI awards based on individual and collective performance, however these awards are not guaranteed from year to year. The LTI program at Calamos for investment professionals is a Mutual Fund Incentive Award with amounts deemed to be invested in one or more funds. Funds mean mutual funds, ETFs or private funds managed by Calamos or a subsidiary of Calamos. Additionally, Messrs. Hillenbrand, Niziolek, and Pars have been granted other deferred compensation awards, in prior years.

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The amounts paid to all Co-Portfolio Managers and the criteria utilized to determine the amounts are benchmarked against industry specific data provided by third party analytical agencies. The Co-Portfolio Managers' compensation structure does not differentiate between the Funds and other accounts managed by the Co-Portfolio Managers, and is determined on an overall basis, taking into consideration annually the performance of the various strategies managed by the Co-Portfolio Managers. Portfolio performance is utilized as one factor in determining the annual discretionary bonus, as well as overall performance of Calamos.

At October 31, 2018, each portfolio manager beneficially owned (as determined pursuant to Rule 16a-1(a)(2) under the Exchange Act) shares of the Fund having value within the indicated dollar ranges.

Portfolio Manager	Fund
John P. Calamos Sr.(1)	Over \$1,000,000
Nick Niziolek	None
Dennis Cogan	None
John Hillenbrand	None
Jon Vacko	None
Joe Wysocki	None
Eli Pars	None
R. Matthew Freund	None

- (1) Pursuant to Rule 16a-1(a)(2) of the Exchange Act, John P. Calamos, Sr. may be deemed to have indirect beneficial ownership of Fund shares held by Calamos Investments LLC, its subsidiaries, and its parent companies (Calamos Asset Management, Inc. and Calamos Partners LLC, and its parent company Calamos Family Partners, Inc.) due to his direct or indirect ownership interest in those entities. As a result, these amounts reflect any holdings of those entities in addition to the individual, personal accounts of John P. Calamos, Sr.

Fund Accountant and Administration Arrangements

The Fund has entered into an agreement with Ernst & Young LLP (EY) located at 155 N. Wacker Drive, Chicago, IL 60606 to provide certain tax services to the Funds. The tax services include the following: calculating, tracking and reporting tax adjustments on all assets of the Fund, including but not limited to contingent debt and preferred trust obligations; preparing excise tax and fiscal year distribution schedules; preparing tax information required for financial statement footnotes; preparing state and federal income tax returns; preparing specialized calculations of amortization on convertible securities; preparing year-end dividend disclosure information providing treaty-based foreign withholding tax reclaim services; providing certain global compliance and reporting services; providing a match service and analysis of the passive foreign investment company status of foreign corporate entities; and providing services related to corporate actions that may or may not have a tax impact on the Fund's holdings. The Fund has not paid EY any fees for tax services during the three most recent fiscal years ended October 31.

Under the arrangements with State Street Bank and Trust Company (State Street) located at One Iron Street, Boston, MA 02111 to provide fund accounting services, State Street provides certain administrative and accounting services including providing daily reconciliation of cash, trades and positions; maintaining general ledger and capital stock accounts; preparing daily trial balance; calculating net asset value; providing selected general ledger reports; preferred share compliance; calculating total returns; and providing monthly distribution analysis to the Fund. For the fiscal years ended October 31, 2018, October 31, 2017 and October 31, 2016, the Fund paid State Street \$88,339, \$84,320 and \$83,196, respectively, for fund accounting services. The Fund has also entered into an agreement with State Street pursuant to which State Street provides certain administration treasury services to the Fund. These services include: monitoring the calculation of expense accrual amounts for the Fund and making any necessary modifications; managing the Fund's expenses and expense payment processing; coordinating any expense reimbursement calculations and payment; calculating net investment

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income dividends and capital gain distributions; coordinating the audits for the Fund; preparing financial reporting statements for the Fund; preparing certain regulatory filings; and calculating asset coverage tests for certain Calamos Funds. The Fund has not paid State Street any fees for administration services during the three most recent fiscal years ended October 31. Under a prior agreement for administration services, the Fund paid the previous service provider \$147,398, \$138,804 and \$135,988 for the fiscal years ended, October 31, 2018, October 31, 2017 and October 31, 2016, respectively.

CERTAIN SHAREHOLDERS

At January 31, 2019, the following persons were known to own beneficially or of record more than 5% of the outstanding securities of the Fund:

Class of Shares	Name and Address of Beneficial Owner	Number of Shares Owned	Percent of Class
Common	Merrill Lynch Pierce Fenner & Smith 4804 Deer Lake Dr. E. Jacksonville, FL 32246	9,879,192	13.5%
	Charles Schwab & Co., Inc. 2423 E. Lincoln Drive Phoenix, AZ 85016-1215 Baltimore, MD 21231	8,893,143	12.2%
	Morgan Stanley Smith Barney LLC 1300 Thames Street 6th Floor Baltimore, MD 21231	8,099,324	11.1%
	National Financial Services LLC 499 Washington Blvd. Jersey City, NJ 07310	6,021,310	8.2%
	TD Ameritrade 200 S. 108th Ave Omaha, NE 68154	5,648,848	7.7%
	Wells Fargo Clearing Services LLC 2801 Market Street H0006-09B St. Louis, MO 63103	4,567,791	6.2%

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Series A Mandatory Redeemable Preferred Shares	Massachusetts Mutual Life Insurance Company c/o Barings LLC 1500 Main Street Suite 2200 P.O. Box 15189 Springfield, MA 0115-5189	1,180,000	80.8%
	Massachusetts Mutual Life Insurance Company c/o Barings LLC 1500 Main Street Suite 2200 P.O. Box 15189 Springfield, MA 0115-5189	280,000	19.2%

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Class of Shares	Name and Address of Beneficial Owner	Number of Shares Owned	Percent of Class
Series B Mandatory Redeemable Preferred Shares	Massachusetts Mutual Life Insurance Company c/o Barings LLC 1500 Main Street Suite 2200 P.O. Box 15189 Springfield, MA 0115-5189	1,180,000	80.8%
	Massachusetts Mutual Life Insurance Company c/o Barings LLC 1500 Main Street Suite 2200 P.O. Box 15189 Springfield, MA 0115-5189	280,000	19.2%
Series C Mandatory Redeemable Preferred Shares	Massachusetts Mutual Life Insurance Company c/o Barings LLC 1500 Main Street Suite 2200 P.O. Box 15189 Springfield, MA 0115-5189	1,200,000	81.1%
	Massachusetts Mutual Life Insurance Company c/o Barings LLC 1500 Main Street Suite 2200 P.O. Box 15189 Springfield, MA 0115-5189	280,000	18.9%

At January 31, 2019, the trustees and officers as a group owned less than one percent of the Fund's outstanding common shares.

PORTFOLIO TRANSACTIONS

Portfolio transactions on behalf of the Fund effected on stock exchanges involve the payment of negotiated brokerage commissions. There is generally no stated commission in the case of securities traded in the over-the-counter markets, but the price paid by the Fund usually includes an undisclosed dealer commission or mark-up. In underwritten offerings, the price paid by the Fund includes a disclosed, fixed commission or discount retained by the underwriter or dealer.

In executing portfolio transactions, Calamos uses its best efforts to obtain for the Fund the most favorable combination of price and execution available. In seeking the most favorable combination of price and execution, Calamos considers all factors it deems relevant, including price, the size of the transaction, the nature of the market for the security, the amount of commission, the timing of the transaction taking into account market prices and trends, the execution capability of the broker-dealer and the quality of service rendered by the broker-dealer in other transactions.

The Trustees have determined that portfolio transactions for the Fund may be executed through CFS, an affiliate of Calamos, if, in the judgment of Calamos, the use of CFS is likely to result in prices and execution at least as favorable to the Funds as those available from other qualified brokers and if, in such transactions, CFS charges the Fund commission rates consistent with those charged by CFS to comparable unaffiliated customers.

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in similar transactions. The Board of Trustees, including a majority of the Trustees who are not interested trustees, has adopted procedures that are reasonably designed to provide that any commissions, fees or other remuneration paid to CFS are consistent with the foregoing standard. The Fund will not effect principal transactions with CFS.

In allocating the Fund's portfolio brokerage transactions to unaffiliated broker-dealers, Calamos may take into consideration the research, analytical, statistical and other information and services provided by the broker-dealer, such as general economic reports and information, reports or analyses of particular companies or industry groups, market timing and technical information, and the availability of the brokerage firm's analysts for consultation. Although Calamos believes these services have substantial value, they are considered supplemental to Calamos own efforts in the performance of its duties under the management agreement.

Calamos does not guarantee any broker the placement of a predetermined amount of securities transactions in return for the research or brokerage services it provides. Calamos does, however, have internal procedures for allocating transactions in a manner consistent with its execution policies to brokers that it has identified as providing research, research-related products or services, or execution-related services of a particular benefit to its clients. Calamos has entered into client commission agreements (CCAs) with certain broker-dealers under which the broker-dealers may use a portion of their commissions to pay third parties or other broker-dealers that provide Calamos with research or brokerage services, as permitted under Section 28(e) of the Exchange Act. CCAs allow Calamos to direct broker-dealers to pool commissions that are generated from orders executed at that broker-dealer, and then periodically direct the broker-dealer to pay third parties or other broker-dealers for research or brokerage services. All uses of CCAs by Calamos are subject to applicable law and their best execution obligations. Brokerage and research products and services furnished by brokers may be used in servicing any or all of the clients of Calamos and such research may not necessarily be used by Calamos in connection with the accounts which paid commissions to the broker providing such brokerage and research products and services.

As permitted by Section 28(e) of the Exchange Act, Calamos may cause the Fund to pay a broker-dealer that provides brokerage and research services an amount of commission for effecting a securities transaction for the Fund in excess of the commission that another broker-dealer would have charged for effecting that transaction if the amount is believed by Calamos to be reasonable in relation to the value of the overall quality of the brokerage and research services provided. Other clients of Calamos may indirectly benefit from the provision of these services to Calamos, and the Fund may indirectly benefit from services provided to Calamos as a result of transactions for other clients.

The Fund paid \$0, \$0, and \$0 in aggregate brokerage commissions for the fiscal years ended October 31, 2016, October 31, 2017, and October 31, 2018, including \$0, \$0, and \$0 to CFS, which represented 0%, 0% and 0% of the Fund's aggregate brokerage fees paid for the respective fiscal year, and 0%, 0%, and 0% of the Fund's aggregate dollar amount of transactions involving brokerage commissions for the respective fiscal year.

Portfolio Turnover

Our annual portfolio turnover rate may vary greatly from year to year. Although we cannot accurately predict our annual portfolio turnover rate, it is not expected to exceed 100% under normal circumstances. For the fiscal years ended October 31, 2017 and October 31, 2018 the portfolio turnover rate was 89% and 58%, respectively. However, portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for us. A higher turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by us. High portfolio turnover also may result in the realization of capital gains or losses and, to the extent net short-term capital gains are realized, any distributions resulting from such gains will be considered ordinary income for federal income tax purposes. See Certain Federal Income Tax Matters.

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NET ASSET VALUE

Net asset value per share is determined as of the close of regular session trading on the New York Stock Exchange (usually 4:00 p.m., Eastern time), on the last business day in each week. Net asset value is calculated by dividing the value of all of the securities and other assets of the Fund, less its liabilities (including accrued expenses and indebtedness) and the aggregate liquidation value of any outstanding preferred shares, by the total number of common shares outstanding. Currently, the net asset values of shares of publicly traded closed-end investment companies investing in debt securities are published in Barron's and periodic publications of The Wall Street Journal.

The valuation of the Fund's portfolio securities is in accordance with policies and procedures adopted by and under the ultimate supervision of the Board of Trustees. Securities for which market quotations are readily available will be valued using the market value of those securities. Securities for which market quotations are not readily available will be fair valued in accordance with policies and procedures adopted by and under the ultimate supervision of the Board of Trustees. The method by which a security may be fair valued will depend on the type of security and the circumstances under which the security is being fair valued.

Portfolio securities that are traded on U.S. securities exchanges, except option securities, are valued at the last current reported sales price at the time the Fund determines its NAV. Securities traded in the over-the-counter market and quoted on The Nasdaq Stock Market are valued at the Nasdaq Official Closing Price, as determined by Nasdaq, or lacking a Nasdaq Official Closing Price, the last current reported sale price on Nasdaq at the time a Fund determines its NAV.

When a last sale or closing price is not available, equity securities, other than option securities, that are traded on a U.S. securities exchange and other equity securities traded in the over-the-counter market are valued at the mean between the most recent bid and asked quotations in accordance with guidelines adopted by the Board of Trustees. Each option security traded on a U.S. securities exchange is valued at the mid-point of the consolidated bid/ask quote for the option security, also in accordance with guidelines adopted by the Board of Trustees. Each over-the-counter option that is not traded through the Options Clearing Corporation is valued based on a quotation provided by the counterparty to such option under the ultimate supervision of the Board of Trustees.

Fixed income securities are generally traded in the over-the-counter market and are valued based on evaluations provided by independent pricing services or by dealers who make markets in such securities. Valuations of fixed income securities consider yield or price of bonds of comparable quality, coupon rate, maturity, type of issue, trading characteristics and other market data and do not rely exclusively upon exchange or over-the-counter prices.

Trading on European and Far Eastern exchanges and over-the-counter markets is typically completed at various times before the close of business on each day on which the NYSE is open. Each security trading on these exchanges or over-the-counter markets may be valued utilizing a systematic fair valuation model provided by an independent pricing service approved by the Board of Trustees. The valuation of each security that meets certain criteria in relation to the valuation model is systematically adjusted to reflect the impact of movement in the U.S. market after the foreign markets close. Securities that do not meet the criteria, or that are principally traded in other foreign markets, are valued as of the last reported sale price at the time the Fund determines its NAV, or when reliable market prices or quotations are not readily available, at the mean between the most recent bid and asked quotations as of the close of the appropriate exchange or other designated time. Trading of foreign securities may not take place on every NYSE business day. In addition, trading may take place in various foreign markets on Saturdays or on other days when the NYSE is not open and on which the Fund's NAV is not calculated.

If the pricing committee determines that the valuation of a security in accordance with the methods described above is not reflective of a market value for such security, the security is valued at a fair value by the

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pricing committee, under the ultimate supervision of the Board of Trustees, following the guidelines and/or procedures adopted by the Board of Trustees.

The Fund also may use fair value pricing, pursuant to guidelines adopted by the Board of Trustees and under the ultimate supervision of the Board of Trustees, if trading in the security is halted or if the value of a security it holds is materially affected by events occurring before the Fund's pricing time but after the close of the primary market or exchange on which the security is listed. Those procedures may utilize valuations furnished by pricing services approved by the Board of Trustees, which may be based on market transactions for comparable securities and various relationships between securities that are generally recognized by institutional traders, a computerized matrix system, or appraisals derived from information concerning the securities or similar securities received from recognized dealers in those securities.

When fair value pricing of securities is employed, the prices of securities used by the Fund to calculate its NAV may differ from market quotations or official closing prices. In light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security is accurate.

REPURCHASE OF COMMON SHARES

The Fund is a closed-end investment company and as such its shareholders will not have the right to cause the Fund to redeem their shares. Instead, the Fund's common shares trade in the open market at a price that is a function of several factors, including dividend levels (which are in turn affected by expenses), net asset value, call protection, dividend stability, relative demand for and supply of such shares in the market, general market and economic conditions and other factors. Because shares of a closed-end investment company may frequently trade at prices lower than net asset value, the Fund's Board of Trustees may consider action that might be taken to reduce or eliminate any material discount from net asset value in respect of common shares, which may include the repurchase of such shares in the open market or in private transactions, the making of a tender offer for such shares, or the conversion of the Fund to an open-end investment company. The Board of Trustees may decide not to take any of these actions. In addition, there can be no assurance that share repurchases or tender offers, if undertaken, will reduce market discount.

Notwithstanding the foregoing, at any time when the Fund's preferred shares are outstanding, the Fund may not purchase, redeem or otherwise acquire any of its common shares unless (1) all accumulated preferred shares dividends have been paid and (2) at the time of such purchase, redemption or acquisition, the net asset value of the Fund's portfolio (determined after deducting the acquisition price of the common shares) is at least 200% of the liquidation value of the outstanding preferred shares (expected to equal the original purchase price per share plus any accrued and unpaid dividends thereon). Any service fees incurred in connection with any tender offer made by the Fund will be borne by the Fund and will not reduce the stated consideration to be paid to tendering shareholders.

Subject to its investment restrictions, the Fund may borrow to finance the repurchase of shares or to make a tender offer. Interest on any borrowings to finance share repurchase transactions or the accumulation of cash by the Fund in anticipation of share repurchases or tenders will reduce the Fund's net income. Any share repurchase, tender offer or borrowing that might be approved by the Fund's Board of Trustees would have to comply with the Exchange Act, the 1940 Act and the rules and regulations thereunder.

Although the decision to take action in response to a discount from net asset value will be made by the Board of Trustees at the time it considers such issue, it is not currently anticipated that the Board of Trustees would authorize repurchases of common shares or a tender offer for such shares if: (1) such transactions, if consummated, would (a) result in the delisting of the common shares from the Nasdaq, or (b) impair the Fund's status as a regulated investment company under the Code (which would make the Fund a taxable entity, causing the Fund's income to be taxed at the corporate level in addition to the taxation of shareholders who receive

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dividends from the Fund) or as a registered closed-end investment company under the 1940 Act; (2) the Fund would not be able to liquidate portfolio securities in an orderly manner and consistent with the Fund's investment objective and policies in order to repurchase shares; or (3) there is, in the board's judgment, any (a) material legal action or proceeding instituted or threatened challenging such transactions or otherwise materially adversely affecting the Fund, (b) general suspension of or limitation on prices for trading securities on the Nasdaq, (c) declaration of a banking moratorium by federal or state authorities or any suspension of payment by United States or New York banks, (d) material limitation affecting the Fund or the issuers of its portfolio securities by federal or state authorities on the extension of credit by lending institutions or on the exchange of foreign currency, (e) commencement of war, armed hostilities or other international or national calamity directly or indirectly involving the United States, or (f) other event or condition which would have a material adverse effect (including any adverse tax effect) on the Fund or its shareholders if shares were repurchased.

The repurchase by the Fund of its shares at prices below net asset value will result in an increase in the net asset value of those shares that remain outstanding. However, there can be no assurance that share repurchases or tender offers at or below net asset value will result in the Fund's shares trading at a price equal to their net asset value. Nevertheless, the fact that the Fund's shares may be the subject of repurchase or tender offers from time to time, or that the Fund may be converted to an open-end investment company, may reduce any spread between market price and net asset value that might otherwise exist.

In addition, a purchase by the Fund of its common shares will decrease the Fund's total managed assets which would likely have the effect of increasing the Fund's expense ratio. Any purchase by the Fund of its common shares at a time when preferred shares are outstanding will increase the leverage applicable to the outstanding common shares then remaining.

Before deciding whether to take any action if the common shares trade below net asset value, the Fund's Board of Trustees would likely consider all relevant factors, including the extent and duration of the discount, the liquidity of the Fund's portfolio, the impact of any action that might be taken on the Fund or its shareholders and market considerations. Based on these considerations, even if the Fund's shares should trade at a discount, the Board of Trustees may determine that, in the interest of the Fund and its shareholders, no action should be taken.

CERTAIN FEDERAL INCOME TAX MATTERS

The following is a summary discussion of certain U.S. federal income tax consequences that may be relevant to a shareholder or a noteholder (as the case may be) that acquires, holds and/or disposes of the Fund's securities. This discussion only addresses certain U.S. federal income tax consequences to U.S. shareholders and noteholders (as the case may be) who hold their Fund securities as capital assets and does not address all of the U.S. federal income tax consequences that may be relevant to particular shareholders and noteholders (as the case may be) in light of their individual circumstances. This discussion also does not address all U.S. federal, state, local and foreign tax concerns affecting the Fund and its shareholders and noteholders (including shareholders and noteholders subject to special tax rules and shareholders owning large positions in the Fund), and the discussion set forth herein does not constitute tax advice. The discussion reflects applicable tax laws of the United States as of the date of this Statement of Additional Information, which tax laws may be changed or subject to new interpretations by the courts or the Internal Revenue Service (IRS) retroactively or prospectively. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position different from any of the tax aspects set forth below. The specific terms of preferred shares and debt securities may result in different tax consequences to holders than those described herein. No attempt is made to present a detailed explanation of all U.S. federal income tax concerns affecting the Fund and its shareholders and noteholders, and the discussion set forth herein does not constitute tax advice. **Investors are urged to consult their own tax advisers to determine the specific tax consequences to them of investing in the Fund, including the applicable federal, state, local and foreign tax consequences to them and the effect of possible changes in tax laws.**

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Federal Income Taxation of the Fund

The Fund has elected to be treated, and intends to qualify and be eligible to be treated each year, as a regulated investment company under Subchapter M of the Code, so that it will not pay U.S. federal income tax on investment company taxable income and capital gains timely distributed to shareholders. If the Fund qualifies as a regulated investment company and distributes to its shareholders at least 90% of the sum of (i) its investment company taxable income as that term is defined in the Code (which includes, among other things, dividends, taxable interest, and the excess of any net short-term capital gains over net long-term capital losses, taking into account any capital loss carryforwards, less certain deductible expenses) without regard to the deduction for dividends paid and (ii) the excess of its gross tax-exempt interest, if any, over certain disallowed deductions, the Fund will be relieved of U.S. federal income tax on any income of the Fund, including long-term capital gains, distributed to shareholders. However, if the Fund retains any investment company taxable income or net capital gain (i.e., the excess of net long-term capital gain over the sum of net short-term capital loss and any capital loss carryforwards), it will be subject to U.S. federal income tax at regular corporate rates on the amount retained. The Fund intends to distribute at least annually, all or substantially all of its investment company taxable income, net tax-exempt interest, if any, and net capital gain.

In determining its net capital gain, its taxable income, and its earnings and profits, a regulated investment company generally may elect to treat part or all of any post-October capital loss (defined as any net capital loss attributable to the portion, if any, of the taxable year after October 31 or, if there is no such loss, the net long-term capital loss or net short-term capital loss attributable to any such portion of the taxable year) or late-year ordinary loss (generally, the sum of (i) net ordinary loss, if any, from the sale, exchange or other taxable disposition of property, attributable to the portion, if any, of the taxable year after October 31, and its (ii) other net ordinary loss, if any, attributable to the portion of the taxable year, if any, after December 31) as if incurred in the succeeding taxable year.

Capital losses in excess of capital gains (net capital losses) are not permitted to be deducted against the Fund's net investment income. Instead, potentially subject to certain limitations, the Fund may carry net capital losses from any taxable year forward to subsequent taxable years without expiration to offset capital gains, if any, realized during such subsequent taxable years. Capital loss carryforwards are reduced to the extent they offset current-year net realized capital gains, whether the Fund retains or distributes such gains. The Fund must apply such carryforwards first against gains of the same character.

If for any taxable year the Fund did not qualify as a regulated investment company for U.S. federal income tax purposes, it would be treated in the same manner as a regular corporation subject to U.S. federal income tax and distributions to its shareholders would not be deductible by the Fund in computing its taxable income. In such event, the Fund's distributions, to the extent derived from the Fund's current or accumulated earnings and profits, would generally constitute ordinary dividends, which would generally be eligible for the dividends received deduction available to corporate shareholders under Section 243 of the Code, and noncorporate shareholders of the Fund would generally be able to treat such distributions as qualified dividend income eligible for reduced rates of federal income taxation under Section 1(h)(11) of the Code, as described below.

The Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before re-qualifying as a regulated investment company that is accorded special tax treatment.

Under the Code, the Fund will be subject to a nondeductible 4% federal excise tax on its undistributed ordinary income for a calendar year and its undistributed capital gains for the one-year period generally ending on October 31 of such calendar year if it fails to meet certain distribution requirements with respect to that year. For purposes of the required excise tax distribution, a regulated investment company's ordinary gains and losses from the sale, exchange, or other taxable disposition of property that would otherwise be taken into account after October 31 generally are treated as arising on January 1 of the following calendar year. Also, for purposes of the

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excise tax, the Fund will be treated as having distributed any amount on which it is subject to corporate income tax for the taxable year ending within the calendar year. The Fund intends to make distributions in a timely manner and in an amount sufficient to avoid such tax and accordingly does not expect to be subject to this excise tax.

In order to qualify as a regulated investment company under Subchapter M of the Code, the Fund must, among other things, derive at least 90% of its gross income for each taxable year from (i) dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including gains from options, futures and forward contracts) derived with respect to its business of investing in such stock, securities or currencies and (ii) net income derived from interests in certain publicly traded partnerships that derive less than 90% of their gross income from the items described in (i) above (each, a Qualified Publicly Traded Partnership) (the 90% income test). For purposes of the 90% income test, the character of income earned by certain entities in which the Fund invests that are not treated as corporations for U.S. federal income tax purposes will generally pass through to the Fund. Consequently, the Fund may be required to limit its equity investments in certain such entities.

In addition to the 90% income test, the Fund must also diversify its holdings (the asset test) so that, at the end of each quarter of its taxable year (i) at least 50% of the market value of the Fund's total assets is represented by cash and cash items, U.S. government securities, securities of other regulated investment companies and other securities, with such other securities of any one issuer limited for the purposes of this calculation to an amount not greater in value than 5% of the value of the Fund's total assets and to not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its total assets is invested, including through corporations in which the Fund owns a 20% or more voting stock interest, in the securities (other than U.S. government securities or securities of other regulated investment companies) of any one issuer or of two or more issuers controlled by the Fund and engaged in the same, similar or related trades or businesses or in the securities of one or more Qualified Publicly Traded Partnerships.

Foreign exchange gains and losses realized by the Fund in connection with certain transactions involving foreign currency-denominated debt securities, certain options and futures contracts relating to foreign currency, foreign currency forward contracts, foreign currencies, or payables or receivables denominated in a foreign currency are subject to Section 988 of the Code, which generally causes such gains and losses to be treated as ordinary income and losses and may affect the amount, timing and character of distributions to shareholders.

If the Fund acquires any equity interest (generally including not only stock but also an option to acquire stock such as is inherent in a convertible bond) in certain foreign corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties, or capital gains) or that hold at least 50% of their assets in investments held for the production of such passive income (passive foreign investment companies), the Fund could be subject to U.S. federal income tax and additional interest charges on excess distributions received from such companies or on gain from the sale of equity interests in such companies, even if all income or gain actually received by the Fund is timely distributed to its shareholders. These investments could also result in the treatment as ordinary income of associated gains on a sale of the investment. The Fund would not be able to pass through to its shareholders any credit or deduction for such tax. Tax elections may generally be available that would ameliorate these adverse tax consequences, but any such election could require the Fund to recognize taxable income or gain (which would be subject to the distribution requirements described above) without the concurrent receipt of cash. The Fund may limit and/or manage its holdings in passive foreign investment companies to limit its U.S. federal income tax liability or maximize its return from these investments.

If the Fund invests in certain pay-in-kind securities, zero coupon securities, deferred interest securities or, in general, any other securities with original issue discount (OID) (or with market discount if the Fund elects to include market discount in income currently), the Fund must accrue income on such investments for each taxable year, which generally will be prior to the receipt of the corresponding cash payments. However, the Fund must

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distribute, at least annually, all or substantially all of its investment company taxable income, including such accrued income, to shareholders to avoid U.S. federal income and excise taxes. Therefore, the Fund may have to dispose of its portfolio securities under disadvantageous circumstances to generate cash, or may have to leverage itself by borrowing the cash, to satisfy distribution requirements.

The Fund may acquire market discount bonds. A market discount bond is a security acquired in the secondary market at a price below its stated redemption price at maturity (or its adjusted issue price if it is also an original issue discount bond). Subject to the discussion below regarding Section 451 of the Code, if the Fund invests in a market discount bond, it will be required to treat any gain recognized on the disposition of such market discount bond as ordinary income (instead of capital gain) to the extent of the accrued market discount, unless the Fund elects to include the market discount in income as it accrues as discussed above. Such market discount will not constitute qualified dividend income. Notwithstanding the foregoing, effective for taxable years beginning after 2017, Section 451 of the Code generally requires any accrual method taxpayer to take into account items of gross income no later than the time at which such items are taken into account as revenue in the taxpayer's financial statements. Although the application of Section 451 to the accrual of market discount is currently unclear, the Treasury and IRS have announced that they intend to issue proposed regulations providing that Section 451 does not apply to market discount. If Section 451 were to apply to the accrual of market discount, the Fund would be required to include in income any market discount as it takes the same into account on its financial statements.

The Fund may invest to a significant extent in debt obligations that are in the lowest rating categories or are unrated, including debt obligations of issuers not currently paying interest or who are in default. Investments in debt obligations that are at risk of or in default present special tax issues for the Fund. The U.S. federal income tax laws are not entirely clear about issues such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless securities and how payments received on obligations in default should be allocated between principal and income. These and other related issues will be addressed by the Fund when, as and if it invests in such securities, in order to ensure that it distributes sufficient income to preserve its status as a regulated investment company and does not become subject to U.S. federal income or excise taxes.

Very generally, where the Fund purchases a bond at a price that exceeds the stated redemption price at maturity—that is, at a premium—the premium is amortizable over the remaining term of the bond. In the case of a taxable bond, if the Fund makes an election applicable to all such bonds it purchases, which election is irrevocable without consent of the IRS, the Fund reduces the current taxable income from the bond by the amortized premium and reduces its tax basis in the bond by the amount of such offset; upon the disposition or maturity of such bonds, the Fund is permitted to deduct any remaining premium allocable to a prior period. In the case of a tax-exempt bond, tax rules require the Fund to reduce its tax basis by the amount of amortized premium.

The interest on municipal bonds is generally exempt from U.S. federal income tax. The Fund does not expect to invest 50% or more of its assets in municipal bonds on which the interest is exempt from U.S. federal income tax, or in interests in other regulated investment companies. As a result, it does not expect to be eligible to pay exempt-interest dividends to its shareholders under the applicable tax rules. As a result, interest on municipal bonds is taxable to shareholders of the Fund when received as a distribution from the Fund. In addition, gains realized by the Fund on the sale or exchange of municipal bonds are taxable to shareholders of the Fund when distributed to them.

Certain of the Fund's other investments may cause the Fund to recognize income without the corresponding receipt of cash, which could result in the Fund being required to dispose of its portfolio securities under disadvantageous circumstances to generate cash or to leverage itself by borrowing cash to satisfy distribution requirements and to avoid entity-level tax.

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The Fund may engage in various transactions utilizing options, futures contracts, forward contracts, hedging instruments, straddles, swaps and other similar transactions. In addition to the special rules described below, such transactions may be subject to special provisions of the Code that, among other things, affect the character of any income realized by the Fund from such investments, accelerate recognition of income to the Fund, defer Fund losses, affect the holding period of the Fund's securities, affect whether distributions will be eligible for the dividends received deduction or be treated as qualified dividend income and affect the determination of whether capital gain and loss is characterized as long-term or short-term capital gain or loss. These rules could therefore affect the character, amount and timing of distributions to shareholders. These provisions may also require the Fund to mark-to-market certain types of the positions in its portfolio (i.e., treat them as if they were closed out), which may cause the Fund to recognize income without receiving cash with which to make distributions in amounts necessary to satisfy the distribution requirements for avoiding U.S. federal income and excise taxes. Because these and other tax rules applicable to these types of transactions are in some cases uncertain under current law, an adverse determination or future guidance by the IRS with respect to these rules (which determination or guidance could be retroactive) may affect whether the Fund has made sufficient distributions, and otherwise satisfied the relevant requirements, to maintain its qualification as a regulated investment company and avoid a Fund-level tax. The Fund will monitor its transactions and will make the appropriate entries in its books and records when it acquires an option, futures contract, forward contract, hedge instrument, swap or other similar investment, and if the Fund deems it advisable, will make appropriate elections in order to mitigate the effect of these rules, prevent disqualification of the Fund as a regulated investment company and minimize the imposition of U.S. federal income and excise taxes.

Certain of the Fund's investments in derivative instruments and foreign currency denominated instruments, and any of the Fund's transactions in foreign currencies and hedging activities, are likely to produce a difference between its book income and the sum of its taxable income (including realized capital gains) and net tax-exempt income (if any). If such a difference arises and the Fund's book income is less than the sum of its taxable income (including realized capital gains) and net tax-exempt income (if any), the Fund could be required to make distributions exceeding book income to qualify as a regulated investment company that is accorded special tax treatment and to avoid a Fund-level tax. If the Fund's book income exceeds the sum of its taxable income (including realized capital gains) and net tax-exempt income (if any), the distribution (if any) of such excess will generally be treated as (i) a dividend to the extent of the Fund's remaining current or accumulated earnings and profits (including earnings and profits arising from tax-exempt income), if any, (ii) thereafter, as a return of capital to the extent of the recipient's adjusted tax basis in the shares and (iii) thereafter, as gain from the sale or exchange of a capital asset.

In general, option premiums received by the Fund are not immediately included in the income of the Fund. Instead, the premiums are recognized when the option contract expires, the option is exercised by the holder, or the Fund transfers or otherwise terminates the option (e.g., through a closing transaction). If a call option written by the Fund is exercised and the Fund sells or delivers the underlying stock, the Fund generally will recognize capital gain or loss equal to (a) the sum of the strike price and the option premium received by the Fund minus (b) the Fund's basis in the stock. Such gain or loss generally will be short-term or long-term depending upon the holding period of the underlying stock. If securities are purchased by the Fund pursuant to the exercise of a put option written by it, the Fund generally will subtract the premium received for purposes of computing its cost basis in the securities purchased. The termination of the Fund's obligation under an option other than through the exercise of the option will result in gain or loss, depending on whether the premium income received by the Fund is greater or less than the amount paid by the Fund (if any) in terminating the transaction. Subject to certain exceptions, some of which are described below, such gain or loss generally will be short-term. Thus, for example, if an option written by the Fund expires unexercised, the Fund generally will recognize short-term gain equal to the premium received.

The Fund's options activities may include transactions constituting straddles for U.S. federal income tax purposes, that is, that trigger the U.S. federal income tax straddle rules contained primarily in Section 1092 of the Code. Such straddles include, for example, positions in a particular security, or an index of securities, and one or

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more options that offset the former position, including options that are covered by a Fund's long position in the subject security. Very generally, where applicable, Section 1092 requires (i) that losses be deferred on positions deemed to be offsetting positions with respect to substantially similar or related property, to the extent of unrealized gain in the latter, and (ii) that the holding period of such a straddle position that has not already been held for the long-term holding period be terminated and begin anew once the position is no longer part of a straddle. Options on single stocks that are not deep in the money may constitute qualified covered calls, which generally are not subject to the straddle rules; the holding period on stock underlying qualified covered calls that are in the money although not deep in the money will be suspended during the period that such calls are outstanding. These straddle rules and the rules governing qualified covered calls could cause gains that would otherwise constitute long-term capital gains to be treated as short-term capital gains, and distributions that would otherwise constitute qualified dividend income or qualify for the dividends received deduction to fail to satisfy the holding period requirements and therefore to be taxed as ordinary income or to fail to qualify for the dividends received deduction, as the case may be.

The Fund's transactions in certain investments (including broad based equity index futures contracts, exchange traded options on such indices and certain other futures contracts) are generally considered Section 1256 contracts for federal income tax purposes. Any unrealized gains or losses on such Section 1256 contracts are treated as though they were realized at the end of each taxable year. The resulting gain or loss is treated as sixty percent long-term capital gain or loss and forty percent short-term capital gain or loss. Gain or loss recognized on actual sales of Section 1256 contracts is treated in the same manner. As noted below, distributions of net short-term capital gain that are properly reported as capital gain dividends are taxable to shareholders as ordinary income while distributions of net long-term capital gain are taxable to shareholders as long-term capital gain, regardless of how long the shareholder has held shares of the Fund.

The Fund's entry into a short sale transaction, an option or certain other contracts could be treated as the constructive sale of an appreciated financial position, causing the Fund to realize gain, but not loss, on the position.

Any investment by the Fund in equity securities of REITs may result in the Fund's receipt of cash in excess of the REIT's earnings; if the Fund distributes these amounts, these distributions could constitute a return of capital to Fund shareholders for U.S. federal income tax purposes. Dividends received by the Fund from a REIT will not qualify for the corporate dividends-received deduction and generally will not constitute qualified dividend income. The Fund may invest in REITs that hold residual interests in real estate mortgage investment conduits (REMICs). Under a notice issued by the IRS, a portion of the Fund's income from a REIT that is attributable to the REIT's residual interest in a REMIC (referred to in the Code as an excess inclusion) will be subject to U.S. federal income tax in all events. This notice also provides that excess inclusion income of a regulated investment company, such as the Fund, will be allocated to shareholders of the regulated investment company in proportion to the dividends received by such shareholders, with the same consequences as if the shareholders held the related REMIC residual interest directly. In general, excess inclusion income allocated to shareholders (i) cannot be offset by net operating losses (subject to a limited exception for certain thrift institutions), (ii) will constitute unrelated business taxable income to entities (including a qualified pension plan, an individual retirement account, a 401(k) plan, a Keogh plan or other tax-exempt entity) subject to federal income tax on unrelated business income, thereby potentially requiring such an entity that is allocated excess inclusion income, and otherwise might not be required to file a federal income tax return, to file a tax return and pay tax on such income, and (iii) in the case of a foreign shareholder, will not qualify for any reduction in U.S. federal withholding tax. In addition, special tax consequences apply to charitable remainder trusts (CRTs) that invest in regulated investment companies that invest directly or indirectly in residual interests in REMICs. Under legislation enacted in 2006, a CRT, as defined in Section 664 of the Code, that realizes any unrelated business taxable income (UBTI) for a taxable year, must pay an excise tax annually of an amount equal to such UBTI. Under IRS guidance issued in 2006, a CRT will not recognize UBTI solely as a result of investing in a regulated investment company that recognizes excess inclusion income. Rather, if at any time during any taxable year a CRT (or one of certain other tax-exempt shareholders, such as the United States, a state or political subdivision,

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or an agency or instrumentality thereof, and certain energy cooperatives) is a record holder of a share in a regulated investment company that recognizes excess inclusion income, then the regulated investment company will be subject to a tax on that portion of its excess inclusion income for the taxable year that is allocable to such shareholders at the highest federal corporate income tax rate. The extent to which this IRS guidance remains applicable in light of the 2006 legislation is unclear. To the extent permitted under the 1940 Act, the Fund may elect to specially allocate any such tax to the applicable CRT, or other shareholder, and thus reduce such shareholder's distributions for the year by the amount of the tax that relates to such shareholder's interest in the Fund. The Fund has not yet determined whether such an election will be made. CRTs and other tax-exempt shareholders are urged to consult their tax advisers concerning the consequences of investing in the Fund. The Fund does not intend to invest in REITs in which a substantial portion of the assets will consist of residual interests in REMICs.

The Fund may be subject to withholding and other taxes imposed by foreign countries, including taxes on interest, dividends and capital gains with respect to its investments in those countries, which would, if imposed, reduce the yield on or return from those investments. If more than 50% of the value of the Fund's assets at the close of the taxable year consists of stock or securities of foreign corporations, the Fund may make an election under the Code to pass through such taxes to shareholders of the Fund. If the Fund is eligible to and makes such an election, shareholders will generally be able (subject to applicable limitations under the Code) to claim a credit or deduction (but not both) on their federal income tax return for, and will be required to treat as part of the amounts distributed to them, their pro rata portion of income taxes paid by the Fund to foreign countries. If the Fund makes such an election, it will provide relevant information to its shareholders. If such an election is not made, shareholders will not be required to include such taxes in their gross incomes and will not be entitled to a tax deduction or credit for such taxes on their own federal income tax returns. Each prospective investor is urged to consult its tax adviser regarding taxation of foreign securities in the Fund's portfolio and any available foreign tax credits with respect to the prospective investor's own situation.

Common Shares and Preferred Shares

Common Share Distributions. Unless a shareholder is ineligible to participate or elects otherwise, all distributions on common shares will be automatically reinvested in additional common shares of the Fund pursuant to the Automatic Dividend Reinvestment Plan (the "Dividend Reinvestment Plan"). For U.S. federal income tax purposes, dividends are generally taxable whether a shareholder takes them in cash or they are reinvested pursuant to the Dividend Reinvestment Plan in additional shares of the Fund.

Distributions of investment company taxable income (determined without regard to the deduction for dividends paid), which includes dividends, taxable interest, net short-term capital gain in excess of net long-term capital loss, taking into account any capital loss carryforwards and certain net foreign currency exchange gains, are, except as discussed below, taxable as ordinary income to the extent of the Fund's current and accumulated earnings and profits. A portion of such dividends may qualify for the dividends received deduction available to corporations under Section 243 of the Code and the reduced rate of taxation under Section 1(h)(11) of the Code that applies to qualified dividend income received by noncorporate shareholders. In general, dividends of net investment income received by corporate shareholders of the Fund qualify for the dividends received deduction generally available to corporations only to the extent of the amount of eligible dividends received by the Fund from domestic corporations (other than REITs) for the taxable year. Qualified dividend income received by noncorporate shareholders is taxed at rates equivalent to long-term capital gain tax rates. Qualified dividend income generally includes dividends from domestic corporations and dividends from foreign corporations that meet certain specified criteria, although dividends paid by REITs will not generally be eligible for treatment as qualified dividend income. The Fund generally can pass the tax treatment of dividends eligible for the dividends received deduction and qualified dividend income it receives through to Fund shareholders. For the Fund to receive dividends eligible for the dividends received deduction and qualified dividend income, the Fund must meet certain holding period and other requirements with respect to the stock on which the dividend is paid. In addition, the Fund cannot be obligated to make payments (pursuant to a short sale or otherwise) with respect to

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substantially similar or related property. The same provisions, including the holding period requirements, apply to each shareholder's investment in the Fund for the dividends received by the shareholder to be eligible for such treatment. Moreover, the dividends received deduction may otherwise be disallowed or reduced by application of various provisions of the Code (for instance, the dividends received deduction is reduced in the case of a dividend received on debt-financed portfolio stock (generally, stock acquired with borrowed funds)). Subject to any future regulatory guidance to the contrary, any distribution of income attributable to qualified REIT dividends or qualified publicly traded partnership income from a Fund's investment in a REIT or MLP, as applicable, will ostensibly not qualify for the deduction that would be available to a non-corporate shareholder were the shareholder to own such REIT or MLP directly.

Distributions of net capital gain, if any, that are properly reported as capital gain dividends are generally taxable as long-term capital gains for U.S. federal income tax purposes without regard to the length of time the shareholder has held shares of the Fund. A distribution of an amount in excess of the Fund's current and accumulated earnings and profits, if any, will be treated by a shareholder as a tax-free return of capital which is applied against and reduces the shareholder's basis in his or her shares. Such distributions represent a return of the investor's capital to the extent of his or her basis in the shares. To the extent that the amount of any such distribution exceeds the shareholder's basis in his or her shares, the excess will be treated by the shareholder as gain from the sale or exchange of shares. The U.S. federal income tax status of all distributions will be reported to the shareholders annually.

If the Fund retains any net capital gain, the Fund may report the retained amount as undistributed capital gains to shareholders who, if subject to U.S. federal income tax on long-term capital gains, (i) will be required to include in income, as long-term capital gain, their proportionate share of such undistributed amount, and (ii) will be entitled to credit their proportionate share of the federal income tax paid by the Fund on the undistributed amount against their U.S. federal income tax liabilities, if any, and to claim refunds to the extent the credit exceeds such liabilities. For U.S. federal income tax purposes, the tax basis of shares owned by a shareholder of the Fund will be increased by the difference between the amount of undistributed net capital gain included in the shareholder's gross income and the federal income tax deemed paid by the shareholder.

If a shareholder's distributions are automatically reinvested pursuant to the Dividend Reinvestment Plan and the plan agent invests the distribution in shares acquired on behalf of the shareholder in open-market purchases, for U.S. federal income tax purposes, the shareholder will be treated as having received a taxable distribution in the amount of the cash dividend that the shareholder would have received if the shareholder had elected to receive cash. If a shareholder's distributions are automatically reinvested pursuant to the Dividend Reinvestment Plan and the plan agent invests the distribution in newly issued shares of the Fund, the shareholder will generally be treated as receiving a taxable distribution equal to the fair market value of the shares the shareholder receives.

At the time of an investor's purchase of the Fund's shares, a portion of the purchase price may be attributable to unrealized appreciation in the Fund's portfolio or undistributed taxable income of the Fund. Consequently, subsequent distributions by the Fund with respect to these shares from such appreciation or income may be taxable to such investor even if the net asset value of the investor's shares is, as a result of the distributions, reduced below the investor's cost for such shares and the distributions economically represent a return of a portion of the investment.

Any dividend declared by the Fund in October, November or December with a record date in such a month and paid during the following January will be treated for U.S. federal income tax purposes as paid by the Fund and received by shareholders on December 31 of the calendar year in which it is declared.

Preferred Share Distributions. Under present law and based in part on the fact that there is and will be no express or implied agreement between or among a broker-dealer or any other party, and the Fund or any owners of preferred shares, that the broker-dealer or any other party will guarantee or otherwise arrange to ensure that an owner of preferred shares will be able to sell his or her shares, the Fund intends to treat the preferred shares as

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stock of the Fund for federal income tax purposes, and, as such, distributions with respect to the preferred shares (other than distributions in redemption of the preferred shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of the Fund's current or accumulated earnings and profits, as calculated for U.S. federal income tax purposes. Except in the case of net capital gain distributions, such dividends generally will be taxable at ordinary income tax rates to holders of preferred shares but may qualify for the dividends received deduction available to corporate shareholders under Section 243 of the Code and the reduced rates of federal income taxation that apply to qualified dividend income received by noncorporate shareholders under Section 1(h)(11) of the Code. Distributions reported by the Fund as net capital gain distributions will be taxable as long-term capital gain regardless of the length of time a shareholder has held shares of the Fund. Please see the discussion above on qualified dividend income, dividends received deductions and net capital gain.

The character of the Fund's income will not affect the amount of dividends which the holders of preferred shares are entitled to receive. If the preferred shares are auction rate securities, holders of preferred shares are entitled to receive only the amount of dividends as determined by periodic auctions. For U.S. federal income tax purposes, the IRS requires that a regulated investment company that has two or more classes of shares allocate to each such class proportionate amounts of each type of its income (such as ordinary income and net capital gain) for each tax year. Accordingly, the Fund intends to report distributions made with respect to the common shares and preferred shares as consisting of particular types of income (e.g., net capital gain and ordinary income), in accordance with each class's proportionate share of the total dividends paid to both classes. Thus, each year the Fund will report dividends qualifying for the corporate dividends received deduction, qualified dividend income, ordinary income and net capital gains in a manner that allocates such income between the preferred shares and common shares in proportion to the total dividends made to each class with respect to such taxable year, or otherwise as required by applicable law. In addition, solely for the purpose of satisfying the 90% distribution requirement and the distribution requirement for avoiding income taxes, certain distributions made after the close of a taxable year of the Fund may be "spilled back" and treated as paid during such taxable year. In such case, shareholders will be treated as having received such dividends in the taxable year in which the distribution was actually made. The Fund intends to treat any dividends that are paid following the close of a taxable year as "paid" in the prior year for purposes of determining a class's proportionate share of a particular type of income. The IRS has ruled privately that dividends paid following the close of the taxable year that are treated for federal income tax purposes as derived from income from the prior year will be treated as dividends "paid" in the prior year for purposes of determining the proportionate share of a particular type of income for each class. The private ruling is not binding on the IRS, and there can be no assurance that the IRS will respect such treatment. Each shareholder will be notified of the allocation within 60 days after the end of the year.

Although the Fund is required to distribute annually at least 90% of its investment company taxable income (determined without regard to the deduction for dividends paid), the Fund is not required to distribute net capital gains to the shareholders. The Fund may retain and reinvest such gains and pay federal income taxes on such gains (the "net undistributed capital gain"). Please see the discussion above on undistributed capital gains. The Fund intends to distribute its net capital gain for any year during which it has preferred shares outstanding.

Such distribution will affect the tax character but not the amount of dividends to which holders of preferred shares are entitled.

Although dividends generally will be treated as distributed when paid, dividends declared in October, November or December with a record date in such a month, and paid in January of the following year, will be treated as having been distributed by the Fund and received by the shareholders on December 31 of the year in which the dividend was declared.

Earnings and profits are generally treated, for federal income tax purposes, as first being used to pay distributions on preferred shares, and then to the extent remaining, if any, to pay distributions on the common shares. Distributions in excess of current and accumulated earnings and profits of the Fund are treated first as

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return of capital to the extent of the shareholder's basis in the shares and, after the adjusted basis is reduced to zero, will be treated as capital gain to a shareholder who holds such shares as a capital asset.

If the Fund utilizes leverage through borrowings, or otherwise, asset coverage limitations imposed by the 1940 Act as well as additional restrictions that may be imposed by certain lenders on the payment of dividends or distributions potentially could limit or eliminate the Fund's ability to make distributions on its common shares and/or preferred shares until the asset coverage is restored. These limitations could prevent the Fund from distributing at least 90% of its investment company taxable income as is required under the Code and therefore might jeopardize the Fund's qualification as a regulated investment company and/or might subject the Fund to a nondeductible 4% federal excise tax. Upon any failure to meet the asset coverage requirements imposed by the 1940 Act, the Fund may, in its sole discretion and to the extent permitted under the 1940 Act, purchase or redeem preferred shares in order to maintain or restore the requisite asset coverage and avoid the adverse consequences to the Fund and its shareholders of failing to meet the distribution requirements. There can be no assurance, however, that any such action would achieve these objectives. The Fund will endeavor to avoid restrictions on its ability to distribute dividends.

Sales of Fund Shares. Sales and other dispositions of the Fund's shares are taxable events for shareholders that are subject to federal income tax. Selling shareholders will generally recognize gain or loss in an amount equal to the difference between the amount received for such shares and their adjusted tax basis in the shares sold. If such shares are held as a capital asset at the time of sale, the gain or loss will generally be a long-term capital gain or loss if the shares have been held for more than one year, and, if not held for such period, a short-term capital gain or loss. Similarly, a repurchase by the Fund, including as a result of a tender offer by the Fund, if any, of all of the shares (common and preferred) actually and constructively held by a shareholder generally will give rise to capital gain or loss under Section 302(b) of the Code if the shareholder does not own (and is not regarded under certain federal income tax law rules of constructive ownership as owning) any other common or preferred shares of the Fund and provided that the proceeds from the purchase do not represent declared but unpaid dividends. If the Fund repurchases fewer than all of a shareholder's common shares or a shareholder continues to hold (directly or by attribution) other Fund shares (including preferred shares if then outstanding) subsequent to a Fund repurchase, in certain circumstances such shareholder may be treated as having received a distribution under Section 301 of the Code ("Section 301 distribution") unless the repurchase is treated as being either (i) substantially disproportionate with respect to such shareholder or (ii) otherwise not essentially equivalent to a dividend under the relevant rules of the Code. A Section 301 distribution is not treated as a sale or exchange giving rise to capital gain or loss, but rather is treated as a dividend to the extent supported by the Fund's current and accumulated earnings and profits, with the excess treated as a return of capital reducing the shareholder's tax basis in its Fund shares, and thereafter as capital gain. Where a selling shareholder is treated as receiving a dividend, there is a risk that non-selling shareholders whose percentage interests in the Fund increase as a result of such repurchase will be treated as having received a taxable distribution from the Fund. The extent of such risk will vary depending upon the particular circumstances of the repurchase, in particular whether such repurchase is a single and isolated event or is part of a plan for periodically repurchasing the common shares of the Fund; if isolated, any such risk is likely remote.

Gain or loss will generally be long-term capital gain or loss if the shares disposed of were held for more than one year and will be short-term capital gain or loss if the shares disposed of were held for one year or less. Net long-term capital gain recognized by a noncorporate U.S. shareholder generally will be subject to federal income tax at a lower rate than net short-term capital gain or ordinary income. For corporate holders, capital gain is generally taxed for federal income tax purposes at the same rate as ordinary income. A holder's ability to deduct capital losses may be limited.

Any loss realized by a shareholder upon the sale or other disposition of shares with a tax holding period of six months or less will be treated as a long-term capital loss to the extent of any amounts treated as distributions of long-term capital gain with respect to such shares. Losses on sales or other dispositions of shares may be disallowed under "wash sale" rules in the event a shareholder acquires, or is treated as acquiring, substantially

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identical stock or securities (including Fund shares acquired pursuant to the reinvestment of dividends) within a period of 61 days beginning 30 days before and ending 30 days after a sale or other disposition of shares. In such a case, the disallowed portion of any loss generally would be included in the U.S. federal income tax basis of the shares acquired. Shareholders should consult their own tax advisers regarding their individual circumstances to determine whether any particular transaction in the Fund's shares is properly treated as a sale for U.S. federal income tax purposes and the tax treatment of any gains or losses recognized in such transactions.

Upon the termination of the Fund, shareholders generally will realize capital gain or loss in an amount equal to the difference between the amount of cash or other property received by the shareholder (including any property deemed received by reason of its being placed in a liquidating trust) and the shareholder's adjusted tax basis in shares of the Fund for U.S. federal income tax purposes. Any such gain or loss will be long-term if the shareholder is treated as having a holding period in Fund shares of greater than one year, and otherwise will be short-term.

Federal Income Tax Withholding. Federal law requires that the Fund withhold, as backup withholding, a percentage of reportable payments, including dividends, capital gain distributions and the proceeds of sales or other dispositions of the Fund's shares paid to shareholders who have not complied with IRS regulations. In order to avoid this withholding requirement, shareholders must certify on their account applications, or on a separate IRS Form W-9, that the social security number or other taxpayer identification number they provide is their correct number and that they are not currently subject to backup withholding, or that they are exempt from backup withholding. The Fund may nevertheless be required to backup withhold if it receives notice from the IRS or a broker that the number provided is incorrect or backup withholding is applicable. Backup withholding is not an additional tax. Any amounts withheld from payments made to a shareholder may be refunded or credited against such shareholder's U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

Other Matters. Treasury regulations provide that if a shareholder recognizes a loss with respect to shares of \$2 million or more in a single taxable year (or \$4 million or more in any combination of taxable years) for a shareholder who is an individual, S corporation or trust or \$10 million or more for a corporate shareholder in any single taxable year (or \$20 million or more in any combination of taxable years), the shareholder must file with the IRS a disclosure statement on Form 8886. Direct shareholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, shareholders of a regulated investment company are not excepted. Future guidance may extend the current exception from this reporting requirement to shareholders of most or all regulated investment companies. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

Special tax rules apply to investments through defined contribution plans and other tax-qualified plans. Shareholders should consult their tax advisers to determine the suitability of shares of the Fund as an investment through such plans and the precise effect of an investment on their particular tax situation.

Taxation of Non-U.S. Shareholders. The description of certain federal income tax provisions above relates only to U.S. federal income tax consequences for shareholders who are U.S. persons (i.e., U.S. citizens or resident aliens or U.S. corporations, partnerships, trusts or estates who are subject to U.S. federal income tax on a net income basis). Investors other than U.S. persons, including non-resident alien individuals, may be subject to different U.S. federal income tax treatment. With respect to such persons, the Fund must generally withhold U.S. federal withholding tax at the rate of 30% (or, if the Fund receives certain certifications from such non-U.S. shareholder, such lower rate as prescribed by an applicable tax treaty) on amounts treated as ordinary dividends from the Fund. However, the Fund is not required to withhold tax on any amounts paid to a non-U.S. person with respect to capital gain dividends (that is, distributions of net capital gain that are properly reported by the Fund as capital gain dividends), dividends attributable to qualified short-term gain (i.e., the excess of net short-term

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capital gain over net long-term capital loss) reported as such by the Fund and dividends attributable to certain U.S. source interest income of types similar to those not subject to federal withholding tax if earned directly by a non-U.S. person, provided such amounts are properly reported by the Fund. **Shareholders should consult their own tax advisers on these matters and on any specific question of U.S. federal, state, local, foreign and other applicable tax laws before making an investment in the Fund.**

Debt Securities

Under present law, the Fund intends to treat the debt securities as indebtedness for federal income tax purposes, which treatment the discussion below assumes. We intend to treat all payments made with respect to the debt securities consistent with this characterization. The following discussion assumes that all interest on the debt securities will be qualified stated interest (which is generally interest that is unconditionally payable at least annually at a fixed or qualified floating rate), and that the debt securities will have a fixed maturity date of more than one year from the date of issuance.

Payments or accruals of interest on debt securities generally will be taxable to holders as ordinary interest income at the time such interest is received (actually or constructively) or accrued, in accordance with the holder's regular method of accounting for federal income tax purposes.

Initially, a holder's tax basis in debt securities acquired generally will be equal to the cost to acquire such debt securities. This basis will be increased by the amounts, if any, that the holder includes in income under the rules governing OID (taking into account any acquisition premium that offsets such OID) and market discount, and will be decreased by the amount of any amortized premium on such debt securities, as discussed below, and any payments on such debt securities other than stated interest. When the holder sells, exchanges or redeems any of its debt securities, or otherwise disposes of its debt securities in a taxable transaction, the holder generally will recognize gain or loss equal to the difference between the amount realized on the transaction (less any accrued and unpaid interest (including any OID), which will be subject to federal income tax as interest in the manner described above) and the tax basis in the debt securities relinquished.

Except as discussed below with respect to market discount, the gain or loss recognized on the sale, exchange, redemption or other taxable disposition of any debt securities generally will be capital gain or loss. Such gain or loss will generally be long-term capital gain or loss if the disposed debt securities were held for more than one year and will be short-term capital gain or loss if the disposed debt securities were held for one year or less. Net long-term capital gain recognized by a noncorporate U.S. holder generally will be subject to federal income tax at a lower rate than net short-term capital gain or ordinary income. For corporate holders, capital gain is generally taxed for federal income tax purposes at the same rate as ordinary income. A holder's ability to deduct capital losses may be limited.

If a holder purchases debt securities at a cost greater than their stated redemption price at maturity, plus accrued interest, the holder will be considered to have purchased the debt securities at a premium, and generally may elect to amortize this premium as an offset to interest income, using a constant yield method, over the remaining term of the debt securities. If the holder makes the election to amortize the premium, it generally will apply to all debt instruments held at the beginning of the first taxable year to which the election applies, as well as any debt instruments that were subsequently acquired. In addition, the holder may not revoke the election without the consent of the IRS. If the holder elects to amortize the premium, it will be required to reduce its tax basis in the debt securities by the amount of the premium amortized during its holding period. If the holder does not elect to amortize premium, the amount of premium will be included in the holder's tax basis in the debt securities. Therefore, if the holder does not elect to amortize the premium and holds the debt securities to maturity, the holder generally will be required to treat the premium as a capital loss when the debt securities are redeemed.

If you purchase debt securities at an original issue price that is less than their stated redemption price at maturity by at least the statutory de minimis amount, the debt securities will be treated as being issued with OID

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for U.S. federal income tax purposes. The stated redemption price at maturity includes all payments on the debt securities other than qualified stated interest, which is generally interest that is unconditionally payable at least annually at a fixed or qualified floating rate. If the debt securities are issued with OID, you will be required to include such OID in gross income (as ordinary income) as it accrues over the term of the debt securities on a constant-yield basis, in advance of the receipt of cash attributable to that income and regardless of your regular method of accounting for U.S. federal income tax purposes.

Subject to the discussion above regarding Section 451 of the Code, if a holder purchases debt securities in the secondary market that were issued with OID at a cost greater than their issue price and less than or equal to their stated redemption price at maturity, the holder will be considered to have purchased the debt securities with acquisition premium. Such holder will generally be permitted to reduce the daily portions of OID required to be included in income by a fraction, the numerator of which is the excess of the holder's initial basis in the debt securities over the debt securities' issue price, and the denominator of which is the excess of the redemption price at maturity of the debt securities over their issue price.

If the holder purchases debt securities at a price that reflects a market discount, any principal payments on, or any gain that the holder realized on the disposition of, the debt securities generally will be treated as ordinary interest income to the extent of the market discount that accrued on the debt securities during the time such debt securities were held. Market discount is defined under the Code as, in general, the excess (subject to a statutory de minimis amount) of the stated redemption price at maturity (or in the case of an obligation issued with OID, its revised issue price) over the purchase price of the debt security. In addition, the holder may be required to defer the deduction of all or a portion of any interest paid on any indebtedness incurred or continued to purchase or carry the debt securities that were acquired at a market discount.

The holder may elect to include market discount in gross income currently as it accrues (on either a ratable or constant yield basis), in lieu of treating a portion of any gain realized on a sale of the debt securities as ordinary income. If the holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply and the holder will increase its basis in the debt security by the amount of market discount included in gross income. If the holder does make such an election, it will apply to all market discount debt instruments acquired on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to payments of principal, interest, and premium, if any, paid on debt securities and to the proceeds of the sale of debt securities paid to U.S. holders other than certain exempt recipients (such as certain corporations) provided they establish such exemption. Information reporting generally will apply to payments of interest on the debt securities to non-U.S. Holders (as defined below) and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the non-U.S. Holder resides under the provisions of an applicable income tax treaty. In addition, for non-U.S. Holders, information reporting will apply to the proceeds of the sale of debt securities within the United States or conducted through United States-related financial intermediaries unless the certification requirements described below have been complied with and the statement described below in

Taxation of Non-U.S. Holders has been received (and the payor does not have actual knowledge or reason to know that the holder is a United States person) or the holder otherwise establishes an exemption.

We may be required to withhold, for U.S. federal income tax purposes, a portion of all payments (including redemption proceeds) payable to holders of debt securities who fail to provide us with their correct taxpayer identification number, who fail to make required certifications or who have been notified by the IRS that they are subject to backup withholding (or if we have been so notified). Certain corporate and other shareholders specified in the Code and the regulations thereunder are exempt from backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against the holder's U.S. federal income tax liability, if any, provided the appropriate information is furnished to the IRS.

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If the holder is a non-U.S. Holder, you may have to comply with certification procedures to establish its non-U.S. status in order to avoid backup withholding tax requirements. The certification procedures required to claim the exemption from withholding tax on interest income described below with respect to non-U.S. Holders will satisfy these requirements.

Taxation of Non-U.S. Holders. If a holder is a non-resident alien individual or a foreign corporation (a non-U.S. Holder), the payment of interest on the debt securities generally will be considered portfolio interest and thus generally will be exempt from U.S. federal withholding tax. This exemption will apply to the holder provided that (1) interest paid on the debt securities is not effectively connected with the holder's conduct of a trade or business in the United States, (2) the holder is not a bank whose receipt of interest on the debt securities is described in Section 881(c)(3)(A) of the Code, (3) the holder does not actually or constructively own 10 percent or more of the combined voting power of all classes of our stock entitled to vote, (4) the holder is not a controlled foreign corporation that is related, directly or indirectly, to us through stock ownership, and (5) the holder satisfies the certification requirements described below.

To satisfy the certification requirements, either (1) the holder of any debt securities must certify, under penalties of perjury, that such holder is a non-U.S. person and must provide such owner's name, address and taxpayer identification number, if any, on IRS Form W-8BEN or W-8BEN-E, or (2) a securities futures clearing organization, bank or other financial institution that holds customer securities in the ordinary course of its trade or business and holds the debt securities on behalf of the holder thereof must certify, under penalties of perjury, that it has received a valid and properly executed IRS Form W-8BEN or W-8BEN-E from the beneficial holder and comply with certain other requirements. Special certification rules apply for debt securities held by a foreign partnership and other intermediaries.

Interest on debt securities received by a non-U.S. Holder that is not excluded from U.S. federal withholding tax under the portfolio interest exemption as described above generally will be subject to withholding at a 30% rate, except where (1) the interest is effectively connected with the conduct of a U.S. trade or business, in which case the interest will be subject to U.S. income tax on a net basis as applicable to U.S. holders generally (and, in the case of corporate non-U.S. holders, may be subject to an additional 30% branch profits tax) or (2) a non-U.S. Holder can claim the benefits of an applicable income tax treaty to reduce or eliminate such withholding tax. To claim the benefit of an income tax treaty or to claim an exemption from withholding because the interest is effectively connected with a U.S. trade or business, a non-U.S. Holder must timely provide the appropriate, properly executed IRS forms. These forms may be required to be periodically updated. Also, a non-U.S. Holder who is claiming the benefits of an income tax treaty may be required to obtain a U.S. taxpayer identification number and to provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country.

Any capital gain that a non-U.S. Holder realizes on a sale, exchange or other disposition of debt securities generally will be exempt from U.S. federal income tax, including withholding tax. This exemption will not apply to a holder if their gain is effectively connected with the conduct of a trade or business in the U.S. or the holder is an individual holder and is present in the U.S. for a period or periods aggregating 183 days or more in the taxable year of the disposition and, in each case, certain other conditions are met.

See Information Reporting and Backup Withholding above for a general discussion of information reporting and backup withholding requirements applicable to non-U.S. Holders.

Other Tax Matters

Medicare Tax on Certain Investment Income. Certain noncorporate taxpayers are subject to an additional tax of 3.8% with respect to the lesser of (1) their net investment income (or undistributed net investment income in the case of an estate or trust) or (2) the excess of their modified adjusted gross income over a threshold amount (\$250,000 for married persons filing jointly and \$200,000 for single taxpayers). For this purpose, net

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investment income includes interest, dividends (including dividends paid with respect to shares), annuities, royalties, rent, net gain attributable to the disposition of property not held in a trade or business (including net gain from the sale, exchange or other taxable disposition of shares) and certain other income, but will be reduced by any deductions properly allocable to such income or net gain.

Other Reporting and Withholding Requirements. Sections 1471-1474 of the Code and the U.S. Treasury and IRS guidance issued thereunder (collectively, FATCA) generally require the Fund to obtain information sufficient to identify the status of each of its shareholders and holder of its debt securities under FATCA or under an applicable intergovernmental agreement (an IGA) between the United States and a foreign government. If a shareholder or holders of debt securities fails to provide the required information or otherwise fails to comply with FATCA or an IGA, the Fund may be required to withhold under FATCA at a rate of 30% with respect to that holder on ordinary dividends and interest payments, and 30% of the gross proceeds of redemptions or exchanges and certain capital gain dividends it pays after December 31, 2018, however recently proposed regulations from the U.S. Treasury Department indicate an intent to eliminate the requirement under FATCA of withholding on gross proceeds and to defer withholding on certain other types of withholdable payments. If a payment by the Fund is subject to FATCA withholding, the Fund is required to withhold even if such payment would otherwise be exempt from withholding under the rules applicable to non-U.S. persons. Each prospective investor is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation, including investments through an intermediary.

Shareholders that are U.S. persons and own, directly or indirectly, more than 50% of the Fund could be required to report annually their financial interest in the Fund's foreign financial accounts, if any, on FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). Shareholders should consult a tax adviser regarding the applicability to them of this reporting requirement.

Alternative Minimum Tax

Noncorporate investors may be subject to the federal alternative minimum tax on their income (including taxable income from the Fund), depending on their individual circumstances.

CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REGISTRAR

The Fund's securities and cash are held under a custodian agreement with State Street Bank and Trust Company, 200 Clarendon Street, P.O. Box 9130, Boston, Massachusetts 02117-9130. The transfer agent, dividend disbursing agent and registrar for the Fund's shares is Computershare Shareowner Services LLC, P.O. Box 358016, Pittsburgh, PA 15252-8016.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP, 111 S. Wacker Drive, Chicago, IL 60606, serves as our independent registered public accounting firm. Deloitte & Touche LLP provides audit and audit-related services and consultation in connection with the review of our filing with the SEC.

ADDITIONAL INFORMATION

A Registration Statement on Form N-2, including amendments thereto, relating to the securities offered hereby, has been filed by the Fund with the SEC, Washington, D.C. The prospectus, any prospectus supplement and this Statement of Additional Information do not contain all of the information set forth in the Registration Statement, including any exhibits and schedules thereto. For further information with respect to the Fund and the

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securities offered hereby, reference is made to the Registration Statement. Statements contained in the prospectus, prospectus supplement and this Statement of Additional Information as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. A copy of the Registration Statement may be inspected without charge at the SEC's principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the SEC upon the payment of certain fees prescribed by the SEC.

ADDITIONAL INFORMATION CONCERNING THE AGREEMENT AND DECLARATION OF TRUST

The Fund's Agreement and Declaration of Trust provides that the Fund's Trustees shall have the power to cause each shareholder to pay directly, in advance or arrears, for charges of the Fund's custodian or transfer, shareholder servicing or similar agent, an amount fixed from time to time by the Trustees, by setting off such charges due from such shareholder from declared but unpaid dividends owed such shareholder and/or by reducing the number of shares in the account of such shareholder by that number of full and/or fractional shares which represents the outstanding amount of such charges due from such shareholder. The Fund has no present intention of relying on this provision of the Agreement and Declaration of Trust and would only do so if consistent with the 1940 Act or the rules and regulations or interpretations of the SEC thereunder.

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Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Trustees of Calamos Convertible and High Income Fund

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Calamos Convertible and High Income Fund (the Fund), including the schedule of investments, as of October 31, 2018, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of October 31, 2018, and the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of October 31, 2018, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Chicago, Illinois

December 17, 2018

We have served as the auditor of one or more Calamos Advisors LLC investment companies since 2003.

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Table of Contents**Statement of Assets and Liabilities October 31, 2018****ASSETS**

Investments in securities, at value (cost \$1,298,246,090)	\$ 1,222,636,689
Cash with custodian (interest bearing)	103,742
Receivables:	
Accrued interest and dividends	10,473,456
Investments sold	2,052,784
Prepaid expenses	469,331
Other assets	151,657
Total assets	1,235,887,659

LIABILITIES

Options written, at value (premium \$517,112)	514,065
Mandatory Redeemable Preferred Shares (\$25 liquidation value per share applicable to 4,400,000 shares authorized, issued, and outstanding) (net of deferred offering costs of \$1,003,889) (Note 7)	108,996,111
Payables:	
Notes payable	315,500,000
Distributions payable to Mandatory Redeemable Preferred Shareholders	341,397
Investments purchased	2,434,895
Affiliates:	
Investment advisory fees	858,068
Deferred compensation to trustees	151,657
Financial accounting fees	12,271
Trustees fees and officer compensation	13,190
Other accounts payable and accrued liabilities	723,701
Total liabilities	429,545,355

NET ASSETS **\$ 806,342,304**

COMPOSITION OF NET ASSETS

Common stock, no par value, unlimited shares authorized 73,161,539 shares issued and outstanding	\$ 879,598,667
Undistributed net investment income (loss)	(7,452,253)
Accumulated net realized gain (loss) on investments, foreign currency transactions and written options	9,802,244
Unrealized appreciation (depreciation) of investments and written options	(75,606,354)
NET ASSETS	\$ 806,342,304
Net asset value per common shares based upon 73,161,539 shares issued and outstanding	\$ 11.02

See accompanying Notes to Financial Statements

Table of Contents**Statement of Operations Year Ended October 31, 2018**

INVESTMENT INCOME	
Interest	\$ 54,028,672
Dividends	11,787,557
Total investment income	65,816,229
EXPENSES	
Investment advisory fees	10,218,160
Interest expense on Notes Payable (Note 6)	6,245,176
Interest expense and amortization of offering costs on Mandatory Redeemable Preferred Shares (Notes 1 and 7)	4,539,900
Financial accounting fees	147,398
Printing and mailing fees	134,963
Accounting fees	88,339
Legal fees	87,556
Trustees fees and officer compensation	66,584
Audit fees	39,330
Transfer agent fees	37,426
Registration fees	21,285
Custodian fees	20,560
Other	109,491
Total expenses	21,756,168
NET INVESTMENT INCOME (LOSS)	44,060,061
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) from:	
Investments, excluding purchased options	52,605,167
Purchased options	2,043,176
Foreign currency transactions	(14,790)
Written options	1,017,121
Change in net unrealized appreciation/(depreciation) on:	
Investments, excluding purchased options	(79,835,207)
Purchased options	(1,750,225)
Foreign currency translations	2,171
Written options	13,094
NET GAIN (LOSS)	(25,919,493)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 18,140,568

See accompanying Notes to Financial Statements

Table of Contents**Statements of Changes in Net Assets**

	YEAR ENDED OCTOBER 31, 2018	YEAR ENDED OCTOBER 31, 2017
OPERATIONS		
Net investment income (loss)	\$ 44,060,061	\$ 44,254,369
Net realized gain (loss)	55,650,674	48,709,257
Change in unrealized appreciation/(depreciation)	(81,570,167)	39,414,435
Net increase (decrease) in net assets applicable to common shareholders resulting from operations	18,140,568	132,378,061
DISTRIBUTIONS TO COMMON SHAREHOLDERS		
Total distributions	(86,453,583)	(51,106,619) ^(a)
Return of capital		(35,964,988)
Net decrease in net assets from distributions to common shareholders	(86,453,583)	(87,071,607)
CAPITAL STOCK TRANSACTIONS		
Proceeds from shares sold	1,895,796	
Offering costs on shares	(151,499)	(111,012)
Reinvestment of distributions resulting in the issuance of stock	4,094,264	1,438,172
Net increase (decrease) in net assets from capital stock transactions	5,838,561	1,327,160
TOTAL INCREASE (DECREASE) IN NET ASSETS	(62,474,454)	46,633,614
NET ASSETS		
Beginning of year	\$ 868,816,758	\$ 822,183,144
End of year	\$ 806,342,304	\$ 868,816,758

(a) The SEC eliminated the requirement to disclose distributions from net investment income and net realized gains and undistributed net income (loss) in 2018. Included in total distributions was \$51,106,619 of net investment income and \$0 of net realized gains as of the year ended October 31, 2017. The undistributed net investment income (loss) was \$(11,614,885) at year ended October 31, 2017.

See accompanying Notes to Financial Statements

Table of Contents**Statement of Cash Flows****Year Ended October 31, 2018****CASH FLOWS FROM OPERATING ACTIVITIES:**

Net increase/(decrease) in net assets from operations	\$ 18,140,568
Adjustments to reconcile net increase/(decrease) in net assets from operations to net cash provided by operating activities:	
Purchase of investment securities, including purchased options	(732,626,540)
Net proceeds from disposition of short term investments	2,521,943
Proceeds paid on closing written options	(825,937)
Proceeds from disposition of investment securities, including purchased options	766,003,744
Premiums received from written options	2,011,029
Amortization and accretion of fixed-income securities	(14,702,129)
Amortization of offering costs on Mandatory Redeemable Preferred Shares	184,144
Net realized gains/losses from investments, excluding purchased options	(52,605,155)
Net realized gains/losses from purchased options	(2,043,176)
Net realized gains/losses from written options	(1,017,121)
Change in unrealized appreciation or depreciation on investments, excluding purchased options	79,835,207
Change in unrealized appreciation or depreciation on purchased options	1,750,225
Change in unrealized appreciation or depreciation on written options	(13,094)
Net change in assets and liabilities:	
(Increase)/decrease in assets:	
Accrued interest and dividends receivable	747,731
Prepaid expenses	(377,406)
Other assets	1,146,384
Increase/(decrease) in liabilities:	
Payables to affiliates	(39,739)
Other accounts payable and accrued liabilities	(121,387)
Net cash provided by/(used in) operating activities	\$ 67,969,291

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from shares sold	1,895,796
Offering costs related to shares sold	(151,499)
Distributions to shareholders	(82,359,319)
Distributions to Mandatory Redeemable Preferred Shareholders	341,397
Offering costs on Mandatory Redeemable Preferred Shares	(25,174)
Net increase/(decrease) in due to custodian bank	(566,750)
Proceeds from note payable	13,000,000

Net cash provided by/(used in) financing activities	\$ (67,865,549)
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Net increase/(decrease) in cash	\$ 103,742
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Cash at beginning of year	\$
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Cash at end of year	\$ 103,742
Supplemental disclosure	
Cash paid for interest on Notes Payable	\$ 6,320,091
Cash paid for interest expense and amortization of offering costs on Mandatory Redeemable Preferred Shares	\$ 4,881,297
Non-cash financing activities not included herein consists of reinvestment of dividends and distributions	\$ 4,094,264

See accompanying Notes to Financial Statements

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Notes to Financial Statements

Note 1 Organization and Significant Accounting Policies

Organization. Calamos Convertible and High Income Fund (the Fund) was organized as a Delaware statutory trust on March 12, 2003 and is registered under the Investment Company Act of 1940 (the 1940 Act) as a diversified, closed-end management investment company. The Fund commenced operations on May 28, 2003.

The Fund's investment strategy is to provide total return through a combination of capital appreciation and current income. Under normal circumstances, the Fund will invest at least 80% of its managed assets in a diversified portfolio of convertibles and non-convertible income securities and under normal circumstances, the Fund will invest at least 20% of its managed assets in convertible securities and at least 20% of its managed assets in below investment grade (high yield/high risk) non-convertible debt securities. Managed assets means the Fund's total assets (including any assets attributable to any leverage that may be outstanding) minus total liabilities (other than debt representing financial leverage).

Significant Accounting Policies. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), and the Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Under U.S. GAAP, management is required to make certain estimates and assumptions at the date of the financial statements and actual results may differ from those estimates. Subsequent events, if any, through the date that the financial statements were issued, have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

Fund Valuation. The valuation of the Fund's investments is in accordance with policies and procedures adopted by and under the ultimate supervision of the board of trustees.

Fund securities that are traded on U.S. securities exchanges, except option securities, are valued at the official closing price, which is the last current reported sales price on its principal exchange at the time each Fund determines its net asset value (NAV). Securities traded in the over-the-counter market and quoted on The NASDAQ Stock Market are valued at the NASDAQ Official Closing Price, as determined by NASDAQ, or lacking a NASDAQ Official Closing Price, the last current reported sale price on NASDAQ at the time a Fund determines its NAV. When a last sale or closing price is not available, equity securities, other than option securities, that are traded on a U.S. securities exchange and other equity securities traded in the over-the-counter market are valued at the mean between the most recent bid and asked quotations on its principal exchange in accordance with guidelines adopted by the board of trustees. Each option security traded on a U.S. securities exchange is valued at the mid-point of the consolidated bid/ask quote for the option security, also in accordance with guidelines adopted by the board of trustees. Each over-the-counter option that is not traded through the Options Clearing Corporation is valued either by an independent pricing agent or based on a quotation provided by the counterparty to such option under the ultimate supervision of the board of trustees.

Fixed income securities, certain convertible preferred securities, and non-exchange traded derivatives are normally valued by independent pricing services or by dealers or brokers who make markets in such securities. Valuations of such fixed income securities, certain convertible preferred securities, and non-exchange traded derivatives consider yield or price of equivalent securities of comparable quality, coupon rate, maturity, type of issue, trading characteristics and other market data and do not rely exclusively upon exchange or over-the-counter prices.

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Trading on European and Far Eastern exchanges and over-the-counter markets is typically completed at various times before the close of business on each day on which the New York Stock Exchange (NYSE) is open. Each security trading on these exchanges or in over-the-counter markets may be valued utilizing a systematic fair valuation model provided by an independent pricing service approved by the board of trustees.

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The valuation of each security that meets certain criteria in relation to the valuation model is systematically adjusted to reflect the impact of movement in the U.S. market after the foreign markets close. Securities that do not meet the criteria, or that are principally traded in other foreign markets, are valued as of the last reported sale price at the time the Fund determines its NAV, or when reliable market prices or quotations are not readily available, at the mean between the most recent bid and asked quotations as of the close of the appropriate exchange or other designated time. Trading of foreign securities may not take place on every NYSE business day. In addition, trading may take place in various foreign markets on Saturdays or on other days when the NYSE is not open and on which the Fund's NAV is not calculated.

If the pricing committee determines that the valuation of a security in accordance with the methods described above is not reflective of a fair value for such security, the security is valued at a fair value by the pricing committee, under the ultimate supervision of the board of trustees, following the guidelines and/or procedures adopted by the board of trustees.

The Fund also may use fair value pricing, pursuant to guidelines adopted by the board of trustees and under the ultimate supervision of the board of trustees, if trading in the security is halted or if the value of a security it holds is materially affected by events occurring before the Fund's pricing time but after the close of the primary market or exchange on which the security is listed. Those procedures may utilize valuations furnished by pricing services approved by the board of trustees, which may be based on market transactions for comparable securities and various relationships between securities that are generally recognized by institutional traders, a computerized matrix system, or appraisals derived from information concerning the securities or similar securities received from recognized dealers in those securities.

When fair value pricing of securities is employed, the prices of securities used by a Fund to calculate its NAV may differ from market quotations or official closing prices. In light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security is accurate.

Investment Transactions. Investment transactions are recorded on a trade date basis as of October 31, 2018. Net realized gains and losses from investment transactions are reported on an identified cost basis. Interest income is recognized using the accrual method and includes accretion of original issue and market discount and amortization of premium. Dividend income is recognized on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as the information becomes available after the ex-dividend date.

Foreign Currency Translation. Values of investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using a rate quoted by a major bank or dealer in the particular currency market, as reported by a recognized quotation dissemination service.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign currency gains or losses arise from disposition of foreign currency, the difference in the foreign exchange rates between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the ex-date or accrual date and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes (due to the changes in the exchange rate) in the value of foreign currency and other assets and liabilities denominated in foreign currencies held at period end.

Allocation of Expenses Among Funds. Expenses directly attributable to the Fund are charged to the Fund; certain other common expenses of *Calamos Advisors Trust, Calamos Investment Trust, Calamos Convertible Opportunities and Income Fund, Calamos Convertible and High Income Fund, Calamos Strategic Total Return Fund, Calamos Global Total Return Fund, Calamos Global Dynamic Income Fund* and *Calamos Dynamic*

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Convertible and Income Fund are allocated proportionately among each Fund to which the expenses relate in relation to the net assets of each Fund or on another reasonable basis.

Income Taxes. No provision has been made for U.S. income taxes because the Fund's policy is to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended, and distribute to shareholders substantially all of the Fund's taxable income and net realized gains.

Dividends and distributions paid to common shareholders are recorded on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains is determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. To the extent these book/tax differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment. These differences are primarily due to differing treatments for foreign currency transactions, contingent payment debt instruments and methods of amortizing and accreting for fixed income securities. The financial statements are not adjusted for temporary differences.

Distributions to holders of mandatory redeemable preferred shares (MRPS) as described in Note 7 are accrued on a daily basis and are treated as an operating expense due to the fixed term of the obligation. The distributions are shown on the Statement of Operations as Interest expense and amortization of offering costs on Mandatory Redeemable Preferred Shares. For tax purposes, the distributions made to the holders of the MRPS are treated as dividends.

The Fund recognized no liability for uncertain tax positions. A reconciliation is not provided as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions or settlements. Tax years 2015 - 2017 remain subject to examination by the U.S. and the State of Illinois tax jurisdictions.

Indemnifications. Under the Fund's organizational documents, the Fund is obligated to indemnify its officers and trustees against certain liabilities incurred by them by reason of having been an officer or trustee of the Fund. In addition, in the normal course of business, the Fund may enter into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund's management expects the risk of material loss in connection to a potential claim to be remote.

Note 2 Investment Adviser and Transactions With Affiliates Or Certain Other Parties

Pursuant to an investment advisory agreement with Calamos Advisors LLC (Calamos Advisors), the Fund pays an annual fee, payable monthly, equal to 0.80% based on the average weekly managed assets.

Pursuant to a financial accounting services agreement, during the year the Fund paid Calamos Advisors a fee for financial accounting services payable monthly at the annual rate of 0.0175% on the first \$1 billion of combined assets, 0.0150% on the next \$1 billion of combined assets and 0.0110% on combined assets above \$2 billion (for purposes of this calculation combined assets means the sum of the total average daily net assets of *Calamos Investment Trust and Calamos Advisors Trust* and the total average weekly managed assets of *Calamos Convertible and High Income Fund, Calamos Strategic Total Return Fund, Calamos Convertible Opportunities and Income Fund, Calamos Global Total Return Fund, Calamos Global Dynamic Income Fund and Calamos Dynamic Convertible and Income Fund*). Financial accounting services include, but are not limited to, the following: managing expenses and expense payment processing; monitoring the calculation of expense accrual amounts; calculating, tracking and reporting tax adjustments on all assets; and monitoring trustee deferred compensation plan accruals and valuations. The Fund pays its pro rata share of the financial accounting services fee payable to Calamos Advisors based on its relative portion of combined assets used in calculating the fee. On October 12, 2018, the Board of Trustees approved terminating the financial

accounting services

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agreement between the Funds and Calamos Advisors effective November 1, 2018. Effective November 1, 2018, the Funds entered into an agreement with Ernst & Young LLP (EY) to provide certain tax services to the Funds. The tax services include the following: calculating, tracking and reporting tax adjustments on all assets of each Fund, including but not limited to contingent debt and preferred trust obligations; preparing excise tax and fiscal year distribution schedules; preparing tax information required for financial statement footnotes; preparing state and federal income tax returns; preparing specialized calculations of amortization on convertible securities; preparing year-end dividend disclosure information; providing treaty-based foreign withholding tax reclaim services; providing certain global compliance and reporting services; providing a match service and analysis of the passive foreign investment company status of foreign corporate entities; and providing services related to corporate actions that may or may not have a tax impact on the Funds' holdings. Effective November 1, 2018, the Funds entered into an agreement with State Street pursuant to which State Street provides certain administration treasury services to the Funds. These services include: monitoring the calculation of expense accrual amounts for each Fund and making any necessary modifications; managing the Fund's expenses and expense payment processing; coordinating any expense reimbursement calculations and payment; calculating net investment income dividends and capital gain distributions; coordinating the audits for each Fund; preparing financial reporting statements for each Fund; preparing certain regulatory filings; and calculating asset coverage tests for certain Calamos Funds.

The Fund reimburses Calamos Advisors for a portion of compensation paid to the Fund's Chief Compliance Officer. This compensation is reported as part of the Trustees' fees and officer compensation expense on the Statement of Operations.

The Fund has adopted a deferred compensation plan (the Plan). Under the Plan, a trustee who is not an interested person (as defined in the 1940 Act) and has elected to participate in the Plan (a participating trustee) may defer receipt of all or a portion of their compensation from the Fund. The deferred compensation payable to the participating trustee is credited to the trustee's deferral account as of the business day such compensation would have been paid to the participating trustee. The value of amounts deferred for a participating trustee is determined by reference to the change in value of Class I shares of one or more funds of Calamos Investment Trust designated by the participant. The value of the account increases with contributions to the account or with increases in the value of the measuring shares, and the value of the account decreases with withdrawals from the account or with declines in the value of the measuring shares. Deferred compensation of \$151,657 is included in Other assets on the Statement of Assets and Liabilities at October 31, 2018. The Fund's obligation to make payments under the Plan is a general obligation of the Fund and is included in Payable for deferred compensation to trustees on the Statement of Assets and Liabilities at October 31, 2018.

Note 3 Investments

The cost of purchases and proceeds from sales of long-term investments for the year ended October 31, 2018 were as follows:

	U.S. GOVERNMENT SECURITIES	OTHER
Cost of purchases	\$ 11,425,469	\$ 704,853,623
Proceeds from sales		719,288,253

The cost basis of investments for federal income tax purposes at October 31, 2018 was as follows*:

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Cost basis of investments	\$ 1,299,263,546
Gross unrealized appreciation	34,009,959
Gross unrealized depreciation	(111,150,881)
Net unrealized appreciation (depreciation)	\$ (77,140,922)

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Table of Contents**Note 4 Income Taxes**

For the fiscal year ended October 31, 2018, the Fund recorded the following permanent reclassifications to reflect tax character. The results of operations and net assets were not affected by these reclassifications.

Paid-in capital	\$ (2,533,405)
Undistributed net investment income/(loss)	46,556,154
Accumulated net realized gain/(loss) on investments	(44,022,749)

The Fund intends to make monthly distributions from its income available for distribution, which consists of the Fund's dividends and interest income after payment of Fund expenses, and net realized gains on stock investments. At least annually, the Fund intends to distribute all or substantially all of its net realized capital gains, if any. Distributions are recorded on the ex-dividend date. The Fund distinguishes between distributions on a tax basis and a financial reporting basis. Accounting principles generally accepted in the United States of America require that only distributions in excess of tax basis earnings and profits be reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid-in-capital. For tax purposes, distributions from short-term capital gains are considered to be from ordinary income. Distributions in any year may include a return of capital component.

Distributions for the year ended October 31, 2018 were characterized for federal income tax purposes as follows:

	YEAR ENDED OCTOBER 31, 2018	YEAR ENDED OCTOBER 31, 2017
Distributions paid from:		
Ordinary income	\$ 90,809,339	\$ 51,775,680
Long-term capital gains		
Return of capital		35,964,988

As of October 31, 2018, the components of accumulated earnings/(loss) on a tax basis were as follows:

Undistributed ordinary income	\$ 136,120
Undistributed capital gains	3,866,727
Total undistributed earnings	4,002,847
Accumulated capital and other losses	
Net unrealized gains/(losses)	(77,140,922)
Total accumulated earnings/(losses)	(73,138,075)
Other	(118,288)
Paid-in-capital	879,598,667
Net assets applicable to common shareholders	\$ 806,342,304

Note 5 Derivative Instruments

Foreign Currency Risk. The Fund may engage in portfolio hedging with respect to changes in currency exchange rates by entering into forward foreign currency contracts to purchase or sell currencies. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include, among other things, movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform.

To mitigate the counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its derivative

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contract counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs over-the-counter derivatives and foreign exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instrument's payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default (close-out netting), including the bankruptcy or insolvency of the counterparty. Generally, collateral is exchanged between the Fund and the counterparty and the amount of collateral due from the Fund or to a counterparty has to exceed a minimum transfer amount threshold before a transfer has to be made. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. When a Fund is required to post collateral under the terms of a derivatives transaction and master netting agreement, the Fund's custodian holds the collateral in a segregated account, subject to the terms of a tri-party agreement among the Fund, the custodian and the counterparty. The master netting agreement and tri-party agreement provide, in relevant part, that the counterparty may have rights to the amounts in the segregated account in the event that the Fund defaults in its obligation with respect to the derivative instrument that is subject to the collateral requirement. When a counterparty is required to post collateral under the terms of a derivatives transaction and master netting agreement, the counterparty delivers such amount to the Fund's custodian. The master netting agreement provides, in relevant part, that the Fund may have rights to such collateral in the event that the counterparty defaults in its obligation with respect to the derivative instrument that is subject to the collateral requirement.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities. The net unrealized gain, if any, represents the credit risk to the Fund on a forward foreign currency contract. The contracts are valued daily at forward foreign exchange rates. The Fund realizes a gain or loss when a position is closed or upon settlement of the contracts. There were no open forward foreign currency contracts at October 31, 2018.

Equity Risk. The Fund may engage in option transactions and in doing so achieves similar objectives to what it would achieve through the sale or purchase of individual securities. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller of the option the obligation to sell, the underlying security, index or other instrument at the exercise price. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the seller the obligation to buy, the underlying security, index, or other instrument at the exercise price.

To seek to offset some of the risk of a potential decline in value of certain long positions, the Fund may also purchase put options on individual securities, broad-based securities indexes or certain exchange-traded funds (ETFs). The Fund may also seek to generate income from option premiums by writing (selling) options on a portion of the equity securities (including securities that are convertible into equity securities) in the Fund's portfolio, on broad-based securities indexes, or certain ETFs.

When a Fund purchases an option, it pays a premium and an amount equal to that premium is recorded as an asset. When a Fund writes an option, it receives a premium and an amount equal to that premium is recorded as a liability. The asset or liability is adjusted daily to reflect the current market value of the option. If an option expires unexercised, the Fund realizes a gain or loss to the extent of the premium received or paid. If an option is exercised, the premium received or paid is recorded as an adjustment to the proceeds from the sale or the cost basis of the purchase. The difference between the premium and the amount received or paid on a closing purchase or sale transaction is also treated as a realized gain or loss. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid. Gain or loss on written options and purchased options is presented separately as net realized gain

or loss on written options and net realized gain or loss on purchased options, respectively.

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Options written by the Fund do not typically give rise to counterparty credit risk since options written obligate the Fund and not the counterparty to perform. Exchange traded purchased options have minimal counterparty credit risk to the Fund since the exchange's clearinghouse, as counterparty to such instruments, guarantees against a possible default.

As of October 31, 2018, the Fund had outstanding purchased options and/or written options as listed on the Schedule of Investments.

Interest Rate Risk. The Fund may engage in interest rate swaps primarily to hedge the interest rate risk on the Fund's borrowings (see Note 6 - Notes Payable). An interest rate swap is a contract that involves the exchange of one type of interest rate for another type of interest rate. If interest rates rise, resulting in a diminution in the value of the Fund's portfolio, the Fund would receive payments under the swap that would offset, in whole or in part, such diminution in value; if interest rates fall, the Fund would likely lose money on the swap transaction. Unrealized gains are reported as an asset, and unrealized losses are reported as a liability on the Statement of Assets and Liabilities. The change in value of swaps, including accruals of periodic amounts of interest to be paid or received on swaps, is reported as change in net unrealized appreciation/depreciation on interest rate swaps in the Statement of Operations. A realized gain or loss is recorded in net realized gain (loss) on interest rate swaps in the Statement of Operations upon payment or receipt of a periodic payment or termination of the swap agreements. Swap agreements are stated at fair value. Notional principal amounts are used to express the extent of involvement in these transactions, but the amounts potentially subject to credit risk are much smaller. In connection with these contracts, securities may be identified as collateral in accordance with the terms of the respective swap contracts in the event of default or bankruptcy of the Fund. Please see the disclosure regarding ISDA Master Agreements under Foreign Currency Risk within this note.

Premiums paid to or by a Fund are accrued daily and included in realized gain (loss) when paid on swaps in the accompanying Statement of Operations. The contracts are marked-to-market daily based upon third party vendor valuations and changes in value are recorded as unrealized appreciation (depreciation). Gains or losses are realized upon early termination of the contract. Risks may exceed amounts recognized in the Statement of Assets and Liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, counterparty's creditworthiness, and the possible lack of liquidity with respect to the contracts.

As of October 31, 2018, the Fund had no outstanding interest rate swap agreements.

As of October 31, 2018, the Fund had outstanding derivative contracts which are reflected on the Statement of Assets and Liabilities as follows:

	ASSET DERIVATIVES	LIABILITY DERIVATIVES
Gross amounts at fair value:		
Purchased options ⁽¹⁾	\$ 3,128,648	\$
Written options ⁽²⁾		514,065
	\$ 3,128,648	\$ 514,065

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- (1) Generally, the Statement of Assets and Liabilities location for Purchased options is Investments in securities, at value.
- (2) Generally, the Statement of Assets and Liabilities location for Written options is Options written, at value.

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For the year ended October 31, 2018, the volume of derivative activity for the Fund is reflected below:*

	VOLUME
Purchased options	10,796
Written options	4,169

* Activity during the period is measured by opened number of contracts for options purchased or written.

Note 6 Notes Payable

The Fund has entered into an Amended and Restated Liquidity Agreement (the **SSB Agreement**) with State Street Bank and Trust Company (**SSB**) that allows the Fund to borrow up to a limit of \$480.0 million, as well as engage in securities lending and securities repurchase transactions. Borrowings under the SSB Agreement are secured by assets of the Fund that are held with the Fund's custodian in a separate account (the **pledged collateral**). Interest on the SSB Agreement is charged on the drawn amount at the rate of Overnight LIBOR plus .80%. A commitment fee of .10% is payable on any undrawn balance. For the year ended October 31, 2018, the average borrowings under the Agreement were \$309.1 million. For the year ended October 31, 2018, the average interest rate was 1.98%. As of October 31, 2018, the amount of total outstanding borrowings was \$315.5 million, which approximates fair value. The interest rate applicable to the borrowings on October 31, 2018 was 2.43%.

Under the terms of the SSB Agreement, the Fund will receive a rebate payment related to the securities lending and/or securities repurchase transactions. The Fund has the right to call a loan and obtain the securities loaned at any time. As of October 31, 2018, approximately \$245.2 million of securities were on loan (\$236.5 million of fixed income securities and \$8.7 million of equity securities) under the SSB Agreement which are reflected in the Investment in securities, at value on the Statement of Assets and Liabilities. The borrowings are categorized as Level 2 within the fair value hierarchy.

Note 7 Mandatory Redeemable Preferred Shares

On September 6, 2017, the Fund issued 4,400,000 mandatory redeemable preferred shares (**MRPS**) with an aggregate liquidation preference of \$110.0 million. Offering costs incurred by the Fund in connection with the MRPS issuance are aggregated with the outstanding liability and are being amortized to Interest expense and amortization of offering costs on Mandatory Redeemable Preferred Shares over the respective life of each series of MRPS and shown in the Statement of Operations.

The MRPS are divided into three series with different mandatory redemption dates and dividend rates. The table below summarizes the key terms of each series of the MRPS at October 31, 2018.

SERIES	TERM REDEMPTION DATE	DIVIDEND RATE	SHARES (000 S)	LIQUIDATION PREFERENCE PER SHARE	AGGREGATE LIQUIDATION PREFERENCE
Series A	9/06/22	3.70%	1,460	\$25	\$ 36,500,000
Series B	9/06/24	4.00%	1,460	\$25	\$ 36,500,000

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Series C	9/06/27	4.24%	1,480	\$25	\$ 37,000,000
<i>Total</i>					\$ 110,000,000

The MRPS are not listed on any exchange or automated quotation system. The MRPS are considered debt of the issuer; therefore, the liquidation preference, which approximates fair value of the MRPS, is recorded as a liability in the Statement of Assets and Liabilities net of deferred offering costs. The MRPS are categorized as Level 2 within the fair value hierarchy.

Holders of MRPS are entitled to receive monthly cumulative cash dividends payable on the first business day of each month. The MRPS currently are rated AA by Fitch Ratings, Inc. (Fitch). If on the first day of a

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monthly dividend period the MRPS of any class are rated lower than A by Fitch (or lower than the equivalent of such rating by any other rating agency providing a rating pursuant to the request of the Fund), the dividend rate for such period shall be increased by 0.5%, 2.0% or 4.0% according to an agreed upon schedule. The MRPS dividend rate is also subject to increase during periods when the Fund has not made timely payments to MRPS holders and/or the MRPS do not have a current credit rating, subject to various terms and conditions. Dividends accrued and paid to the shareholders of MRPS are included in Interest expense and amortization of offering costs on Mandatory Redeemable Preferred Shares within the Statement of Operations.

The MRPS rank junior to the Fund's borrowings under the SSB Agreement and senior to the Fund's outstanding common stock. The Fund may, at its option, subject to various terms and conditions, redeem the MRPS, in whole or in part, at the liquidation preference amount plus all accumulated but unpaid dividends, plus a make whole premium equal to the discounted value of the remaining scheduled payments. Each class of MRPS is subject to mandatory redemption on the term redemption date specified in the table above. Periodically, the Fund is subject to an overcollateralization test based on applicable rating agency criteria (the OC Test) and an asset coverage test with respect to its outstanding senior securities (the AC Test). The Fund may be required to redeem MRPS before their term redemption date if it does not comply with one or both tests. So long as any MRPS are outstanding, the Fund may not declare, pay or set aside for payment cash dividends or other distributions on shares of its common stock unless (1) the Fund has satisfied the OC Test on at least one testing date in the preceding 65 days, (2) immediately after such transaction, the Fund would comply with the AC Test, (3) full cumulative dividends on the MRPS due on or prior to the date of such transaction have been declared and paid and (4) the Fund has redeemed all MRPS required to have been redeemed on such date or has deposited funds sufficient for such redemption, subject to certain grace periods and exceptions.

Except as otherwise required pursuant to the Fund's governing documents or applicable law, the holders of the MRPS have one vote per share and vote together with the holders of common stock of the Fund as a single class except on matters affecting only the holders of MRPS or the holders of common stock. Pursuant to the 1940 Act, holders of the MRPS have the right to elect at least two trustees of the Fund, voting separately as a class. Except during any time when the Fund has failed to make a dividend or redemption payment in respect of MRPS outstanding, the holders of MRPS have agreed to vote in accordance with the recommendation of the board of trustees on any matter submitted to them for their vote or to the vote of shareholders of the Fund generally.

Note 8 Common Shares

There are unlimited common shares of beneficial interest authorized and 73,161,539 shares outstanding at October 31, 2018. Calamos Advisors did not own any of the outstanding shares at October 31, 2018. Transactions in common shares were as follows:

	YEAR ENDED 10/31/2018	YEAR ENDED 10/31/2017
Beginning shares	72,659,092	72,537,011
Shares sold	160,872	
Shares issued through reinvestment of distributions	341,575	122,081
Ending shares	73,161,539	72,659,092

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Notice is hereby given in accordance with Section 23(c) of the 1940 Act that the Fund may from time to time purchase its shares of common stock in the open market.

The Fund also may offer and sell common shares from time to time at an offering price equal to or in excess of the net asset value per share of the Fund's common shares at the time such common shares are initially sold. For the year ended October 31, 2018, the Fund sold shares that were \$10,252 in excess of net asset value at an average sales price of \$11.83.

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Table of Contents**Note 9 Fair Value Measurement**

Various inputs are used to determine the value of the Fund's investments. These inputs are categorized into three broad levels as follows:

Level 1 Prices are determined using inputs from unadjusted quoted prices from active markets (including securities actively traded on a securities exchange) for identical assets.

Level 2 Prices are determined using significant observable market inputs other than unadjusted quoted prices, including quoted prices of similar securities, fair value adjustments to quoted foreign securities, interest rates, credit risk, prepayment speeds, and other relevant data.

Level 3 Prices reflect unobservable market inputs (including the Fund's own judgments about assumptions market participants would use in determining fair value) when observable inputs are unavailable.

Debt securities are valued based upon evaluated prices received from an independent pricing service or from a dealer or broker who makes markets in such securities. Pricing services utilize various observable market data and as such, debt securities are generally categorized as Level 2. The levels are not necessarily an indication of the risk or liquidity of the Fund's investments.

The following is a summary of the inputs used in valuing the Fund's holdings at fair value:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets:				
Corporate Bonds	\$	\$ 409,373,481	\$	\$ 409,373,481
Convertible Bonds		569,123,242		569,123,242
U.S. Government and Agency Securities		10,918,295		10,918,295
Bank Loans		35,772,854		35,772,854
Synthetic Convertible Securities (Corporate Bonds)		9,764,005		9,764,005
Synthetic Convertible Securities (U.S. Government and Agency Security)		260,509		260,509
Synthetic Convertible Securities (Purchased Options)	1,768,688			1,768,688
Convertible Preferred Stocks	101,033,191	10,956,870		111,990,061
Common Stocks U.S.	49,970,176	745,863		50,716,039
Purchased Options	1,359,960			1,359,960
Short Term Investments	21,589,555			21,589,555
Total	\$ 175,721,570	\$ 1,046,915,119	\$	\$ 1,222,636,689
Liabilities:				
Written Options	\$ 514,065	\$	\$	\$ 514,065

Total	\$	514,065	\$	\$	\$	514,065
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Table of Contents**Financial Highlights**

Selected data for a share outstanding throughout each year were as follows:

	YEAR ENDED OCTOBER 31,				
	2018	2017	2016	2015	2014
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	\$ 11.96	\$ 11.33	\$ 12.39	\$ 14.24	\$ 13.89
Income from investment operations:					
Net investment income (loss)*	0.60	0.61	0.65	0.73	0.79
Net realized and unrealized gain (loss)	(0.35)	1.22	(0.51)	(1.38)	0.69
Total from investment operations	0.25	1.83	0.14	(0.65)	1.48
Less distributions to common shareholders from:					
Net investment income	(1.19)	(0.70)	(0.69)	(0.98)	(1.13)
Return of capital		(0.50)	(0.51)	(0.22)	
Total distributions	(1.19)	(1.20)	(1.20)	(1.20)	(1.13)
Capital charge resulting from issuance of common and preferred shares and related offering costs	0.00 ^(a)		0.00 ^(a)		
Premiums from shares sold in at the market offerings	0.00 ^(a)				
Net asset value, end of year	\$ 11.02	\$ 11.96	\$ 11.33	\$ 12.39	\$ 14.24
Market value, end of year	\$ 10.86	\$ 11.96	\$ 10.47	\$ 11.61	\$ 14.47
TOTAL RETURN APPLICABLE TO COMMON SHAREHOLDERS					
Total investment return based on: ^(b)					
Net asset value	1.75%	17.28%	2.55%	(4.65)%	11.22%
Market value	0.28%	26.91%	1.13%	(12.08)%	22.16%
RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS					
Net expenses ^(c)	2.54%	1.89%	1.78%	1.57%	1.47%
Net investment income (loss)	5.13%	5.25%	5.73%	5.38%	5.57%
SUPPLEMENTAL DATA					
Net assets applicable to common shareholders, end of year (000)	\$ 806,342	\$ 868,817	\$ 822,183	\$ 898,695	\$ 1,029,902
Portfolio turnover rate	58%	89%	34%	37%	35%
Average commission rate paid	\$ 0.0260	\$ 0.0282	\$ 0.0221	\$ 0.0286	\$ 0.0292
Mandatory Redeemable Preferred Shares, at redemption value (\$25 per share liquidation preference) (000 s omitted)	\$ 110,000	\$ 110,000	\$	\$	\$
Notes Payable (000 s omitted)	\$ 315,500	\$ 302,500	\$ 337,000	\$ 398,000	\$ 400,000
	\$ 3,904	\$ 4,236	\$ 3,440	\$ 3,258	\$ 3,575

Asset coverage per \$1,000 of loan
outstanding^(d)

Asset coverage per \$25 liquidation
value per share of Mandatory

Redeemable Preferred Shares ^(e)	\$	280	\$	291	\$	\$	\$
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* Net investment income calculated based on average shares method.

(a) Amount equated to less than \$0.005 per common share.

(b) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of the period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return is not annualized for periods less than one year. Brokerage commissions are not reflected. NAV per share is determined by dividing the value of the Fund's portfolio securities, cash and other assets,

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- less all liabilities, by the total number of common shares outstanding. The common share market price is the price the market is willing to pay for shares of the Fund at a given time. Common share market price is influenced by a range of factors, including supply and demand and market conditions.
- (c) Ratio of net expenses, excluding interest expense on Notes Payable and interest expense and amortization of offering costs on Mandatory Redeemable Preferred Shares, to average net assets was 1.28%, 1.24%, 1.25%, 1.21% and 1.18%, respectively.
 - (d) Calculated by subtracting the Fund's total liabilities (not including Notes payable and Mandatory Redeemable Preferred Shares) from the Fund's total assets and dividing this by the amount of notes payable outstanding, and by multiplying the result by 1,000.
 - (e) Calculated by subtracting the Fund's total liabilities (not including Notes payable and Mandatory Redeemable Preferred Shares) from the Fund's total assets and dividing this by the amount of Mandatory Redeemable Preferred Shares outstanding, and by multiplying the result by 25.

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Schedule of Investments October 31, 2018

PRINCIPAL AMOUNT		VALUE
CORPORATE BONDS (50.8%)		
Communication Services (5.9%)		
1,074,000	Altice Financing, SA*^	
	7.500%, 05/15/26	\$ 1,016,826
2,720,000	Altice France, SA*	
	7.375%, 05/01/26	2,611,214
586,000	Altice Luxembourg, SA*^	
	7.625%, 02/15/25	500,002
508,000	7.750%, 05/15/22	473,039
1,568,000	Altice US Finance I Corp.*	
	5.500%, 05/15/26	1,528,596
391,000	Cequel Communications Holdings I, LLC / Cequel Capital Corp.*	
	7.500%, 04/01/28	405,608
	Cincinnati Bell, Inc.*	
1,279,000	8.000%, 10/15/25	1,164,734
576,000	7.000%, 07/15/24^	519,684
781,000	Consolidated Communications, Inc.^	
	6.500%, 10/01/22	719,590
3,697,000	CSC Holdings, LLC*^μ	
	5.500%, 04/15/27	3,561,006
6,143,000	Embarq Corp.μ	
	7.995%, 06/01/36	5,867,671
	Frontier Communications Corp.^	
3,321,000	11.000%, 09/15/25	2,444,173
2,504,000	7.625%, 04/15/24	1,509,236
523,000	8.500%, 04/01/26*	486,952
	Hughes Satellite Systems Corp.^	
1,270,000	6.625%, 08/01/26	1,211,764
283,000	5.250%, 08/01/26	270,339
	Inmarsat Finance, PLC*^	
977,000	4.875%, 05/15/22	959,048

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503,000	6.500%, 10/01/24 μ	499,499
	Intelsat Jackson Holdings, SA	
1,826,000	9.750%, 07/15/25*	1,913,867
1,035,000	8.000%, 02/15/24* \wedge	1,083,743
952,000	7.500%, 04/01/21 \wedge	963,900
659,000	8.500%, 10/15/24* \wedge	651,444
537,000	MDC Partners, Inc.* \wedge	
	6.500%, 05/01/24	441,546
1,319,000	Qwest Corp. $\wedge\mu$	
	6.875%, 09/15/33	1,278,619
537,000	SBA Communications Corp. \wedge	
	4.000%, 10/01/22	516,648
	Sprint Corp. \wedge	
7,013,000	7.875%, 09/15/23	7,494,232
1,870,000	7.125%, 06/15/24	1,912,842
1,348,000	T-Mobile USA, Inc. $\wedge\mu$	
	4.750%, 02/01/28	1,252,056
PRINCIPAL		
AMOUNT		VALUE
254,000	Telecom Italia Capital, SA \wedge	
	6.000%, 09/30/34	\$ 229,444
1,866,000	United States Cellular Corp. μ	
	6.700%, 12/15/33	1,911,120
488,000	Wind Tre, S.p.A.*	
	5.000%, 01/20/26	415,917
	Windstream Services, LLC / Windstream Finance Corp.	
1,270,000	8.625%, 10/31/25*	1,188,212
417,000	7.750%, 10/01/21	264,115
175,000	10.500%, 06/30/24*	142,856
		47,409,542
	Consumer Discretionary (8.6%)	
469,000	American Greetings Corp.*	
	7.875%, 02/15/25	417,931
1,416,000	Beverages & More, Inc.*	
	11.500%, 06/15/22	1,112,601
1,343,000	Boyd Gaming Corp.	
	6.000%, 08/15/26	1,305,456
1,319,000	Caesars Resort Collection, LLC / CRC Finco, Inc.* \wedge	
	5.250%, 10/15/25	1,229,084
	CCO Holdings, LLC / CCO Holdings Capital Corp. \wedge	
2,686,000	5.125%, 05/01/27*	2,533,207
1,030,000	5.750%, 09/01/23	1,039,821
566,000	5.000%, 02/01/28*	529,168
	Century Communities, Inc.	
2,150,000	6.875%, 05/15/22	2,153,730

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781,000	5.875%, 07/15/25	707,789
3,809,000	Dana Financing Luxembourg Sarl*^	
	6.500%, 06/01/26	3,775,824
	DISH DBS Corp.^	
1,787,000	5.875%, 11/15/24	1,521,220
1,270,000	7.750%, 07/01/26	1,128,274
2,373,000	Eldorado Resorts, Inc.^	
	6.000%, 04/01/25	2,352,865
1,240,000	ESH Hospitality, Inc.*^	
	5.250%, 05/01/25	1,175,520
237,000	GameStop Corp.*^	
	6.750%, 03/15/21	239,089
1,319,000	GLP Capital, LP / GLP Financing II, Inc.μ	
	5.250%, 06/01/25	1,321,750
1,055,000	goeasy, Ltd.*μ	
	7.875%, 11/01/22	1,094,563
1,270,000	Guitar Center Escrow Issuer, Inc.*	
	9.500%, 10/15/21	1,245,457

See accompanying Notes to Schedule of Investments

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Schedule of Investments October 31, 2018

PRINCIPAL AMOUNT		VALUE
5,372,000	Hasbro, Inc.~ 6.600%, 07/15/28	\$ 5,989,189
1,319,000	International Game Technology, PLC*^ 6.250%, 01/15/27	1,303,792
3,709,000	L Brands, Inc.^μ 6.875%, 11/01/35	3,153,911
2,964,000	Lennar Corp.μ 6.625%, 05/01/20	3,070,660
1,382,000	M/I Homes, Inc. 5.625%, 08/01/25	1,276,726
2,666,000	Mattel, Inc.*^ 6.750%, 12/31/25	2,552,762
1,226,000	Mclaren Finance, PLC* 5.750%, 08/01/22	1,163,210
2,134,000	Meritage Homes Corp. 7.000%, 04/01/22	2,225,399
2,735,000	Penske Automotive Group, Inc. 5.375%, 12/01/24	2,655,193
	PetSmart, Inc.*^	
864,000	5.875%, 06/01/25	679,238
293,000	8.875%, 06/01/25	205,293
	Rite Aid Corp.	
2,369,000	7.700%, 02/15/27	1,659,792
781,000	6.125%, 04/01/23*^	665,314
2,594,000	Royal Caribbean Cruises, Ltd.^μ 7.500%, 10/15/27	3,051,076
2,334,000	Salem Media Group, Inc.* 6.750%, 06/01/24	2,101,394
1,252,000	Sally Holdings, LLC / Sally Capital, Inc.^μ 5.625%, 12/01/25	1,164,373
4,151,000	Service Corp. International	

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	7.500%, 04/01/27	4,600,968
1,270,000	Sotheby s*	
	4.875%, 12/15/25	1,177,658
1,016,000	Taylor Morrison Communities Corp.	
	6.625%, 05/15/22	1,029,096
3,147,000	Taylor Morrison Communities Corp. / Taylor Morrison Holdings II, Inc.*	
	5.250%, 04/15/21	3,142,846
482,373	US Airways Series 2012-2, Class B Pass Through Trust	
	6.750%, 06/03/21	505,850
1,021,000	VOC Escrow, Ltd.*μ	
	5.000%, 02/15/28	960,649
		69,217,738

**PRINCIPAL
AMOUNT**

VALUE

	Consumer Staples (2.5%)	
1,299,000	Albertsons Companies, LLC / Safeway, Inc. / New Albertson s, Inc. / Albertson s, LLC^	
	5.750%, 03/15/25	\$ 1,154,765
1,529,000	Fresh Market, Inc.*^	
	9.750%, 05/01/23	1,121,904
	JBS USA LUX, SA / JBS USA Finance, Inc.*	
8,766,000	7.250%, 06/01/21	8,886,401
1,787,000	6.750%, 02/15/28	1,744,585
	New Albertson s, Inc.	
1,538,000	7.450%, 08/01/29	1,297,011
864,000	7.750%, 06/15/26	761,517
610,000	8.000%, 05/01/31	525,555
	Pilgrim s Pride Corp.*^	
2,027,000	5.875%, 09/30/27	1,845,877
508,000	5.750%, 03/15/25	474,754
	Post Holdings, Inc.*^	
1,319,000	5.750%, 03/01/27	1,261,439
254,000	5.625%, 01/15/28	239,296
	Simmons Foods, Inc.*	
791,000	7.750%, 01/15/24	802,541
601,000	5.750%, 11/01/24	440,611
		20,556,256
	Energy (7.9%)	
400,000	Berry Petroleum Company, LLC*	
	7.000%, 02/15/26	398,322
2,217,000	Blue Racer Midstream, LLC / Blue Racer Finance Corp.*^	
	6.125%, 11/15/22	2,266,228

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787,000	Bruin E&P Partners, LLC*^ 8.875%, 08/01/23	776,710
1,319,000	Buckeye Partners, LPμ 6.375%, 01/22/78 3 mo. USD LIBOR + 4.02%	1,209,952
2,637,000	Calfrac Holdings, LP*^ 8.500%, 06/15/26	2,377,216
1,909,000	California Resources Corp.*^ 8.000%, 12/15/22	1,703,133
2,001,000	Carrizo Oil & Gas, Inc.^ 6.250%, 04/15/23	1,969,664
1,333,000	Chaparral Energy, Inc.* 8.750%, 07/15/23	1,285,678
1,016,000	Cheniere Energy Partners, LP*^ 5.625%, 10/01/26	1,001,075

See accompanying Notes to Schedule of Investments

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Schedule of Investments October 31, 2018

PRINCIPAL AMOUNT		VALUE
	Chesapeake Energy Corp.	
1,319,000	8.000%, 01/15/25^	\$ 1,337,855
1,055,000	7.000%, 10/01/24	1,034,486
742,000	Comstock Escrow Corp.*	
	9.750%, 08/15/26	717,303
2,735,000	DCP Midstream Operating, LP*^	
	5.850%, 05/21/43	
	3 mo. USD LIBOR + 3.85%	2,448,645
513,000	DCP Midstream, LP	
	7.375%, 12/15/22	
	3 mo. USD LIBOR + 5.15%	492,123
	Denbury Resources, Inc.	
1,099,000	5.500%, 05/01/22^	955,284
747,000	9.250%, 03/31/22*	779,775
508,000	7.500%, 02/15/24*^	498,709
566,000	Diamond Offshore Drilling, Inc.	
	7.875%, 08/15/25	559,304
	Energy Transfer, LPμ	
2,735,000	5.559%, 11/01/66^	
	3 mo. USD LIBOR + 3.02%	2,358,883
2,051,000	5.875%, 01/15/24^	2,157,232
283,000	5.500%, 06/01/27	288,271
	Enterprise Products Operating, LLCμ	
2,002,000	4.875%, 08/16/77^	
	3 mo. USD LIBOR + 2.99%	1,869,668
513,000	5.375%, 02/15/78	
	3 mo. USD LIBOR + 2.57%	459,568
	EP Energy, LLC / Everest Acquisition Finance, Inc.*	
1,050,000	7.750%, 05/15/26	1,047,679
928,000	9.375%, 05/01/24^	706,607
	Genesis Energy, LP / Genesis Energy Finance Corp.	
1,309,000	6.500%, 10/01/25^	1,216,225
1,270,000	6.250%, 05/15/26	1,154,220

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1,270,000	Gulfport Energy Corp.^ 6.375%, 05/15/25	1,204,512
708,000	6.000%, 10/15/24	666,253
1,030,000	Halcon Resources Corp. 6.750%, 02/15/25	939,695
1,499,000	HighPoint Operating Corp.^ 7.000%, 10/15/22	1,479,828
1,709,000	Lonestar Resources America, Inc.* 11.250%, 01/01/23	1,854,128
1,343,000	Magnolia Oil & Gas Operating, LLC / Magnolia Oil & Gas Finance Corp.* 6.000%, 08/01/26	1,328,610
PRINCIPAL AMOUNT		VALUE
1,016,000	McDermott Technologies Americas, Inc. / McDermott Technology U.S., Inc.* 10.625%, 05/01/24	\$ 915,116
483,000	Moss Creek Resources Holdings, Inc.* 7.500%, 01/15/26	465,588
132,000	Nabors Industries, Inc.^ 5.750%, 02/01/25	121,840
762,000	Nine Energy Service, Inc.* 8.750%, 11/01/23	774,318
127,000	Northern Oil and Gas, Inc.* 9.500%, 05/15/23 9.500% PIK rate	131,169
923,000	Oasis Petroleum, Inc.*^ 6.250%, 05/01/26	907,332
1,319,000	Par Petroleum LLC / Par Petroleum Finance Corp.* 7.750%, 12/15/25	1,307,056
1,270,000	PDC Energy, Inc.μ 5.750%, 05/15/26	1,167,403
1,114,000	Petroleum Geo-Services, ASA* 7.375%, 12/15/20	1,116,245
1,299,000	Plains All American Pipeline, LPμ 6.125%, 11/15/22 3 mo. USD LIBOR + 4.11%	1,217,605
508,000	QEP Resources, Inc.^ 5.625%, 03/01/26	478,958
1,944,000	SESI, LLC^ 7.750%, 09/15/24	1,912,089
508,000	SM Energy Company^ 6.750%, 09/15/26	509,486
1,094,000	Southwestern Energy Company 7.500%, 04/01/26	1,114,108
835,000	Sunoco, LP / Sunoco Finance Corp.*^	

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	5.500%, 02/15/26	799,826
254,000	Targa Resources Partners, LP / Targa Resources Partners Finance Corp.*μ	
	5.875%, 04/15/26	256,093
264,000	TransMontaigne Partners, LP / TLP Finance Corp.	
	6.125%, 02/15/26	248,262
264,000	Transocean Pontus, Ltd.*	
	6.125%, 08/01/25	262,801
1,226,000	Transocean, Inc.*^	
	7.500%, 01/15/26	1,205,587
1,270,000	Vine Oil & Gas, LP / Vine Oil & Gas Finance Corp.*^	
	8.750%, 04/15/23	1,180,586

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PRINCIPAL AMOUNT		VALUE
2,149,000	W&T Offshore, Inc.* 9.750%, 11/01/23	\$ 2,082,521
2,730,000	Weatherford International, Ltd.^ 8.250%, 06/15/23	2,091,999
1,270,000	Whiting Petroleum Corp.^μ 6.625%, 01/15/26	1,270,425
1,387,000	WildHorse Resource Development Corp. 6.875%, 02/01/25	1,381,944
		63,461,198
	Financials (7.3%)	
2,554,000	Acrisure, LLC / Acrisure Finance, Inc.* 7.000%, 11/15/25	2,288,946
3,750,000	Ally Financial, Inc.~ 8.000%, 11/01/31	4,514,194
1,289,000	Amwins Group, Inc.* 7.750%, 07/01/26	1,326,065
2,320,000	Ardonagh Midco 3, PLC*^ 8.625%, 07/15/23	2,165,685
2,329,000	AssuredPartners, Inc.* 7.000%, 08/15/25	2,293,611
1,319,000	Bank of America Corp.μ 5.875%, 03/15/28	
	3 mo. USD LIBOR + 2.93%	1,281,910
1,319,000	Bank of Nova Scotia^μ 4.650%, 10/12/22	
	3 mo. USD LIBOR + 2.65%	1,224,151
2,254,000	Brookfield Residential Properties, Inc.* 6.375%, 05/15/25	2,132,690
2,525,000	Charles Schwab Corp.μ 5.000%, 12/01/27	
	3 mo. USD LIBOR + 2.58%	2,403,093

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1,172,000	CyrusOne, LP / CyrusOne Finance Corp.μ 5.375%, 03/15/27	1,167,904
1,138,000	Dell International, LLC / EMC Corp.*^ 6.020%, 06/15/26	1,180,601
1,284,000	Discover Financial Services^ 5.500%, 10/30/27 3 mo. USD LIBOR + 3.08%	1,215,627
557,000	Greystar Real Estate Partners, LLC* 5.750%, 12/01/25	545,367
1,270,000	HUB International, Ltd.*^ 7.000%, 05/01/26	1,242,149
PRINCIPAL AMOUNT		VALUE
2,041,000	ILFC E-Capital Trust II* 5.030%, 12/21/65 3 mo. USD LIBOR + 1.80%	\$ 1,817,490
2,823,000	Iron Mountain, Inc.*μ 5.250%, 03/15/28	2,544,836
3,370,000	Jefferies Finance, LLC* 7.375%, 04/01/20	3,405,014
2,735,000	7.250%, 08/15/24	2,674,871
1,221,000	Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp.*μ 5.250%, 10/01/25	1,134,065
1,099,000	Level 3 Financing, Inc.^ 5.375%, 05/01/25	1,077,350
1,367,000	LPL Holdings, Inc.* 5.750%, 09/15/25	1,328,020
2,198,000	MetLife, Inc.μ 6.400%, 12/15/36^	2,285,909
132,000	5.875%, 03/15/28 3 mo. USD LIBOR + 2.96%	131,929
2,530,000	Nationstar Mortgage, LLC / Nationstar Capital Corp. 6.500%, 07/01/21	2,530,202
1,660,000	Navient Corp. 6.750%, 06/25/25^	1,624,907
674,000	6.500%, 06/15/22	688,137
1,133,000	NexBank Capital, Inc.* & 6.375%, 09/30/27 3 mo. USD LIBOR + 4.59%	1,138,127
1,880,000	Oil Insurance, Ltd.*~ 5.378%, 12/03/18 3 mo. USD LIBOR + 2.98%	1,821,541
2,520,000	Quicken Loans, Inc.*^μ 5.750%, 05/01/25	2,433,035
1,343,000	Simmons First National Corp. 5.000%, 04/01/28	

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	3 mo. USD LIBOR + 2.15%	1,337,084
	Springleaf Finance Corp.	
1,722,000	6.875%, 03/15/25^	1,650,709
1,319,000	7.125%, 03/15/26	1,251,414
713,000	Towne Bank	
	4.500%, 07/30/27	
	3 mo. USD LIBOR + 2.55%	707,642
2,593,000	Tronox Finance, PLC*^	
	5.750%, 10/01/25	2,276,797
		58,841,072

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PRINCIPAL AMOUNT		VALUE
	Health Care (6.1%)	
2,427,000	Acadia Healthcare Company, Inc.^ 5.625%, 02/15/23	\$ 2,431,308
	Bausch Health Cos., Inc.*	
2,588,000	9.000%, 12/15/25	2,703,723
2,588,000	8.500%, 01/31/27	2,649,025
1,270,000	9.250%, 04/01/26	1,335,323
1,172,000	7.500%, 07/15/21	1,190,635
	Community Health Systems, Inc.	
4,220,000	8.125%, 06/30/24*^	3,322,744
361,000	6.875%, 02/01/22	183,227
3,829,000	DaVita, Inc.^ 5.125%, 07/15/24	3,662,477
3,458,000	Endo DAC / Endo Finance, LLC / Endo Finco, Inc.*^ 6.000%, 07/15/23	2,986,899
789,000	Endo Finance, LLC / Endo Finco, Inc.* 7.250%, 01/15/22	751,250
	HCA, Inc.	
4,273,000	5.875%, 05/01/23	4,435,887
3,189,000	5.375%, 02/01/25	3,214,145
1,275,000	7.500%, 11/06/33	1,384,280
1,216,000	Horizon Pharma, Inc. / Horizon Pharma USA, Inc.*^ 8.750%, 11/01/24	1,280,314
1,299,000	Magellan Health, Inc.μ 4.400%, 09/22/24	1,248,891
1,743,000	Mallinckrodt International Finance, SA / Mallinckrodt CB, LLC*^ 5.625%, 10/15/23	1,501,568
537,000	Team Health Holdings, Inc.*^ 6.375%, 02/01/25	462,934
	Tenet Healthcare Corp.^	
3,711,000	6.750%, 06/15/23	3,704,506

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2,539,000	4.625%, 07/15/24	2,448,789
1,597,000	Teva Pharmaceutical Finance Company, BVμ 2.950%, 12/18/22	1,452,080
3,990,000	Teva Pharmaceutical Finance IV, BV^μ 3.650%, 11/10/21	3,823,158
527,000	Teva Pharmaceutical Finance IV, LLCμ 2.250%, 03/18/20	513,090
	Teva Pharmaceutical Finance Netherlands III, BV	
1,304,000	6.000%, 04/15/24μ	1,299,038
796,000	2.800%, 07/21/23^	703,346
PRINCIPAL AMOUNT		VALUE
1,060,000	West Street Merger Sub, Inc.* 6.375%, 09/01/25	\$ 998,838
		49,687,475
	Industrials (5.5%)	
1,563,000	ACCO Brands Corp.* 5.250%, 12/15/24	1,467,391
	Allison Transmission, Inc.*μ	
903,000	4.750%, 10/01/27	830,101
566,000	5.000%, 10/01/24	550,305
791,000	Apergy Corp.* 6.375%, 05/01/26	803,581
1,429,972	ARD Securities Finance Sarl* 8.750%, 01/31/23 8.750% PIK rate	1,377,699
1,294,000	Beacon Roofing Supply, Inc.*^ 4.875%, 11/01/25	1,163,054
1,953,000	Bombardier, Inc.*^ 7.500%, 03/15/25	1,958,400
	Covanta Holding Corp.	
1,489,000	5.875%, 03/01/24	1,492,142
303,000	5.875%, 07/01/25^	296,207
1,294,000	Delphi Technologies, PLC* 5.000%, 10/01/25	1,168,437
781,000	Energizer Gamma Acquisition, Inc.*^μ 6.375%, 07/15/26	782,039
1,782,000	Fly Leasing, Ltd. 5.250%, 10/15/24	1,706,229
259,000	FXI Holdings, Inc.* 7.875%, 11/01/24	242,765
2,627,000	Garda World Security Corp.* 7.250%, 11/15/21	2,607,705
2,422,000	Golden Nugget, Inc.* 6.750%, 10/15/24	2,420,365

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1,240,000	Gray Television, Inc.*^	
	5.875%, 07/15/26	1,193,519
1,289,000	Great Lakes Dredge & Dock Corp.	
	8.000%, 05/15/22	1,325,807
1,958,000	H&E Equipment Services, Inc.^	
	5.625%, 09/01/25	1,866,209
	Hertz Corp.^	
1,294,000	7.375%, 01/15/21	1,271,141
283,000	7.625%, 06/01/22*	271,371
	Icahn Enterprises, LP^μ	
1,405,000	6.750%, 02/01/24	1,414,990
1,270,000	6.375%, 12/15/25	1,263,332
391,000	James Hardie International Finance, Ltd.*μ	
	4.750%, 01/15/25	364,345

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PRINCIPAL AMOUNT		VALUE
1,288,000	Jeld-Wen, Inc.*^ 4.625%, 12/15/25	\$ 1,157,989
684,000	JPW Industries Holding Corp.* 9.000%, 10/01/24	697,307
2,005,000	Meritor, Inc.^ 6.250%, 02/15/24	1,975,988
1,338,000	Multi-Color Corp.*^ 4.875%, 11/01/25	1,239,557
1,787,000	Navistar International Corp.*^ 6.625%, 11/01/25	1,825,251
	Park Aerospace Holdings, Ltd.*	
796,000	4.500%, 03/15/23 μ	760,128
508,000	5.500%, 02/15/24	503,987
2,246,000	Park-Ohio Industries, Inc.^ 6.625%, 04/15/27	2,259,117
1,250,000	Scientific Games International, Inc.*^ 5.000%, 10/15/25	1,164,250
830,000	Tennant Company 5.625%, 05/01/25	826,427
264,000	Titan Acquisition, Ltd. / Titan Co- Borrower, LLC*^ 7.750%, 04/15/26	220,127
586,000	TransDigm UK Holdings, PLC*^ 6.875%, 05/15/26	585,311
	United Rentals North America, Inc.	
1,050,000	4.875%, 01/15/28 μ	947,856
977,000	5.875%, 09/15/26	957,216
527,000	6.500%, 12/15/26^	532,734
640,000	Waste Pro USA, Inc.* 5.500%, 02/15/26	612,918
		44,103,297
Information Technology (1.7%)		

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1,953,000	Alliance Data Systems Corp.* 5.875%, 11/01/21	1,991,074
	Cardtronics, Inc. 5.125%, 08/01/22	997,937
1,022,000		
518,000	5.500%, 05/01/25*	484,920
1,811,000	CBS Radio, Inc.*^ 7.250%, 11/01/24	1,713,668
	Clear Channel Worldwide Holdings, Inc. 7.625%, 03/15/20^	2,409,385
2,408,000		
899,000	7.625%, 03/15/20	900,164
1,196,000	CommScope Technologies, LLC* 6.000%, 06/15/25	1,164,737
1,270,000	Harland Clarke Holdings Corp.* 8.375%, 08/15/22	1,148,886
PRINCIPAL AMOUNT		VALUE
1,514,000	Nuance Communications, Inc.^μ 6.000%, 07/01/24	\$ 1,538,595
1,133,000	VFH Parent, LLC*^ 6.750%, 06/15/22	1,157,427
		13,506,793
	Materials (3.5%)	
2,298,000	AK Steel Corp.^ 6.375%, 10/15/25	2,051,597
	Alcoa Nederland Holding, BV*μ	
2,032,000	7.000%, 09/30/26	2,140,915
195,000	6.125%, 05/15/28	194,568
4,136,000	ArcelorMittal, SA^μ 7.000%, 10/15/39	4,588,292
1,514,000	Arconic, Inc.^μ 5.125%, 10/01/24	1,490,911
2,383,000	Ardagh Packaging Finance, PLC / Ardagh Holdings USA, Inc.* 6.000%, 02/15/25	2,234,074
518,000	Baffinland Iron Mines Corp. / Baffinland Iron Mines, LP* 8.750%, 07/15/26	523,102
	First Quantum Minerals, Ltd.*^	
799,000	7.000%, 02/15/21	782,589
586,000	7.250%, 04/01/23	541,262
1,953,000	INEOS Group Holdings, SA*^ 5.625%, 08/01/24	1,870,505
781,000	JW Aluminum Continuous Cast Company* 10.250%, 06/01/26	781,707
811,000	Kinross Gold Corp.μ 4.500%, 07/15/27	727,122

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1,187,000	New Gold, Inc.* 6.375%, 05/15/25	952,111
3,375,000	PBF Holding Company, LLC / PBF Finance Corp. 7.250%, 06/15/25	3,489,244
2,588,000	PH Glatfelter Companyμ 5.375%, 10/15/20	2,587,767
	United States Steel Corp.^	
2,520,000	6.875%, 08/15/25	2,474,590
537,000	6.250%, 03/15/26	506,692
		27,937,048
	Real Estate (0.7%)	
2,246,000	Equinix, Inc. 5.375%, 04/01/23	2,283,823
2,427,000	MPT Operating Partnership, LP / MPT Finance Corp.μ 5.000%, 10/15/27	2,284,341

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PRINCIPAL AMOUNT		VALUE
1,270,000	Starwood Property Trust, Inc.^ 4.750%, 03/15/25	\$ 1,221,270
		5,789,434
	Utilities (1.1%)	
342,000	NGPL PipeCo, LLC*μ 4.875%, 08/15/27	331,032
2,217,000	NRG Energy, Inc. 6.625%, 01/15/27^	2,297,300
781,000	5.750%, 01/15/28	777,610
2,500,000	PPL Capital Funding, Inc.^μ 5.051%, 03/30/67 3 mo. USD LIBOR + 2.67%	2,437,313
772,000	Talen Energy Supply, LLC*^ 10.500%, 01/15/26	680,699
1,270,000	TerraForm Power Operating, LLC* 5.000%, 01/31/28	1,139,654
1,104,000	Vistra Energy Corp.* 8.125%, 01/30/26	1,200,020
		8,863,628
	TOTAL CORPORATE BONDS (Cost \$424,390,117)	409,373,481
	CONVERTIBLE BONDS (70.6%)	
	Communication Services (1.3%)	
5,982,000	GCI Liberty, Inc.* 1.750%, 09/30/46	6,488,346
4,250,000	Twitter, Inc.*^ 0.250%, 06/15/24	3,979,785

		10,468,131
Consumer Discretionary (9.0%)		
8,750,000	Booking Holdings, Inc.^ 0.350%, 06/15/20	12,691,000
3,500,000	Ctrip.com International, Ltd. 1.000%, 07/01/20	3,325,805
10,250,000	DISH Network Corp.^ 2.375%, 03/15/24	8,670,885
4,250,000	3.375%, 08/15/26	3,801,774
2,426,377	Liberty Interactive, LLC 4.000%, 11/15/29	1,672,053
1,850,000	3.750%, 02/15/30	1,266,630
9,499,000	Liberty Media Corp. 1.375%, 10/15/23	11,054,081
5,882,167	2.250%, 09/30/46	3,150,812
3,000,000	Liberty Media Corp. / Liberty Formula One^ 1.000%, 01/30/23	3,256,605
PRINCIPAL AMOUNT		VALUE
3,750,000	Marriott Vacations Worldwide Corp. 1.500%, 09/15/22	\$ 3,510,225
4,250,000	RH* 0.000%, 06/15/23	3,753,281
14,250,000	Tesla, Inc. 1.250%, 03/01/21	15,992,134
		72,145,285
Energy (3.5%)		
1,651,000	Helix Energy Solutions Group, Inc. 4.250%, 05/01/22	1,700,175
1,382,000	4.125%, 09/15/23	1,629,571
5,750,000	Nabors Industries, Inc.^ 0.750%, 01/15/24	4,292,749
5,741,000	Oil States International, Inc.*^ 1.500%, 02/15/23	5,292,226
5,150,000	PDC Energy, Inc. 1.125%, 09/15/21	4,853,077
6,062,000	SM Energy Company 1.500%, 07/01/21	6,091,188
10,545,000	SunEdison, Inc.@ 0.250%, 01/15/20	224,187
1,027,000	2.000%, 10/01/18	21,860
3,400,000	TOTAL, SA^ 0.500%, 12/02/22	3,700,084

27,805,117

Financials (4.1%)

5,750,000	Ares Capital Corp.^μ 3.750%, 02/01/22	5,830,874
3,425,000	BlackRock TCP Capital Corp.~ 4.625%, 03/01/22	3,394,346
3,825,000	Hope Bancorp, Inc.* 2.000%, 05/15/38	3,381,625
3,688,000	IAC FinanceCo, Inc.*^ 0.875%, 10/01/22	5,153,998
7,500,000	JPMorgan Chase Bank, N.A. 0.000%, 12/30/20	7,832,888
7,695,000	JPMorgan Chase Financial Company, LLC (Voya Financial, Inc.)*^§ 0.250%, 05/01/23	7,195,979
		32,789,710

Health Care (12.3%)

10,875,000	BioMarin Pharmaceutical, Inc.^ 1.500%, 10/15/20	12,848,432
4,250,000	Evolent Health, Inc.* 1.500%, 10/15/25	4,111,939

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PRINCIPAL AMOUNT		VALUE
4,000,000	Exact Sciences Corp. 1.000%, 01/15/25	\$ 4,694,520
2,950,000	Flexion Therapeutics, Inc. 3.375%, 05/01/24	2,596,679
	Illumina, Inc.	
5,500,000	0.500%, 06/15/21	7,444,277
1,737,000	0.000%, 06/15/19	2,193,544
	Innoviva, Inc.	
4,000,000	2.125%, 01/15/23	3,910,560
596,000	2.500%, 08/15/25	626,640
2,000,000	Insmed, Inc. 1.750%, 01/15/25	1,519,760
7,500,000	Insulet Corp.*^ 1.375%, 11/15/24	8,498,250
3,200,000	Ionis Pharmaceuticals, Inc.^ 1.000%, 11/15/21	3,334,704
2,800,000	Ironwood Pharmaceuticals, Inc.^ 2.250%, 06/15/22	2,959,264
3,500,000	Jazz Investments I, Ltd. 1.875%, 08/15/21	3,701,548
4,250,000	Ligand Pharmaceuticals, Inc.* 0.750%, 05/15/23	4,059,621
3,000,000	Neurocrine Biosciences, Inc. 2.250%, 05/15/24	4,610,790
4,475,000	NuVasive, Inc. 2.250%, 03/15/21	4,996,047
7,750,000	Pacira Pharmaceuticals, Inc.^ 2.375%, 04/01/22	8,156,022
2,500,000	Sarepta Therapeutics, Inc.*^ 1.500%, 11/15/24	4,938,175
3,536,000	Supernus Pharmaceuticals, Inc.*^ 0.625%, 04/01/23	3,842,589

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4,250,000	Teladoc Health, Inc.* 1.375%, 05/15/25	6,141,547
4,250,000	Wright Medical Group, Inc.*^ 1.625%, 06/15/23	4,313,878
		99,498,786

Industrials (5.0%)

4,250,000	Air Transport Services Group, Inc. 1.125%, 10/15/24	3,891,980
4,150,000	Atlas Air Worldwide Holdings, Inc.^ 2.250%, 06/01/22	4,357,936
5,750,000	Dycom Industries, Inc. 0.750%, 09/15/21	5,828,229
3,750,000	Echo Global Logistics, Inc. 2.500%, 05/01/20	3,729,056

**PRINCIPAL
AMOUNT**

VALUE

3,188,000	FTI Consulting, Inc.* 2.000%, 08/15/23	\$ 3,038,818
8,750,000	Greenbrier Companies, Inc.^ 2.875%, 02/01/24	9,208,850
3,500,000	Meritor, Inc.^ 3.250%, 10/15/37	3,219,335
2,078,000	Patrick Industries, Inc.* 1.000%, 02/01/23	1,762,715
5,700,000	Tutor Perini Corp. 2.875%, 06/15/21	5,444,298
		40,481,217

Information Technology (32.4%)

2,500,000	Advanced Micro Devices, Inc.μ 2.125%, 09/01/26	5,960,800
7,668,000	Akamai Technologies, Inc.*^μ 0.125%, 05/01/25	7,500,224
6,500,000	Altaba, Inc.μ 0.000%, 12/01/18	7,313,800
1,120,000	Apptio, Inc.* 0.875%, 04/01/23	1,076,919
4,250,000	Atlassian, Inc.*^ 0.625%, 05/01/23	4,871,903
4,250,000	Avaya Holdings Corp.* 2.250%, 06/15/23	3,768,730
8,500,000	DocuSign, Inc.*^ 0.500%, 09/15/23	7,968,622
	Envestnet, Inc.	

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4,250,000	1.750%, 06/01/23*	4,272,908
3,500,000	1.750%, 12/15/19	3,623,060
4,250,000	FireEye, Inc.*	
	0.875%, 06/01/24	4,467,536
7,750,000	Guidewire Software, Inc.^	
	1.250%, 03/15/25	7,819,207
6,800,000	II-VI, Inc.	
	0.250%, 09/01/22	6,999,070
9,100,000	Inphi Corp.^	
	0.750%, 09/01/21	8,517,554
5,500,000	Intel Corp.~	
	3.250%, 08/01/39	12,605,120
4,750,000	Lumentum Holdings, Inc.^	
	0.250%, 03/15/24	5,418,396
18,000,000	Microchip Technology, Inc.~	
	1.625%, 02/15/27	17,059,860
5,750,000	Micron Technology, Inc.	
	3.000%, 11/15/43	7,500,386
5,612,000	New Relic, Inc.*^	
	0.500%, 05/01/23	5,916,844

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PRINCIPAL AMOUNT		VALUE
7,150,000	NXP Semiconductors, NV^ 1.000%, 12/01/19	\$ 7,243,451
	ON Semiconductor Corp.	
6,472,000	1.000%, 12/01/20	7,261,034
5,750,000	1.625%, 10/15/23^	6,261,118
6,000,000	OSI Systems, Inc. 1.250%, 09/01/22	5,482,080
15,500,000	Palo Alto Networks, Inc.* 0.750%, 07/01/23	15,072,432
4,250,000	Pure Storage, Inc.* 0.125%, 04/15/23	4,365,536
2,069,000	Q2 Holdings, Inc.* 0.750%, 02/15/23	2,276,883
3,825,000	Quotient Technology, Inc.* 1.750%, 12/01/22	3,913,893
2,419,000	Rapid7, Inc.* 1.250%, 08/01/23	2,658,687
2,550,000	RealPage, Inc. 1.500%, 11/15/22	3,507,359
3,250,000	Silicon Laboratories, Inc.^ 1.375%, 03/01/22	3,510,683
	Splunk, Inc.*	
8,375,000	1.125%, 09/15/25	7,936,820
8,375,000	0.500%, 09/15/23	8,014,959
8,450,000	Square, Inc.*^ 0.500%, 05/15/23	10,126,015
3,033,000	Synaptics, Inc.^ 0.500%, 06/15/22	2,717,159
3,000,000	Twilio, Inc.* 0.250%, 06/01/23	3,748,920
5,750,000	Veeco Instruments, Inc. 2.700%, 01/15/23	4,817,954

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6,000,000	Viavi Solutions, Inc.^ 1.000%, 03/01/24	6,509,520
8,500,000	Wix.com, Ltd.* 0.000%, 07/01/23	8,357,242
15,000,000	Workday, Inc.^ 0.250%, 10/01/22	16,674,525
7,750,000	Zendesk, Inc.* 0.250%, 03/15/23	8,500,781
		261,617,990

Materials (0.6%)

5,100,000	Royal Gold, Inc. 2.875%, 06/15/19	5,148,960
		5,148,960

**PRINCIPAL
AMOUNT**

VALUE

Real Estate (1.8%)

3,777,000	Empire State Realty OP, LP* 2.625%, 08/15/19	\$ 3,751,184
4,000,000	IH Merger Sub, LLC 3.500%, 01/15/22	4,286,740
4,250,000	Redfin Corp. 1.750%, 07/15/23	3,705,087
3,000,000	Starwood Property Trust, Inc.^ 4.375%, 04/01/23	3,003,675
		14,746,686

Utilities (0.6%)

4,250,000	NRG Energy, Inc.* 2.750%, 06/01/48	4,421,360
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TOTAL CONVERTIBLE BONDS

(Cost \$606,913,938) 569,123,242

U.S. GOVERNMENT AND AGENCY SECURITIES (1.3%)

	United States Treasury Note	
3,907,000	2.375%, 03/15/21^	3,860,449
7,325,000	1.875%, 05/31/22	7,057,846

**TOTAL U.S. GOVERNMENT AND AGENCY
SECURITIES**

(Cost \$11,173,200) 10,918,295

BANK LOANS (4.4%)

Communication Services (0.9%)		
1,350,000	Cincinnati Bell, Inc.	
	5.552%, 10/02/24	
	1 mo. LIBOR + 3.25%	1,351,930
1,293,500	CSC Holdings, LLC	
	4.780%, 01/25/26	
	1 mo. LIBOR + 2.50%	1,294,509
1,012,726	Cumulus Media, Inc.	
	6.810%, 05/15/22	
	1 mo. LIBOR + 4.50%	1,001,971
1,400,000	Intelsat Jackson Holdings, SA	
	6.625%, 01/02/24	1,440,495
1,867,309	New Media Holdings II, LLC	
	8.552%, 07/14/22	
	1 mo. LIBOR + 6.25%	1,881,314
		6,970,219
Consumer Discretionary (0.6%)		
538,650	American Greetings Corp.	
	6.804%, 04/06/24	
	1 mo. LIBOR + 4.50%	540,333
872,739	PetSmart, Inc.!	
	0.000%, 03/11/22	742,326

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PRINCIPAL AMOUNT		VALUE
1,300,000	R.R. Donnelley & Sons Company 7.280%, 01/15/24 1 mo. LIBOR + 5.00%	\$ 1,291,875
2,695,000	Weight Watchers International, Inc. 7.150%, 11/29/24 1 mo. LIBOR + 4.75%	2,714,795
		5,289,329
	Energy (0.1%)	
1,094,500	McDermott Tech Americas, Inc. 7.302%, 05/10/25 1 mo. LIBOR + 5.00%	1,083,281
	Financials (0.5%)	
258,700	AssuredPartners, Inc. 5.552%, 10/22/24 1 mo. LIBOR + 3.25%	258,409
1,293,500	Genworth Financial, Inc. 6.831%, 03/07/23 1 mo. LIBOR + 4.50%	1,322,610
808,182	GLP Financing, LLC 3.780%, 04/28/21 1 mo. LIBOR + 1.50%	802,120
1,037,400	HUB International, Ltd. 5.490%, 04/25/25 1 mo. LIBOR + 3.00%	1,035,776
250,000	Level 3 Financing, Inc.! 0.000%, 02/22/24	250,489
325,000	Resideo Funding, Inc. 4.490%, 10/04/25 1 mo. LIBOR + 2.00%	326,424

3,995,828

Health Care (1.5%)		
2,617,831	Amneal Pharmaceuticals, LLC 5.813%, 05/04/25 1 mo. LIBOR + 3.50%	2,637,792
2,632,500	Bausch Health Cos., Inc. 5.274%, 06/01/25 1 mo. LIBOR + 3.00%	2,637,133
1,400,000	Gentiva Health Services, Inc. 9.313%, 07/02/26 1 mo. LIBOR + 7.00%	1,434,125
684,163	Gentiva Health Services, Inc. 6.063%, 07/02/25 1 mo. LIBOR + 3.75%	688,011
1,200,856	Mallinckrodt International Finance, SA 5.136%, 09/24/24 1 mo. LIBOR + 2.75%	1,186,878
PRINCIPAL AMOUNT		VALUE
1,336,500	Ortho Clinical Diagnostics, SA 5.544%, 06/30/25 1 mo. LIBOR + 3.25%	\$ 1,333,827
2,173,451	Team Health Holdings, Inc. 5.052%, 02/06/24 1 mo. LIBOR + 2.75%	2,062,062
		11,979,828
Industrials (0.3%)		
1,243,750	Scientific Games International, Inc. 5.046%, 08/14/24 1 mo. LIBOR + 2.75%	1,233,421
1,275,363	TransDigm, Inc. 4.802%, 08/22/24 1 mo. LIBOR + 2.50%	1,271,517
		2,504,938
Information Technology (0.3%)		
1,250,000	BMC Software Finance, Inc. 0.000%, 10/02/25	1,255,863
1,300,000	First Data Corp. 4.287%, 04/26/24 1 mo. LIBOR + 2.00%	1,294,449
		2,550,312

Real Estate (0.2%)		
1,396,500	iStar, Inc.	
	5.028%, 06/28/23	
	1 mo. LIBOR + 2.75%	1,399,119
TOTAL BANK LOANS		
	(Cost \$35,688,466)	35,772,854
SYNTHETIC CONVERTIBLE SECURITIES (1.4%)		
CORPORATE BONDS (1.2%)		
Communication Services (0.1%)		
26,000	Altice Financing, SA*^	
	7.500%, 05/15/26	24,616
65,000	Altice France, SA*	
	7.375%, 05/01/26	62,400
	Altice Luxembourg, SA*^	
14,000	7.625%, 02/15/25	11,945
12,000	7.750%, 05/15/22	11,174
37,000	Altice US Finance I Corp.*	
	5.500%, 05/15/26	36,070
9,000	Cequel Communications Holdings I, LLC / Cequel Capital Corp.*	
	7.500%, 04/01/28	9,336
	Cincinnati Bell, Inc.*	
31,000	8.000%, 10/15/25	28,231
14,000	7.000%, 07/15/24^	12,631

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PRINCIPAL AMOUNT		VALUE
19,000	Consolidated Communications, Inc.^ 6.500%, 10/01/22	\$ 17,506
88,000	CSC Holdings, LLC*^μ 5.500%, 04/15/27	84,763
146,000	Embarq Corp.μ 7.995%, 06/01/36	139,456
	Frontier Communications Corp.^	
79,000	11.000%, 09/15/25	58,142
60,000	7.625%, 04/15/24	36,164
12,000	8.500%, 04/01/26*	11,173
	Hughes Satellite Systems Corp.^	
30,000	6.625%, 08/01/26	28,624
7,000	5.250%, 08/01/26	6,687
	Inmarsat Finance, PLC*^	
23,000	4.875%, 05/15/22	22,577
12,000	6.500%, 10/01/24μ	11,917
	Intelsat Jackson Holdings, SA	
44,000	9.750%, 07/15/25*	46,117
25,000	8.000%, 02/15/24*^	26,177
23,000	7.500%, 04/01/21^	23,288
16,000	8.500%, 10/15/24*^	15,817
13,000	MDC Partners, Inc.*^	
	6.500%, 05/01/24	10,689
31,000	Qwest Corp.^μ	
	6.875%, 09/15/33	30,051
13,000	SBA Communications Corp.^	
	4.000%, 10/01/22	12,507
	Sprint Corp.^	
167,000	7.875%, 09/15/23	178,460
45,000	7.125%, 06/15/24	46,031
32,000	T-Mobile USA, Inc.^μ	
	4.750%, 02/01/28	29,722
6,000	Telecom Italia Capital, SA^	

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	6.000%, 09/30/34	5,420
44,000	United States Cellular Corp.µ	
	6.700%, 12/15/33	45,064
12,000	Wind Tre, S.p.A.*	
	5.000%, 01/20/26	10,228
	Windstream Services, LLC / Windstream Finance Corp.	
30,000	8.625%, 10/31/25*	28,068
10,000	7.750%, 10/01/21	6,334
4,000	10.500%, 06/30/24*	3,265
		1,130,650

Consumer Discretionary (0.2%)

11,000	American Greetings Corp.*	
	7.875%, 02/15/25	9,802

**PRINCIPAL
AMOUNT**

VALUE

34,000	Beverages & More, Inc.*	
	11.500%, 06/15/22	\$ 26,715
32,000	Boyd Gaming Corp.	
	6.000%, 08/15/26	31,105
31,000	Caesars Resort Collection, LLC / CRC Finco, Inc.*^	
	5.250%, 10/15/25	28,887
	CCO Holdings, LLC / CCO Holdings Capital Corp.^	
64,000	5.125%, 05/01/27*	60,359
25,000	5.750%, 09/01/23	25,238
14,000	5.000%, 02/01/28*	13,089
	Century Communities, Inc.	
51,000	6.875%, 05/15/22	51,089
19,000	5.875%, 07/15/25	17,219
91,000	Dana Financing Luxembourg Sarl*^	
	6.500%, 06/01/26	90,207
	DISH DBS Corp.^	
43,000	5.875%, 11/15/24	36,605
30,000	7.750%, 07/01/26	26,652
57,000	Eldorado Resorts, Inc.^	
	6.000%, 04/01/25	56,516
30,000	ESH Hospitality, Inc.*^	
	5.250%, 05/01/25	28,440
6,000	GameStop Corp.*^	
	6.750%, 03/15/21	6,053
31,000	GLP Capital, LP / GLP Financing II, Inc.µ	
	5.250%, 06/01/25	31,065
25,000	goeasy, Ltd.*µ	
	7.875%, 11/01/22	25,938
30,000	Guitar Center Escrow Issuer, Inc.*	

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	9.500%, 10/15/21	29,420
128,000	Hasbro, Inc.~	
	6.600%, 07/15/28	142,706
31,000	International Game Technology, PLC*^	
	6.250%, 01/15/27	30,643
88,000	L Brands, Inc.^μ	
	6.875%, 11/01/35	74,830
71,000	Lennar Corp.μ	
	6.625%, 05/01/20	73,555
33,000	M/I Homes, Inc.	
	5.625%, 08/01/25	30,486
64,000	Mattel, Inc.*^	
	6.750%, 12/31/25	61,282
29,000	Mclaren Finance, PLC*	
	5.750%, 08/01/22	27,515

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PRINCIPAL AMOUNT		VALUE
51,000	Meritage Homes Corp. 7.000%, 04/01/22	\$ 53,184
65,000	Penske Automotive Group, Inc. 5.375%, 12/01/24	63,103
21,000	PetSmart, Inc.*^ 5.875%, 06/01/25	16,509
7,000	8.875%, 06/01/25	4,905
56,000	Rite Aid Corp. 7.700%, 02/15/27	39,235
19,000	6.125%, 04/01/23*^	16,186
62,000	Royal Caribbean Cruises, Ltd.^μ 7.500%, 10/15/27	72,925
56,000	Salem Media Group, Inc.* 6.750%, 06/01/24	50,419
30,000	Sally Holdings, LLC / Sally Capital, Inc.^μ 5.625%, 12/01/25	27,900
99,000	Service Corp. International 7.500%, 04/01/27	109,732
30,000	Sotheby s* 4.875%, 12/15/25	27,819
24,000	Taylor Morrison Communities Corp. 6.625%, 05/15/22	24,309
75,000	Taylor Morrison Communities Corp. / Taylor Morrison Holdings II, Inc.* 5.250%, 04/15/21	74,901
11,000	US Airways Series 2012-2, Class B Pass Through Trust 6.750%, 06/03/21	11,535
24,000	VOC Escrow, Ltd.*μ 5.000%, 02/15/28	22,581
		1,650,659

Consumer Staples (0.1%)

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31,000	Albertsons Companies, LLC / Safeway, Inc. / New Albertson s, Inc. / Albertson s, LLC^	5.750%, 03/15/25	27,558
36,000	Fresh Market, Inc.*^	9.750%, 05/01/23	26,415
209,000	JBS USA LUX, SA / JBS USA Finance, Inc.*	7.250%, 06/01/21	211,871
43,000	New Albertson s, Inc.	6.750%, 02/15/28	41,979
37,000		7.450%, 08/01/29	31,202
21,000		7.750%, 06/15/26	18,509
15,000		8.000%, 05/01/31	12,923
PRINCIPAL AMOUNT			VALUE
48,000	Pilgrim s Pride Corp.*^	5.875%, 09/30/27	\$ 43,711
12,000		5.750%, 03/15/25	11,215
31,000	Post Holdings, Inc.*^	5.750%, 03/01/27	29,647
6,000		5.625%, 01/15/28	5,653
19,000	Simmons Foods, Inc.*	7.750%, 01/15/24	19,277
14,000		5.750%, 11/01/24	10,264
			490,224
	Energy (0.2%)		
10,000	Berry Petroleum Company, LLC*	7.000%, 02/15/26	9,958
53,000	Blue Racer Midstream, LLC / Blue Racer Finance Corp.*^	6.125%, 11/15/22	54,177
19,000	Bruin E&P Partners, LLC*^	8.875%, 08/01/23	18,752
31,000	Buckeye Partners, LPμ	6.375%, 01/22/78	28,437
63,000	Calfrac Holdings, LP*^	8.500%, 06/15/26	56,794
46,000	California Resources Corp.*^	8.000%, 12/15/22	41,039
48,000	Carrizo Oil & Gas, Inc.^	6.250%, 04/15/23	47,248
32,000	Chaparral Energy, Inc.*	8.750%, 07/15/23	30,864
24,000	Cheniere Energy Partners, LP*^	5.625%, 10/01/26	23,647
	Chesapeake Energy Corp.		

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31,000	8.000%, 01/15/25^	31,443
25,000	7.000%, 10/01/24	24,514
18,000	Comstock Escrow Corp.* 9.750%, 08/15/26	17,401
65,000	DCP Midstream Operating, LP*^ 5.850%, 05/21/43 3 mo. USD LIBOR + 3.85%	58,195
12,000	DCP Midstream, LP 7.375%, 12/15/22 3 mo. USD LIBOR + 5.15%	11,512
26,000	Denbury Resources, Inc. 5.500%, 05/01/22^	22,600
18,000	9.250%, 03/31/22*	18,790
12,000	7.500%, 02/15/24*^	11,781
14,000	Diamond Offshore Drilling, Inc. 7.875%, 08/15/25	13,834

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PRINCIPAL AMOUNT		VALUE
	Energy Transfer, LP μ	
65,000	5.559%, 11/01/66 [^]	
	3 mo. USD LIBOR + 3.02%	\$ 56,061
49,000	5.875%, 01/15/24 [^]	51,538
7,000	5.500%, 06/01/27	7,130
	Enterprise Products Operating, LLC μ	
48,000	4.875%, 08/16/77 [^]	
	3 mo. USD LIBOR + 2.99%	44,827
12,000	5.375%, 02/15/78	
	3 mo. USD LIBOR + 2.57%	10,750
	EP Energy, LLC / Everest Acquisition Finance, Inc.*	
25,000	7.750%, 05/15/26	24,945
22,000	9.375%, 05/01/24 [^]	16,751
	Genesis Energy, LP / Genesis Energy Finance Corp.	
31,000	6.500%, 10/01/25 [^]	28,803
30,000	6.250%, 05/15/26	27,265
	Gulfport Energy Corp. [^]	
30,000	6.375%, 05/15/25	28,453
17,000	6.000%, 10/15/24	15,998
25,000	Halcon Resources Corp.	
	6.750%, 02/15/25	22,808
36,000	HighPoint Operating Corp. [^]	
	7.000%, 10/15/22	35,540
41,000	Lonestar Resources America, Inc.*	
	11.250%, 01/01/23	44,482
32,000	Magnolia Oil & Gas Operating, LLC / Magnolia Oil & Gas Finance Corp.*	
	6.000%, 08/01/26	31,657
24,000	McDermott Technologies Americas, Inc. / McDermott Technology U.S., Inc.*	
	10.625%, 05/01/24	21,617
12,000	Moss Creek Resources Holdings, Inc.*	
	7.500%, 01/15/26	11,567

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3,000	Nabors Industries, Inc.^ 5.750%, 02/01/25	2,769
18,000	Nine Energy Service, Inc.* 8.750%, 11/01/23	18,291
3,000	Northern Oil and Gas, Inc.* 9.500%, 05/15/23 9.500% PIK rate	3,098
22,000	Oasis Petroleum, Inc.*^ 6.250%, 05/01/26	21,627
31,000	Par Petroleum LLC / Par Petroleum Finance Corp.* 7.750%, 12/15/25	30,719
30,000	PDC Energy, Inc.μ 5.750%, 05/15/26	27,576
PRINCIPAL AMOUNT		VALUE
27,000	Petroleum Geo-Services, ASA* 7.375%, 12/15/20	\$ 27,054
31,000	Plains All American Pipeline, LPμ 6.125%, 11/15/22 3 mo. USD LIBOR + 4.11%	29,058
12,000	QEP Resources, Inc.^ 5.625%, 03/01/26	11,314
46,000	SESI, LLC^ 7.750%, 09/15/24	45,245
12,000	SM Energy Company^ 6.750%, 09/15/26	12,035
26,000	Southwestern Energy Company 7.500%, 04/01/26	26,478
20,000	Sunoco, LP / Sunoco Finance Corp.*^ 5.500%, 02/15/26	19,158
6,000	Targa Resources Partners, LP / Targa Resources Partners Finance Corp.*μ 5.875%, 04/15/26	6,049
6,000	TransMontaigne Partners, LP / TLP Finance Corp. 6.125%, 02/15/26	5,642
6,000	Transocean Pontus, Ltd.* 6.125%, 08/01/25	5,973
29,000	Transocean, Inc.*^ 7.500%, 01/15/26	28,517
30,000	Vine Oil & Gas, LP / Vine Oil & Gas Finance Corp.*^ 8.750%, 04/15/23	27,888
51,000	W&T Offshore, Inc.* 9.750%, 11/01/23	49,422
65,000	Weatherford International, Ltd.^ 8.250%, 06/15/23	49,810
30,000	Whiting Petroleum Corp.^μ	

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	6.625%, 01/15/26	30,010
33,000	WildHorse Resource Development Corp.	
	6.875%, 02/01/25	32,880
		1,511,791
Financials (0.2%)		
61,000	Acrisure, LLC / Acrisure Finance, Inc.*	
	7.000%, 11/15/25	54,670
89,000	Ally Financial, Inc.~	
	8.000%, 11/01/31	107,137
31,000	Amwins Group, Inc.*	
	7.750%, 07/01/26	31,891

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PRINCIPAL AMOUNT		VALUE
55,000	Ardonagh Midco 3, PLC*^ 8.625%, 07/15/23	\$ 51,342
56,000	AssuredPartners, Inc.* 7.000%, 08/15/25	55,149
31,000	Bank of America Corp.µ 5.875%, 03/15/28 3 mo. USD LIBOR + 2.93%	30,128
31,000	Bank of Nova Scotia^µ 4.650%, 10/12/22 3 mo. USD LIBOR + 2.65%	28,771
54,000	Brookfield Residential Properties, Inc.* 6.375%, 05/15/25	51,094
60,000	Charles Schwab Corp.µ 5.000%, 12/01/27 3 mo. USD LIBOR + 2.58%	57,103
28,000	CyrusOne, LP / CyrusOne Finance Corp.µ 5.375%, 03/15/27	27,902
27,000	Dell International, LLC / EMC Corp.*^ 6.020%, 06/15/26	28,011
31,000	Discover Financial Services^ 5.500%, 10/30/27 3 mo. USD LIBOR + 3.08%	29,349
13,000	Greystar Real Estate Partners, LLC* 5.750%, 12/01/25	12,729
30,000	HUB International, Ltd.*^ 7.000%, 05/01/26	29,342
49,000	ILFC E-Capital Trust II* 5.030%, 12/21/65 3 mo. USD LIBOR + 1.80%	43,634
67,000	Iron Mountain, Inc.*µ 5.250%, 03/15/28 Jefferies Finance, LLC*	60,398

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80,000	7.375%, 04/01/20	80,831
65,000	7.250%, 08/15/24	63,571
29,000	Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp.*μ 5.250%, 10/01/25	26,935
26,000	Level 3 Financing, Inc.^ 5.375%, 05/01/25	25,488
33,000	LPL Holdings, Inc.* 5.750%, 09/15/25	32,059
52,000	MetLife, Inc.μ 6.400%, 12/15/36^	54,080
3,000	5.875%, 03/15/28 3 mo. USD LIBOR + 2.96%	2,998
PRINCIPAL AMOUNT		VALUE
60,000	Nationstar Mortgage, LLC / Nationstar Capital Corp. 6.500%, 07/01/21	\$ 60,005
40,000	Navient Corp. 6.750%, 06/25/25^	39,154
16,000	6.500%, 06/15/22	16,336
27,000	NexBank Capital, Inc.* & 6.375%, 09/30/27 3 mo. USD LIBOR + 4.59%	27,122
45,000	Oil Insurance, Ltd.*~ 5.378%, 12/03/18 3 mo. USD LIBOR + 2.98%	43,601
60,000	Quicken Loans, Inc.*^μ 5.750%, 05/01/25	57,929
32,000	Simmons First National Corp. 5.000%, 04/01/28 3 mo. USD LIBOR + 2.15%	31,859
41,000	Springleaf Finance Corp. 6.875%, 03/15/25^	39,303
31,000	7.125%, 03/15/26	29,412
17,000	Towne Bank 4.500%, 07/30/27 3 mo. USD LIBOR + 2.55%	16,872
62,000	Tronox Finance, PLC*^ 5.750%, 10/01/25	54,439
		1,400,644
	Health Care (0.2%)	
58,000	Acadia Healthcare Company, Inc.^ 5.625%, 02/15/23	58,103
62,000	Bausch Health Cos., Inc.* 9.000%, 12/15/25	64,772

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62,000	8.500%, 01/31/27	63,462
30,000	9.250%, 04/01/26	31,543
28,000	7.500%, 07/15/21	28,445
	Community Health Systems, Inc.	
101,000	8.125%, 06/30/24*^	79,525
9,000	6.875%, 02/01/22	4,568
91,000	DaVita, Inc.^	
	5.125%, 07/15/24	87,043
82,000	Endo DAC / Endo Finance, LLC / Endo Finco, Inc.*^	
	6.000%, 07/15/23	70,829
19,000	Endo Finance, LLC / Endo Finco, Inc.*	
	7.250%, 01/15/22	18,091
	HCA, Inc.	
102,000	5.875%, 05/01/23	105,888
76,000	5.375%, 02/01/25	76,599
30,000	7.500%, 11/06/33	32,571

See accompanying Notes to Schedule of Investments

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Schedule of Investments October 31, 2018

PRINCIPAL AMOUNT		VALUE
29,000	Horizon Pharma, Inc. / Horizon Pharma USA, Inc.*^ 8.750%, 11/01/24	\$ 30,534
31,000	Magellan Health, Inc.μ 4.400%, 09/22/24	29,804
42,000	Mallinckrodt International Finance, SA / Mallinckrodt CB, LLC*^ 5.625%, 10/15/23	36,182
13,000	Team Health Holdings, Inc.*^ 6.375%, 02/01/25	11,207
	Tenet Healthcare Corp.^	
89,000	6.750%, 06/15/23	88,844
61,000	4.625%, 07/15/24	58,833
38,000	Teva Pharmaceutical Finance Company, BVμ 2.950%, 12/18/22	34,552
95,000	Teva Pharmaceutical Finance IV, BV^μ 3.650%, 11/10/21	91,028
13,000	Teva Pharmaceutical Finance IV, LLCμ 2.250%, 03/18/20	12,657
	Teva Pharmaceutical Finance Netherlands III, BV	
31,000	6.000%, 04/15/24μ	30,882
19,000	2.800%, 07/21/23^	16,788
25,000	West Street Merger Sub, Inc.* 6.375%, 09/01/25	23,558
		1,186,308
	Industrials (0.1%)	
37,000	ACCO Brands Corp.* 5.250%, 12/15/24	34,737
	Allison Transmission, Inc.*μ	
22,000	4.750%, 10/01/27	20,224
14,000	5.000%, 10/01/24	13,612
19,000	Apergy Corp.*	

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	6.375%, 05/01/26	19,302
34,000	ARD Securities Finance Sarl*	
	8.750%, 01/31/23	
	8.750% PIK rate	32,757
31,000	Beacon Roofing Supply, Inc.*^	
	4.875%, 11/01/25	27,863
47,000	Bombardier, Inc.*^	
	7.500%, 03/15/25	47,130
	Covanta Holding Corp.	
36,000	5.875%, 03/01/24	36,076
7,000	5.875%, 07/01/25^	6,843
31,000	Delphi Technologies, PLC*	
	5.000%, 10/01/25	27,992
PRINCIPAL		
AMOUNT		VALUE
19,000	Energizer Gamma Acquisition, Inc.*^μ	
	6.375%, 07/15/26	\$ 19,025
43,000	Fly Leasing, Ltd.	
	5.250%, 10/15/24	41,172
6,000	FXI Holdings, Inc.*	
	7.875%, 11/01/24	5,624
63,000	Garda World Security Corp.*	
	7.250%, 11/15/21	62,537
58,000	Golden Nugget, Inc.*	
	6.750%, 10/15/24	57,961
30,000	Gray Television, Inc.*^	
	5.875%, 07/15/26	28,875
31,000	Great Lakes Dredge & Dock Corp.	
	8.000%, 05/15/22	31,885
47,000	H&E Equipment Services, Inc.^	
	5.625%, 09/01/25	44,797
	Hertz Corp.^	
31,000	7.375%, 01/15/21	30,452
7,000	7.625%, 06/01/22*	6,712
	Icahn Enterprises, LP^μ	
34,000	6.750%, 02/01/24	34,242
30,000	6.375%, 12/15/25	29,843
9,000	James Hardie International Finance, Ltd.*μ	
	4.750%, 01/15/25	8,387
31,000	Jeld-Wen, Inc.*^	
	4.625%, 12/15/25	27,871
16,000	JPW Industries Holding Corp.*	
	9.000%, 10/01/24	16,311
48,000	Meritor, Inc.^	
	6.250%, 02/15/24	47,305
32,000	Multi-Color Corp.*^	

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	4.875%, 11/01/25	29,646
43,000	Navistar International Corp.*^	
	6.625%, 11/01/25	43,920
	Park Aerospace Holdings, Ltd.*	
19,000	4.500%, 03/15/23μ	18,144
12,000	5.500%, 02/15/24	11,905
54,000	Park-Ohio Industries, Inc.^	
	6.625%, 04/15/27	54,315
30,000	Scientific Games International, Inc.*^	
	5.000%, 10/15/25	27,942
20,000	Tennant Company	
	5.625%, 05/01/25	19,914
6,000	Titan Acquisition, Ltd. / Titan Co- Borrower, LLC*^	
	7.750%, 04/15/26	5,003

See accompanying Notes to Schedule of Investments

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PRINCIPAL AMOUNT		VALUE
14,000	TransDigm UK Holdings, PLC*^ 6.875%, 05/15/26	\$ 13,984
	United Rentals North America, Inc.	
25,000	4.875%, 01/15/28 μ	22,568
23,000	5.875%, 09/15/26	22,534
13,000	6.500%, 12/15/26^	13,141
15,000	Waste Pro USA, Inc.* 5.500%, 02/15/26	14,365
		1,056,916
	Information Technology (0.0%)	
47,000	Alliance Data Systems Corp.* 5.875%, 11/01/21	47,916
	Cardtronics, Inc.	
24,000	5.125%, 08/01/22	23,435
12,000	5.500%, 05/01/25*	11,234
43,000	CBS Radio, Inc.*^ 7.250%, 11/01/24	40,689
	Clear Channel Worldwide Holdings, Inc.	
57,000	7.625%, 03/15/20^	57,033
21,000	7.625%, 03/15/20	21,027
29,000	CommScope Technologies, LLC* 6.000%, 06/15/25	28,242
30,000	Harland Clarke Holdings Corp.* 8.375%, 08/15/22	27,139
36,000	Nuance Communications, Inc.^ μ 6.000%, 07/01/24	36,585
27,000	VFH Parent, LLC*^ 6.750%, 06/15/22	27,582
		320,882

Materials (0.1%)

55,000	AK Steel Corp.^ 6.375%, 10/15/25	49,103
	Alcoa Nederland Holding, BV*μ	
48,000	7.000%, 09/30/26	50,573
5,000	6.125%, 05/15/28	4,989
99,000	ArcelorMittal, SA^μ 7.000%, 10/15/39	109,826
36,000	Arconic, Inc.^μ 5.125%, 10/01/24	35,451
57,000	Ardagh Packaging Finance, PLC / Ardagh Holdings USA, Inc.* 6.000%, 02/15/25	53,438
12,000	Baffinland Iron Mines Corp. / Baffinland Iron Mines, LP* 8.750%, 07/15/26	12,118

**PRINCIPAL
AMOUNT****VALUE**

	First Quantum Minerals, Ltd.*^	
19,000	7.000%, 02/15/21	\$ 18,610
14,000	7.250%, 04/01/23	12,931
47,000	INEOS Group Holdings, SA*^ 5.625%, 08/01/24	45,015
19,000	JW Aluminum Continuous Cast Company* 10.250%, 06/01/26	19,017
19,000	Kinross Gold Corp.μ 4.500%, 07/15/27	17,035
28,000	New Gold, Inc.* 6.375%, 05/15/25	22,459
80,000	PBF Holding Company, LLC / PBF Finance Corp. 7.250%, 06/15/25	82,708
62,000	PH Glatfelter Companyμ 5.375%, 10/15/20	61,994
60,000	United States Steel Corp.^ 6.875%, 08/15/25	58,919
13,000	6.250%, 03/15/26	12,266
		666,452

Real Estate (0.0%)

54,000	Equinix, Inc. 5.375%, 04/01/23	54,909
58,000	MPT Operating Partnership, LP / MPT Finance Corp.μ 5.000%, 10/15/27	54,591
30,000	Starwood Property Trust, Inc.^ 4.750%, 03/15/25	28,849
		138,349

Utilities (0.0%)

8,000	NGPL PipeCo, LLC* μ 4.875%, 08/15/27	7,743
	NRG Energy, Inc. 6.625%, 01/15/27 \wedge	54,920
19,000	5.750%, 01/15/28	18,918
60,000	PPL Capital Funding, Inc. $\wedge\mu$ 5.051%, 03/30/67 3 mo. USD LIBOR + 2.67%	58,496
18,000	Talen Energy Supply, LLC* \wedge 10.500%, 01/15/26	15,871
30,000	TerraForm Power Operating, LLC* 5.000%, 01/31/28	26,921
26,000	Vistra Energy Corp.* 8.125%, 01/30/26	28,261
		211,130
	TOTAL CORPORATE BONDS	9,764,005

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PRINCIPAL AMOUNT		VALUE
U.S. GOVERNMENT AND AGENCY SECURITIES (0.0%)		
	United States Treasury Note	
175,000	1.875%, 05/31/22	\$ 168,617
93,000	2.375%, 03/15/21^	91,892
	TOTAL U.S. GOVERNMENT AND AGENCY SECURITIES	260,509
NUMBER OF CONTRACTS/ NOTIONAL AMOUNT		VALUE
PURCHASED OPTIONS (0.2%) #		
	Communication Services (0.1%)	
670	Take-Two Interactive Software, Inc.	
8,634,290	Call, 01/18/19, Strike \$130.00	763,800
	Financials (0.0%)	
2,500	Bank of America Corp.	
6,875,000	Call, 01/18/19, Strike \$30.00	122,500
	Industrials (0.0%)	
	Stanley Black & Decker, Inc.	
1,015		
11,826,780	Call, 04/18/19, Strike \$155.00	50,750
525		
6,117,300	Call, 01/18/19, Strike \$170.00	3,938
		54,688
	Information Technology (0.1%)	
445	Red Hat, Inc.	

7,637,980	Call, 01/18/19, Strike \$155.00	827,700
	TOTAL PURCHASED OPTIONS	1,768,688
	TOTAL SYNTHETIC CONVERTIBLE SECURITIES (Cost \$14,516,329)	11,793,202

**NUMBER OF
SHARES****VALUE**

CONVERTIBLE PREFERRED STOCKS (13.9%)		
Consumer Staples (0.8%)		
62,000	Bunge, Ltd.^ 4.875%, 12/31/49	6,424,409
Energy (1.5%)		
110,575	Hess Corp. 8.000%, 02/01/19	7,020,407
190,650	NuStar Energy, LP 7.625%, 06/15/22 3 mo. USD LIBOR + 5.64%	3,996,024
61,245	8.500%, 12/15/21 3 mo. USD LIBOR + 6.77%	1,413,534
		12,429,965

**NUMBER OF
SHARES****VALUE**

Financials (1.9%)		
5,000	Bank of America Corp. 7.250%, 12/31/49	\$ 6,356,500
29,835	Virtus Investment Partners, Inc.^ 7.250%, 02/01/20	2,719,759
4,800	Wells Fargo & Company 7.500%, 12/31/49	6,105,552
		15,181,811
Health Care (0.9%)		
118,000	Becton Dickinson and Company 6.125%, 05/01/20	6,923,060
Industrials (1.8%)		
7,750	Fortive Corp. 5.000%, 07/01/21	7,612,128
115,600	Rexnord Corp. 5.750%, 11/15/19	6,608,852

		14,220,980
	Materials (0.5%)	
73,897	International Flavors & Fragrances, Inc. 6.000%, 09/15/21	4,254,989
	Real Estate (2.0%)	
7,300	Crown Castle International Corp. 6.875%, 08/01/20	7,628,500
143,750	Welltower, Inc.^ 6.500%, 12/31/49	8,855,000
		16,483,500
	Utilities (4.5%)	
104,300	CenterPoint Energy, Inc. (Warner Media, LLC, Charter Communications Time, Inc.)§** 3.399%, 09/15/29	4,532,461
117,650	DTE Energy Company 6.500%, 10/01/19	6,274,274
296,800	NextEra Energy, Inc. 6.123%, 09/01/19	17,214,400
42,200	Sempra Energy 6.750%, 07/15/21	4,207,762
38,750	6.000%, 01/15/21	3,842,450
		36,071,347
	TOTAL CONVERTIBLE PREFERRED STOCKS (Cost \$110,098,816)	111,990,061

See accompanying Notes to Schedule of Investments

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Schedule of Investments October 31, 2018

NUMBER OF SHARES		VALUE
COMMON STOCKS (6.3%)		
	Communication Services (0.0%)	
13,042	Cumulus Media, Inc. - Class A^#	\$ 189,892
	Energy (1.4%)	
2,010	Chevron Corp.	224,417
69,790	Enterprise Products Partners, LP	1,871,768
14,650	GasLog, Ltd.	299,739
22,139	Gulfmark Offshore, Inc.#	745,863
13,740	Gulfmark Offshore, Inc.#	462,901
28,480	Magellan Midstream Partners, LP~	1,756,646
33,235	Ocean Rig UDW, Inc. - Class A#	1,006,688
7,475	Schlumberger, Ltd.	383,542
378,369	Southwestern Energy Company^#	2,020,490
33,625	Spectra Energy Partners, LP~	1,160,063
19,385	Targa Resources Corp.^	1,001,623
9,185	Williams Companies, Inc.	223,471
		11,157,211
	Financials (0.1%)	
17,300	American International Group, Inc.	714,317
	Health Care (4.8%)	
97,157	Allergan, PLC	15,351,778
31,585	Anthem, Inc.	8,703,878
165,000	Gilead Sciences, Inc.~	11,249,700
26,420	Molina Healthcare, Inc.^#	3,349,263
		38,654,619

TOTAL COMMON STOCKS
(Cost \$73,195,088) 50,716,039

NUMBER OF CONTRACTS/ NOTIONAL AMOUNT **VALUE**
PURCHASED OPTION (0.2%) #

Consumer Discretionary (0.2%)

56	Booking Holdings, Inc.	
10,497,648	Put, 01/18/19, Strike \$2,100.00 (Cost \$680,581)	1,359,960

NUMBER OF SHARES **VALUE**
SHORT TERM INVESTMENTS (2.7%)

10,830,410	Fidelity Prime Money Market Fund - Institutional Class, 2.240%***	10,833,659
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NUMBER OF SHARES **VALUE**

10,755,896	Morgan Stanley Institutional Liquidity Funds - Government Portfolio, 2.050%***	\$ 10,755,896
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TOTAL SHORT TERM INVESTMENTS
(Cost \$21,589,555) 21,589,555

TOTAL INVESTMENTS (151.6%)
(Cost \$1,298,246,090) 1,222,636,689

MANDATORY REDEEMABLE PREFERRED
SHARES, AT LIQUIDATION VALUE (-13.6%) (110,000,000)

LIABILITIES, LESS OTHER ASSETS (-38.0%) (306,294,385)

NET ASSETS (100.0%) \$ 806,342,304

NUMBER OF CONTRACTS/ NOTIONAL AMOUNT **VALUE**
WRITTEN OPTIONS (-0.1%) #

Consumer Discretionary (-0.1%)

56	Booking Holdings, Inc.	
10,497,648	Put, 01/18/19, Strike \$1,850.00	(509,320)

Health Care (0.0%)

730	Allergan, PLC	
-----	---------------	--

11,534,730	Call, 11/16/18, Strike \$200.00	(4,745)
TOTAL WRITTEN OPTIONS		
(Premium \$517,112)		\$ (514,065)

NOTES TO SCHEDULE OF INVESTMENTS

* Securities issued and sold pursuant to a Rule 144A transaction are excepted from the registration requirement of the Securities Act of 1933, as amended. These securities may only be sold to qualified institutional buyers (QIBs), such as the Fund. Any resale of these securities must generally be effected through a sale that is registered under the Act or otherwise exempted from such registration requirements.

^ Security, or portion of security, is on loan.

μ Security, or portion of security, is held in a segregated account as collateral for note payable aggregating a total value of \$94,885,431.

~ Security, or portion of security, is segregated as collateral (or collateral for potential future transactions) for written options. The aggregate value of such securities is \$3,678,990.

Variable rate security. The rate shown is the rate in effect at October 31, 2018.

& Illiquid security.

@ In default status and considered non-income producing.

See accompanying Notes to Schedule of Investments

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Schedule of Investments October 31, 2018

§ Securities exchangeable or convertible into securities of one or more entities that are different than the issuer. Each entity is identified in the parenthetical.

Non-income producing security.

! This position represents an unsettled loan commitment at period end. Certain details associated with this purchase are not known prior to the settlement date, including coupon rate, which will be adjusted on settlement date.

⊠ The synthetic convertible securities strategy combines separate securities that together possess the economic characteristics similar to a convertible security.

** Step coupon security. Coupon changes periodically based upon a predetermined schedule. The rate shown is the rate in effect at October 31, 2018.

*** The rate disclosed is the 7 day net yield as of October 31, 2018.

Note: The date on options represents the expiration date of the option contract. The option contract may be exercised at any date on or before the date shown.

See accompanying Notes to Schedule of Investments

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

AND FORM OF SUPPLEMENTAL INDENTURE

The following is a summary of certain provisions of the indenture (the **Original Indenture**) and the supplemental indenture (**Supplemental Indenture**) that the Fund expects to enter into in connection with the issuance of debt securities. This summary does not purport to be complete and is qualified in its entirety by reference to the indenture, a copy of which will be filed with the Commission in connection with an offering of debt securities by the Fund.

DEFINITIONS

AA Composite Commercial Paper Rate on any date means (i) the interest equivalent of (1) the 7-day rate, in the case of a Rate Period which is 7 days or shorter, (2) the 30-day rate, in the case of a Rate Period which is a Standard Rate Period greater than 7 days but fewer than or equal to 31 days, or (3) the 180-day rate, in the case of all other Rate Periods, on financial commercial paper on behalf of issuers whose corporate bonds are rated **AA** by S&P, or the equivalent of such rating by another nationally recognized rating agency, as announced by the Federal Reserve Bank of New York for the close of business on the Business Day immediately preceding such date; or (ii) if the Federal Reserve Bank of New York does not make available such a rate, then the arithmetic average of the interest equivalent of such rates on financial commercial paper placed on behalf of such issuers, as quoted on a discount basis or otherwise by the Commercial Paper Dealers to the Auction Agent for the close of business on the Business Day immediately preceding such date (rounded to the next highest .001 of 1%). If any Commercial Paper Dealer does not quote a rate required to determine the **AA Composite Commercial Paper Rate**, such rate shall be determined on the basis of the quotations (or quotation) furnished by the remaining Commercial Paper Dealers (or Dealer), if any, or, if there are no such Commercial Paper Dealers, a nationally recognized dealer in commercial paper of such issues then making such quotations selected by the Issuer. For purposes of this definition, (A) **Commercial Paper Dealers** shall mean (1) and ; (2) in lieu of any thereof, its respective Affiliate or successor; and (3) in the event that any of the foregoing shall cease to quote rates for financial commercial paper of issuers of the sort described above, in substitution therefor, a nationally recognized dealer in financial commercial paper of such issuers then making such quotations selected by the Issuer, and (B) **interest equivalent** of a rate stated on a discount basis for financial commercial paper of a given number of days maturity shall mean a number equal to the quotient (rounded upward to the next higher one-thousandth of 1%) of (1) such rate expressed as a decimal, divided by (2) the difference between (x) 1.00 and (y) a fraction, the numerator of which shall be the product of such rate expressed as a decimal, multiplied by the number of days in which such commercial paper shall mature and the denominator of which shall be 360.

Affiliate means any person controlled by, in control of or under common control with the Issuer; provided that no Broker-Dealer controlled by, in control of or under common control with the Issuer shall be deemed to be an Affiliate nor shall any corporation or any person controlled by, in control of or under common control with such corporation one of the directors or executive officers of which is also a Director of the Issuer be deemed to be an Affiliate solely because such director or executive officer is also a Director of the Issuer.

Agent Member means a member of or participant in the Securities Depository that will act on behalf of a Bidder.

All Hold Rate means 80% of the **AA Composite Commercial Paper Rate**.

Applicable Rate means the rate determined in accordance with the procedures in Section 2.02(c)(i) of this Supplemental Indenture.

Auction means each periodic implementation of the Auction Procedures.

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Auction Agent means [] unless and until another commercial bank, trust company, or other financial institution appointed by a resolution of the Board of Directors enters into an agreement with the Issuer to follow the Auction Procedures for the purpose of determining the Applicable Rate.

Auction Agreement means the agreement between the Auction Agent and the Issuer pursuant to which the Auction Agent agrees to follow the procedures specified in Appendix A-I to this Supplemental Indenture, as such agreement may from time to time be amended or supplemented.

Auction Date means the first Business Day next preceding the first day of a Rate Period for each series of [] Notes.

Auction Desk means the business unit of a Broker-Dealer that fulfills the responsibilities of the Broker-Dealer under a Broker-Dealer Agreement, including soliciting Bids for the [] Notes, and units of the Broker-Dealer which are not separated by information controls appropriate to control, limit and monitor the inappropriate dissemination of information about Bids.

Auction Period means with respect to the [] Notes, either a Standard Auction Period or a Special Auction Period, as applicable.

Auction Procedures means the procedures for conducting Auctions set forth in Appendix A-I hereto.

Auction Rate means for each series of [] Notes for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, provided, however, if all of the [] Notes are the subject of Submitted Hold Orders, the All Hold Rate for such series of [] Notes and (ii) if Sufficient Clearing Bids do not exist, the Maximum Rate for such series of [] Notes.

Authorized Denomination means \$25,000 and any integral multiple thereof.

Available [] Notes means for each series of [] Notes on each Auction Date, the number of Units of Notes of such series that are not the subject of Submitted Hold Orders.

Beneficial Owner, with respect to each series of [] Notes, means a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a holder of such series of [] Notes.

Bid shall have the meaning specified in Appendix A-I hereto.

Bidder means each Beneficial Owner, Potential Beneficial Owner and Broker Dealer who places an Order.

Board of Directors or **Board** means the Board of Directors of the Issuer or any duly authorized committee thereof as permitted by applicable law.

Broker-Dealer means any broker-dealer or broker-dealers, or other entity permitted by law to perform the function required of a Broker-Dealer by the Auction Procedures, that has been selected by the Issuer and that is a party to a Broker-Dealer Agreement with the Auction Agent.

Broker-Dealer Agreement means an agreement between the Auction Agent and a Broker-Dealer, pursuant to which such Broker-Dealer agrees to follow the Auction Procedures.

Broker-Dealer Deadline means, with respect to an Order, the internal deadline established by the Broker-Dealer through which the Order was placed after which it will not accept Orders or any change in any

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Order previously placed with such Broker-Dealer; provided, however, that nothing shall prevent the Broker-Dealer from correcting Clerical Errors by the Broker-Dealer with respect to Orders from Bidders after the Broker-Dealer Deadline pursuant to the provisions herein. Any Broker-Dealer may change the time or times of its Broker-Dealer Deadline as it relates to such Broker-Dealer by giving notice not less than two Business Days prior to the date such change is to take effect to Bidders who place Orders through such Broker-Dealer.

Business Day means a day on which the New York Stock Exchange is open for trading and which is not a Saturday, Sunday or other day on which banks in the City of New York, New York are authorized or obligated by law to close, days on which the Federal Reserve Bank of New York is not open for business, days on which banking institutions or trust companies located in the state in which the operations of the Auction Agent are conducted are authorized or required to be closed by law, regulation or executive order of the state in which the Auction Agent conducts operations with respect to the Notes.

Clerical Error means a clerical error in the processing of an Order, and includes, but is not limited to, the following: (i) a transmission error, including but not limited to, an Order sent to the wrong address or number, failure to transmit certain pages or illegible transmission, (ii) failure to transmit an Order received from one or more Existing Holders or Potential Beneficial Owners (including Orders from the Broker-Dealer which were not originated by the Auction Desk) prior to the Broker-Dealer Deadline or generated by the Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline or (iii) a typographical error. Determining whether an error is a Clerical Error is within the reasonable judgment of the Broker-Dealer, provided that the Broker-Dealer has a record of the correct Order that shows it was so received or so generated prior to the Broker-Dealer Deadline or the Submission Deadline, as applicable.

Code means the Internal Revenue Code of 1986, as amended.

Commercial Paper Dealers has the meaning set forth in the definition of AA Composite Commercial Paper Rate.

Commission means the Securities and Exchange Commission.

Default Rate means the Reference Rate multiplied by three (3).

Deposit Securities means cash and any obligations or securities, including short term money market instruments that are Eligible Assets, rated at least , or by , except that, such obligations or securities shall be considered Deposit Securities only if they are also rated at least P-2 by Moody's.

Discount Factor means the Moody's Discount Factor (if Moody's is then rating the Notes), Discount Factor (if is then rating the Notes) or an Other Rating Agency Discount Factor, whichever is applicable.

Discounted Value means the quotient of the Market Value of an Eligible Asset divided by the applicable Discount Factor, provided that with respect to an Eligible Asset that is currently callable, Discounted Value will be equal to the quotient as calculated above or the call price, whichever is lower, and that with respect to an Eligible Asset that is prepayable, Discounted Value will be equal to the quotient as calculated above or the par value, whichever is lower.

Eligible Assets means Moody's Eligible Assets or 's Eligible Assets (if Moody's or are then rating the Notes) and/or Other Rating Agency Eligible Assets, whichever is applicable.

Error Correction Deadline means one hour after the Auction Agent completes the dissemination of the results of the Auction to Broker-Dealers without regard to the time of receipt of such results by any Broker-

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Dealer; provided, however, in no event shall the Error Correction Deadline extend past 4:00 p.m., New York City time unless the Auction Agent experiences technological failure or force majeure in disseminating the Auction results which causes a delay in dissemination past 3:00 p.m., New York City time.

Existing Holder, with respect to _____ Notes of a series, shall mean a Broker-Dealer (or any such other Person as may be permitted by the Issuer) that is listed on the records of the Auction Agent as a holder of _____ Notes of such series.

_____ means _____ Ratings and its successors at law.

Discount Factor means the discount factors set forth in the _____ Guidelines for use in calculating the Discounted Value of the Issuer's assets in connection with _____ s ratings of _____ Notes.

Eligible Asset means assets of the Issuer set forth in the _____ Guidelines as eligible for inclusion in calculating the Discounted Value of the Issuer's assets in connection with _____ s ratings of _____ Notes.

Guidelines mean the guidelines provided by _____, as may be amended from time to time, in connection with _____ s ratings of _____ Notes.

Hold Order shall have the meaning specified in Appendix A-I hereto or an Order deemed to have been submitted as provided in paragraph (c) of Section 1 of Appendix A-I hereto.

Holder means, with respect to _____ Notes, the registered holder of notes of each series of _____ Notes as the same appears on the books or records of the Issuer.

Index means on any Auction Date with respect to _____ Notes in any Auction Period of 35 days or less the applicable LIBOR rate. The Index with respect to _____ Notes in any Auction Period of more than 35 days shall be the rate on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period as last published in The Wall Street Journal or such other source as may be mutually agreed upon by the Trustee and the Broker-Dealers. If either rate is unavailable, the Index shall be an index or rate agreed to by all Broker-Dealers and consented to by the Issuer. For the purpose of this definition an Auction Period of 35 days or less means a 35-day Auction Period or shorter Auction Period, i.e., a 35-day Auction Period which is extended because of a holiday would still be considered an Auction Period of 35 days or less.

Interest Payment Date when used with respect to any _____ Notes, means the date on which an installment of interest on such _____ Notes shall be due and payable which generally shall be the day next following an Auction Date.

LIBOR means, for purposes of determining the Reference Rate, (i) the rate for deposits in U.S. dollars for the designated Rate Period, which appears on display page 3750 of Moneyline's Telerate Service (Telerate Page 3750) (or such other page as may replace that page on that service, or such other service as may be selected by Lehman Brothers Inc. or its successors) as of 11:00 a.m., London time, on the day that is the Business Day on the Auction Date or, if the Auction Date is not a Business Day, the Business Day preceding the Auction Date (the LIBOR Determination Date), or (ii) if such rate does not appear on Telerate Page 3750 or such other page as may replace such Telerate Page 3750, (A) _____ shall determine the arithmetic mean of the offered quotations of the reference banks to leading banks in the London interbank market for deposits in U.S. dollars for the designated Rate Period in an amount determined by _____ by reference to requests for quotations as of approximately 11:00 a.m. (London time) on such date made by _____ to the reference banks, (B) if at least two of the reference banks provide such quotations, LIBOR shall equal such arithmetic mean of such quotations,

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(C) if only one or none of the reference banks provide such quotations, LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in The City of New York, New York selected by _____ (after obtaining the Issuer's approval) are quoting on the relevant LIBOR Determination Date for deposits in U.S. dollars for the designated Rate Period in an amount determined by _____ (after obtaining the Issuer's approval) that is representative of a single transaction in such market at such time by reference to the principal London office of leading banks in the London interbank market; provided, however, that if _____ is not a Broker-Dealer or does not quote a rate required to determine LIBOR, LIBOR will be determined on the basis of the quotation or quotations furnished by any other Broker-Dealer selected by the Issuer to provide such rate or rates not being supplied by _____; provided further, that if _____ and/or a substitute Broker-Dealer are required but unable to determine a rate in accordance with at least one of the procedures provided above, LIBOR shall be the most recently determinable LIBOR. If the number of Rate Period days shall be (i) 7 or more but fewer than 21 days, such rate shall be the seven-day LIBOR rate; (ii) more than 21 but fewer than 49 days, such rate shall be one-month LIBOR rate; (iii) 49 or more but fewer than 77 days, such rate shall be the two-month LIBOR rate; (iv) 77 or more but fewer than 112 days, such rate shall be the three-month LIBOR rate; (v) 112 or more but fewer than 140 days, such rate shall be the four-month LIBOR rate; (vi) 140 or more but fewer than 168 days, such rate shall be the five-month LIBOR rate; (vii) 168 or more but fewer 189 days, such rate shall be the six-month LIBOR rate; (viii) 189 or more but fewer than 217 days, such rate shall be the seven-month LIBOR rate; (ix) 217 or more but fewer than 252 days, such rate shall be the eight-month LIBOR rate; (x) 252 or more but fewer than 287 days, such rate shall be the nine-month LIBOR rate; (xi) 287 or more but fewer than 315 days, such rate shall be the ten-month LIBOR rate; (xii) 315 or more but fewer than 343 days, such rate shall be the eleven-month LIBOR rate; and (xiii) 343 or more days but fewer than 365 days, such rate shall be the twelve-month LIBOR rate.

Market Value means the market value of an asset of the Issuer determined as follows: For equity securities, the value obtained from readily available market quotations. If an equity security is not traded on an exchange or not available from a Board-approved pricing service, the value obtained from written broker-dealer quotations. For fixed-income securities, the value obtained from readily available market quotations based on the last sale price of a security on the day the Issuer values its assets or the market value obtained from a pricing service or the value obtained from a direct written broker-dealer quotation from a dealer who has made a market in the security. Market Value for other securities will mean the value obtained pursuant to the Issuer's valuation procedures. If the market value of a security cannot be obtained, or the Issuer's investment adviser determines that the value of a security as so obtained does not represent the fair value of a security, fair value for that security shall be determined pursuant to the valuation procedures adopted by the Board of Directors.

Maximum Rate means, on any date on which the Applicable Rate is determined, the rate equal to the applicable percentage of the Reference Rate, subject to upward but not downward adjustment in the discretion of the Board of Directors after consultation with the Broker-Dealers, provided that immediately following any such increase the Issuer would be in compliance with the _____ Notes Basic Maintenance Amount.

Minimum Rate means, on any Auction Date with respect to a Rate Period of _____ days or fewer, 70% of the AA Composite Commercial Paper Rate at the close of business on the Business Day next preceding such Auction Date. There shall be no Minimum Rate on any Auction Date with respect to a Rate Period of more than the Standard Rate Period.

Moody's means Moody's Investors Service, Inc., a Delaware corporation, and its successors at law.

Moody's Discount Factor means the discount factors set forth in the Moody's Guidelines for use in calculating the Discounted Value of the Issuer's assets in connection with Moody's ratings of _____ Notes.

Moody's Eligible Assets means assets of the Issuer set forth in the Moody's Guidelines as eligible for inclusion in calculating the Discounted Value of the Issuer's assets in connection with Moody's ratings of _____ Notes.

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Moody's Guidelines mean the guidelines provided by Moody's, as may be amended from time to time, in connection with Moody's ratings of Notes.

1940 Act **Notes Asset Coverage** means asset coverage, as determined in accordance with Section 18(h) of the Investment Company Act, of at least 300% with respect to all outstanding senior securities representing indebtedness of the Issuer, including all Outstanding Notes (or such other asset coverage as may in the future be specified in or under the Investment Company Act as the minimum asset coverage for senior securities representing indebtedness of a closed-end investment company as a condition of declaring dividends on its common stock), determined on the basis of values calculated as of a time within 48 hours next preceding the time of such determination.

Notes means Securities of the Issuer ranking on a parity with the Notes that may be issued from time to time pursuant to the Indenture.

Order means a Hold Order, Bid or Sell Order.

Original Issue Date means, with respect to the Notes, .

Other Rating Agency means each rating agency, if any, other than Moody's or then providing a rating for the Notes pursuant to the request of the Issuer.

Other Rating Agency Discount Factor means the discount factors set forth in the Other Rating Agency Guidelines of each Other Rating Agency for use in calculating the Discounted Value of the Issuer's assets in connection with the Other Rating Agency's rating of Notes.

Other Rating Agency Eligible Assets means assets of the Issuer set forth in the Other Rating Agency Guidelines of each Other Rating Agency as eligible for inclusion in calculating the Discounted Value of the Issuer's assets in connection with the Other Rating Agency's rating of Notes.

Other Rating Agency Guidelines mean the guidelines provided by each Other Rating Agency, as may be amended from time to time, in connection with the Other Rating Agency's rating of Notes.

Outstanding or **outstanding** means, as of any date, Notes theretofore issued by the Issuer except, without duplication, (i) any Notes theretofore canceled, redeemed or repurchased by the Issuer, or delivered to the Trustee for cancellation or with respect to which the Issuer has given notice of redemption and irrevocably deposited with the Paying Agent sufficient funds to redeem such Notes and (ii) any Notes represented by any certificate in lieu of which a new certificate has been executed and delivered by the Issuer. Notwithstanding the foregoing, (A) in connection with any Auction, any series of Notes as to which the Issuer or any person known to the Auction Agent to be an Affiliate of the Issuer shall be the Existing Holder thereof shall be disregarded and deemed not to be Outstanding; and (B) for purposes of determining the Notes Basic Maintenance Amount, Notes held by the Issuer shall be disregarded and not deemed Outstanding but Notes held by any Affiliate of the Issuer shall be deemed Outstanding.

Paying Agent means unless and until another entity appointed by a resolution of the Board of Directors enters into an agreement with the Issuer to serve as paying agent, transfer agent, registrar, and redemption agent with respect to the Notes, which Paying Agent may be the same as the Trustee or the Auction Agent.

Person or **person** means and includes an individual, a partnership, a trust, a company, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

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Potential Beneficial Owner, with respect to a series of Notes, shall mean a customer of a Broker-Dealer that is not a Beneficial Owner of Notes of such series but that wishes to purchase Notes of such series, or that is a Beneficial Owner of Notes of such series that wishes to purchase additional Notes of such series; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as a Potential Beneficial Owner.

Potential Holder, with respect to Notes of such series, shall mean a Broker-Dealer (or any such other person as may be permitted by the Issuer) that is not an Existing Holder of Notes of such series or that is an Existing Holder of Notes of such series that wishes to become the Existing Holder of additional Notes of such series; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as a Potential Holder.

Rate Period means, with respect to a series of Notes, the period commencing on the Original Issue Date thereof and ending on the date specified for such series on the Original Issue Date thereof and thereafter, as to such series, the period commencing on the day following each Rate Period for such series and ending on the day established for such series by the Issuer.

Rating Agency means each of (if is then rating Notes), Moody s (if Moody s is then rating Notes) and any Other Rating Agency.

Rating Agency Guidelines mean Guidelines (if is then rating Notes), Moody s Guidelines (if Moody s is then rating Notes) and any Other Rating Agency Guidelines.

Redemption Date, when used with respect to any Note to be redeemed, means the date fixed for such redemption by or pursuant to the Indenture.

Redemption Price, when used with respect to any Note to be redeemed, means the price at which it is to be redeemed pursuant to the Indenture.

Reference Rate means, with respect to the determination of the Maximum Rate and Default Rate, the greater of (i) the applicable AA Composite Commercial Paper Rate (for a Rate Period of fewer than 184 days) or the applicable Treasury Index Rate (for a Rate Period of 184 days or more), or (ii) the applicable LIBOR Rate.

Securities Act means the Securities Act of 1933, as amended from time to time.

Securities Depository means The Depository Trust Company and its successors and assigns or any successor securities depository selected by the Issuer that agrees to follow the procedures required to be followed by such securities depository in connection with the Notes Series .

Sell Order shall have the meaning specified in Appendix A-I hereto.

Special Auction Period means an Auction Period that is not a Standard Auction Period.

Special Rate Period means a Rate Period that is not a Standard Rate Period.

Specific Redemption Provisions means, with respect to any Special Rate Period of more than one year, either, or any combination of a period (a Non-Call Period) determined by the Board of Directors after consultation with the Broker-Dealers, during which the Notes subject to such Special Rate Period are not subject to redemption at the option of the Issuer consisting of a number of whole years as determined by the Board of Directors after consultation with the Broker-Dealers, during each year of which the Notes subject to such Special Rate Period shall be redeemable at the Issuer s option and/or in connection with any

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mandatory redemption at a price equal to the principal amount plus accrued but unpaid interest plus a premium expressed as a percentage or percentages of \$25,000 or expressed as a formula using specified variables as determined by the Board of Directors after consultation with the Broker-Dealers.

Standard Auction Period means an Auction Period of _____ days.

Standard Rate Period means a Rate Period of _____ days.

Stated Maturity with respect to _____ Notes Series _____, shall mean _____.

Submission Deadline means 1:00 P.M., New York City time, on any Auction Date or such other time on such date as shall be specified by the Auction Agent from time to time pursuant to the Auction Agreement as the time by which the Broker-Dealers are required to submit Orders to the Auction Agent. Notwithstanding the foregoing, the Auction Agent will follow the Securities Industry and Financial Markets Association's Early Market Close Recommendations for shortened trading days for the bond markets (the SIFMA Recommendation) unless the Auction Agent is instructed otherwise in writing by the Issuer. In the event of a SIFMA Recommendation with respect to an Auction Date, the Submission Deadline will be 11:30 A.M., instead of 1:00 P.M., New York City time.

Submitted Bid shall have the meaning specified in Appendix A-I hereto.

Submitted Hold Order shall have the meaning specified in Appendix A-I hereto.

Submitted Order shall have the meaning specified in Appendix A-I hereto.

Submitted Sell Order shall have the meaning specified in Appendix A-I hereto.

Sufficient Clearing Bids means for each series of _____ Notes, an Auction for which the number of Units of Notes of such series that are the subject of Submitted Bids by Potential Beneficial Owners specifying one or more rates not higher than the Maximum Rate is not less than the number of Units of _____ Notes of such series that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Holders specifying rates higher than the Maximum Rate.

Notes Basic Maintenance Amount as of any Valuation Date has the meaning set forth in the Rating Agency Guidelines.

Notes Series _____ means the Series _____ Notes or any other Notes hereinafter designated as Series _____ of the _____ Notes.

Treasury Index Rate means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities having the same number of 30-day periods to maturity as the length of the applicable Rate Period, determined, to the extent necessary, by linear interpolation based upon the yield for such securities having the next shorter and next longer number of 30-day periods to maturity treating all Rate Periods with a length greater than the longest maturity for such securities as having a length equal to such longest maturity, in all cases based upon data set forth in the most recent weekly statistical release published by the Board of Governors of the Federal Reserve System (currently in H.15(519)); provided, however, if the most recent such statistical release shall not have been published during the 15 days preceding the date of computation, the foregoing computations shall be based upon the average of comparable data as quoted to the Issuer by at least three recognized dealers in U.S. government securities selected by the Issuer.

Trustee means _____ or such other person who is named as a trustee pursuant to the terms of the Indenture.

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Unit means, with respect to each series of Notes, the principal amount of the minimum Authorized Denomination of the Notes.

Valuation Date means every Friday, or, if such day is not a Business Day, the next preceding Business Day; provided, however, that the first Valuation Date may occur on any other date established by the Issuer; provided, further, however, that such first Valuation Date shall be not more than one week from the date on which Notes Series initially are issued.

Winning Bid Rate means for each series of Notes, the lowest rate specified in any Submitted Bid of such series of Notes which if selected by the Auction Agent as the Applicable Rate would cause the number of Units of Notes of such series that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the number of Units of Available Notes of such series.

NOTE DETAILS, FORM OF NOTES AND REDEMPTION OF NOTES

Interest

(a) The Holders of any series of Notes shall be entitled to receive interest payments on their Notes at the Applicable Rate, determined as set forth in paragraph (c) of this Section 2.02, and no more, payable on the respective dates determined as set forth in paragraph (b) of this Section 2.02. Interest on the Outstanding Notes of any series issued on the Original Issue Date shall accumulate from the Original Issue Date.

(b) (i) Interest shall be payable, subject to subparagraph (b)(ii) of this Section 2.02, on each series of Notes, with respect to any Rate Period on the first Business Day following the last day of such Rate Period; provided, however, if the Rate Period is greater than 30 days then on a monthly basis on the first Business Day of each month within such Rate Period, not including the initial Rate Period, and on the Business Day following the last day of such Rate Period.

(ii) If a day for payment of interest resulting from the application of subparagraph (b)(i) above is not a Business Day, then the Interest Payment Date shall be the first Business Day following such day for payment of interest in the case of a series of Notes designated as Series .

(iii) The Issuer shall pay to the Paying Agent not later than 3:00 p.m., New York City time, on the Business Day next preceding each Interest Payment Date for each series of Notes, an aggregate amount of funds available on the next Business Day in the City of New York, New York, equal to the interest to be paid to all Holders of such Notes on such Interest Payment Date. The Issuer shall not be required to establish any reserves for the payment of interest.

(iv) All moneys paid to the Paying Agent for the payment of interest shall be held in trust for the payment of such interest by the Paying Agent for the benefit of the Holders specified in subparagraph (b)(v) of this Section 2.02. Any moneys paid to the Paying Agent in accordance with the foregoing but not applied by the Paying Agent to the payment of interest, including interest earned on such moneys, will, to the extent permitted by law, be repaid to the Issuer at the end of 90 days from the date on which such moneys were to have been so applied.

(v) Each interest payment on a series of Notes shall be paid on the Interest Payment Date therefor to the Holders of that series as their names appear on the security ledger or security records of the Issuer on the Business Day next preceding such Interest Payment Date. Interest in arrears for any past Rate Period may be declared and paid at any time, without reference to any regular Interest Payment Date, to the Holders as their names appear on the books or records of the Issuer on such date, not exceeding 15 days preceding the payment date thereof, as may be fixed by the Board of Directors. No interest will be payable in respect of any Interest Payment or payments which may be in arrears.

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(c) (i) The interest rate on Outstanding Notes of each series during the period from and after the Original Issue Date to and including the last day of the initial Rate Period therefor shall be equal to % . For each subsequent Rate Period with respect to the Notes Outstanding thereafter, the interest rate shall be equal to the rate per annum that results from an Auction; provided, however, that if an Auction for any subsequent Rate Period of a series of Notes is not held for any reason or if Sufficient Clearing Bids have not been made in an Auction (other than as a result of all series of Notes being the subject of Submitted Hold Orders), then the interest rate on a series of Notes for any such Rate Period shall be the Maximum Rate (except during a Default Period (as defined below) when the interest rate shall be the Default Rate, as set forth in Section 2.02(c)(ii) below). The All Hold Rate will apply automatically following an Auction in which all of the Outstanding series of Notes are subject (or are deemed to be subject) to Hold Orders. The rate per annum at which interest is payable on a series of Notes as determined pursuant to this Section 2(c)(i) shall be the Applicable Rate. For Standard Rate Periods or shorter periods only, the Applicable Rate resulting from an Auction will not be less than the Minimum Rate.

(ii) Subject to the cure provisions below, a Default Period with respect to a particular series will commence on any date the Issuer fails to deposit irrevocably in trust in same-day funds, with the Paying Agent by 12:00 noon, New York City time, (A) the full amount of any redemption price (the Redemption Price) payable on the date fixed for redemption (the Redemption Date) (a Redemption Default, which shall constitute an Event of Default pursuant to Section 5.1(7) of the Original Indenture) or (B) the full amount of any accrued interest on that series payable on the Interest Payment Date (an Interest Default and together with a Redemption Default, hereinafter referred to as Default). Subject to the cure provisions of Section 2(c)(iii) below, a Default Period with respect to an Interest Default or a Redemption Default shall end on the Business Day on which, by 12:00 noon, New York City time, all unpaid interest and any unpaid Redemption Price shall have been deposited irrevocably in trust in same-day funds with the Paying Agent. In the case of an Interest Default, the Applicable Rate for each Rate Period commencing during a Default Period will be equal to the Default Rate, and each subsequent Rate Period commencing after the beginning of a Default Period shall be a Standard Rate Period; provided, however, that the commencement of a Default Period will not by itself cause the commencement of a new Rate Period. No Auction shall be held during a Default Period with respect to an Interest Default applicable to that series of Notes.

(iii) No Default Period with respect to an Interest Default or Redemption Default shall be deemed to commence if the amount of any interest or any Redemption Price due (if such default is not solely due to the willful failure of the Issuer) is deposited irrevocably in trust, in same-day funds with the Paying Agent by 12:00 noon, New York City time within three Business Days after the applicable Interest Payment Date or Redemption Date, together with an amount equal to the Default Rate applied to the amount of such non-payment based on the actual number of days comprising such period divided by 360 for each series. The Default Rate shall be equal to the Reference Rate multiplied by three (3).

(iv) The amount of interest per Unit of Notes payable on each Interest Payment Date of each Rate Period of less than one (1) year (or in respect of interest on another date in connection with a redemption during such Rate Period) shall be computed by multiplying the Applicable Rate (or the Default Rate) for such Rate Period (or a portion thereof) by a fraction, the numerator of which will be the number of days in such Rate Period (or portion thereof) that such Notes were outstanding and for which the Applicable Rate or the Default Rate was applicable and the denominator of which will be 360, multiplying the amount so obtained by \$25,000, and rounding the amount so obtained to the nearest cent. During any Rate Period of one (1) year or more, the amount of interest per Unit of Notes payable on any Interest Payment Date (or in respect of interest on another date in connection with a redemption during such Rate Period) shall be computed as described in the preceding sentence.

(d) Any Interest Payment made on any series of Notes shall first be credited against the earliest accrued but unpaid interest due with respect to such series.

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(a) (i) After the initial Rate Period, subject to the provisions of this Section 2.03 and to the extent permitted under the Investment Company Act, the Issuer may, at its option, redeem in whole or in part out of funds legally available therefor a series of _____ Notes herein designated as (A) having a Rate Period of one year or less, on the Business Day after the last day of such Rate Period by delivering a notice of redemption not less than 15 days and not more than 40 days prior to the date fixed for such redemption, at a redemption price equal to the aggregate principal amount, plus an amount equal to accrued but unpaid interest thereon (whether or not earned) to the date fixed for redemption (_____ Redemption Price _____), or (B) having a Rate Period of more than one year, on any Business Day prior to the end of the relevant Rate Period by delivering a notice of redemption not less than 15 days and not more than 40 days prior to the date fixed for such redemption, at the Redemption Price, plus a redemption premium, if any, determined by the Board of Directors after consultation with the Broker-Dealers and set forth in any applicable Specific Redemption Provisions at the time of the designation of such Rate Period as set forth in Section 2.04 hereof; provided, however, that during a Rate Period of more than one year no series of _____ Notes will be subject to optional redemption except in accordance with any Specific Redemption Provisions approved by the Board of Directors after consultation with the Broker-Dealers at the time of the designation of such Rate Period. Notwithstanding the foregoing, the Issuer shall not give a notice of or effect any redemption pursuant to this Section 2.03(a)(i) unless, on the date on which the Issuer intends to give such notice and on the date of redemption (a) the Issuer has available certain Deposit Securities with maturity or tender dates not later than the day preceding the applicable redemption date and having a value not less than the amount (including any applicable premium) due to Holders of a series of _____ Notes by reason of the redemption of such Notes _____ on such date fixed for the redemption and (b) the Issuer would have Eligible Assets with an aggregate Discounted Value at least equal to the _____ Notes Basic Maintenance Amount immediately subsequent to such redemption, if such redemption were to occur on such date, it being understood that the provisions of paragraph (d) of this Section 2.03 shall be applicable in such circumstances in the event the Issuer makes the deposit and takes the other action required thereby.

(ii) If the Issuer fails to maintain, as of any Valuation Date, Eligible Assets with an aggregate Discounted Value at least equal to _____ the Notes Basic Maintenance Amount or, as of the last Business Day of any month, the 1940 Act _____ Notes Asset Coverage, and such failure is not cured within ten Business Days following such Valuation Date in the case of a failure to maintain the _____ Notes Basic Maintenance Amount or on the last Business Day of the following month in the case of a failure to maintain the 1940 Act _____ Notes Asset Coverage as of such last Business Day (each an _____ Asset Coverage Cure Date _____), the _____ Notes will be subject to mandatory redemption out of funds legally available therefor. The aggregate principal amount of _____ Notes to be redeemed in such circumstances will be equal to the lesser of (A) the minimum principal amount of _____ Notes the redemption of which, if deemed to have occurred immediately prior to the opening of business on the relevant Asset Coverage Cure Date, would result in the Issuer having Eligible Assets with an aggregate Discounted Value at least equal to the _____ Notes Basic Maintenance Amount, or sufficient to satisfy 1940 Act _____ Notes Asset Coverage, as the case may be, in either case as of the relevant Asset Coverage Cure Date (provided that, if there is no such minimum principal amount of _____ Notes the redemption of which would have such result, all _____ Notes then Outstanding will be redeemed), and (B) the maximum principal amount of _____ Notes that can be redeemed out of funds expected to be available therefor on the Mandatory Redemption Date at the Mandatory Redemption Price set forth in subparagraph (a)(iii) of this Section 2.03.

(iii) In determining the _____ Notes required to be redeemed in accordance with the foregoing Section 2.03(a)(ii), the Issuer shall allocate the aggregate principal amount of _____ Notes required to be redeemed to satisfy the _____ Notes Basic Maintenance Amount or the 1940 Act _____ Notes Asset Coverage, as the case may be, pro rata among the Holders of _____ Notes in proportion to the aggregate principal amount of _____ Notes they hold, by lot or by such other method as the Issuer shall deem equitable, subject to the further provisions of this subparagraph (iii). The Issuer shall effect any required mandatory redemption pursuant to subparagraph (a)(ii) of this Section 2.03 no later than 40 days after the Asset Coverage Cure Date (the _____ Mandatory Redemption Date _____), except that if the Issuer does not have funds

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legally available for the redemption of, or is not otherwise legally permitted to redeem, the aggregate principal amount of Notes which would be required to be redeemed by the Issuer under clause (A) of subparagraph (a)(ii) of this Section 2.03 if sufficient funds were available, or the Issuer otherwise is unable to effect such redemption on or prior to such Mandatory Redemption Date, the Issuer shall redeem those Notes, and other Notes, on the earliest practicable date on which the Issuer will have such funds available, upon notice pursuant to Section 2.03(b) to record owners of the Notes to be redeemed and the Paying Agent. The Issuer will deposit with the Paying Agent funds sufficient to redeem the specified aggregate principal amount of Notes with respect to a redemption required under subparagraph (a)(ii) of this Section 2.03, by 1:00 p.m., New York City time, of the Business Day immediately preceding the Mandatory Redemption Date. If fewer than all of the Outstanding Notes are to be redeemed pursuant to this Section 2.03(a)(iii), the aggregate principal amount of Notes to be redeemed shall be redeemed pro rata from the Holders of such Notes in proportion to the aggregate principal amount of such Notes held by such Holders, by lot or by such other method as the Issuer shall deem fair and equitable, subject, however, to the terms of any applicable Specific Redemption Provisions. Mandatory Redemption Price means the Redemption Price plus (in the case of a Rate Period of one year or more only) a redemption premium, if any, determined by the Board of Directors after consultation with the Broker-Dealers and set forth in any applicable Specific Redemption Provisions.

(b) In the event of a redemption pursuant to Section 2.03(a), the Issuer will file a notice of its intention to redeem with the Commission so as to provide at least the minimum notice required under Rule 23c-2 under the Investment Company Act or any successor provision. In addition, the Issuer shall deliver a notice of redemption to the Auction Agent and the Trustee (the Notice of Redemption) containing the information set forth below (i) in the case of an optional redemption pursuant to subparagraph (a)(i) above, at least three Business Days prior to the giving of notice to the Holders and (ii) in the case of a mandatory redemption pursuant to subparagraph (a)(ii) above, on or prior to the 30th day preceding the Mandatory Redemption Date. The Trustee will use its reasonable efforts to provide notice to each Holder of Notes called for redemption by electronic or other reasonable means not later than the close of business on the Business Day immediately following the day on which the Trustee determines the Notes to be redeemed (or, during a Default Period with respect to such Notes, not later than the close of business on the Business Day immediately following the day on which the Trustee receives Notice of Redemption from the Issuer). The Trustee shall confirm such notice in writing not later than the close of business on the third Business Day preceding the date fixed for redemption by providing the Notice of Redemption to each Holder of Notes called for redemption, the Paying Agent (if different from the Trustee) and the Securities Depository. Notice of Redemption will be addressed to the registered owners of each series of Notes at their addresses appearing on the books or records of the Issuer. Such Notice of Redemption will set forth (i) the date fixed for redemption, (ii) the principal amount and identity of Notes to be redeemed, (iii) the redemption price (specifying the amount of accrued interest to be included therein and any redemption premium, if any), (iv) that interest on the Notes to be redeemed will cease to accrue on such date fixed for redemption, (v) applicable cusip number(s) and (vi) the provision under which redemption shall be made. No defect in the Notice of Redemption or in the transmittal or mailing thereof will affect the validity of the redemption proceedings, except as required by applicable law. If fewer than all Notes held by any Holder are to be redeemed, the Notice of Redemption mailed to such Holder shall also specify the principal amount of Notes to be redeemed from such Holder.

(c) Notwithstanding the provisions of paragraph (a) of this Section 2.03, no Notes may be redeemed unless all interest on the Outstanding Notes and all Notes of the Issuer ranking on a parity with the Notes, have been or are being contemporaneously paid or set aside for payment; provided, however, that the foregoing shall not prevent the purchase or acquisition of all Outstanding Notes pursuant to the successful completion of an otherwise lawful purchase or exchange offer made on the same terms to, and accepted by, Holders of all Outstanding Notes.

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- (d) Upon the deposit of funds sufficient to redeem any Notes with the Paying Agent and the giving of the Notice of Redemption to the Trustee under paragraph (b) of this Section 2.03, interest on such Notes shall cease to accrue and such Notes shall no longer be deemed to be Outstanding for any purpose (including, without limitation, for purposes of calculating whether the Issuer has maintained the requisite Notes Basic Maintenance Amount or the 1940 Act Notes Asset Coverage), and all rights of the Holder of the Notes so called for redemption shall cease and terminate, except the right of such Holder to receive the redemption price specified herein, but without any interest or other additional amount. Such redemption price shall be paid by the Paying Agent to the nominee of the Securities Depository. The Issuer shall be entitled to receive from the Paying Agent, promptly after the date fixed for redemption, any cash deposited with the Paying Agent in excess of (i) the aggregate redemption price of the Notes called for redemption on such date and (ii) such other amounts, if any, to which Holders of the Notes called for redemption may be entitled. Any funds so deposited that are unclaimed at the end of two years from such redemption date shall, to the extent permitted by law, be paid to the Issuer, after which time the Holders of Notes so called for redemption may look only to the Issuer for payment of the redemption price and all other amounts, if any, to which they may be entitled. The Issuer shall be entitled to receive, from time to time after the date fixed for redemption, any interest earned on the funds so deposited.
- (e) To the extent that any redemption for which Notice of Redemption has been given is not made by reason of the absence of legally available funds therefor, or is otherwise prohibited, such redemption shall be made as soon as practicable to the extent such funds become legally available or such redemption is no longer otherwise prohibited. Failure to redeem any series of Notes shall be deemed to exist at any time after the date specified for redemption in a Notice of Redemption when the Issuer shall have failed, for any reason whatsoever, to deposit in trust with the Paying Agent the redemption price with respect to any Notes for which such Notice of Redemption has been given. Notwithstanding the fact that the Issuer may not have redeemed any Notes for which a Notice of Redemption has been given, interest may be paid on a series of Notes and shall include those Notes for which Notice of Redemption has been given but for which deposit of funds has not been made.
- (f) All moneys paid to the Paying Agent for payment of the redemption price of any Notes called for redemption shall be held in trust by the Paying Agent for the benefit of Holders of Notes to be redeemed.
- (g) So long as any Notes are held of record by the nominee of the Securities Depository, the redemption price for such Notes will be paid on the date fixed for redemption to the nominee of the Securities Depository for distribution to Agent Members for distribution to the persons for whom they are acting as agent.
- (h) Except for the provisions described above, nothing contained herein limits any right of the Issuer to purchase or otherwise acquire any Notes outside of an Auction at any price, whether higher or lower than the price that would be paid in connection with an optional or mandatory redemption, so long as, at the time of any such purchase, there is no arrearage in the payment of interest on, or the mandatory or optional redemption price with respect to, any series of Notes for which Notice of Redemption has been given and the Issuer is in compliance with the 1940 Act Notes Asset Coverage and has Eligible Assets with an aggregate Discounted Value at least equal to the Notes Basic Maintenance Amount after giving effect to such purchase or acquisition on the date thereof. If fewer than all the Outstanding Notes of any series are redeemed or otherwise acquired by the Issuer, the Issuer shall give notice of such transaction to the Trustee, in accordance with the procedures agreed upon by the Board of Directors.
- (i) The Board of Directors may, without further consent of the holders of the Notes or the holders of shares of capital stock of the Issuer, authorize, create or issue any class or series of Notes, including other series of Notes, ranking prior to or on a parity with the Notes to the extent permitted by the Investment Company Act, if, upon issuance, either (A) the net proceeds from the sale of such Notes (or such

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portion thereof needed to redeem or repurchase the Outstanding Notes) are deposited with the Trustee in accordance with Section 2.03(d), Notice of Redemption as contemplated by Section 2.03(b) has been delivered prior thereto or is sent promptly thereafter, and such proceeds are used to redeem all Outstanding Notes or (B) the Issuer would meet the 1940 Act Notes Asset Coverage, the Notes Basic Maintenance Amount and the requirements of Section 2.08 hereof.

(j) If any Notes are to be redeemed and such Notes are held by the Securities Depository, the Issuer shall include in the notice of redemption delivered to the Securities Depository: (i) under an item entitled Publication Date for Securities Depository Purposes, the Interest Payment Date prior to the Redemption Date, and (ii) an instruction to the Securities Depository to (x) determine on such Publication Date after the Auction held on the immediately preceding Auction Date has settled, the Depository participants whose Securities Depository positions will be redeemed and the principal amount of such Notes to be redeemed from each such position (the Securities Depository Redemption Information), and (y) notify the Auction Agent immediately after such determination of (A) the positions of the Depository Participants in such Notes immediately prior to such Auction settlement, (B) the positions of the Depository Participants in such Notes immediately following such Auction settlement and (C) the Securities Depository Redemption Information. Publication Date shall mean three Business Days after the Auction Date next preceding such Redemption Date.

Designation of Rate Period

The initial Rate Period for each series of Notes is as set forth under Designation in Section 2.01(a) above. The Issuer will designate the duration of subsequent Rate Periods of each series of Notes; provided, however, that no such designation is necessary for a Standard Rate Period and, provided further, that any designation of a Special Rate Period shall be effective only if (i) notice thereof shall have been given as provided herein, (ii) any failure to pay in a timely manner to the Trustee the full amount of any interest on, or the redemption price of, Notes shall have been cured as provided above, (iii) Sufficient Clearing Bids shall have existed in an Auction held on the Auction Date immediately preceding the first day of such proposed Special Rate Period, (iv) if the Issuer shall have mailed a Notice of Redemption with respect to any Notes, the redemption price with respect to such Notes shall have been deposited with the Paying Agent, and (v) in the case of the designation of a Special Rate Period, the Issuer has confirmed that as of the Auction Date next preceding the first day of such Special Rate Period, it has Eligible Assets with an aggregate Discounted Value at least equal to the Notes Basic Maintenance Amount, and the Issuer has consulted with the Broker-Dealers and has provided notice of such designation and otherwise complied with the Rating Agency Guidelines.

If the Issuer proposes to designate any Special Rate Period, not fewer than 7 (or two Business Days in the event the duration of the Rate Period prior to such Special Rate Period is fewer than 8 days) nor more than 30 Business Days prior to the first day of such Special Rate Period, notice shall be (i) made by press release and (ii) communicated by the Issuer by telephonic or other means to the Trustee and confirmed in writing promptly thereafter. Each such notice shall state (A) that the Issuer proposes to exercise its option to designate a succeeding Special Rate Period, specifying the first and last days thereof and (B) that the Issuer will by 3:00 p.m., New York City time, on the second Business Day next preceding the first day of such Special Rate Period, notify the Auction Agent and the Trustee, who will promptly notify the Broker-Dealers, of either (x) its determination, subject to certain conditions, to proceed with such Special Rate Period, subject to the terms of any Specific Redemption Provisions, or (y) its determination not to proceed with such Special Rate Period, in which latter event the succeeding Rate Period shall be a Standard Rate Period.

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No later than 3:00 p.m., New York City time, on the second Business Day next preceding the first day of any proposed Special Rate Period, the Issuer shall deliver to the Auction Agent and Trustee, who will promptly deliver to the Broker-Dealers and Existing Holders, either:

(i) a notice stating (A) that the Issuer has determined to designate the next succeeding Rate Period as a Special Rate Period, specifying the first and last days thereof and (B) the terms of any Specific Redemption Provisions; or

(ii) a notice stating that the Issuer has determined not to exercise its option to designate a Special Rate Period.

If the Issuer fails to deliver either such notice with respect to any designation of any proposed Special Rate Period to the Auction Agent or is unable to make the confirmation provided in clause (v) of Paragraph (a) of this Section 2.04 by 3:00 p.m., New York City time, on the second Business Day next preceding the first day of such proposed Special Rate Period, the Issuer shall be deemed to have delivered a notice to the Auction Agent with respect to such Rate Period to the effect set forth in clause (ii) above, thereby resulting in a Standard Rate Period.

Restrictions on Transfer

Notes may be transferred only (a) pursuant to an order placed in an Auction, (b) to or through a Broker-Dealer or (c) to the Issuer or any Affiliate. Notwithstanding the foregoing, a transfer other than pursuant to an Auction will not be effective unless the selling Existing Holder or the Agent Member of such Existing Holder, in the case of an Existing Holder whose Notes are listed in its own name on the books of the Auction Agent, or the Broker-Dealer or Agent Member of such Broker-Dealer, in the case of a transfer between persons holding

Notes through different Broker-Dealers, advises the Auction Agent of such transfer. The certificates representing the Notes issued to the Securities Depository will bear legends with respect to the restrictions described above and stop-transfer instructions will be issued to the Transfer Agent and/or Registrar.

1940 Act Notes Asset Coverage

The Issuer shall maintain, as of the last Business Day of each month in which any Notes are Outstanding, asset coverage with respect to the Notes which is equal to or greater than the 1940 Act Notes Asset Coverage; provided, however, that Section 2.03(a)(ii) shall be the sole remedy in the event the Issuer fails to do so.

Notes Basic Maintenance Amount

So long as the Notes are Outstanding and any Rating Agency is then rating the Notes, the Issuer shall maintain, as of each Valuation Date, Eligible Assets having an aggregate Discounted Value equal to or greater than the Notes Basic Maintenance Amount; provided, however, that Section 2.03(a)(ii) shall be the sole remedy in the event the Issuer fails to do so.

Certain Other Restrictions

For so long as any Notes are Outstanding and any Rating Agency is then rating the Notes, the Issuer will not engage in certain proscribed transactions set forth in the Rating Agency Guidelines, unless it has received written confirmation from each such Rating Agency that proscribes the applicable transaction in its Rating Agency Guidelines that any such action would not impair the rating then assigned by such Rating Agency to a series of Notes.

For so long as any Notes are Outstanding, the Issuer will not declare, pay or set apart for payment any dividend or other distribution (other than a dividend or distribution paid in shares of, or options, warrants or

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rights to subscribe for or purchase, common shares or other shares of capital stock of the Issuer) upon any class of shares of capital stock of the Issuer, unless, in every such case, immediately after such transaction, the 1940 Act Notes Asset Coverage would be achieved after deducting the amount of such dividend, distribution, or purchase price, as the case may be; provided, however, that dividends may be declared upon any preferred shares of capital stock of the Issuer if the Notes and any other senior securities representing indebtedness of the Issuer have an asset coverage of at least 200% at the time of declaration thereof, after deducting the amount of such dividend.

A declaration of a dividend or other distribution on or purchase or redemption of any common or preferred shares of capital stock of the Issuer is prohibited (i) at any time that an Event of Default under the Indenture has occurred and is continuing, (ii) if after giving effect to such declaration, the Issuer would not have Eligible Assets with an aggregate Discounted Value at least equal to the Notes Basic Maintenance Amount or the 1940 Act Notes Asset Coverage, or (iii) the Issuer has not redeemed the full amount of Notes required to be redeemed by any provisions for mandatory redemption contained herein.

Compliance Procedures for Asset Maintenance Tests

For so long as any Notes are Outstanding and any Rating Agency is then rating such Notes:

(a) As of each Valuation Date, the Issuer shall determine in accordance with the procedures specified herein (i) the Market Value of each Eligible Asset owned by the Issuer on that date, (ii) the Discounted Value of each such Eligible Asset using the Discount Factors, (iii) whether the Notes Basic Maintenance Amount is met as of that date, (iv) the value of the total assets of the Issuer, less all liabilities, and (v) whether the 1940 Act Notes Asset Coverage is met as of that date.

(b) Upon any failure to maintain the required Notes Basic Maintenance Amount or 1940 Act Notes Asset Coverage on any Valuation Date, the Issuer may use reasonable commercial efforts (including, without limitation, altering the composition of its portfolio, purchasing Notes outside of an Auction or in the event of a failure to file a Rating Agency Certificate (as defined below) on a timely basis, submitting the requisite Rating Agency Certificate) to re-attain (or certify in the case of a failure to file on a timely basis, as the case may be) the required Notes Basic Maintenance Amount or 1940 Act Notes Asset Coverage on or prior to the Asset Coverage Cure Date.

(c) Compliance with the Notes Basic Maintenance Amount and 1940 Act Notes Asset Coverage tests shall be determined with reference to those Notes which are deemed to be Outstanding hereunder.

(d) The Issuer shall deliver to each Rating Agency which is then rating Notes and any other party specified in the Rating Agency Guidelines all certificates that are set forth in the respective Rating Agency Guidelines regarding 1940 Act Notes Asset Coverage, Notes Basic Maintenance Amount and/or related calculations at such times and containing such information as set forth in the respective Rating Agency Guidelines (each, a Rating Agency Certificate).

(e) In the event that any Rating Agency Certificate is not delivered within the time periods set forth in the Rating Agency Guidelines, the Issuer shall be deemed to have failed to maintain the Notes Basic Maintenance Amount or the 1940 Act Notes Asset Coverage, as the case may be, on such Valuation Date for purposes of Section 2.09(b). In the event that any Rating Agency Certificate with respect to an applicable Asset Coverage Cure Date is not delivered within the time periods set forth in the Rating Agency Guidelines, the Issuer shall be deemed to have failed to have Eligible Assets with an aggregate Discounted Value at least equal to the Notes Basic Maintenance Amount or to meet the 1940 Act Notes Asset Coverage, as the case may be, as of the related Valuation Date, and such failure shall be deemed not to have been cured as of such Asset Coverage Cure Date for purposes of the mandatory redemption provisions.

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Delivery of Notes

Upon the execution and delivery of this Supplemental Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall authenticate the Notes and deliver them to The Depository Trust Company and as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Notes, there shall have been filed with or delivered to the Trustee the following:

- (a) A resolution duly adopted by the Issuer, certified by the Secretary or other Authorized Officer thereof, authorizing the execution and delivery of this Supplemental Indenture and the issuance of the Notes.
- (b) Duly executed copies of this Supplemental Indenture and a copy of the Indenture.
- (c) Rating letters from each Rating Agency rating the Notes.
- (d) An Opinion of Counsel and an Officers Certificate pursuant to Sections 3.3 and 9.3 of the Original Indenture.

Trustee s Authentication Certificate

The Trustee s authentication certificate upon the Notes shall be substantially in the forms provided in Appendix hereto. No Note shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless a certificate of authentication, substantially in such form, has been duly executed by the Trustee; and such certificate of the Trustee upon any Note shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Trustee s certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Notes issued hereunder.

EVENTS OF DEFAULT; REMEDIES

Events of Default

An Event of Default means any one of the following events set forth below (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest upon a series of Notes when it becomes due and payable and the continuance of such default for thirty (30) days; or
- (b) default in the payment of the principal of, or any premium on, a series of Notes at its Stated Maturity; or
- (c) default in the performance, or breach, of any covenant or warranty of the Company in the Indenture, and continuance of such default or breach for a period of ninety (90) days after there has been given, by registered or certified mail, to the Company by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a Notice of Default; or
- (d) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency,

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reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(e) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(f) if, pursuant to Section 18(a)(1)(c)(ii) of the 1940 Act on the last business day of each of twenty-four (24) consecutive calendar months, the 1940 Act Notes Asset Coverage is less than 100%; or

(g) any other Event of Default provided with respect to a series of Notes, including a default in the payment of any Redemption Price payable on the date fixed for redemption.

Unless otherwise noted, an Event of Default that relates only to one series of Notes will not affect any other series.

Acceleration of Maturity; Rescission and Annulment

If an Event of Default with respect to Notes of a series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the holders of not less than a majority in principal amount of the Outstanding Notes of that series may declare the principal amount of all the Notes of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in paragraphs (d) and (e) above with respect to Notes of any series at the time Outstanding occurs, the principal amount of all the Notes of that series shall automatically, and without any declaration or other action on the part of the Trustee or any holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Notes of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in principal amount of the Outstanding Notes of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay

(i) all overdue interest on all Notes of that series,

(ii) the principal of (and premium, if any, on) any Notes of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Notes,

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(iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Notes,

(iv) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(b) all Events of Default with respect to _____ Notes of that series, other than the non-payment of the principal of Notes of that series which have become due solely by such declaration of acceleration, have been cured or waived.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Collection of Indebtedness and Suits for Enforcement by Trustee

The Company covenants that if:

(a) default is made in the payment of any interest on any Notes when such interest becomes due and payable and such default continues for a period of 90 days, or

(b) default is made in the payment of the principal of (or premium, if any, on) any _____ Notes at the Maturity thereof, the Company will, upon demand of the Trustee, pay to it, for the benefit of the holders of such _____ Notes, the whole amount then due and payable on such Notes for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such _____ Notes, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If an Event of Default with respect to _____ Notes of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders of _____ Notes of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in the Indenture or in aid of the exercise of any power granted in the Indenture, or to enforce any other proper remedy.

Application of Money Collected

Any money collected by the Trustee pursuant to the provisions of the Indenture relating to an Event of Default shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the _____ Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under the Indenture;

and

SECOND: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such _____ Notes for principal and any premium and interest, respectively.

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Limitation On Suits

No holder of any Notes of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

- (a) such holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes of that series;
- (b) the holders of not less than a majority in principal amount of the Outstanding Notes of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- (c) such holder or holders have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the Outstanding Notes of that series;

it being understood and intended that no one or more of such holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such holders, or to obtain or to seek to obtain priority or preference over any other of such holders or to enforce any right under the Indenture, except in the manner provided and for the equal and ratable benefit of all of such holders.

Unconditional Right of Holders to Receive Principal, Premium and Interest

Notwithstanding any other provision in the Indenture, the holder of any Notes shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to the provisions of any supplemental indenture) interest on such Notes on the respective Stated Maturities expressed in such Notes (or, in the case of redemption, on the Redemption Date), and to institute suit for the enforcement of any such payment and such rights shall not be impaired without the consent of such holder.

Restoration of Rights and Remedies

If the Trustee or any holder has instituted any proceeding to enforce any right or remedy under the Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the holders shall be restored severally and respectively to their former positions and thereafter all rights and remedies of the Trustee and the holders shall continue as though no such proceeding had been instituted.

Rights and Remedies Cumulative

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes, no right or remedy conferred upon or reserved to the Trustee or to the holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

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Control By Holders

The holders of not less than a majority in principal amount of the Outstanding Notes of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Notes of such series, provided that

- (1) such direction shall not be in conflict with any rule of law or with the Indenture, and
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Waiver of Past Defaults

The holders of not less than a majority in principal amount of the Outstanding Notes of any series may on behalf of the holders of all the Notes of such series waive any past default hereunder with respect to such series and its consequences, except a default

- (1) in the payment of the principal of or any premium or interest on any Notes of such series, or
- (2) in respect of a covenant or provision which cannot be modified or amended without the consent of the holder of each Outstanding Notes of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SATISFACTION AND DISCHARGE OF INDENTURE

The Indenture shall upon request of the Company cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of any Notes expressly provided for herein or in the terms of such security), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of the Indenture, when

(a) Either:

(i) all Notes theretofore authenticated and delivered (other than (1) securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in the Indenture; and (2) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in the Indenture) have been delivered to the Trustee for cancellation; or

(ii) all such Notes not theretofore delivered to the Trustee for cancellation have become due and payable, or will become due and payable at their Stated Maturity within one year, or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company, in the case of this subsection (ii) has deposited or caused to be deposited with the Trustee as trust funds in trust money in an amount sufficient to pay and discharge the entire indebtedness on such securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

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(b) the Company has paid or caused to be paid all other sums payable hereunder by the Trust; and

(c) the Company has delivered to the Trustee an Officers Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of the Indenture have been complied with.

Notwithstanding the satisfaction and discharge of the Indenture, the obligations of the Company to the Trustee under the Indenture and, if money shall have been deposited with the Trustee pursuant to subparagraph (ii) of paragraph (a) above, the obligations of the Trustee under certain provisions of the Indenture shall survive.

THE TRUSTEE

Certain Duties and Responsibilities

(1) Except during the continuance of an Event of Default,

(A) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and as required by the Trust Indenture Act, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(2) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(3) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(4) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(5) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(A) this Subsection shall not be construed to limit the effect of Subsection (1)(A) of this Section;

(B) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(C) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in principal amount of the Outstanding

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securities of any series, determined as provided in the Indenture, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture with respect to the Securities of such series; and

(D) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Notice of Defaults

If a default occurs hereunder with respect to _____ Notes of any series, the Trustee shall give the Holders of _____ Notes of such series notice of such default as and to the extent provided by the Trust Indenture Act; provided, however, that in the case of any default with respect to _____ Notes of such series, no such notice to Holders shall be given until at least 90 days after the occurrence thereof. For the purpose hereof, the term **default** means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to _____ Notes of such series.

Certain Rights of Trustee

Subject to the provisions under **Certain Duties and Responsibilities** above:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company shall be sufficiently evidenced by a Company Request or Company Order, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders pursuant to the Indenture, unless such holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

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(h) the Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture;

(i) the Trustee shall not be deemed to have notice of any default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and the Indenture;

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including its rights to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder; and

(k) the Trustee may request that the Company deliver an Officers Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to the Indenture, which Officers Certificate may be signed by any person authorized to sign an Officers Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

Compensation and Reimbursement

The Company agrees:

(a) to pay to the Trustee from time to time such compensation as shall be agreed in writing between the parties for all services rendered by it (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(c) to indemnify each of the Trustee or any predecessor Trustee for, and to hold it harmless against, any and all losses, liabilities, damages, claims or expenses including taxes (other than taxes imposed on the income of the Trustee) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Company, a holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or State bankruptcy, insolvency or other similar law.

The provisions hereof shall survive the termination of the Indenture.

Conflicting Interests

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and the Indenture. To the extent not prohibited by the Trust Indenture Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under the Indenture with respect to Notes of more than one series.

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Resignation and Removal; Appointment of Successor

No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements.

The Trustee may resign at any time with respect to the _____ Notes of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 60 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the _____ Notes of such series.

The Trustee may be removed at any time with respect to the _____ Notes of any series by Act of the holders of a majority in principal amount of the Outstanding _____ Notes of such series, delivered to the Trustee and to the Company. If the instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of a notice of removal pursuant to this paragraph, the Trustee being removed may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the _____ Notes of such series.

If at any time:

(a) the Trustee shall fail to comply after written request therefor by the Company or by any holder who has been a bona fide holder of Notes for at least six months, or

(b) the Trustee shall cease to be eligible and shall fail to resign after written request therefor by the Company or by any such holder, or

(c) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all Notes, or (ii) any holder who has been a bona fide holder of _____ Notes for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all _____ Notes and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the _____ Notes of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Notes of that or those series (it being understood that any such successor Trustee may be appointed with respect to the _____ Notes of one or more or all of such series and that at any time there shall be only one Trustee with respect to the _____ Notes of any particular series) and shall comply with the applicable requirements. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the _____ Notes of any series shall be appointed by Act of the holders of a majority in principal amount of the Outstanding _____ Notes of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements, become the successor Trustee with respect to the _____ Notes of such series and to that extent supersede the successor Trustee appointed by the Company.

If no successor Trustee with respect to the _____ Notes of any series shall have been so appointed by the Company or the holders and accepted appointment in the manner required, any holder who has been a bona fide holder of _____ Notes of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the _____ Notes of such series.

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The Company shall give notice of each resignation and each removal of the Trustee with respect to the appointment of a successor Trustee with respect to the manner provided. Each notice shall include the name of the successor Trustee with respect to the of its Corporate Trust Office.

Notes of any series and each
Notes of such series in the
Notes of such series and the address

Acceptance of Appointment by Successor

In case of the appointment hereunder of a successor Trustee with respect to all execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

Notes, every such successor Trustee so appointed shall

In case of the appointment hereunder of a successor Trustee with respect to the retiring Trustee and each successor Trustee with respect to the indenture wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the powers, trusts and duties of the retiring Trustee with respect to the retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing in the Indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the successor Trustee relates.

Notes of one or more (but not all) series, the Company,
Notes of one or more series shall execute and deliver a supplemental
Notes of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not
Notes, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights,
Notes of that or those series as to which the retiring Trustee is not

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible.

Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the

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successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes.

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Company May Consolidate, Etc., Only On Certain Terms

The Company shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company, unless:

(a) in case the Company shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership or trust, shall be organized and validly existing under the laws of any domestic or foreign jurisdiction and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all the Notes and the performance or observance of every covenant of the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or any subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing;

(c) the Company has delivered to the Trustee an Officers Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply and that all conditions precedent in the Indenture provided for relating to such transaction have been complied with.

Successor Substituted

Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if such successor Person had been named as the Company in the Indenture, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under the Indenture and the Notes.

DEFEASANCE AND COVENANT DEFEASANCE

Defeasance and Discharge

Upon the Company's exercise of its option (if any) to have the provisions of the Indenture relating to Defeasance applied to any Notes or any series of Notes, as the case may be, the Company shall be

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deemed to have been discharged from its obligations, with respect to such Notes as provided in the Indenture on and after the date the conditions set forth are satisfied (hereinafter called **Defeasance**). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Notes and to have satisfied all its other obligations under such Notes and the Indenture insofar as such Notes are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of holders of such Notes to receive, solely from the trust fund, payments in respect of the principal of and any premium and interest on such Notes when payments are due, (2) the Company's obligations with respect to such Notes, (3) the rights, powers, trusts, duties and immunities of the Trustee.

Covenant Defeasance

Upon the Company's exercise of its option (if any) to have provisions of the Indenture relating to Covenant Defeasance applied to any Notes or any series of Notes, as the case may be, (1) the Company shall be released from its obligations under certain provisions of the Indenture for the benefit of the holders of such Notes and (2) the occurrence of any event specified in the Indenture, and any such covenants provided pursuant to certain provisions of the Indenture shall be deemed not to be or result in an Event of Default, in each case with respect to such Notes as provided in the Indenture on and after the date the conditions are satisfied (hereinafter called **Covenant Defeasance**). For this purpose, such Covenant Defeasance means that, with respect to such Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified section of the Indenture, whether directly or indirectly by reason of any reference elsewhere in the Indenture, or by reason of any reference in any such section or article of the Indenture to any other provision in the Indenture or in any other document, but the remainder of the Indenture and such Notes shall be unaffected thereby.

Conditions to Defeasance or Covenant Defeasance

(a) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements and agrees to comply with the provisions of the relevant Article of the Indenture applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the holders of such Notes, (i) money in an amount, or (ii) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (iii) such other obligations or arrangements as may be specified with respect to such Notes, or (iv) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and any premium and interest on such Notes on the respective Stated Maturities, in accordance with the terms of the Indenture and such Notes. As used in the Indenture, **U.S. Government Obligation** means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the Company thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Notes Act) as custodian with respect to any U.S. Government Obligation which is specified in Clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

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(b) In the event of an election to have Defeasance and Discharge apply to any Notes or any series of Notes, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this instrument, there has been a change in the applicable Federal income tax law, in either case (i) or (ii) to the effect that, and based thereon such opinion shall confirm that, the holders of such Notes will not recognize gain or loss for Federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Notes and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(c) In the event of an election to have Covenant Defeasance apply to any Notes or any series of Notes, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the holders of such Notes will not recognize gain or loss for Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Notes and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(d) The Company shall have delivered to the Trustee an Officers Certificate to the effect that neither such Notes nor any other Notes of the same series, if then listed on any Notes exchange, will be delisted as a result of such deposit.

(e) No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Notes or any other Notes shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified, at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(f) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Notes are in default within the meaning of such Act).

(g) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(h) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act unless such trust shall be registered under the Investment Company Act or exempt from registration thereunder.

(i) No event or condition shall exist that would prevent the Company from making payments of the principal of (and any premium) or interest on the Notes of such series on the date of such deposit or at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(j) The Company shall have delivered to the Trustee an Officers Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

(k) The Company shall have delivered to the Trustee an Opinion of Counsel substantially to the effect that (i) the trust funds deposited pursuant hereto will not be subject to any rights of any holders of indebtedness or equity of the Company, and (ii) after the 90th day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally, except that if a court were to rule under any such law in any case or proceeding that the trust funds remained property of the Company, no opinion is given as to the effect of such laws on the trust funds

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except the following: (A) assuming such trust funds remained in the possession of the trustee with whom such funds were deposited prior to such court ruling to the extent not paid to holders of such Notes, such trustee would hold, for the benefit of such holders, a valid and perfected security interest in such trust funds that is not avoidable in bankruptcy or otherwise and (B) such holders would be entitled to receive adequate protection of their interests in such trust funds if such trust funds were used.

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APPENDIX B DESCRIPTION OF RATINGS

Moody's Global Short-Term Rating Scale

Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.

P-1: Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2: Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3: Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP: Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Moody's Global Long-Term Rating Scale

Aaa: Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa: Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A: Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa: Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba: Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B: Obligations rated B are considered speculative and are subject to high credit risk.

Caa: Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

Ca: Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C: Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that

¹ The ratings indicated herein are believed to be the most recent ratings available at the date of this prospectus for the securities listed. Ratings are generally given to securities at the time of issuance. While the rating agencies may from time to time revise such ratings, they undertake no obligation to do so, and the ratings indicated do not necessarily represent ratings which will be given to these securities on the date of the Fund's fiscal year-end.

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generic rating category. Additionally, a (hyb) indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.*

S&P Global Ratings Short-Term Issue Credit Ratings

A-1: A short-term obligation rated A-1 is rated in the highest category by **S&P Global Ratings**. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2: A short-term obligation rated A-2 is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3: A short-term obligation rated A-3 exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B: A short-term obligation rated B is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

C: A short-term obligation rated C is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D: A short-term obligation rated D is in default or in breach of an imputed promise. For non-hybrid capital instruments, the D rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The D rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to D if it is subject to a distressed exchange offer.

S&P Global Ratings Long-Term Issue Credit Ratings*

Issue credit ratings are based, in varying degrees, on S&P Global Ratings analysis of the following considerations:

The likelihood of payment—the capacity and willingness of the obligor to meet its financial commitment on a financial obligation in accordance with the terms of the obligation;

The nature and provisions of the financial obligation, and the promise we impute; and

The protection afforded by, and relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

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AAA: An obligation rated AAA has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA: An obligation rated AA differs from the highest rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A: An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB: An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB; B; CCC; CC; and C: Obligations rated BB, B, CCC, CC, and C are regarded as having significant speculative characteristics. BB is the least degree of speculation and C the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB: An obligation rated BB is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B: An obligation rated B is more vulnerable to nonpayment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC: An obligation rated CCC is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC: An obligation rated CC is currently highly vulnerable to nonpayment. The CC rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

C: An obligation rated C is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

D: An obligation rated D is in default or in breach of an imputed promise. For non-hybrid capital instruments, the D rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The D rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to D if it is subject to a distressed exchange offer.

*Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

NR: This indicates that S&P Global Ratings' rating has not been assigned or is no longer assigned.

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Local Currency and Foreign Currency Ratings

S&P Global Ratings issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer's foreign currency rating will differ from its local currency rating when the obligor has a different capacity to meet its obligations denominated in its local currency, vs. obligations denominated in a foreign currency.

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PART C OTHER INFORMATION

ITEM 25: FINANCIAL STATEMENTS AND EXHIBITS

1. Financial Statements:

The Registrant's audited statement of assets and liabilities, statement of operations, statement of changes in net assets, statement of cash flows, financial highlights and schedule of investments as of and for the year ended October 31, 2018, notes to such statements and report of independent public accountants thereon are filed herewith.

2. Exhibits:

- a.1 Agreement and Declaration of Trust. (7)
- a.2 Certificate of Trust. (1)
- b. Amended and Restated By-laws. (filed herewith)
- c. None.
- d.1 Form of Common Share Certificate. (2)
- d.2 Form of Preferred Share Certificate. (5)
- d.3 Form of Note. (*)
- d.4 Indenture of Trust. (*)
- d.5 Form of Supplemental Indenture of Trust. (*)
- e. Terms and Conditions of the Dividend Reinvestment Plan. (7)
- f. None.
- g. Investment Management Agreement with Calamos Advisors LLC. (2)
- h.1 Form of Underwriting Agreement relating to Common Shares. (4)
- h.2 Form of Master Agreement Among Underwriters relating to Common Shares. (2)
- h.3 Form of Master Selected Dealers Agreement relating to Common Shares. (2)
- h.4 Form of Underwriting Agreement relating to Preferred Shares. (4)
- h.5 Form of Underwriting Agreement relating to Notes. (*)
- h.6 Sales Agreement relating to Common Shares dated September 30, 2011, among Registrant, Calamos Advisors LLC and JonesTrading Institutional Services LLC (Initial Sales Agreement) (333-175076). (8)
- h.7 First Amendment to Initial Sales Agreement dated July 2, 2012. (9)
- h.8 Sales Agreement relating to Common Shares dated April 15, 2016, among Registrant, Calamos Advisors LLC and JonesTrading Institutional Services LLC. (12)
- h.9 Form of Distribution Agreement relating to Common Shares. (*)
- h.10 Form of Sub-Placement Agent Agreement relating to Common Shares. (*)
- i. None.
- j.1 Custody Agreement. (6)
- j.2 Amendment to Appendix A to Custody Agreement. (7)
- k.1.i Stock Transfer Agency Agreement. (7)
- k.1.ii Amendment to Stock Transfer Agency Agreement. (10)
- k.1.iii Amendment, dated March 20, 2015, to Stock Transfer Agency Agreement (14).
- k.1.iv Amendment, dated September 6, 2017, to Stock Transfer Agency Agreement (14).
- k.1.v Amendment, dated October 18, 2017, to Stock Transfer Agency Agreement (14).
- k.2 Master Services Agreement. (4)
- k.3 Amendment to Appendix A to Master Services Agreement. (7)
- k.4 Administration Agreement (14).
- k.5 Services Agreement (14).
- k.6 Form of Auction Agency Agreement relating to Preferred Shares. (5)
- k.7 Form of Broker Dealer Agreement relating to Preferred Shares. (5)
- k.8 Form of Auction Agency Agreement relating to Notes. (*)
- k.9 Form of Broker Dealer Agreement relating to Notes. (*)
- k.10 Form of DTC Representations Letter relating to Preferred Shares and Notes. (4)

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- 1.1 Opinion of Morris, Nichols, Arsht & Tunnell LLP regarding Common Shares. (12)
- 1.2 Opinion of Morris, Nichols, Arsht & Tunnell LLP regarding shelf registration. (11)
- 1.3 Opinion of Richards, Layton & Finger, P.A. regarding Common Shares. (filed herewith)
- m. None.
- n. Consent of Auditors. (filed herewith)
- o. Not applicable.

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- p. Subscription Agreement. (2)
 - q. None.
 - r.1 Code of Ethics. (14)
 - s.1 Powers of Attorney (for John E. Neal, William R. Rybak, Stephen B. Timbers, and David D. Tripple). (10)
 - s.2 Power of Attorney for Virginia G. Breen. (11)
 - s.3 Power of Attorney (for Lloyd A. Wennlund) (14).
-
- (1) Incorporated by reference to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-103824) as filed with the Commission on March 14, 2003.
 - (2) Incorporated by reference to Pre-Effective Amendment No. 2 to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-103824) as filed with the Commission on May 27, 2003.
 - (3) Reserved.
 - (4) Incorporated by reference to Pre-Effective Amendment No. 2 to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-146947) as filed with the Commission on February 22, 2008.
 - (5) Incorporated by reference to Pre-Effective Amendment No. 1 Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-105808) as filed with the Commission on July 23, 2003.
 - (6) Incorporated by reference to Post-Effective Amendment No. 5 to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-146947) as filed with the Commission on May 17, 2010.
 - (7) Incorporated by reference to Registrant's initial Registration Statement on Form N-2 (1933 Act File No. 333-175076) as filed with the Commission on June 22, 2011.
 - (8) Incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement (1933 Act File No. 333-175076) as filed with the Commission on September 30, 2011.
 - (9) Incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement (1933 Act File No. 333-175076) as filed with the Commission on February 25, 2013.
 - (10) Incorporated by reference to Registrant's initial Registration Statement on Form N-2 (1933 Act File No. 333-205640) as filed with the Commission on July 13, 2015.
 - (11) Incorporated by reference to Pre-Effective Amendment No. 2 to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-205640) as filed with the Commission on March 11, 2016.
 - (12) Incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-205640) as filed with the Commission on April 15, 2016.
 - (13) Incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-205640) as filed with the Commission on February 7, 2018.
 - (14) Incorporated by reference to Registrant's initial Registration Statement on Form N-2 (1933 Act File No. 333-229038) as filed with the Commission on December 27, 2018.
 - (*) To be filed by amendment.

ITEM 26: MARKETING ARRANGEMENTS
Not applicable.

Table of Contents**ITEM 27: OTHER OFFERING EXPENSES AND DISTRIBUTION**

The following table sets forth the estimated expenses to be incurred in connection with all offerings described in this Registration Statement:

Registration fees	\$ 4,000
Printing (other than certificates)	30,000
FINRA fees	5,000
Accounting fees and expenses	5,000
Legal fees and expenses	120,000
Miscellaneous	6,000
Total	\$ 170,000

ITEM 28. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL

None.

ITEM 29. NUMBER OF HOLDERS OF SECURITIES

As of January 31, 2019, the number of record holders of each class of securities of the Registrant was

TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Common shares (no par value)	66
Series A Mandatory Redeemable Preferred Shares	2
Series B Mandatory Redeemable Preferred Shares	2
Series C Mandatory Redeemable Preferred Shares	2

ITEM 30. INDEMNIFICATION

The Registrant's Amended and Restated Agreement and Declaration of Trust (the Declaration), dated September 13, 2006, provides that every person who is, or has been, a Trustee or an officer, employee or agent of the Registrant (including any individual who serves at its request as director, officer, partner, employee, Trustee, agent or the like of another organization in which it has any interest as a shareholder, creditor or otherwise (Covered Person)) shall be indemnified by the Registrant or the appropriate series of the Registrant to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been a Covered Person and against amounts paid or incurred by him in the settlement thereof; provided that no indemnification shall be provided to a Covered Person (i) who shall have been adjudicated by a court or body before which the proceeding was brought (A) to be liable to the Registrant or its shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office, or (B) not to have acted in good faith and in a manner the person reasonably believed to be or not opposed to the best interest of the Registrant; or (ii) in the event of a settlement, unless there has been a determination that such Covered Person did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office; (A) by the court or other body approving the settlement; (B) by at least a majority of those Trustees who are neither Interested Persons of the Trust nor are parties to the matter based upon a review of readily available facts (as opposed to a full trial-type inquiry); (C) by written opinion of independent legal counsel based upon a review of readily available facts (as opposed to a full trial-type inquiry) or (D) by a vote of a majority of the Outstanding Shares entitled to vote (excluding any Outstanding Shares owned of record or beneficially by such individual).

The Declaration also provides that if any shareholder or former shareholder of the Registrant shall be held personally liable solely by reason of his being or having been a shareholder and not because of his acts or omissions or for some other reason, the shareholder or former shareholder (or his heirs, executors, administrators or other legal representatives or in the case of any entity, its general successor) shall be entitled out of the assets belonging to the Registrant to be held harmless from and indemnified against all loss and expense arising from such liability. The

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Registrant shall, upon request by such shareholder, assume the defense of any claim made against such shareholder for any act or obligation of the series and satisfy any judgment thereon from the assets of the series.

The Registrant, its Trustees and officers, its investment adviser, the other investment companies advised by the adviser and certain persons affiliated with them are insured, within the limits and subject to the limitations of the insurance, against certain expenses in connection with the defense of actions, suits or proceedings, and certain liabilities that might be imposed as a result of such actions, suits or proceedings. The insurance expressly excludes coverage for any Trustee or officer whose personal dishonesty, fraudulent breach of trust, lack of good faith, or intention to deceive or defraud has been finally adjudicated or may be established or who willfully fails to act prudently.

Section 9 of the Sales Agreement previously filed as Exhibit h.8 to this Registration Statement provides for each of the parties thereto, including the Registrant and the underwriters, to indemnify the others, their Trustees, directors, certain of their officers,

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Trustees, directors and persons who control them against certain liabilities in connection with the offering described herein, including liabilities under the federal securities laws.

Insofar as indemnification for liability arising under the Securities Act of 1933, as amended (the "1933 Act"), may be available to Trustees, officers, controlling persons of the Registrant and underwriter, pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant's expenses incurred or paid by a Trustee, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such Trustee, officer, controlling person or underwriter in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

ITEM 31. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

The information in the Statement of Additional Information under the caption "Management of the Fund Trustees and Officers" is incorporated by reference.

ITEM 32. LOCATION OF ACCOUNTS AND RECORDS

All such accounts, books, and other documents are maintained at the offices of the Registrant, at the offices of the Registrant's investment manager, Calamos Advisors LLC 2020 Calamos Court, Naperville, Illinois 60563, at the offices of the Custodian and Accounting Agent, 200 Clarendon Street, P.O. Box 9130, Boston, Massachusetts 02117-9130, or at the offices of the Transfer Agent, P.O. Box 358016, Pittsburgh, PA 15252-8016.

ITEM 33. MANAGEMENT SERVICES

Not applicable.

ITEM 34. UNDERTAKINGS

1. The Registrant undertakes to suspend the offering of shares until the prospectus is amended if (1) subsequent to the effective date of its registration statement, the net asset value declines more than ten percent from its net asset value as of the effective date of the registration statement or (2) the net asset value increases to an amount greater than its net proceeds as stated in the prospectus.

2. Not applicable.

3. Not applicable.

4. The securities being registered will be offered on a delayed or continuous basis in reliance on Rule 415 under the 1933 Act. Accordingly, the Registrant undertakes:

(a) to file a post-effective amendment to this registration statement, during any period in which offers or sales are being made, in accordance with no-action relief granted to the Registrant on February 14, 2011:

(1) to include any prospectus required by Section 10(a)(3) of the 1933 Act;

(2) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

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(3) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b) that, for the purpose of determining any liability under the 1933 Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of those securities at that time shall be deemed to be the initial bona fide offering thereof; and

(c) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

(d) that, for the purpose of determining liability under the 1933 Act to any purchaser, if the Registrant is subject to Rule 430C: each prospectus filed pursuant to Rule 497(b), (c), (d) or (e) under the 1933 Act as part of this registration statement relating to an offering, other than prospectuses filed in reliance on Rule 430A under the 1933 Act, shall be deemed to be part of and included in this registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in this registration statement or prospectus that is part of this registration statement or made in a document incorporated or deemed incorporated by reference into this registration statement or prospectus that is part of this registration statement will, as to a purchaser

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with a time of contract of sale prior to such first use, supersede or modify any statement that was made in this registration statement or prospectus that was part of this registration statement or made in any such document immediately prior to such date of first use.

(e) that for the purpose of determining liability of the Registrant under the 1933 Act to any purchaser in the initial distribution of securities:

The undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:

(1) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 497 under the 1933 Act;

(2) the portion of any advertisement pursuant to Rule 482 under the 1933 Act relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(3) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

5. (a) For the purposes of determining any liability under the 1933 Act, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant under Rule 497(h) under the 1933 Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the 1933 Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

6. The Registrant undertakes to send by first class mail or other means designed to ensure equally prominent delivery within two business days of receipt of a written or oral request the Registrant's statement of additional information.

7. Upon each issuance of securities pursuant to this Registration Statement, the Registrant undertakes to file a form of prospectus and/or form of prospectus supplement pursuant to Rule 497 and a post-effective amendment to the extent required by the 1933 Act and the rules and regulations thereunder, including, but not limited to a post-effective amendment pursuant to Rule 462(c) or Rule 462(d) under the 1933 Act.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended (1933 Act) and the Investment Company Act of 1940, as amended, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Naperville, and State of Illinois, on the 22nd day of February, 2019.

CALAMOS CONVERTIBLE AND HIGH INCOME FUND

By: /s/ John P. Calamos, Sr.
John P. Calamos, Sr.
Trustee and President

Pursuant to the requirements of the 1933 Act, this registration statement has been signed by the following persons in the capacities and on the date(s) indicated.

Name	Title	Date
/s/ John P. Calamos, Sr. John P. Calamos, Sr.	Trustee and President (principal executive officer)) February 22, 2019
)
)
/s/ John E. Neal* John E. Neal	Trustee)
)
)
/s/ William Rybak* William Rybak	Trustee)
)
)
/s/ Stephen B. Timbers* Stephen B. Timbers	Trustee)
)
/s/ David D. Tripple* David D. Tripple	Trustee)
)
/s/ Virginia G. Breen* Virginia G. Breen	Trustee)
)
)
/s/ Lloyd A. Wennlund* Lloyd A. Wennlund	Trustee)
)
)

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/s/ Curtis E. Holloway
Curtis E. Holloway

Chief Financial Officer and Treasurer

) February 22, 2019

)

)

* John P. Calamos, Sr. signs this document pursuant to powers of attorney filed in Registrant's initial Registration Statement on Form N-2 (1933 Act File No. 333-205640) as filed with the SEC on July 13, 2015; Pre-Effective Amendment No. 2 to Registrant's Registration Statement on Form N-2 (1933 Act File No. 333-205640) as filed with the SEC on March 11, 2016; and Registrant's initial Registration Statement on Form N-2 (1933 Act File No. 333-229038) as filed with the SEC on December 27, 2018.

By: /s/ John P. Calamos, Sr.
John P. Calamos, Sr.
Attorney-In-Fact
February 22, 2019

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INDEX TO EXHIBITS

Exhibit	Exhibit Name
b.	Amended and Restated By-laws.
l.3	Opinion of Richards, Layton & Finger, P.A. regarding Common Shares.
n.	Consent of Auditors.