GABELLI UTILITY TRUST
Form 497
May 25, 2016
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**THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION AND BECAME EFFECTIVE. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ARE NOT AN OFFER TO SELL THESE SECURITIES AND ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.**

**SUBJECT TO COMPLETION, DATED MAY 25, 2016**

**THE GABELLI UTILITY TRUST**

Filed Pursuant to Rule 497(c)

Registration Statement No. 333-203475

**PRELIMINARY PROSPECTUS SUPPLEMENT**

**(To Prospectus dated April 19, 2016)**

**$**

**Shares**

# % Series C Cumulative Preferred Shares

**(Liquidation Preference $25.00 per share)**

The Gabelli Utility Trust (the Fund, we, us or our ) is offering shares of % Series C Cumulative Preferred Shares, par value $0.001 per share (the Series C Preferred Shares ). The Series C Preferred Shares will constitute a separate series of the Fund s preferred shares. Investors in Series C Preferred Shares will be entitled to receive, when, as and if declared by, or under authority granted by, the Fund s Board of Trustees, out of funds legally available therefor, cumulative cash dividends and distributions at a rate of % per annum of the $25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions on Series C Preferred Shares will be payable quarterly on March 26, June 26, September 26 and December 26 in each year, commencing on September 26, 2016.

The Series C Preferred Shares are redeemable at our option on or after , 2021 and are subject to mandatory redemption by us in certain circumstances. See Special Characteristics and Risks of the Series C Preferred Shares Redemption.

The Fund is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act ). The Fund s primary investment objective is long term growth of capital and income. The Fund invests at least 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas, and water and (ii) telecommunications services or infrastructure operations (collectively, the Utility Industry ). A company will be considered to be in the Utility Industry if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or utility-related activities. The Fund s investment adviser is Gabelli Funds, LLC (the Investment Adviser ).

The Fund s outstanding common shares, par value $0.001 per share, are listed on the New York Stock Exchange (the NYSE ) under the symbol GUT. On May 24, 2016, the last reported net asset value per share of our common shares was $5.54 and the last reported sales price per share of our common shares on the NYSE was $6.54. Shares of our 5.625% Series A Cumulative Preferred Shares, par value $0.001 per share (the Series A Preferred Shares ), are listed on the NYSE under the symbol GUT PrA. On May 24, 2016, the last reported sales price per share of our Series A Preferred Shares was $25.78. Our Series B Auction Market Preferred Shares, par value $0.001 per share (the Series B Preferred Shares ), are not listed on a stock exchange. The Series C Preferred Shares will rank on parity with our Series A Preferred Shares, Series B Preferred Shares and any future series of preferred shares and will be senior to our common shares with respect to dividend and distribution rights and rights upon our liquidation.

Application will be made to list the Series C Preferred Shares on the NYSE. If the application is approved, the Series C Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance. The Fund intends to list the Series C Preferred Shares on the NYSE under the ticker symbol GUT PrC.

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

**Investing in Series C Preferred Shares involves certain risks that are described in the Special Characteristics and Risks of the Series C Preferred Shares section of this Prospectus Supplement and the Risk Factors and Special Considerations section beginning on page 26 of the accompanying Prospectus.**

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

| | Per Share | Total |
|---|---|---|
| Public offering price | $ 25.00 | $ |
| Underwriting discounts and commissions | $ | $ |
| Proceeds, before expenses, to the Fund[1] | $ | $ |

(1) The aggregate expenses of the offering (excluding underwriting discounts and commissions) are estimated to be $325,000.

The underwriters are expected to deliver the Series C Preferred Shares in book-entry form through The Depository Trust Company on or about , 2016.

**Morgan Stanley**

**G.research, LLC**

The date of this Prospectus Supplement is , 2016.

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

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**Prospectus Supplement**



**Prospectus**

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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## SUMMARY OF THE TERMS OF THE SERIES C PREFERRED SHARES

*This Prospectus Supplement sets forth certain terms of the Series C Preferred Shares that we are offering pursuant to this Prospectus Supplement and the accompanying Prospectus that is attached to the back of this Prospectus Supplement. This section outlines certain specific legal and financial terms of the Series C Preferred Shares that are more generally described under the heading Special Characteristics and Risks of the Series C Preferred Shares herein and in the accompanying Prospectus under the heading Description of the Securities. Capitalized terms used in this Prospectus Supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying Prospectus or in the Statement of Preferences governing and establishing the terms of the Series C Preferred Shares.*

| | |
|---|---|
| **The Fund** | The Gabelli Utility Trust is a diversified, closed-end management investment company registered under the 1940 Act. The Fund s primary investment objective is long term growth of capital and income. The Fund invests at least 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas and water and (ii) telecommunications services or infrastructure operations (collectively, the Utility Industry ). A company will be considered to be in the Utility Industry if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or utility-related activities. The Fund s investment adviser is Gabelli Funds, LLC. The Fund was organized under the laws of the State of Delaware on February 25, 1999 and commenced operations on July 9, 1999. The Fund s common shares are listed on the NYSE under the symbol GUT. |
| **Securities Offered** | shares of % Series C Cumulative Preferred Shares (the Series C Preferred Shares ). The Series C Preferred Shares will constitute a separate series of preferred shares of the Fund. The Series C Preferred Shares will rank on parity with the Series A Preferred Shares, Series B Preferred Shares and any future series of preferred shares and will be senior to our common shares with respect to dividend and distribution rights and rights upon our liquidation. |
| **Dividend Rate** | Dividends and distributions on the Series C Preferred Shares are cumulative from their original issue date at the annual rate of % of the $25.00 per share liquidation preference on the Series C Preferred Shares. |
| **Dividend Payment Date** | Holders of Series C Preferred Shares will be entitled to receive, when, as and if declared by, or under authority granted by, the Fund s Board of Trustees (the Board of Trustees ), out of funds legally available therefor, cumulative cash dividends and distributions at the rate of % per annum of the $25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions will be paid quarterly on March 26, June 26, September 26 and December 26 in each year, commencing on September 26, 2016. |
| **Liquidation Preference** | $25.00 per share plus accumulated and unpaid dividends and distributions. |

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|---|---|
| **Use of Proceeds** | The Fund expects to use the net proceeds from the offering of the Series C Preferred Shares to purchase portfolio securities in accordance with its investment objective and policies. The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund s investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, the identification of appropriate investment opportunities pursuant to the Fund s investment style or changes in market conditions may cause the investment period to extend as long as six months from the issue date. While not currently expected, the proceeds may also be used to call shares of existing series of the Fund s preferred shares. |
| | Pending such investment and/or redemption, the proceeds of the offering of the Series C Preferred Shares will be held in high quality short term debt securities and similar instruments. *See Use of Proceeds.* |
| **Non-Call Period/Redemption** | The Series C Preferred Shares generally may not be called for redemption at the option of the Fund prior to , 2021. The Fund reserves the right, however, to redeem the Series C Preferred Shares at any time if it is necessary, in the judgment of the Board of Trustees, to maintain its status as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code ). The Fund also may be required under certain circumstances to redeem Series C Preferred Shares, before or after , 2021, in order to meet certain regulatory or rating agency asset coverage requirements. |
| | Commencing , 2021, and thereafter, to the extent permitted by the 1940 Act and Delaware law, the Fund may at any time, upon notice of redemption, redeem the Series C Preferred Shares in whole or in part at the liquidation preference per share plus accumulated unpaid dividends and distributions through the date of redemption. |
| **Stock Exchange Listing** | Application will be made to list the Series C Preferred Shares on the NYSE. Prior to this offering, there has been no public market for Series C Preferred Shares. If the application is approved, it is anticipated that trading on the NYSE will begin within thirty days from the date of this Prospectus Supplement. Before the Series C Preferred Shares are listed on the NYSE, the underwriters may, but are not obligated to, make a market in the Series C Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in the Series C Preferred Shares will be illiquid. |
| **Taxation** | The Fund expects that distributions made on the Series C Preferred Shares will consist of (i) long term capital gain (gain from the sale of a capital asset held longer than one year), (ii) qualified dividend income (dividend income from certain domestic and foreign corporations, provided certain holding period and other requirements are met by both the Fund and the shareholder) and (iii) investment |

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company taxable income (other than qualified dividend income, including interest income, short term capital gain and income from certain hedging and interest rate transactions). Distributions paid to investors by the Fund from its investment company taxable income, which includes the excess of net short term capital gains over net long term capital losses, are generally taxable to investors as ordinary income to the extent of the earnings and profits of the Fund. Such distributions (if reported by the Fund) may, however, qualify (provided holding periods and other requirements are met) (i) for the dividends received deduction in the case of corporate shareholders to the extent that the income of the Fund consists of dividend income from U.S. corporations and (ii) in the case of individual shareholders, as qualified dividend income eligible to be taxed at long term capital gains rates to the extent that the Fund receives qualified dividend income. Distributions made to investors from an excess of net long term capital gains over net short term capital losses ( capital gain dividends ), including capital gain dividends credited to investors but retained by the Fund, are taxable to investors as long term capital gains if they have been properly reported by the Fund, regardless of the length of time investors have owned shares of beneficial interest of the Fund. The maximum federal income tax rate on net long term capital gain of individuals is generally either 15% or 20% depending on whether an individual s income exceeds certain threshold amounts. In addition, certain U.S. shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surcharge on their net investment income. We cannot assure you, however, as to what percentage of future distributions made on the Series C Preferred Shares will consist of long term capital gain and qualified dividend income. *See U.S. Federal Income Tax Consequences of the Offering.*

**ERISA** See *Certain Employee Benefit Plan and IRA Considerations.*

**Dividend Paying Agent** Computershare Trust Company, N.A.

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## DESCRIPTION OF THE SERIES C PREFERRED SHARES

The following is a brief description of the terms of the Series C Preferred Shares. This is not a complete description and is subject to and entirely qualified by reference to the Fund s Statement of Preferences for the Series C Preferred Shares (the Statement ). The Statement will be attached as an exhibit to post-effective amendment number 2 to the Fund s registration statement. Copies may be obtained as described under Additional Information in the accompanying Prospectus. Any capitalized terms in this section and the Special Characteristics and Risks of the Series C Preferred Shares section of this Prospectus Supplement that are not defined have the meaning assigned to them in the Statement.

The Fund s declaration of trust (the Declaration ) authorizes its Board of Trustees to issue shares of beneficial interest of the Fund, $0.001 par value per share, with such designations, powers, preferences, voting, conversion and other rights, limitations, qualifications and terms and conditions as determined by the Board of Trustees and without the approval of common shareholders. The Declaration authorizes the Board of Trustees to issue an unlimited number of shares of beneficial interest classified by the Board of Trustees as preferred shares, par value $0.001 per share. The Statement authorizes the issuance of up to Series C Preferred Shares. All Series C Preferred Shares will have a liquidation preference of $25.00 per share plus accumulated and unpaid dividends. Holders of the Series C Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Trustees, out of funds legally available therefor, cumulative cash dividends and distributions at the rate of % per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the $25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions on the Series C Preferred Shares will accumulate from the date of their original issue, which is expected to be , 2016.

The Series C Preferred Shares, when issued by the Fund and paid for pursuant to the terms of this Prospectus Supplement and the accompanying Prospectus, will be fully paid and non-assessable and will have no preemptive, exchange or conversion rights. Any Series C Preferred Shares purchased or redeemed by the Fund will, after such purchase or redemption, have the status of authorized but unissued preferred shares. The Board of Trustees may by resolution classify or reclassify any authorized and unissued Series C Preferred Shares from time to time by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and distributions, qualifications or terms or conditions of redemption of such shares. So long as any Series C Preferred Shares are outstanding, the Fund shall not, without the affirmative vote of the holders of a majority (as defined in the 1940 Act) of the Fund s preferred shares outstanding at the time and present and voting on such matter, voting separately as one class, amend, alter or repeal the provisions of the Statement so as to in the aggregate adversely affect the rights and preferences set forth in any statement of preferences of the Fund s preferred shares, including the Series C Preferred Shares. To the extent permitted under the 1940 Act, in the event that more than one series of the Fund s preferred shares are outstanding, the Fund shall not effect any of the actions set forth in the preceding sentence which in the aggregate adversely affects the rights and preferences set forth in the statement of preferences for a series of the Fund s preferred shares differently than such rights and preferences for any other series of the Fund s preferred shares without the affirmative vote of the holders of at least a majority of the Fund s preferred shares outstanding and present and voting on such matter of each series adversely affected (each such adversely affected series voting separately as a class to the extent its rights are affected differently). The holders of the Series C Preferred Shares shall not be entitled to vote on any matter that affects the rights or interests of only one or more other series of the Fund s preferred shares. Unless a higher percentage is required under the Declaration or the Fund s by-laws (together, the Governing Documents ) or applicable provisions of the Delaware Statutory Trust Act or the 1940 Act, the affirmative vote of the holders of a majority of the Fund s outstanding preferred shares (as defined in Section 2(a)(42) of the 1940 Act), including the Series C Preferred Shares, voting together as a single class, will be required to approve any plan of reorganization adversely affecting the Fund s preferred shares or any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in the Fund s investment objective or changes in the investment restrictions described as fundamental policies under Investment Objectives and Policies and Investment Restrictions in the accompanying Prospectus and the SAI. The class

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vote of holders of the Fund s preferred shares described above will in each case be in addition to a separate vote of the requisite percentage of the Fund s common shares and preferred shares, including the Series C Preferred Shares, voting together as a single class, necessary to authorize the action in question. An increase in the number of authorized preferred shares pursuant to the Governing Documents or the issuance of additional shares of any series of the Fund s preferred shares (including the Series C Preferred Shares) pursuant to the Governing Documents shall not in and of itself be considered to adversely affect the rights and preferences of the Fund s preferred shares.

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

## USE OF PROCEEDS

The Fund estimates the total net proceeds of the offering to be $ , based on the public offering price of $25.00 per Series C Preferred Share and after deduction of the underwriting discounts and commissions and estimated offering expenses payable by the Fund.

The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund s investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within approximately three months of the issue date; however, the identification of appropriate investment opportunities pursuant to the Fund s investment style or changes in market conditions may cause the investment period to extend as long as six months from the issue date. While not currently expected, the proceeds may also be used to call shares of existing series of the Fund s preferred shares. Pending such investment and/or redemption, the proceeds of the offering of the Series C Preferred Shares will be held in high quality short term debt securities and similar instruments.

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## CAPITALIZATION

The following table sets forth (i) the audited capitalization of the Fund as of December 31, 2015 and (ii) the unaudited adjusted capitalization of the Fund assuming the issuance of the 2,000,000 Series C Preferred Shares offered in this Prospectus Supplement and the use of proceeds thereof. The actual size of the offering may be greater or less than what is assumed in the table below.

| | As of December 31, 2015 | |
|---|---|---|
| | Actual (audited) | As adjusted (unaudited) |
| Preferred shares, $0.001 par value per share, unlimited shares authorized | | |
| (The Actual column reflects the Fund s outstanding capitalization as of December 31, 2015; the As adjusted column assumes the issuance of 2,000,000 Series C Preferred Shares at $25.00 liquidation preference per share) | $ 51,332,200 | $ 101,332,200 |
| Shareholders equity applicable to common shares: | | |
| Common shares, $0.001 par value per share | | |
| (The Actual and As adjusted columns reflect the Fund s outstanding capitalization of 42,760,949 common shares as of December 31, 2015) | 42,761 | 42,761 |
| Paid-in surplus* | 163,702,268 | 161,802,268 |
| Accumulated net investment loss | (15,567) | (15,567) |
| Distributions in excess of net realized gain on investments, swap contracts, and foreign currency translations | (1,354,826) | (1,354,826) |
| Net unrealized appreciation on investments, swap contracts, and foreign currency translations | 56,801,479 | 56,801,479 |
| Net assets attributable to common shares | 219,176,115 | 217,276,115 |
| Liquidation preference of preferred shares | 51,332,200 | 101,332,200 |
| Net assets, plus the liquidation preference of preferred shares | 270,508,315 | 318,608,315 |

* As adjusted paid-in surplus reflects a deduction for the estimated underwriting discounts and commissions of $1,575,000 (using an assumed underwriting discount of 3.15%) and estimated offering costs of $325,000 for the Series C Preferred Shares.

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

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**DESCRIPTION OF THE SECURITIES**

The following information regarding the Fund s authorized shares is as of the date hereof.

| Title of Class | Amount Authorized | Amount Held by Fund or for its Account | Amount Outstanding Exclusive of Amount Held by Fund |
|---|---|---|---|
| Common Shares | Unlimited | | 42,760,949 |
| Series A Preferred Shares | Unlimited | | 1,153,288 |
| Series B Preferred Shares | Unlimited | | 900 |
| Series C Preferred Shares | | | 0 |
| Other Series of Preferred Shares | Unlimited | | 0 |

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## ASSET COVERAGE RATIO

Pursuant to the 1940 Act, the Fund generally will not be permitted to declare any dividend, or declare any other distribution, upon any outstanding common shares, or purchase any such common shares, unless, in every such case, all preferred shares issued by the Fund have at the time of declaration of any such dividend or distribution or at the time of any such purchase an asset coverage of at least 200% ( 1940 Act Asset Coverage Requirement ) after deducting the amount of such dividend, distribution, or purchase price, as the case may be. As of the date of this Prospectus Supplement, all of the Fund s outstanding preferred shares are expected to have asset coverage on the date of issuance of the Series C Preferred Shares of approximately 332%.

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

## SPECIAL CHARACTERISTICS AND RISKS OF THE SERIES C PREFERRED SHARES

### Dividends

Holders of Series C Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Trustees, out of funds legally available therefor, cumulative cash dividends and distributions at the rate of % per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the $25.00 per share liquidation preference on the Series C Preferred Shares. Dividends and distributions on Series C Preferred Shares will accumulate from the date of their original issue, which is expected to be , 2016.

Dividends and distributions will be payable quarterly on March 26, June 26, September 26 and December 26 in each year (each a Dividend Payment Date ) commencing on September 26, 2016 (or, if any such day is not a business day, then on the next succeeding business day) to holders of record of Series C Preferred Shares as they appear on the share register of the Fund at the close of business on the fifth preceding business day. Dividends and distributions on Series C Preferred Shares shall accumulate from the date on which the Series C Preferred Shares are originally issued. Each period beginning on and including a Dividend Payment Date (or the date of original issue, in the case of the first dividend period after the first issuance of the Series C Preferred Shares) and ending on but excluding the next succeeding Dividend Payment Date is referred to herein as a Dividend Period. Dividends and distributions on account of arrears for any past Dividend Period or in connection with the redemption of Series C Preferred Shares may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date as shall be fixed by the Board of Trustees that is not more than 30 days before the Dividend Payment Date.

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

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**Restrictions on Dividend, Redemption and Other Payments**

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

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

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

In addition to those circumstances described in the accompanying Prospectus under Description of the Securities Preferred Shares Restrictions on Dividends and Other Distributions for the Preferred Shares, the Fund may not pay any dividend or distribution (other than a dividend or distribution paid in common shares or in options, warrants or rights to subscribe for or purchase common shares) in respect of the common shares or call for redemption, redeem, purchase or otherwise acquire for consideration any common shares (except by conversion into or exchange for shares of the Fund ranking junior to the preferred shares as to the payment of dividends or distributions and the distribution of assets upon liquidation), unless after making the distribution, the Fund meets applicable asset coverage requirements described under Rating Agency Guidelines below.

**Voting Rights**

Except as otherwise provided in the Fund s Governing Documents (including the Statement) or a resolution of the Board of Trustees or its delegatee, or as required by applicable law, holders of Series C Preferred Shares shall have no power to vote on any matter except matters submitted to a vote of the Fund s common shares. In any matter submitted to a vote of the holders of the common shares, each holder of Series C Preferred Shares shall be entitled to one vote for each Series C Preferred Share held and the holders of all outstanding preferred

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shares, including Series C Preferred Shares, and the common shares shall vote together as a single class; provided, however, that the holders of the outstanding preferred shares, including Series C Preferred Shares, shall be entitled, as a separate class, to the exclusion of the holders of all other classes of shares of beneficial interest of the Fund, to elect two of the Fund s trustees.

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

(i) if at any time accumulated dividends and distributions on the outstanding Series C Preferred Shares equal to at least two full years dividends and distributions shall be due and unpaid and sufficient deposit assets shall not have been deposited with Computershare Trust Company, N.A., and its successors or any other dividend disbursing agent appointed by the Fund, for the payment of such accumulated dividends and distributions; or

(ii) if at any time holders of any other preferred shares are entitled to elect a majority of the Trustees of the Fund under the 1940 Act or statement of preferences creating such shares.

So long as any Series C Preferred Shares are outstanding, the Fund shall not, without the affirmative vote of the holders of a majority (as defined in the 1940 Act) of the Fund s preferred shares outstanding at the time and present and voting on such matter, voting separately as one class, amend, alter or repeal the provisions of the Statement so as to in the aggregate adversely affect the rights and preferences set forth in any statement of preferences of the Fund s preferred shares, including the Series C Preferred Shares. To the extent permitted under the 1940 Act, in the event that more than one series of the Fund s preferred shares are outstanding, the Fund shall not effect any of the actions set forth in the preceding sentence which in the aggregate adversely affects the rights and preferences set forth in the statement of preferences for a series of the Fund s preferred shares differently than such rights and preferences for any other series of the Fund s preferred shares without the affirmative vote of the holders of at least a majority of the Fund s preferred shares outstanding and present and voting on such matter of each series adversely affected (each such adversely affected series voting separately as a class to the extent its rights are affected differently). The holders of the Series C Preferred Shares shall not be entitled to vote on any matter that affects the rights or interests of only one or more other series of the Fund s preferred shares. Unless a higher percentage is required under the Governing Documents or applicable provisions of the Delaware Statutory Trust Act or the 1940 Act, the affirmative vote of the holders of a majority of the Fund s outstanding preferred shares (as defined in Section 2(a)(42) of the 1940 Act), including the Series C Preferred Shares, voting together as a single class, will be required to approve any plan of reorganization adversely affecting the Fund s preferred shares or any action requiring a vote of security holders under Section 13(a) of the 1940 Act. The class vote of holders of the Fund s preferred shares described above will in each case be in addition to a separate vote of the requisite percentage of the Fund s common shares and preferred shares, including the Series C Preferred Shares, voting together as a single class, necessary to authorize the action in question. An increase in the number of authorized preferred shares pursuant to the Governing Documents or the issuance of additional shares of any series of the Fund s preferred shares (including the Series C Preferred Shares) pursuant to the Governing Documents shall not in and of itself be considered to adversely affect the rights and preferences of the Fund s preferred shares.

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**Limitation on Issuance of Preferred Shares**

So long as the Fund has preferred shares outstanding, the Fund may issue and sell shares of one or more other series of additional preferred shares provided that the Fund will, immediately after giving effect to the issuance of such additional preferred shares and to its receipt and application of the proceeds thereof (including, without limitation, to the redemption of preferred shares to be redeemed out of such proceeds), have an asset coverage for all senior securities of the Fund which are shares, as defined in the 1940 Act, of at least 200% of the sum of the liquidation preference of the preferred shares of the Fund then outstanding and all indebtedness of the Fund constituting senior securities and no such additional preferred shares will have any preference or priority over any other preferred shares of the Fund upon liquidation or the distribution of the assets of the Fund or in respect of the payment of dividends or distributions.

**Rating Agency Guidelines**

The Fund anticipates Moody s will initially rate the Series C Preferred Shares. The Fund expects that it will be required under Moody s (or any other rating agency then rating the Fund s preferred shares at the Fund s request, including the Series C Preferred Shares) guidelines to maintain assets having in the aggregate a discounted value at least equal to the Basic Maintenance Amount (as defined in the Statement) for its outstanding preferred shares (including the Series C Preferred Shares) with respect to the guidelines Moody s or such other rating agency has established for determining discounted value. To the extent any particular portfolio holding does not satisfy a rating agency s guidelines, all or a portion of such holding s value will not be included in the calculation of discounted value (as defined by the rating agency). The Moody s guidelines also impose certain diversification requirements and industry concentration limitations on the Fund s overall portfolio, and apply specified discounts to securities held by the Fund (except certain money market securities).

If the value of the Fund s assets, as discounted in accordance with the rating agency guidelines, is less than the Basic Maintenance Amount, the Fund is required to use its commercially reasonable efforts to cure such failure. If the Fund does not cure in a timely manner a failure to maintain a discounted value of its portfolio equal to the Basic Maintenance Amount in accordance with the requirements of the applicable rating agency or agencies then rating the preferred shares, including the Series C Preferred Shares, at the request of the Fund, the Fund will be required to mandatorily redeem its preferred shares, including the Series C Preferred Shares, as described below under Redemption.

Any rating agency providing a rating for the preferred shares, including the Series C Preferred Shares, at the request of the Fund may, at any time, change or withdraw any such rating. The Board of Trustees, without further action by the Fund s shareholders, may amend, alter, add to or repeal any provision of the Statement that has been adopted by the Fund pursuant to rating agency guidelines or add covenants and other obligations of the Fund to the Statement, if the applicable rating agency confirms that such amendments or modifications are necessary to prevent a reduction in, or the withdrawal of, a rating of the Fund s preferred shares and such amendments and modifications do not adversely affect the rights and preferences of and are in the aggregate in the best interests of the holders of the Fund s preferred shares. The Board of Trustees, without further action by the shareholders, may amend, alter, add to or repeal any provision of the Statement including provisions that have been adopted by the Fund pursuant to rating agency guidelines, if such amendments or modifications will not in the aggregate adversely affect the rights and preferences of the holders of any series of the Fund s preferred shares, provided, that the Fund has received confirmation from each applicable rating agency then rating the Series C Preferred Shares at the Fund s request that such amendment or modification would not adversely affect such rating agency s then-current rating of such series of the Fund s preferred shares.

As described by Moody s, the ratings assigned to each series of preferred shares, including the Series C Preferred Shares, are assessments of the capacity and willingness of the Fund to pay the obligations of each such series. The ratings on these series of preferred shares are not recommendations to purchase, hold or sell shares of any series, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The rating agency guidelines also do not address the likelihood that an owner of preferred shares will be able to sell such shares on an exchange, in an auction or otherwise. The ratings are based on current information furnished to Moody s by the Fund and the Investment Adviser and information obtained from other sources. The ratings may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, such information.

The rating agency guidelines apply to each series of preferred shares, including the Series C Preferred Shares, only so long as such rating agency is rating such series at the request of the Fund. The Fund pays fees to Moody s for rating the Series C Preferred Shares.

**Redemption**

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

If the Fund fails to have asset coverage, as determined in accordance with Section 18(h) of the 1940 Act, of at least 200% with respect to all outstanding senior securities of the Fund which are stock, including all outstanding Series C Preferred Shares (or such other asset coverage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities which are stock of a closed-end investment company as a condition of declaring dividends on its common stock), as of the last business day of March, June, September and December of each year in which any Series C Preferred Shares are outstanding, and such failure is not cured as of the cure date specified in the Statement (49 days following such business day), (i) the Fund shall give a notice of redemption with respect to the redemption of a sufficient number of its preferred shares, which at the Fund s determination (to the extent permitted by the 1940 Act and Delaware law) may include any proportion of Series C Preferred Shares, to enable it to meet the asset coverage requirements, and, at the Fund s discretion, such additional number of Series C Preferred Shares or any other series of the Fund s preferred shares in order for the Fund to have asset coverage with respect to the Series C Preferred Shares and any other series of the Fund s preferred shares remaining outstanding after such redemption as great as 220%, and (ii) deposit an amount with Computershare Trust Company, N.A., and its successors or any other dividend-disbursing agent appointed by the Fund, having an initial combined value sufficient to effect the redemption of the Series C Preferred Shares or other series of the Fund s preferred shares to be redeemed.

If the Fund is required to redeem any preferred shares (including Series C Preferred Shares) as a result of a failure to maintain such minimum 1940 Act asset coverage as of an applicable cure date, then the Fund shall, to the extent permitted by the 1940 Act and Delaware law, by the close of business on such cure date fix a redemption date that is on or before the 30$^{th}$ business day after such cure date and proceed to redeem the preferred shares, including the Series C Preferred Shares. The Fund may fix a redemption date that is after the 30$^{th}$ business day after such cure date if the Board of Trustees determines, in good faith, that extraordinary market conditions exist as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or is not reasonably practicable at fair value. On such redemption date, the Fund shall redeem, out of funds legally available therefor, the number of its preferred shares, which, to the extent permitted by the 1940 Act and Delaware law, at the option of the Fund may include any proportion of Series C Preferred Shares or shares of any other series of preferred shares of the Fund, equal to the minimum number of shares the redemption of which, if such redemption had occurred immediately prior to the opening of business on such cure date, would have resulted in the Fund having asset coverage immediately prior to the opening of business on such cure date in compliance with the 1940 Act or, if asset coverage cannot be so restored, all of the outstanding Series C Preferred Shares, in each case at a price equal to $25.00 per share plus accumulated but unpaid dividends and distributions (whether or not earned or declared by the Fund) through and including the date of redemption. In addition, as reflected above, the Fund may, but is not required to, redeem an additional number of preferred shares (including Series C Preferred Shares) which, when aggregated with all other preferred shares redeemed by the Fund, permits the Fund to have with respect to the preferred shares (including Series C Preferred Shares) remaining outstanding after such redemption a 1940 Act asset coverage of as great as 220%.

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Similarly, as reflected above under Rating Agency Guidelines, so long as Moody s or another rating agency is rating the Fund s preferred shares (including the Series C Preferred Shares) at the request of the Fund, the Fund will be required to maintain, on the last business day of each month, assets having in the aggregate a discounted value at least equal to the Basic Maintenance Amount. So long as Moody s or another rating agency is rating the Fund s preferred shares (including the Series C Preferred Shares) at the request of the Fund, if the Fund fails to have assets having in the aggregate a discounted value at least equal to the Basic Maintenance Amount as of the last business day of any month, and such failure is not cured as of the cure date specified in the Statement (10 business days following such business day), the Fund shall similarly follow the redemption protocol summarized above to restore compliance with the Basic Maintenance Amount, and the Fund may, but is not required to, redeem an additional number of preferred shares (including Series C Preferred Shares) which, when aggregated with all other preferred shares redeemed by the Fund, permits the Fund to have with respect to the preferred shares (including the Series C Preferred Shares) remaining outstanding after such redemption assets having in the aggregate a discounted value equal to as great as 110% of the Basic Maintenance Amount. See Description of the Securities Preferred Shares Redemption in the Prospectus for a discussion of the consequences that would arise if the Fund fails to maintain the asset coverage requirements as calculated in accordance with the applicable rating agency guidelines set forth in the Statement as of any monthly valuation date.

*Optional Redemption*. Prior to , 2021, the Series C Preferred Shares are not subject to optional redemption by the Fund unless the redemption is necessary, in the judgment of the Board of Trustees, to maintain the Fund s status as a regulated investment company under Subchapter M of the Code. Commencing , 2021, and thereafter, to the extent permitted by the 1940 Act and Delaware law, the Fund may at any time upon notice in the manner provided in the Statement redeem the Series C Preferred Shares in whole or in part at a price equal to the liquidation preference per share plus accumulated but unpaid dividends and distributions through and including the date of redemption.

*Redemption Procedures*. Redemptions of Series C Preferred Shares will be made subject to the procedures described in the Prospectus under Description of the Securities Preferred Shares Redemption Procedures, except that a notice of redemption with respect to an optional redemption will be given to the holders of record of Series C Preferred Shares selected for redemption not less than 15 days (subject to the NYSE requirements), nor more than 40 days prior to the date fixed for redemption. Holders of Series C Preferred Shares may receive shorter notice in the event of a mandatory redemption.

**Liquidation**

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

If, upon any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the assets of the Fund available for distribution among the holders of all outstanding Series C Preferred Shares and all outstanding shares of any other series of the Fund s preferred shares ranking on a parity with the Series C Preferred Shares as to payment upon liquidation shall be insufficient to permit the payment in full to such holders of Series C Preferred Shares of the Liquidation Preference plus accumulated and unpaid dividends and distributions and the amounts due upon liquidation with respect to all outstanding shares of such other series of preferred shares of the Fund, then such available assets shall be distributed among the holders of Series C Preferred Shares and such other series of preferred shares of the Fund ratably in proportion to the

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respective preferential liquidation amounts to which they are entitled. Unless and until the Liquidation Preference plus accumulated and unpaid dividends and distributions has been paid in full to the holders of Series C Preferred Shares, no dividends or distributions will be made to holders of the Fund s common shares or any other shares of the Fund ranking junior to the Series C Preferred Shares as to liquidation.

**Stock Exchange Listing**

Application will be made to list the Series C Preferred Shares on the NYSE. If the application is approved, the Series C Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance.

**Risks**

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

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

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

*Redemption Risk.* The Fund may at any time redeem Series C Preferred Shares to the extent necessary to meet regulatory asset coverage requirements or requirements imposed by credit rating agencies. For example, if the value of the Fund s investment portfolio declines, thereby reducing the asset coverage for the Series C Preferred Shares, the Fund may be obligated under the terms of the Series C Preferred Shares to redeem some or all of the Series C Preferred Shares. In addition, commencing , 2021, the Fund will be able to call the Series C Preferred Shares at the option of the Fund. Investors may not be able to reinvest the proceeds of any redemption in an investment providing the same or a higher dividend rate than that of the Series C Preferred Shares. Although unlikely, precipitous declines in the value of the Fund s assets could result in the Fund having insufficient assets to redeem all of the Series C Preferred Shares for the full redemption price.

*Subordination Risk*. The Series C Preferred Shares are not a debt obligation of the Fund. The Series C Preferred Shares are junior in respect of distributions and liquidation preference to any indebtedness incurred by the Fund, and will have the same priority with respect to payment of distributions and liquidation preference as the Series A Preferred Shares, Series B Preferred Shares and any other preferred shares that the Fund may issue. The Series C Preferred Shares are subject to greater credit risk than any debt instruments that the Fund may issue or enter into, which would be of higher priority in the Fund s capital structure.

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

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

*Interest Rate Risk*. The Series C Preferred Shares pay dividends and distributions at a fixed rate. Prices of fixed income investments tend to vary inversely with changes in market yields. The market yields on securities comparable to the Series C Preferred Shares may increase, which would likely result in a decline in the value of the Series C Preferred Shares. Additionally, if interest rates rise, securities comparable to the Series C Preferred Shares may pay higher dividend rates and holders of the Series C Preferred Shares may not be able to sell the Series C Preferred Shares at their liquidation preference and reinvest the proceeds at market rates. Market interest rates recently have declined significantly below historical average rates, which may increase the risk that these rates will rise in the future.

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## U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OFFERING

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

In the event that for any calendar year the total distributions on the Fund s preferred shares exceed the Fund s current and accumulated earnings and profits allocable to such shares, the excess distributions will generally be treated as a tax-free return of capital (to the extent of the shareholder s tax basis in the shares). The amount treated as a tax-free return of capital will reduce a shareholder s adjusted tax basis in the preferred shares, thereby increasing the shareholder s potential taxable gain or reducing the potential taxable loss on the sale or redemption of the shares. In determining the extent to which a distribution will be treated as being made from the Fund s earnings and profits, earnings and profits will be allocated on a pro rata basis first to distributions with respect to the Fund s preferred shares, and then to the Fund s common shares. The Fund did not make return of capital distributions to its preferred shareholders during the year ended December 31, 2015.

The Internal Revenue Service currently requires that a regulated investment company that has two or more classes of stock allocate to each such class proportionate amounts of each type of its income (such as ordinary income, capital gains, dividends eligible for the dividends received deduction, and qualified dividend income) based upon the percentage of total dividends paid to each class out of current or accumulated earnings and profits for the tax year. Accordingly, the Fund intends each year to allocate capital gain dividends, dividends eligible for the dividends received deduction, and dividends that constitute qualified dividend income (each as described below), if any, between its common shares and preferred shares in proportion to the total dividends paid out of current or accumulated earnings and profits to each class with respect to such tax year.

The Fund expects that distributions made on the Series C Preferred Shares will consist of (i) long term capital gain (gain from the sale of a capital asset held longer than one year), (ii) qualified dividend income (dividend income from certain domestic and foreign corporations, provided certain holding period and other requirements are met by both the Fund and the shareholder), and (iii) investment company taxable income (other than qualified dividend income, including interest income, short term capital gain and income from certain hedging and interest rate transactions). Distributions paid to investors by the Fund from its investment company taxable income, which includes the excess of net short term capital gains over net long term capital losses, are generally taxable to investors as ordinary income to the extent of the earnings and profits of the Fund. Such distributions (if reported by the Fund) may, however, qualify (provided holding periods and other requirements are met) (i) for the dividends received deduction in the case of corporate shareholders to the extent that the income of the Fund consists of dividend income from U.S. corporations, and (ii) in the case of individual shareholders, as qualified dividend income eligible to be taxed at long term capital gains rates to the extent that the Fund receives qualified dividend income. Distributions made to investors from an excess of net long term capital gains over net short term capital losses ( capital gain dividends ), including capital gain dividends credited to investors but retained by the Fund, are taxable to investors as long term capital gains if they have been properly reported by the Fund, regardless of the length of time investors have owned shares of the Fund. The maximum federal income tax rate on net long term capital gain of individuals is generally either 15% or 20% depending on whether an individual s income exceeds certain threshold amounts. In addition, certain U.S. shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surcharge on their net investment income. We cannot assure you, however, as to what percentage of future distributions made on the Series C Preferred Shares will consist of long term capital gain and qualified dividend income.

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

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**CERTAIN EMPLOYEE BENEFIT PLAN AND IRA CONSIDERATIONS**

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

ERISA and the Code impose certain duties on persons who are fiduciaries of a Benefit Plan and prohibit certain transactions involving the assets of a Benefit Plan and its fiduciaries or other interested parties. Under ERISA and Section 4975 of the Code, any person who exercises any discretionary authority or control over the administration of such a Benefit Plan or the management or disposition of the assets of such a Benefit Plan, or who renders investment advice for a fee or other compensation to such a Benefit Plan, is generally considered to be a fiduciary of the Benefit Plan.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA and foreign plans (as described in Section 4(b)(4) of ERISA) (each, a Non-ERISA Plan and together with Benefit Plans referred to herein as Plans ) are not subject to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code but may be subject to other federal, state or other laws or regulations which are substantially similar to such portions of ERISA or the Code (collectively referred to herein as Similar Law ).

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

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

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exemptions or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions or any other exemption will be satisfied at the time that the Series C Preferred Shares are acquired, or thereafter while the Series C Preferred Shares are held, if the facts relied upon for utilizing a prohibited transaction exemption change.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Series C Preferred Shares on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and Similar Law to such investment and whether an exemption would be applicable to the purchase of the Series C Preferred Shares, and whether the investment will otherwise be in compliance with the applicable provisions of ERISA, Section 4975 of the Code and Similar Law.

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## UNDERWRITING

Morgan Stanley & Co. LLC is acting as representative of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among the Fund, the Investment Adviser and the underwriters, the Fund has agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from the Fund, the number of Series C Preferred Shares set forth opposite its name below.

| Underwriter | Number of Series C Preferred Shares |
|---|---|
| Morgan Stanley & Co. LLC | |
| G.research, LLC | |
| Total | |

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

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

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

**Commissions and Discounts**

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

The expenses of the offering, not including the underwriting discount, are estimated at $325,000 and are payable by the Fund.

**New York Stock Exchange**

Application will be made to list the Series C Preferred Shares on the NYSE. Prior to the offering, there has been no public market for the Series C Preferred Shares. If the application is approved, the Series C Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance. Before the Series C Preferred Shares are listed on the NYSE, the underwriters may, but are not obligated to, make a market in the Series C Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series C Preferred Shares will be illiquid.

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

**No Sales of Similar Securities**

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

**Price Stabilization, Short Positions**

Until the distribution of the Series C Preferred Shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing the Series C Preferred Shares. However, the representative may engage in transactions that have the effect of stabilizing the price of the Series C Preferred Shares, such as purchases and other activities that peg, fix or maintain that price.

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

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

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

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

**Electronic Distribution**

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

**Other Relationships**

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

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

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

*G.research, LLC is a wholly owned subsidiary of Gabelli Securities, Inc., which is a majority-owned subsidiary of Associated Capital Group, Inc., an affiliate of the Investment Adviser, which is, in turn, indirectly majority-owned by Mario J. Gabelli. As a result of these relationships, Mr. Gabelli is a controlling person of G.research, LLC.*

The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036. The principal business address of G.research, LLC is One Corporate Center, Rye, New York 10580.

## LEGAL MATTERS

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

## FINANCIAL STATEMENTS

The audited financial statements of the Fund for the fiscal year ended December 31, 2015 are incorporated by reference into this Prospectus Supplement, the accompanying Prospectus and the SAI. Portions of the Fund s annual report other than the financial statements and related footnotes thereto are not incorporated into, and do not form a part of, this Prospectus Supplement, the accompanying Prospectus or the SAI.

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**The Gabelli Utility Trust**

**Annual Report December 31, 2015**

**Mario J. Gabelli, CFA**

**Portfolio Manager**

**To Our Shareholders,**

For the year ended December 31, 2015, the net asset value ( NAV ) total return of The Gabelli Utility Trust (the Fund ) was (7.1)%. The total return for the Standard & Poor s ( S&P ) 500 Utilities Index was (4.9)%. The total return for the Fund s publicly traded shares was (14.2)%. The Fund s NAV per share was $5.13, while the price of the publicly traded shares closed at $5.70 on the New York Stock Exchange ( NYSE ). See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2015.

**Comparative Results**

**Average Annual Returns through December 31, 2015 (a) (Unaudited)**

| | 1 Year | 5 Year | 10 Year | 15 Year | Since Inception (07/09/99) |
|---|---|---|---|---|---|
| **Gabelli Utility Trust** | | | | | |
| **NAV Total Return (b)** | (7.12)% | 9.94% | 8.34% | 7.70% | 8.51% |
| **Investment Total Return (c)** | (14.15) | 7.61 | 4.76 | 6.18 | 7.53 |
| S&P 500 Utilities Index | (4.85) | 11.03 | 7.41 | 4.09 | 5.85 |
| Lipper Utility Fund Average | (10.09) | 8.95 | 7.17 | 5.09 | 5.52 |
| S&P 500 Index | 1.38 | 12.57 | 7.31 | 5.00 | 4.27 |

(a) *Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.* The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. The Lipper Utility Fund Average reflects the average performance of mutual funds classified in this particular category. The S&P 500 Index is an unmanaged indicator of stock market performance. Dividends are considered reinvested. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of $7.50.

(c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of $7.50.

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**Summary of Portfolio Holdings (Unaudited)**

The following table presents portfolio holdings as a percent of total investments as of December 31, 2015:

**The Gabelli Utility Trust**

| | |
|---|---|
| Electric Integrated | 49.6% |
| Natural Gas Utilities | 9.3% |
| Cable and Satellite | 7.0% |
| Telecommunications | 5.3% |
| Water | 4.6% |
| Natural Gas Integrated | 4.2% |
| Global Utilities | 3.7% |
| Wireless Communications | 3.4% |
| U.S. Government Obligations | 3.3% |
| Electric Transmission and Distribution | 2.5% |
| Diversified Industrial | 1.2% |
| Investment Companies | 1.1% |
| Entertainment | 1.1% |
| Merchant Energy | 1.0% |
| Natural Resources | 0.6% |
| Alternative Energy | 0.4% |
| Transportation | 0.4% |
| Aerospace | 0.3% |
| Environmental Services | 0.3% |
| Services | 0.2% |
| Independent Power Producers and Energy Traders | 0.2% |
| Communications Equipment | 0.2% |
| Equipment and Supplies | 0.1% |
| Agriculture | 0.0%* |
| | 100.0% |

* Amount represents less than 0.05%.

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC ) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund s Form N-Q is available on the SEC s website at www.sec.gov and may also be reviewed and copied at the SEC s Public Reference Room in

Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

**Proxy Voting**

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund s proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC s website at www.sec.gov.

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**The Gabelli Utility Trust**

**Schedule of Investments    December 31, 2015**

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **COMMON STOCKS    96.7%** | | |
| | **ENERGY AND UTILITIES    77.9%** | | |
| | **Alternative Energy    0.4%** | | |
| 20,000 | NextEra Energy Partners LP | $ 496,712 | $ 597,000 |
| 1,555 | Ormat Technologies Inc. | 68,688 | 56,836 |
| 12,000 | Ormat Technologies Inc., New York | 254,979 | 437,640 |
| | | 820,379 | 1,091,476 |
| | **Electric Integrated    49.6%** | | |
| 23,000 | ALLETE Inc. | 728,776 | 1,169,090 |
| 68,000 | Alliant Energy Corp. | 3,217,043 | 4,246,600 |
| 17,000 | Ameren Corp. | 560,038 | 734,910 |
| 70,000 | American Electric Power Co. Inc. | 3,416,066 | 4,078,900 |
| 36,666 | Avangrid Inc. | 966,693 | 1,407,974 |
| 10,000 | Avista Corp. | 199,636 | 353,700 |
| 44,000 | Black Hills Corp. | 1,748,002 | 2,042,920 |
| 70,000 | Cleco Corp. | 3,779,951 | 3,654,700 |
| 95,000 | CMS Energy Corp. | 2,662,286 | 3,427,600 |
| 23,000 | Dominion Resources Inc. | 1,293,617 | 1,555,720 |
| 17,000 | DTE Energy Co. | 707,460 | 1,363,230 |
| 70,000 | Duke Energy Corp. | 4,675,124 | 4,997,300 |
| 75,000 | Edison International | 3,398,082 | 4,440,750 |
| 170,000 | El Paso Electric Co. | 3,150,342 | 6,545,000 |
| 1,000 | Emera Inc. | 21,639 | 31,242 |
| 3,000 | Entergy Corp. | 75,249 | 205,080 |
| 270,000 | Eversource Energy(a) | 9,063,398 | 13,788,900 |
| 82,000 | FirstEnergy Corp. | 3,564,459 | 2,601,860 |
| 163,000 | Great Plains Energy Inc. | 4,116,091 | 4,451,530 |
| 64,000 | Hawaiian Electric Industries Inc. | 2,089,104 | 1,852,800 |
| 90,000 | MGE Energy Inc. | 2,397,352 | 4,176,000 |
| 82,000 | NextEra Energy Inc. | 8,518,774 | 8,518,980 |
| 48,000 | NiSource Inc. | 397,800 | 936,480 |
| 100,000 | NorthWestern Corp. | 2,989,647 | 5,425,000 |
| 187,000 | OGE Energy Corp. | 2,254,437 | 4,916,230 |
| 30,000 | Otter Tail Corp. | 774,407 | 798,900 |

| Shares | | Cost | Market Value |
|---|---|---|---|
| 48,000 | PG&E Corp. | 1,280,160 | 2,553,120 |
| 102,000 | PNM Resources Inc. | 1,284,142 | 3,118,140 |
| 38,000 | Public Service Enterprise Group Inc. | 996,629 | 1,470,220 |
| 53,000 | SCANA Corp. | 2,082,531 | 3,205,970 |
| 110,000 | TECO Energy Inc. | 1,643,798 | 2,931,500 |
| 25,000 | The Empire District Electric Co. | 515,057 | 701,750 |
| 16,500 | Unitil Corp. | 427,366 | 592,020 |
| 44,000 | Vectren Corp. | 1,088,507 | 1,866,480 |
| 275,000 | WEC Energy Group Inc. | 8,787,211 | 14,110,250 |
| 227,000 | Westar Energy Inc. | 5,169,682 | 9,627,070 |
| 175,000 | Xcel Energy Inc. | 3,508,811 | 6,284,250 |
| | | 93,549,367 | 134,182,166 |
| | **Electric Transmission and Distribution 2.5%** | | |
| 45,000 | Consolidated Edison Inc. | 2,351,515 | 2,892,150 |
| 120,000 | Exelon Corp. | 3,241,573 | 3,332,400 |
| 22,500 | Pepco Holdings Inc. | 449,918 | 585,225 |
| | | 6,043,006 | 6,809,775 |
| | **Global Utilities 3.7%** | | |
| 8,000 | Areva SA | 332,403 | 47,157 |
| 8,000 | Chubu Electric Power Co. Inc. | 189,551 | 110,654 |
| **Shares** | | **Cost** | **Market Value** |
| 133,000 | Electric Power Development Co. Ltd. | $ 3,799,231 | $ 4,785,765 |
| 27,000 | Endesa SA | 824,183 | 543,568 |
| 300,000 | Enel SpA | 1,862,753 | 1,268,896 |
| 494,900 | Hera SpA | 766,919 | 1,317,697 |
| 11,000 | Hokkaido Electric Power Co. Inc. | 185,270 | 114,123 |
| 8,000 | Hokuriku Electric Power Co. | 146,449 | 119,473 |
| 3,000 | Huaneng Power International Inc., ADR | 81,590 | 102,900 |
| 41,000 | Korea Electric Power Corp., ADR | 630,569 | 867,970 |
| 15,000 | Kyushu Electric Power Co. Inc. | 202,018 | 165,606 |
| 3,000 | Niko Resources Ltd. | 120,788 | 141 |
| 8,000 | Shikoku Electric Power Co. Inc. | 155,987 | 126,461 |
| 8,000 | The Chugoku Electric Power Co. Inc. | 150,761 | 106,494 |
| 16,000 | The Kansai Electric Power Co. Inc. | 239,104 | 194,284 |
| 13,000 | Tohoku Electric Power Co. Inc. | 172,497 | 164,400 |
| | | 9,860,073 | 10,035,589 |
| | **Merchant Energy 1.0%** | | |
| 300,000 | GenOn Energy Inc., Escrow | 0 | 0 |
| 280,000 | The AES Corp.(a) | 3,063,120 | 2,679,600 |
| | | 3,063,120 | 2,679,600 |

| | | | |
|---|---|---|---|
| | **Natural Gas Integrated 4.2%** | | |
| 2,000 | Devon Energy Corp. | 85,948 | 64,000 |
| 90,000 | Kinder Morgan Inc. | 3,238,704 | 1,342,800 |
| 132,000 | National Fuel Gas Co. | 4,547,827 | 5,643,000 |
| 168,000 | ONEOK Inc. | 2,063,283 | 4,142,880 |
| | | 9,935,762 | 11,192,680 |
| | **Natural Gas Utilities 9.3%** | | |
| 90,000 | AGL Resources Inc. | 3,904,465 | 5,742,900 |
| 28,000 | Atmos Energy Corp. | 696,786 | 1,765,120 |
| 25,000 | Chesapeake Utilities Corp. | 637,544 | 1,418,750 |
| 48,000 | Columbia Pipeline Group Inc. | 622,200 | 960,000 |
| 20,000 | CONSOL Energy Inc. | 581,841 | 158,000 |
| 25,219 | Corning Natural Gas Holding Co. | 284,308 | 406,656 |
| 59,000 | Delta Natural Gas Co. Inc. | 605,006 | 1,238,410 |
| 11,445 | Engie | 387,206 | 203,049 |
| 42,000 | ONE Gas Inc. | 327,426 | 2,107,140 |
| 34,000 | Piedmont Natural Gas Co. Inc. | 1,738,204 | 1,938,680 |
| 12,000 | RGC Resources Inc. | 128,344 | 252,600 |
| 115,000 | Southwest Gas Corp. | 4,542,336 | 6,343,400 |
| 108,000 | Spectra Energy Corp. | 2,959,543 | 2,585,520 |
| 2,000 | The Laclede Group Inc. | 78,350 | 118,820 |
| | | 17,493,559 | 25,239,045 |
| | **Natural Resources 0.6%** | | |
| 5,000 | Anadarko Petroleum Corp. | 282,110 | 242,900 |
| 2,500 | Apache Corp. | 118,182 | 111,175 |
| 8,000 | Atlas Resource Partners LP | 28,022 | 8,240 |
| 32,000 | Compania de Minas Buenaventura SAA, ADR | 360,262 | 136,960 |
| 10,000 | Exxon Mobil Corp. | 547,153 | 779,500 |
| 3,000 | Hess Corp. | 178,260 | 145,440 |

See accompanying notes to financial statements.

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**The Gabelli Utility Trust**

**Schedule of Investments (Continued) December 31, 2015**

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **COMMON STOCKS (Continued)** | | |
| | **ENERGY AND UTILITIES (Continued)** | | |
| | **Natural Resources (Continued)** | | |
| 3,667 | Peabody Energy Corp. | $ 77,859 | $ 28,163 |
| 4,000 | Royal Dutch Shell plc, Cl. A, ADR | 237,320 | 183,160 |
| | | 1,829,168 | 1,635,538 |
| | **Services 0.2%** | | |
| 20,000 | ABB Ltd., ADR | 401,189 | 354,600 |
| 20,000 | Weatherford International plc | 294,736 | 167,800 |
| | | 695,925 | 522,400 |
| | **Water 4.6%** | | |
| 27,000 | American States Water Co. | 941,480 | 1,132,650 |
| 25,000 | American Water Works Co. Inc. | 1,235,261 | 1,493,750 |
| 27,291 | Aqua America Inc. | 221,006 | 813,272 |
| 24,000 | Artesian Resources Corp., Cl. A | 397,537 | 664,800 |
| 40,000 | California Water Service Group | 682,912 | 930,800 |
| 7,000 | Connecticut Water Service Inc. | 136,955 | 266,070 |
| 48,000 | Middlesex Water Co. | 753,554 | 1,273,920 |
| 100,000 | Severn Trent plc | 2,763,670 | 3,209,352 |
| 85,000 | SJW Corp. | 1,617,678 | 2,520,250 |
| 9,000 | The York Water Co. | 108,269 | 224,460 |
| | | 8,858,322 | 12,529,324 |
| | **Diversified Industrial 1.2%** | | |
| 1,500 | Alstom SA | 90,463 | 45,913 |
| 2,000 | AZZ Inc. | 75,347 | 111,140 |
| 100,000 | General Electric Co. | 2,495,500 | 3,115,000 |
| | | 2,661,310 | 3,272,053 |

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **Environmental Services 0.3%** | | |
| 3,000 | Suez Environnement Co. | 0 | 56,272 |
| 30,000 | Veolia Environnement SA | 487,553 | 712,857 |
| | | 487,553 | 769,129 |
| | **Equipment and Supplies 0.1%** | | |
| 2,500 | Capstone Turbine Corp. | 83,080 | 3,500 |
| 6,000 | Mueller Industries Inc. | 143,922 | 162,600 |
| | | 227,002 | 166,100 |
| | **Independent Power Producers and Energy Traders 0.2%** | | |
| 42,802 | NRG Energy Inc. | 1,003,954 | 503,780 |
| | **TOTAL ENERGY AND UTILITIES** | 156,528,500 | 210,628,655 |
| | **COMMUNICATIONS 15.9%** | | |
| | **Cable and Satellite 7.0%** | | |
| 100,000 | Cablevision Systems Corp., Cl. A | 3,169,920 | 3,190,000 |
| 5,000 | Cogeco Cable Inc. | 105,008 | 223,206 |
| 20,000 | Cogeco Inc. | 389,461 | 740,767 |
| 58,000 | DISH Network Corp., Cl. A | 2,968,387 | 3,316,440 |
| 10,000 | EchoStar Corp., Cl. A | 280,860 | 391,100 |
| 4,000 | Internap Corp. | 29,132 | 25,600 |
| 22,500 | Liberty Global plc, Cl. A | 393,242 | 953,100 |
| 60,000 | Liberty Global plc, Cl. C | 2,272,670 | 2,446,200 |
| 1,125 | Liberty Global plc LiLAC, Cl. A | 16,385 | 46,541 |
| 3,000 | Liberty Global plc LiLAC, Cl. C | 51,792 | 129,000 |
| 8,000 | Rogers Communications Inc., Cl. B | $ 119,139 | $ 275,680 |
| 10,000 | Sky plc | 126,759 | 163,932 |
| 100,900 | Telenet Group Holding NV | 4,805,483 | 5,457,462 |
| 9,000 | Time Warner Cable Inc. | 964,064 | 1,670,310 |
| | | 15,692,302 | 19,029,338 |
| | **Communications Equipment 0.2%** | | |
| 200,000 | Furukawa Electric Co. Ltd. | 925,920 | 427,638 |
| 1,000 | QUALCOMM Inc. | 37,010 | 49,985 |
| | | 962,930 | 477,623 |
| | **Telecommunications 5.3%** | | |
| 88,760 | AT&T Inc. | 2,697,356 | 3,054,232 |
| 1,280 | BCE Inc., New York | 55,450 | 49,434 |
| 67 | BCE Inc., Toronto | 2,929 | 2,589 |

| | | | |
|---|---|---|---|
| 20,000 | BT Group plc, ADR | 313,502 | 692,200 |
| 20,000 | CenturyLink Inc. | 635,770 | 503,200 |
| 280,000 | Cincinnati Bell Inc. | 1,037,262 | 1,008,000 |
| 43,000 | Deutsche Telekom AG, ADR | 678,352 | 768,840 |
| 11,800 | Global Telecom Holding SAE, GDR | 53,385 | 15,340 |
| 200 | Hutchison Telecommunications Hong Kong Holdings Ltd. | 19 | 69 |
| 1,000 | Mobistar SA | 14,151 | 24,267 |
| 37,000 | Nippon Telegraph & Telephone Corp. | 859,917 | 1,488,681 |
| 2,000 | Orange SA, ADR | 22,799 | 33,260 |
| 11,800 | Orascom Telecom Media and Technology Holding SAE, GDR | 20,761 | 8,142 |
| 30,000 | Pharol SGPS SA | 8,930 | 8,835 |
| 3,000 | Proximus SA | 97,094 | 97,808 |
| 2,000 | PT Indosat Tbk | 1,061 | 798 |
| 15,000 | Sistema JSFC, GDR | 158,378 | 88,500 |
| 1,200 | Tele2 AB, Cl. B | 14,604 | 12,048 |
| 10,000 | Telefonica Deutschland Holding AG | 52,947 | 53,153 |
| 85,000 | Telekom Austria AG | 712,797 | 465,843 |
| 1,200 | Telesites SAB | 911 | 783 |
| 24,000 | T-Mobile US Inc. | 390,000 | 938,880 |
| 105,000 | Verizon Communications Inc. | 4,378,801 | 4,853,100 |
| 75,000 | VimpelCom Ltd., ADR | 720,805 | 246,000 |
| | | 12,927,981 | 14,414,002 |
| | **Wireless Communications 3.4%** | | |
| 1,200 | America Movil SAB de CV, Cl. L, ADR | 9,424 | 16,872 |
| 2,400,000 | Cable & Wireless Communications plc | 1,913,075 | 2,628,809 |
| 2,000 | China Mobile Ltd., ADR | 33,988 | 112,660 |
| 2,000 | China Unicom Hong Kong Ltd., ADR | 16,278 | 24,120 |
| 171 | M1 Ltd. | 210 | 328 |
| 24,000 | Millicom International Cellular SA, SDR | 1,964,592 | 1,383,175 |
| 1,154 | Mobile Telesystems PJSC | 6,303 | 3,320 |
| 11,250 | Mobile TeleSystems PJSC, ADR | 175,074 | 69,525 |
| 100,000 | NTT DoCoMo Inc. | 1,438,659 | 2,066,642 |
| 2,000 | SK Telecom Co. Ltd., ADR | 32,986 | 40,300 |

See accompanying notes to financial statements.

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**The Gabelli Utility Trust**

**Schedule of Investments (Continued) December 31, 2015**

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **COMMON STOCKS (Continued)** | | |
| | **COMMUNICATIONS (Continued)** | | |
| | **Telecommunications (Continued)** | | |
| 400 | SmarTone Telecommunications Holdings Ltd. | $ 207 | $ 609 |
| 25,000 | Turkcell Iletisim Hizmetleri A/S, ADR | 404,775 | 212,250 |
| 40,000 | United States Cellular Corp. | 1,791,484 | 1,632,400 |
| 33,009 | Vodafone Group plc, ADR | 1,347,560 | 1,064,870 |
| | | 9,134,615 | 9,255,880 |
| | **TOTAL COMMUNICATIONS** | 38,717,828 | 43,176,843 |
| | **OTHER 2.9%** | | |
| | **Aerospace 0.3%** | | |
| 100,000 | Rolls-Royce Holdings plc | 809,939 | 847,670 |
| 9,270,000 | Rolls-Royce Holdings plc, Cl. C | 14,293 | 13,666 |
| | | 824,232 | 861,336 |
| | **Agriculture 0.0%** | | |
| 3,000 | Cadiz Inc. | 30,211 | 15,780 |
| | **Entertainment 1.1%** | | |
| 130,000 | Vivendi SA | 3,886,366 | 2,805,786 |
| | **Investment Companies 1.1%** | | |
| 22,000 | Kinnevik Investment AB, Cl. A | 695,776 | 686,730 |
| 75,000 | Kinnevik Investment AB, Cl. B | 3,018,270 | 2,327,799 |
| | | 3,714,046 | 3,014,529 |
| | **Transportation 0.4%** | | |
| 25,000 | GATX Corp. | 762,636 | 1,063,750 |
| | **TOTAL OTHER** | 9,217,491 | 7,761,181 |

| | | | |
|---|---|---|---|
| | **TOTAL COMMON STOCKS** | 204,463,819 | 261,566,679 |
| | **WARRANTS 0.0%** | | |
| | **ENERGY AND UTILITIES 0.0%** | | |
| | **Natural Gas Integrated 0.0%** | | |
| 204,000 | Kinder Morgan Inc., expire 05/25/17 | 275,957 | 12,260 |
| | **COMMUNICATIONS 0.0%** | | |
| | **Wireless Communications 0.0%** | | |
| 16,000 | Bharti Airtel Ltd., expire 08/04/16 (b) | 76,395 | 82,329 |
| | **TOTAL WARRANTS** | 352,352 | 94,589 |
| **Principal Amount** | | | |
| | **U.S. GOVERNMENT OBLIGATIONS 3.3%** | | |
| $ 8,812,000 | U.S. Treasury Bills, 0.040% to 0.331% , 01/07/16 to 06/23/16(c) | 8,803,813 | 8,803,493 |
| **TOTAL INVESTMENTS 100.0%** | | $ 213,619,984 | 270,464,761 |

| **Notional Amount** | | **Termination Date** | **Unrealized Depreciation** |
|---|---|---|---|
| | **EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS** | | |
| $ 13,837 (9,270,000 Shares) | Rolls-Royce Holdings plc, Cl. C(d) | 06/28/16 | (171) |
| 888,127 (100,000 Shares) | Rolls-Royce Holdings plc(d) | 06/28/16 | (40,457) |
| | **TOTAL EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS** | | (40,628) |

| | **Market Value** |
|---|---|
| **Other Assets and Liabilities (Net)** | $ 84,182 |
| **PREFERRED STOCK** | |
| (1,154,188 preferred shares outstanding) | (51,332,200) |
| **NET ASSETS COMMON STOCK** | |
| (42,760,949 common shares outstanding) | $ 219,176,115 |
| **NET ASSET VALUE PER COMMON SHARE** | |

| | | |
|---|---|---|
| ($219,176,115 ÷ 42,760,949 shares outstanding) | $ | 5.13 |

(a) Securities, or a portion thereof, with a value of $6,558,600, are reserved and/or pledged with the custodian for current or potential holdings of swaps.

(b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2015, the market value of the Rule 144A security amounted to $82,329 or 0.03% of total investments.

(c) At December 31, 2015, $1,000,000 of the principal amount was pledged as collateral for the equity contract for difference swap agreements.

(d) At December 31, 2015, the Fund had entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc.

Non-income producing security.

Represents annualized yield at date of purchase.

ADR American Depositary Receipt
GDR Global Depositary Receipt
JSFC Joint Stock Financial Corporation
PJSC Public Joint Stock Company
SDR Swedish Depositary Receipt

See accompanying notes to financial statements.

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**The Gabelli Utility Trust**

**Statement of Assets and Liabilities**

**December 31, 2015**

| | |
|---|---|
| **Assets:** | |
| Investments, at value (cost $213,619,984) | $ 270,464,761 |
| Cash | 2,799 |
| Receivable for investments sold | 2,579,606 |
| Dividends and interest receivable | 433,854 |
| Deferred offering expense | 85,213 |
| Prepaid expenses | 4,622 |
| **Total Assets** | 273,570,855 |
| **Liabilities:** | |
| Foreign currency, at value (cost $58,551) | 58,551 |
| Distributions payable | 20,376 |
| Payable for investments purchased | 2,382,694 |
| Payable for investment advisory fees | 181,981 |
| Payable for payroll expenses | 46,296 |
| Payable for accounting fees | 7,500 |
| Payable for auction agent fees | 189,972 |
| Unrealized depreciation on swap contracts | 40,628 |
| Other accrued expenses | 134,542 |
| **Total Liabilities** | 3,062,540 |
| **Preferred Shares:** | |
| Series A Cumulative Preferred Shares (5.625%, $25 liquidation value, $0.001 par value, 1,200,000 shares authorized with 1,153,288 shares issued and outstanding) | 28,832,200 |
| Series B Cumulative Preferred Shares (Auction Market, $25,000 liquidation value, $0.001 par value, 1,000 shares authorized with 900 shares issued and outstanding) | 22,500,000 |
| **Total Preferred Shares** | 51,332,200 |
| **Net Assets Attributable to Common Shareholders** | $ 219,176,115 |
| **Net Assets Attributable to Common Shareholders Consist of:** | |
| Paid-in capital | $ 163,745,029 |
| Accumulated net investment loss | (15,567) |
| Distributions in excess of net realized gain on investments, swap contracts, and foreign currency transactions | (1,354,826) |
| Net unrealized appreciation on investments | 56,844,777 |

| | |
|---|---|
| Net unrealized depreciation on swap contracts | (40,628) |
| Net unrealized depreciation on foreign currency translations | (2,670) |
| **Net Assets** | $ 219,176,115 |
| **Net Asset Value per Common Share:** | |
| ($219,176,115 ÷ 42,760,949 shares outstanding at $0.001 par value; unlimited number of shares authorized) | $5.13 |

**Statement of Operations**

**For the Year Ended December 31, 2015**

| | |
|---|---|
| **Investment Income:** | |
| Dividends (net of foreign withholding taxes of $190,257) | $ 8,825,855 |
| Interest | 23,604 |
| **Total Investment Income** | 8,849,459 |
| **Expenses:** | |
| Investment advisory fees | 2,858,115 |
| Shareholder communications expenses | 191,804 |
| Shareholder services fees | 117,701 |
| Payroll expenses | 114,493 |
| Trustees fees | 110,500 |
| Legal and audit fees | 85,306 |
| Accounting fees | 45,000 |
| Custodian fees | 43,196 |
| Interest expense | 138 |
| Miscellaneous expenses | 127,552 |
| **Total Expenses** | 3,693,805 |
| Less: | |
| Advisory fee reduction (See Note 3) | (513,322) |
| Expenses paid indirectly by broker (See Note 3) | (4,074) |
| **Net Expenses** | 3,176,409 |
| **Net Investment Income** | 5,673,050 |
| **Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:** | |
| Net realized gain on investments | 12,304,813 |
| Net realized loss on swap contracts | (466,883) |
| Net realized loss on foreign currency transactions | (36,187) |
| Net realized gain on investments, swap contracts, and foreign currency transactions | 11,801,743 |
| Net change in unrealized appreciation/ depreciation: | |

| | |
|---|---|
| on investments | (34,184,404) |
| on swap contracts | (35,642) |
| on foreign currency translations | 8,506 |
| Net change in unrealized appreciation/ depreciation on investments, swap contracts, and foreign currency translations | (34,211,540) |
| **Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency** | (22,409,797) |
| **Net Decrease in Net Assets Resulting from Operations** | (16,736,747) |
| Total Distributions to Preferred Shareholders | (1,990,939) |
| **Net Decrease in Net Assets Attributable to Common Shareholders Resulting from Operations** | $ (18,727,686) |

See accompanying notes to financial statements.

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**The Gabelli Utility Trust**

**Statement of Changes in Net Assets Attributable to Common Shareholders**

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|---|---|
| **Operations:** | | |
| Net investment income | $ 5,673,050 | $ 5,207,139 |
| Net realized gain on investments, swap contracts, and foreign currency transactions | 11,801,743 | 18,333,097 |
| Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations | (34,211,540) | 10,958,871 |
| **Net Increase/(Decrease) in Net Assets Resulting from Operations** | (16,736,747) | 34,499,107 |
| **Distributions to Preferred Shareholders:** | | |
| Net investment income | (563,356) | (388,571) |
| Net realized gain | (1,427,583) | (1,603,286) |
| **Total Distributions to Preferred Shareholders** | (1,990,939) | (1,991,857) |
| **Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations** | (18,727,686) | 32,507,250 |
| **Distributions to Common Shareholders:** | | |
| Net investment income | (4,575,789) | (4,153,329) |
| Net realized gain | (11,595,377) | (17,137,102) |
| Return of capital | (9,279,908) | (3,847,417) |
| **Total Distributions to Common Shareholders** | (25,451,074) | (25,137,848) |
| **Fund Share Transactions:** | | |
| Net increase in net assets from common shares issued upon reinvestment of distributions | 3,643,963 | 3,284,381 |
| **Net Increase in Net Assets from Fund Share Transactions** | 3,643,963 | 3,284,381 |
| **Net Increase/(Decrease) in Net Assets Attributable to Common** | (40,534,797) | 10,653,783 |

| | | |
|---|---|---|
| **Shareholders** | | |
| **Net Assets Attributable to Common Shareholders:** | | |
| Beginning of year | 259,710,912 | 249,057,129 |
| End of year (including undistributed net investment income of $0 and $0, respectively) | $ 219,176,115 | $ 259,710,912 |

See accompanying notes to financial statements.

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**The Gabelli Utility Trust**

**Financial Highlights**

**Selected data for a share of beneficial interest outstanding throughout each year:**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2015** | **2014** | **2013** | **2012** | **2011** |
| **Operating Performance:** | | | | | |
| Net asset value, beginning of year | $ 6.16 | $ 5.98 | $ 5.48 | $ 5.69 | $ 5.33 |
| Net investment income (a) | 0.13 | 0.13 | 0.14 | 0.15 | 0.15 |
| Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions | (0.53) | 0.69 | 1.01 | 0.19 | 0.86 |
| Total from investment operations | (0.40) | 0.82 | 1.15 | 0.34 | 1.01 |
| **Distributions to Preferred Shareholders: (a)** | | | | | |
| Net investment income | (0.01) | (0.01) | (0.04) | (0.02) | (0.04) |
| Net realized gain | (0.03) | (0.04) | (0.01) | (0.04) | (0.02) |
| Total distributions to preferred shareholders | (0.04) | (0.05) | (0.05) | (0.06) | (0.06) |
| **Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations** | (0.44) | 0.77 | 1.10 | 0.28 | 0.95 |
| **Distributions to Common Shareholders:** | | | | | |
| Net investment income | (0.11) | (0.11) | (0.12) | (0.14) | (0.11) |
| Net realized gain | (0.27) | (0.40) | (0.42) | (0.26) | (0.07) |
| Return of capital | (0.22) | (0.09) | (0.06) | (0.20) | (0.42) |
| Total distributions to common shareholders | (0.60) | (0.60) | (0.60) | (0.60) | (0.60) |

| | | | | | |
|---|---|---|---|---|---|
| **Fund Share Transactions:** | | | | | |
| Increase in net asset value from common share transactions | 0.01 | 0.01 | 0.00(b) | 0.02 | 0.01 |
| Increase in net asset value from common shares issued in rights offering | | | | 0.11 | |
| Offering costs for issuance of rights charged to paid-in capital | | | 0.00(b) | (0.02) | |
| Total Fund share transactions | 0.01 | 0.01 | 0.00(b) | 0.11 | 0.01 |
| **Net Asset Value Attributable to Common Shareholders, End of Year** | $ 5.13 | $ 6.16 | $ 5.98 | $ 5.48 | $ 5.69 |
| NAV total return | (7.12)% | 13.87% | 20.99% | 4.56% | 16.90% |
| Market value, end of year | $ 5.70 | $ 7.32 | $ 6.39 | $ 6.16 | $ 7.80 |
| Investment total return | (14.15)% | 25.32% | 14.13% | (14.26)% | 33.67% |
| **Ratios to Average Net Assets and Supplemental Data:** | | | | | |
| Net assets including liquidation value of preferred shares, end of year (in 000 s) | $ 270,508 | $ 311,044 | $ 300,389 | $ 277,069 | $ 232,436 |
| Net assets attributable to common shares, end of year (in 000 s) | $ 219,176 | $ 259,711 | $ 249,057 | $ 225,737 | $ 181,104 |
| Ratio of net investment income to average net assets attributable to common shares before preferred share distributions | 2.41% | 2.06% | 2.36% | 2.84% | 2.72% |
| Ratio of operating expenses to average net assets attributable to common shares before fee waived | 1.57%(c) | 1.59% | 1.55% | 1.75% | 1.92% |
| Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any | 1.35%(c) | 1.59% | 1.55% | 1.59% | 1.92% |
| Ratio of operating expenses to average net assets including liquidation value of preferred shares before fee waived | 1.29%(c) | 1.32% | 1.28% | 1.36% | 1.48% |
| Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any | 1.11%(c) | 1.32% | 1.28% | 1.23% | 1.48% |
| Portfolio turnover rate | 9% | 17% | 16% | 3% | 1% |

See accompanying notes to financial statements.

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**The Gabelli Utility Trust**

**Financial Highlights (Continued)**

**Selected data for a share of beneficial interest outstanding throughout each year:**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2015** | **2014** | **2013** | **2012** | **2011** |
| **Preferred Shares:** | | | | | |
| **5.625% Series A Cumulative Preferred Shares** | | | | | |
| Liquidation value, end of year (in 000 s) | $ 28,832 | $ 28,832 | $ 28,832 | $ 28,832 | $ 28,832 |
| Total shares outstanding (in 000 s) | 1,153 | 1,153 | 1,153 | 1,153 | 1,153 |
| Liquidation preference per share | $ 25.00 | $ 25.00 | $ 25.00 | $ 25.00 | $ 25.00 |
| Average market value (d) | $ 25.55 | $ 25.14 | $ 25.25 | $ 26.00 | $ 25.47 |
| Asset coverage per share (e) | $ 131.74 | $ 151.49 | $ 146.30 | $ 134.94 | $ 113.20 |
| **Series B Auction Rate Cumulative Preferred Shares** | | | | | |
| Liquidation value, end of year (in 000 s) | $ 22,500 | $ 22,500 | $ 22,500 | $ 22,500 | $ 22,500 |
| Total shares outstanding (in 000 s) | 1 | 1 | 1 | 1 | 1 |
| Liquidation preference per share | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 |
| Liquidation value (f) | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 |
| Asset coverage per share (e) | $ 131,744 | $ 151,486 | $ 146,297 | $ 134,939 | $ 113,202 |
| **Asset Coverage (g)** | 527% | 606% | 585% | 540% | 453% |

For the years ended December 31, 2015, 2014, and 2013 based on net asset value per share, adjusted for reinvestment of distributions at NAV on the ex-dividend date. The years ended 2012 and 2011 were based on net asset value per share, adjusted for reinvestment of distributions at prices determined under the Fund s dividend reinvestment plan, and adjustments for rights offerings.

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

(a) Calculated based upon average common shares outstanding on the record dates throughout the year.
(b) Amount represents less than $0.005 per share.
(c) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the year ended December 31, 2015, there was no impact on the expense ratios.
(d) Based on weekly prices.
(e) Asset coverage per share is calculated by combining all series of preferred shares.
(f) Since February 2008, the weekly auctions have failed. Holders that have submitted orders have not been able to sell any or all of their shares in the auction.
(g) Asset coverage is calculated by combining all series of preferred shares.

See accompanying notes to financial statements.

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**The Gabelli Utility Trust**

**Notes to Financial Statements**

**1. Organization.** The Gabelli Utility Trust (the   Fund  ) operates as a diversified closed-end management investment company organized as a Delaware statutory trust on February 25, 1999 and registered under the Investment Company Act of 1940, as amended (the   1940 Act  ). Investment operations commenced on July 9, 1999.

The Fund  s primary objective is long term growth of capital and income. The Fund will invest 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas, and water and (ii) telecommunications services or infrastructure operations (the   80% Policy  ). The 80% Policy may be changed without shareholder approval. However, the Fund has adopted a policy to provide shareholders with notice at least sixty days prior to the implementation of any change in the 80% Policy.

**2. Significant Accounting Policies.** As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (  GAAP  ) that may require the use of management estimates and assumptions in the preparation of its financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

***Security Valuation.*** Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market  s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the   Board  ) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the   Adviser  ). Investments in open-end investment companies are valued at each Underlying Fund  s NAV per share as of the report date.

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities   fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund s investments are summarized into three levels as described in the hierarchy below:

Level 1 quoted prices in active markets for identical securities;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and

Level 3 significant unobservable inputs (including the Board s determinations as to the fair value of investments).

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities

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**The Gabelli Utility Trust**

**Notes to Financial Statements (Continued)**

are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund s investments in securities and other financial instruments by inputs used to value the Fund s investments as of December 31, 2015 is as follows:

| | Valuation Inputs | | | |
|---|---|---|---|---|
| | Level 1 Quoted Prices | Level 2 Other Significant Observable Inputs | Level 3 Significant Unobservable Inputs | Total Market Value at 12/31/15 |
| **INVESTMENTS IN SECURITIES:** | | | | |
| **ASSETS (Market Value):** | | | | |
| Common Stocks: | | | | |
| ENERGY AND UTILITIES | | | | |
| Merchant Energy | $ 2,679,600 | | $ 0 | $ 2,679,600 |
| Natural Gas Utilities | 24,832,389 | $ 406,656 | | 25,239,045 |
| Other Industries (a) | 182,710,010 | | | 182,710,010 |
| COMMUNICATIONS | | | | |
| Other Industries (a) | 43,176,843 | | | 43,176,843 |
| OTHER | | | | |
| Aerospace | 847,670 | 13,666 | | 861,336 |
| Other Industries (a) | 6,899,845 | | | 6,899,845 |
| Total Common Stocks | 261,146,357 | 420,322 | 0 | 261,566,679 |
| Warrants (a) | 12,260 | 82,329 | | 94,589 |
| U.S. Government Obligations | | 8,803,493 | | 8,803,493 |
| **TOTAL INVESTMENTS IN SECURITIES ASSETS** | $ 261,158,617 | $ 9,306,144 | $ 0 | $ 270,464,761 |
| **OTHER FINANCIAL INSTRUMENTS:*** | | | | |
| **LIABILITIES (Unrealized Depreciation):** | | | | |
| **EQUITY CONTRACT:** | | | | |
| Contract for Difference Swap Agreements | | $ (40,628) | | $ (40,628) |
| **TOTAL OTHER FINANCIAL INSTRUMENTS** | | $ (40,628) | | $ (40,628) |

(a) Please refer to the Schedule of Investments ( SOI ) for the industry classifications of these portfolio holdings.

* Other financial instruments are derivatives reflected in the SOI, such as options, futures, forwards, and swaps, which may be valued at the unrealized appreciation/depreciation of the instrument.

During the year ended December 31, 2015, the Fund had transfers of $518,251 or 0.20% of net assets as of December 31, 2014, from Level 1 to Level 2. Transfers from Level 1 to Level 2 are due to a decline in market activity (e.g. frequency of trades), which resulted in a lack of available market inputs to determine price. The Fund s policy is to recognize transfers among Levels as of the beginning of the reporting period.

**Additional Information to Evaluate Qualitative Information.**

***General.*** The Fund uses recognized industry pricing services approved by the Board and unaffiliated with the Adviser to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

***Fair Valuation.*** Fair valued securities may be common and preferred equities, warrants, options, rights, and fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. Among the factors to be considered to fair value a security are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include back testing the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

**The Gabelli Utility Trust**

**Notes to Financial Statements (Continued)**

***Derivative Financial Instruments.*** The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of hedging or protecting its exposure to interest rate movements and movements in the securities markets, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser s prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund s ability to pay distributions.

Collateral requirements differ by type of derivative. Collateral requirements are set by the broker or exchange clearing house for exchange traded derivatives, while collateral terms are contract specific for derivatives traded over-the-counter. Securities pledged to cover obligations of the Fund under derivative contracts are noted in the Schedule of Investments. Cash collateral, if any, pledged for the same purpose will be reported separately in the Statement of Assets and Liabilities.

The Fund s policy with respect to offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the master agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Fund and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

The Fund s derivative contracts held at December 31, 2015, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

***Swap Agreements.*** The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Fund s portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in the value of swaps, including the accrual of periodic amounts of interest to be received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon receipt or payment of a periodic payment or termination of swap agreements.

The Fund has entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at December 31, 2015 are reflected within the Schedule of Investments and further details are as follows:

| **Notional Amount** | **Equity Security Received** | **Interest Rate/ Equity Security Paid** | **Termination Date** | **Net Unrealized Depreciation** |
|---|---|---|---|---|
| | Market Value Appreciation on: | One month LIBOR plus 90 bps plus Market Value Depreciation on: | | |
| $13,837 (9,270,000 Shares) | Rolls-Royce Holdings plc, Cl. C | Rolls-Royce Holdings plc, Cl. C | 06/28/16 | $ (171) |
| 888,127 (100,000 Shares) | Rolls-Royce Holdings plc | Rolls-Royce Holdings plc | 06/28/16 | (40,457) |
| | | | | $ (40,628) |

The Fund s volume of activity in equity contract for difference swap agreements during the year ended December 31, 2015 had an average monthly notional amount of approximately $1,273,856.

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**The Gabelli Utility Trust**

**Notes to Financial Statements (Continued)**

At December 31, 2015, the Fund s derivative liabilities (by type) are as follows:

| | Gross Amounts of Recognized Liabilities Presented in the Statement of Assets and Liabilities | Gross Amounts Available for Offset in the Statement of Assets and Liabilities | Net Amount of Liabilities Presented in the Statement of Assets and Liabilities |
|---|---|---|---|
| **Liabilities** | | | |
| Equity Contract for Difference Swap Agreements | $40,628 | $ | $40,628 |

The following table presents the Fund s derivative liabilities by counterparty net of the related collateral segregated by the Fund for the benefit of the counterparty as of December 31, 2015:

| | | Gross Amounts Not Offset in the Statement of Assets and Liabilities | | |
|---|---|---|---|---|
| | Net Amounts of Recognized Liabilities Presented in the Statement of Assets and Liabilities | Financial Instruments | Cash Collateral Pledged | Net Amount |
| **Counterparty** | | | | |
| The Goldman Sachs Group, Inc. | $40,628 | $(40,628) | | |

As of December 31, 2015, the value of equity contract for difference swap agreements can be found in the Statement of Assets and Liabilities under Liabilities, Unrealized depreciation on swap contracts. For the year ended December 31, 2015, the effect of equity contract for difference swap agreements can be found in the Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency, Net realized loss on swap contracts and Net change in unrealized appreciation/depreciation on swap contracts.

***Limitations on the Purchase and Sale of Futures Contracts, Certain Options, and Swaps.*** Subject to the guidelines of the Board, the Fund may engage in commodity interest transactions (generally, transactions in futures, certain options, certain currency transactions, and certain types of swaps) only for bona fide hedging or other permissible transactions in accordance with the rules and regulations of the Commodity Futures Trading Commission ( CFTC ). Pursuant to amendments by the CFTC to Rule 4.5 under the Commodity Exchange Act ( CEA ), the Adviser has filed a notice of exemption from registration as a commodity pool operator with respect to the Fund. The Fund and the

Adviser are therefore not subject to registration or regulation as a commodity pool operator under the CEA. In addition, certain trading restrictions are now applicable to the Fund as of January 1, 2013. These trading restrictions permit the Fund to engage in commodity interest transactions that include (i) bona fide hedging transactions, as that term is defined and interpreted by the CFTC and its staff, without regard to the percentage of the Fund s assets committed to margin and options premiums and (ii) non-bona fide hedging transactions, provided that the Fund does not enter into such non-bona fide hedging transactions if, immediately thereafter, either (a) the sum of the amount of initial margin deposits on the Fund s existing futures positions or swaps positions and option or swaption premiums would exceed 5% of the market value of the Fund s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions, or (b) the aggregate net notional value of the Fund s commodity interest transactions would not exceed 100% of the market value of the Fund s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions. Therefore, in order to claim the Rule 4.5 exemption, the Fund is limited in its ability to invest in commodity futures, options, and certain types of swaps (including securities futures, broad based stock index futures, and financial futures contracts). As a result, in the future, the Fund will be more limited in its ability to use these instruments than in the past, and these limitations may have a negative impact on the ability of the Adviser to manage the Fund, and on the Fund s performance.

***Investments in Other Investment Companies.*** The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the Acquired Funds ) in accordance with the 1940 Act and related rules. Shareholders in the Fund would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund s expenses. For the year ended December 31, 2015, the Fund s pro rata portion of the periodic expenses charged by the Acquired Funds was less than 1 basis point.

***Foreign Currency Translations.*** The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective

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**The Gabelli Utility Trust**

**Notes to Financial Statements (Continued)**

dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

***Foreign Securities.*** The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

***Foreign Taxes.*** The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

***Restricted Securities.*** The Fund is not subject to an independent limitation on the amount it may invest in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At December 31, 2015, the Fund held no restricted securities.

***Securities Transactions and Investment Income.*** Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

***Custodian Fee Credits and Interest Expense.*** When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as Custodian fee credits. When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the

90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in the Statement of Operations.

***Distributions to Shareholders.*** Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to recharacterization of distributions, net realized loss on foreign currency transactions, and reclassifications of gains on investments in swaps. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2015, reclassifications were made to increase undistributed net investment loss by $468,983 and to decrease distributions in excess of net realized gain on investments, swaps contracts, and foreign currency transactions by $488,893, with an offsetting adjustment to paid-in capital.

The Fund declares and pays monthly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Distributions during the year may be made in

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**The Gabelli Utility Trust**

**Notes to Financial Statements (Continued)**

excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long term capital gains. This may restrict the Fund s ability to pass through to shareholders all of its net realized long term capital gains as a Capital Gain Dividend and may cause such gains to be treated as ordinary income, subject to the maximum federal income tax rate. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board will continue to monitor the Fund s distribution level, taking into consideration the Fund s NAV and the financial market environment. The Fund s distribution policy is subject to modification by the Board at any time.

Distributions to shareholders of the Fund s 5.625% Series A Cumulative Preferred Shares ( Series A Preferred ) and Series B Auction Market Cumulative Preferred Shares ( Series B Preferred ) are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the years ended December 31, 2015 and 2014 was as follows:

| | Year Ended December 31, 2015 | | Year Ended December 31, 2014 | |
|---|---|---|---|---|
| | **Common** | **Preferred** | **Common** | **Preferred** |
| **Distributions paid from:** | | | | |
| Ordinary income (inclusive of short term capital gains) | $ 5,456,485 | $ 671,784 | $ 4,490,813 | $ 420,143 |
| Net long term capital gains | 10,714,681 | 1,319,155 | 16,799,618 | 1,571,714 |
| Return of capital | 9,279,908 | | 3,847,417 | |
| Total distributions paid | $25,451,074 | $1,990,939 | $25,137,848 | $1,991,857 |

***Provision for Income Taxes.*** The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code ). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

At December 31, 2015, the components of accumulated earnings/losses on a tax basis were as follows:

| | |
|---|---|
| Net unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations | $ 55,451,462 |
| Other temporary differences* | (20,376) |
| Total | $ 55,431,086 |

* Other temporary differences are primarily due to adjustments on preferred share class distribution payables and mark-to-market and accrual adjustments on investments in swap contracts.

The Fund is permitted to carry capital losses forward for an unlimited period. Capital losses that are carried forward will retain their character as either short term or long term capital losses.

At December 31, 2015, the differences between book basis and tax basis net unrealized appreciation on investments were primarily due to deferral of losses from wash sales for tax purposes.

The following summarizes the tax cost of investments and the related net unrealized appreciation at December 31, 2015:

| | **Cost** | **Gross Unrealized Appreciation** | **Gross Unrealized Depreciation** | **Net Unrealized Appreciation** |
|---|---|---|---|---|
| Investments | $ 215,010,625 | $ 71,965,755 | $ (16,511,619) | $ 55,454,136 |

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund s tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the year ended December 31, 2015, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2015, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund s net assets or results of operations. The Fund s federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund s tax positions to determine if adjustments to this conclusion are necessary.

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**The Gabelli Utility Trust**

**Notes to Financial Statements (Continued)**

**3. Agreements and Transactions with Affiliates.** The Fund has entered into an investment advisory agreement (the Advisory Agreement ) with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of its average weekly net assets including the liquidation value of the preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund s portfolio and oversees the administration of all aspects of the Fund s business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Preferred Shares if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of the Preferred Shares for the year.

The Fund s total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Preferred Shares for the period. For the year ended December 31, 2015, the Fund s total return on the NAV of the common shares did not exceed the stated dividend rate of Preferred Shares. Thus, advisory fees with respect to the liquidation value of the Preferred assets was reduced by $513,322.

During the year ended December 31, 2015, the Fund paid brokerage commissions on security trades of $8,567 to G.research, LLC, an affiliate of the Adviser.

During the year ended December 31, 2015, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was $4,074.

The cost of calculating the Fund s NAV per share is a Fund expense pursuant to the Advisory Agreement. During the year ended December 31, 2015, the Fund paid or accrued $45,000 to the Adviser in connection with the cost of computing the Fund s NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser). For the year ended December 31, 2015, the Fund paid or accrued $114,493 in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of $6,000 plus $1,500 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive $1,000 per meeting attended, the Audit Committee Chairman receives an annual fee of $3,000, the Nominating Committee Chairman and the Lead Trustee each receive an annual fee of $2,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

**4. Portfolio Securities.** Purchases and sales of securities during the year ended December 31, 2015, other than short term securities and U.S. Government obligations, aggregated $25,151,067 and $33,968,438, respectively.

**5. Capital.** The Fund is authorized to issue an unlimited number of shares of beneficial interest (par value $0.001). The Board has authorized the repurchase of its common shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the years ended December 31, 2015 and the year ended 2014, the Fund did not repurchase any common shares of beneficial interest in the open market.

Transactions in shares of beneficial interest were as follows:

| | Year Ended December 31, 2015 | | Year Ended December 31, 2014 | |
|---|---|---|---|---|
| | **Shares** | **Amount** | **Shares** | **Amount** |
| Net increase from common shares issued upon reinvestment of distributions | 596,586 | $ 3,643,963 | 493,035 | $ 3,284,381 |

The Fund s Declaration of Trust, as amended, authorizes the issuance of an unlimited number of shares of $0.001 par value Preferred Shares. The Preferred Shares are senior to the common shares and result in the financial leveraging of the common shares. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Preferred Shares are cumulative. The Fund is required by the 1940 Act and by the Statement

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**The Gabelli Utility Trust**

**Notes to Financial Statements (Continued)**

of Additional Information to meet certain asset coverage tests with respect to the Preferred Shares. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series A and Series B Preferred at a redemption price of $25 and $25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund s ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund s assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

The Fund may redeem at anytime, in whole or in part, the Series A Preferred and Series B Preferred at the redemption price. During the years ended December 31, 2015 and 2014, the Fund did not repurchase any shares of Series A Preferred or Series B Preferred.

The Series B Preferred dividend rates, as set by the auction process that is generally held every seven days, are expected to vary with short term interest rates. Since February 2008, the number of Series B Preferred subject to bid orders by potential holders has been less than the number of Series B Preferred subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate since then has been the maximum rate. Holders that have submitted sell orders have not been able to sell any or all of the Series B Preferred for which they have submitted sell orders. The current maximum rate is 150 basis points greater than the seven day Telerate/British Bankers Association LIBOR rate on the day of such auction. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of the Series B Preferred may also trade their shares in the secondary market.

The following table summarizes Cumulative Preferred Stock information:

| Series | Issue Date | Issued/ Authorized | Number of Shares Outstanding at 12/31/2015 | Net Proceeds | 2015 Dividend Rate Range | Dividend Rate at 12/31/2015 | Accrued Dividend at 12/31/2015 |
|---|---|---|---|---|---|---|---|
| A 5.625% | July 31, 2003 | 1,200,000 | 1,153,288 | $ 28,895,026 | Fixed Rate | 5.625% | $ 18,020 |
| B Auction Market | July 31, 2003 | 1,000 | 900 | 24,590,026 | 1.633% to 1.890% | 1.885% | 2,356 |

The holders of Preferred Shares generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Preferred Shares voting together as a single class also have the right currently to elect two Trustees and under certain circumstances are entitled to elect a majority of the Board of Trustees. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred shares, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred shares, and the approval of two-thirds of each class, voting separately, of the Fund s outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred shares and a majority (as defined in the 1940 Act) of the Fund s outstanding voting securities are required to approve certain other actions, including changes in the Fund s investment objectives or fundamental investment policies.

**6. Industry Concentration.** Because the Fund primarily invests in common stocks and other securities of foreign and domestic companies in the utility industry, its portfolio may be subject to greater risk and market fluctuations than a portfolio of securities representing a broad range of investments.

**7. Indemnifications.** The Fund enters into contracts that contain a variety of indemnifications. The Fund s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund s existing contracts and expects the risk of loss to be remote.

**8. Subsequent Events.** Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

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**The Gabelli Utility Trust**

**Report of Independent Registered Public Accounting Firm**

To the Board of Trustees and Shareholders of

The Gabelli Utility Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets attributable to common shareholders and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Utility Trust (hereafter referred to as the Fund ) at December 31, 2015, the results of its operations 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. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2015 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York

February 26, 2016

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**The Gabelli Utility Trust**

**Additional Fund Information (Unaudited)**

The business and affairs of the Fund are managed under the direction of the Fund s Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund s Statement of Additional Information includes additional information about the Fund s Trustees and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Utility Trust at One Corporate Center, Rye, NY 10580-1422.

| Name, Position(s) Address[1] and Age | Term of Office and Length of Time Served[2] | Number of Funds in Fund Complex Overseen by Trustee | Principal Occupation(s) During Past Five Years | Other Directorships Held by Trustee[4] |
|---|---|---|---|---|
| **INTERESTED TRUSTEES[3] :** | | | | |
| **Mario J. Gabelli, CFA**<br>Trustee and Chief<br>Investment Officer<br>Age: 73 | Since 1999* | 29 | Chairman, Chief Executive Officer, and Chief Investment Officer Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO Fund Complex; Chief Executive Officer of GGCP, Inc.; Chief Executive Officer and Chairman of the Board of Associated Capital Group, Inc. | Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications); Director of RLJ Acquisition Inc. (blank check company) (2011-2012) |
| **John D. Gabelli**<br>Trustee | Since 1999*** | 10 | Senior Vice President of G.research, LLC | |

| | | | | |
|---|---|---|---|---|
| Age: 71 | | | | |
| **INDEPENDENT TRUSTEES[5] :** | | | | |
| **Anthony J. Colavita**<br><br>Trustee<br><br>Age: 80 | Since 1999** | 36 | President of the law firm of Anthony J. Colavita, P.C. | |
| **James P. Conn**<br><br>Trustee<br><br>Age: 77 | Since 1999*** | 22 | Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998) | |
| **Vincent D. Enright**<br><br>Trustee<br><br>Age: 72 | Since 1999* | 16 | Former Senior Vice President and Chief Financial Officer of KeySpan Corp. (public utility) (1994-1998) | Director of Echo Therapeutics, Inc. (therapeutics and diagnostics) (2008-2014); Director of LGL Group, Inc. (diversified manufacturing) (2011-2014) |

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**The Gabelli Utility Trust**

**Additional Fund Information (Continued) (Unaudited)**

| Name, Position(s) Address[1] and Age | Term of Office and Length of Time Served[2] | Number of Funds in Fund Complex Overseen by Trustee | Principal Occupation(s) During Past Five Years | Other Directorships Held by Trustee[4] |
|---|---|---|---|---|
| **Frank J. Fahrenkopf Jr.**<br><br>Trustee<br><br>Age: 76 | Since 1999** | 9 | Co-Chairman of the Commission on Presidential Debates; Former President and Chief Executive Officer of the American Gaming Association (1995-2013); Former Chairman of the Republican National Committee (1983-1989) | Director of First Republic Bank (banking) |
| **Robert J. Morrissey**<br><br>Trustee<br><br>Age: 76 | Since 1999** | 6 | Partner in the law firm of Morrissey,<br><br>Hawkins & Lynch | Chairman of the Board, Belmont Savings Bank |
| **Kuni Nakamura**<br><br>Trustee<br><br>Age: 47 | Since 2012* | 16 | President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate) | |
| **Anthony R. Pustorino**<br><br>Trustee<br><br>Age: 90 | Since 1999*** | 13 | Certified Public Accountant; Professor Emeritus, Pace University | Director of LGL Group, Inc. (diversified manufacturing) (2004-2011) |
| **Salvatore J. Zizza**<br><br>Trustee<br><br>Age: 70 | Since 1999** | 30 | President of Zizza & Associates Corp. (financial consulting); Chairman of Harbor Diversified, Inc. (pharmaceuticals); Chairman of BAM (semiconductor and aerospace | Director and Vice Chairman of Trans-Lux Corporation (business services); Director and Chairman of Harbor Diversified Inc. (pharmaceuticals); |

| | | | |
|---|---|---|---|
| | | manufacturing); Chairman of Bergen Cove Realty Inc.; Chairman of Metropolitan Paper Recycling Inc. (recycling) (2005-2014) | Director, Chairman, and CEO of General Employment Enterprises (staffing services) (2009-2012) |

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**The Gabelli Utility Trust**

**Additional Fund Information (Continued) (Unaudited)**

| Name, Position(s) Address[1] and Age | Term of Office and Length of Time Served[2] | Principal Occupation(s) During Past Five Years |
|---|---|---|
| **OFFICERS:** | | |
| **Bruce N. Alpert**<br><br>President<br><br>Age: 64 | Since 2003 | Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of several registered investment companies within the Gabelli/GAMCO Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008; Director of Teton Advisors, Inc., 1998-2012; Chairman of Teton Advisors, Inc., 2008-2010; President of Teton Advisors, Inc., 1998-2008 |
| **Andrea R. Mango**<br><br>Vice President and Secretary<br><br>Age: 43 | Since 2013 | Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013; Vice President and Counsel of Deutsche Bank, 2006-2011 |
| **Agnes Mullady**<br><br>Treasurer<br><br>Age: 57 | Since 2006 | President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex |
| **Richard J. Walz**<br><br>Chief Compliance Officer<br><br>Age: 56 | Since 2013 | Chief Compliance Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013; Chief Compliance Officer of Cutwater Asset Management, 2004-2011 |
| **David I. Schachter**<br><br>Vice President and Ombudsman<br><br>Age: 62 | Since 1999 | Vice President and/or Ombudsman of closed-end funds within the Gabelli/GAMCO Fund Complex; Senior Vice President of Gabelli Funds, LLC since 2015 |

1 Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

[2] The Fund s Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

* Term expires at the Fund s 2016 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

** Term expires at the Fund s 2017 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

*** Term expires at the Fund s 2018 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

[3] Interested person of the Fund as defined in the 1940 Act. Messrs. Gabelli are each considered an interested person because of their affiliation with Gabelli Funds, LLC which acts as the Fund s investment adviser. Mario J. Gabelli and John D. Gabelli are brothers.

[4] This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, or other investment companies registered under the 1940 Act.

[5] Trustees who are not interested persons are considered Independent Trustees.

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**THE GABELLI UTILITY TRUST**

**INCOME TAX INFORMATION (Unaudited)**

**December 31, 2015**

**Cash Dividends and Distributions**

| | Payable Date | Record Date | Total Amount Paid Per Share (a) | Ordinary Investment Income (a) | Long Term Capital Gains (a) | Return of Capital (c) | Dividend Reinvestment Price |
|---|---|---|---|---|---|---|---|
| **Common Stock** | | | | | | | |
| | 01/23/15 | 01/15/15 | $ 0.05000 | $ 0.01080 | $ 0.02100 | $ 0.01820 | $ 6.02000 |
| | 02/20/15 | 02/12/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 6.05000 |
| | 03/24/15 | 03/17/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.59000 |
| | 04/23/15 | 04/16/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.78000 |
| | 05/21/15 | 05/14/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.59000 |
| | 06/23/15 | 06/16/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.41000 |
| | 07/24/15 | 07/17/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.43000 |
| | 08/24/15 | 08/17/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.50000 |
| | 09/23/15 | 09/16/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.04000 |
| | 10/23/15 | 10/16/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.35000 |
| | 11/20/15 | 11/13/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 5.17000 |
| | 12/18/15 | 12/11/15 | 0.05000 | 0.01080 | 0.02100 | 0.01820 | 4.97000 |
| | | | $ 0.60000 | $ 0.12960 | $ 0.25200 | $ 0.21840 | |
| **5.625% Series A Cumulative Preferred Shares** | | | | | | | |
| | 03/26/15 | 03/19/15 | $ 0.35156 | $ 0.11872 | $ 0.23284 | | |
| | 06/26/15 | 06/19/15 | 0.35156 | 0.11872 | 0.23284 | | |
| | 09/28/15 | 09/21/15 | 0.35156 | 0.11872 | 0.23284 | | |
| | 12/28/15 | 12/18/15 | 0.35156 | 0.11872 | 0.23284 | | |
| | | | $ 1.40625 | $ 0.47490 | $ 0.93135 | | |

A Form 1099-DIV has been mailed to all shareholders of record which sets forth specific amounts to be included in your 2015 tax returns. Ordinary distributions include net investment income and realized net short term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV.

The long term gain distributions for the fiscal year ended December 31, 2015 were $12,033,836, or the maximum amount.

**Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Government Securities Income**

In 2015, the Fund paid to common and 5.625% Series A Cumulative Preferred shareholders ordinary income dividends of $0.12960 and $0.47489 per share, respectively. For 2015, 100% of the ordinary dividend qualified for the dividend received deduction available to corporations, 100% of the ordinary income distribution was deemed qualified dividend income, and 0.12% of ordinary income distribution was qualified interest income and 6.42% of ordinary income distribution was qualified short term capital gain. The percentage of ordinary income dividends paid by the Fund during 2015 derived from U.S. Government securities was 0.10%. Such income is exempt from state and local taxes in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of its fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2015. The percentage of U.S. Government securities held as of December 31, 2015 was 3.3%.

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**THE GABELLI UTILITY TRUST**

**INCOME TAX INFORMATION (Unaudited) (Continued)**

**December 31, 2015**

**Historical Distribution Summary**

| | Investment Income (b) | Short Term Capital Gains (b) | Long Term Capital Gains | Return of Capital (c) | Total Distributions (a) | Adjustment to Cost Basis (d) |
|---|---|---|---|---|---|---|
| **Common Stock** | | | | | | |
| 2015 | $ 0.10800 | $ 0.02160 | $ 0.25200 | $ 0.21840 | $ 0.60000 | $ 0.21840 |
| 2014 | 0.09960 | 0.00804 | 0.40104 | 0.09132 | 0.60000 | 0.09132 |
| 2013 | 0.14232 | 0.00576 | 0.39180 | 0.06012 | 0.60000 | 0.06012 |
| 2012 | 0.13920 | | 0.26520 | 0.19560 | 0.60000 | 0.19560 |
| 2011 | 0.11520 | 0.05880 | 0.01080 | 0.41520 | 0.60000 | 0.41520 |
| 2010 | 0.07788 | | | 0.64212 | 0.72000 | 0.64212 |
| 2009 | 0.07596 | | | 0.64404 | 0.72000 | 0.64404 |
| 2008 | 0.10716 | 0.00360 | 0.04212 | 0.56712 | 0.72000 | 0.56712 |
| 2007 | 0.15458 | 0.03985 | 0.28795 | 0.23762 | 0.72000 | 0.23762 |
| 2006 | 0.15750 | 0.03900 | 0.52350 | | 0.72000 | |
| **5.625% Series A Cumulative Preferred Stock** | | | | | | |
| 2015 | $ 0.39725 | $ 0.07765 | $ 0.93135 | | $ 1.40625 | |
| 2014 | 0.27528 | 0.02227 | 1.10870 | | 1.40625 | |
| 2013 | 0.37067 | 0.01489 | 1.02069 | | 1.40625 | |
| 2012 | 0.48293 | | 0.92332 | | 1.40625 | |
| 2011 | 0.87922 | 0.44909 | 0.07794 | | 1.40625 | |
| 2010 | 1.40625 | | | | 1.40625 | |
| 2009 | 1.40625 | | | | 1.40625 | |
| 2008 | 0.98590 | 0.03309 | 0.38726 | | 1.40625 | |
| 2007 | 0.44768 | 0.11663 | 0.84194 | | 1.40625 | |
| 2006 | 0.30694 | 0.07589 | 1.02342 | | 1.40625 | |
| **Series B Auction Market Cumulative Preferred Stock** | | | | | | |
| 2015 | | | | | | |
| 2014 | $ 80.26781 | $ 6.49443 | $ 323.28776 | | $ 410.05000 | |
| 2013 | 110.25405 | 4.42978 | 303.60617 | | 418.29000 | |
| 2012 | 137.82644 | | 263.51356 | | 401.34000 | |
| 2011 | 228.93287 | 116.93418 | 20.29295 | | 366.16000 | |
| 2010 | 381.65000 | | | | 381.65000 | |
| 2009 | 388.12000 | | | | 388.12000 | |
| 2008 | 663.22018 | 22.26115 | 260.50866 | | 945.99000 | |
| 2007 | 426.72648 | 111.17336 | 802.52016 | | 1,340.42000 | |
| 2006 | 266.52830 | 65.89950 | 888.68220 | | 1,221.11000 | |

(a) Total amounts may differ due to rounding.
(b) Taxable as ordinary income.
(c) Non-taxable.
(d) Decrease in cost basis.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

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**THE GABELLI UTILITY TRUST**

**One Corporate Center**

**Rye, NY 10580-1422**

**Portfolio Manager Biography**

**Mario J. Gabelli, CFA,** is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Chief Executive Officer and Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

We have separated the portfolio manager s commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager s commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading Specialized Equity Funds, in Monday s The Wall Street Journal. It is also listed in Barron s Mutual Funds/Closed End Funds section under the heading Specialized Equity Funds.

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

The NASDAQ symbol for the Net Asset Value is XGUTX.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may from time to time purchase its common shares in the open market when the Fund s shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

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THE GABELLI UTILITY TRUST

One Corporate Center

Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

Chief Investment Officer,

Financial Security Assurance

Holdings Ltd.

Vincent D. Enright

Former Senior Vice President &

Chief Financial Officer,

KeySpan Corp.

Frank J. Fahrenkopf, Jr.

Former President &

Chief Executive Officer,

American Gaming Association

John D. Gabelli

Senior Vice President,

G.research, LLC

Robert J. Morrissey

Partner,

Morrissey, Hawkins & Lynch

Kuni Nakamura

President,

Advanced Polymer, Inc.

INVESTMENT ADVISER

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

CUSTODIAN

The Bank of New York Mellon

COUNSEL

Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.

GUT Q4/2015

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**Base Prospectus dated April 19, 2016**

PROSPECTUS

# $300,000,000

# The Gabelli Utility Trust

## Common Shares of Beneficial Interest

## Preferred Shares of Beneficial Interest

## Subscription Rights to Purchase Common Shares

## Subscription Rights to Purchase Preferred Shares

## Notes

*Investment Objective.* The Gabelli Utility Trust (the Fund ) is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act ). The Fund s primary investment objective is long term growth of capital and income. The Fund will invest at least 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas, and water and (ii) telecommunications services or infrastructure operations (collectively, the Utility Industry ). A company will be considered to be in the Utility Industry if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or utility-related activities. Gabelli Funds, LLC (the Investment Adviser ) serves as investment adviser to the Fund. The Fund was organized under the laws of the State of Delaware on February 25, 1999. An investment in the Fund is not appropriate for all investors. We cannot assure you that the Fund s investment objective will be achieved.

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

Our shares may be offered directly to one or more purchasers, including existing shareholders in a rights offering, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of our shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any sale of preferred shares will set forth the liquidation preference and information about the dividend period, dividend rate, any call protection or non-call period and other matters. The Prospectus Supplement relating to any offering of subscription rights will set forth the number of shares (preferred or common) issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. We may not sell any of our securities through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering. Our common shares are listed on the New York Stock Exchange (the NYSE ) under the symbol GUT. Our 5.625% Series A Cumulative Preferred Shares, liquidation value $25.00 per share, are listed on the NYSE under the symbol GUTPrA. Our Series B Auction Market Preferred Shares, liquidation value $25,000 per share, are unlisted. On April 18, 2016, the last reported sale price of our common shares on the NYSE was $6.02 per share. The net asset value of the Fund s common shares at the close of business on April 18, 2016 was $5.63 per share.

**Shares of closed-end funds often trade at a discount from net asset value. This creates a risk of loss for an investor purchasing shares in a public offering.**

**Investing in the Fund s shares involves risks. See Risk Factors and Special Considerations on page 26 for factors that should be considered before investing in shares of the Fund.**

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

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

This Prospectus sets forth concisely the information about the Fund that a prospective investor should know before investing. You should read this Prospectus, which contains important information about the Fund, before deciding whether to invest in the shares, and retain it for future reference. A Statement of Additional Information, dated April 19, 2016, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of our annual and semiannual reports, request a free copy of the Statement of Additional Information, the table of contents of which is on page 62 of this Prospectus, request other information about us and make shareholder inquiries by calling (800) GABELLI (422-3554), by accessing our web site (http://www.gabelli.com) or by writing to the Fund, or obtain a copy (and other information regarding the Fund) from the Securities and Exchange Commission s web site (http://www.sec.gov).

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

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

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## PROSPECTUS SUMMARY

*This is only a summary. This summary may not contain all of the information that you should consider before investing in our shares. You should review the more detailed information contained in this Prospectus and the Statement of Additional Information, dated April 19, 2016 (the SAI ).*

**The Fund**

The Gabelli Utility Trust is a diversified, closed-end management investment company organized under the laws of the State of Delaware on February 25, 1999. Throughout this Prospectus, we refer to The Gabelli Utility Trust as the Fund or as we.

The Fund s outstanding common shares, par value $0.001 per share, are listed on the New York Stock Exchange ( NYSE ) under the trading or ticker symbol GUT, and any newly issued common shares issued will trade under the same symbol. As of December 31, 2015, the net assets of the Fund attributable to its common shares were $219,176,115. As of December 31, 2015, the Fund had outstanding 42,760,949 common shares; 1,153,288 shares of 5.625% Series A Cumulative Preferred Shares, liquidation preference $25 per share (the Series A Preferred ); and 900 shares of Series B Auction Market Preferred Shares, liquidation preference $25,000 per share (the Series B Preferred ). The Series A Preferred and the Series B Preferred have the same seniority with respect to distributions and liquidation preference. On April 18, 2016 the last reported sale price of our common shares on the NYSE was $6.02 per share. The net asset value of the Fund s common shares at the close of business on April 18, 2016 was $5.63 per share.

**The Offering**

We may offer, from time to time, in one or more offerings, our common shares, $0.001 par value per share, our preferred shares, $0.001 par value per share, or our promissory notes. The preferred shares are expected to be fixed rate preferred shares. The shares or notes may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a Prospectus Supplement ). We may also offer subscription rights to purchase our common shares or preferred shares. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our shares. Our shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of our shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any sale of preferred shares will set forth the liquidation preference and information about the dividend period, dividend rate, any call protection or non-call period and other matters. The Prospectus Supplement relating to any offering of subscription rights will set forth the number of shares (preferred or common) issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. We may not sell any of our securities through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering.

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**Investment Objective and Policies**

The Fund s primary investment objective is long term growth of capital and income. The Fund will invest at least 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas, and water and (ii) telecommunications services or infrastructure operations (collectively, the Utility Industry ). A company will be considered to be in the Utility Industry if it derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated activities or utility-related activities.

Under normal circumstances the Fund will invest in securities of issuers located in countries other than the United States and may invest in such foreign securities without limitation. Among the foreign securities in which the Fund may invest are those issued by companies located in emerging markets. Investing in securities of foreign issuers, which generally are denominated in foreign currencies, may involve certain risk and opportunity considerations not typically associated with investing in domestic companies and could cause the Fund to be affected favorably or unfavorably by changes in currency exchange rates and revaluations of currencies. The Fund may invest in securities across all market capitalization ranges.

No assurance can be given that the Fund s investment objective will be achieved. See Investment Objective and Policies.

**Common Shares**

The Fund is authorized to issue an unlimited number of shares of beneficial interest, par value $0.001 per share, in multiple classes and series thereof as determined from time to time by the Board of Trustees of the Fund (the Board ). The Board has authorized issuance of an unlimited number of shares of two classes, the common shares and preferred shares. Each share within a particular class or series thereof has equal voting, dividend, distribution and liquidation rights. The common shares are not redeemable and have no preemptive, conversion or cumulative voting rights. In the event of liquidation, each common share is entitled to its proportion of the Fund s assets after payment of debts and expenses and the amounts payable to holders of the Fund s preferred shares ranking senior to the common shares of the Fund as described below. As of December 31, 2015, 42,760,949 common shares of the Fund were outstanding.

**Preferred Shares**

Currently, an unlimited number of the Fund s shares have been classified by the Board as preferred shares, par value $0.001 per share. The terms of each series of preferred shares may be fixed by the Board and may materially limit and/or qualify the rights of holders of the Fund s common shares. If the Board determines that it may be advantageous to the holders of the Fund s common shares for the Fund to utilize additional leverage, the Fund may issue additional series of fixed rate preferred shares ( Fixed Rate Preferred Shares ). Any Fixed Rate Preferred Shares issued by the Fund will pay distributions at a fixed rate, which may be reset after an initial period. As of December 31, 2015, 1,153,288 shares of Series A Preferred and 900 shares of Series B Preferred were outstanding. Leverage creates a greater risk of loss as well as a potential for more gains for the common shares than if leverage were not used. See Risk Factors and

4

Special Considerations Leverage Risk and Investment Objectives and Policies Certain Investment Practices Leverage. The Fund may also engage in investment management techniques, which will not be considered senior securities if the Fund establishes in a segregated account cash or other liquid securities equal to the Fund s obligations in respect of such techniques. The Fund may borrow money to the extent permitted by applicable law in accordance with its investment restrictions.

**Dividends and Distributions**

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

In the event that for any calendar year the total distributions on the Fund s preferred shares exceed the Fund s current and accumulated earnings and profits allocable to such shares, the excess distributions will generally be treated as a tax-free return of capital (to the extent of the shareholder s tax basis in the shares). The amount treated as a tax-free return of capital will reduce a shareholder s adjusted tax basis in the preferred shares, thereby increasing the shareholder s potential taxable gain or reducing the potential taxable loss on the sale of the shares. Any amount in excess of a shareholder s remaining adjusted tax basis will constitute gain to such shareholder.

The distributions to the Fund s preferred shareholders for the fiscal year ended December 31, 2015, were comprised of net investment income, short term capital gains, and long term capital gains.

*Common Share Distributions*. In order to allow its common shareholders to realize a predictable, but not assured, level of cash flow and some liquidity periodically on their investment without having to sell shares, the Fund has adopted a managed distribution policy, which may be modified at any time by the Board. As of January 2011, the Fund pays to its common shareholders a distribution of $0.05 per share each month and, if necessary, an adjusting distribution in December which includes any additional income and net realized capital gains in excess of the monthly distributions for that year to satisfy the minimum distribution requirements of the Internal Revenue Code of 1986, as amended (the Code ). In the event the Fund does not generate a total return from dividends and interest received and net realized capital gains in an amount equal to or in excess of its stated distribution in a given year, the Fund may return capital as part of such distribution, which may have the effect of

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decreasing the asset coverage per share with respect to the Fund s preferred shares. Any return of capital that is a component of a distribution is not sourced from realized or unrealized profits of the Fund and that portion should not be considered by investors as yield or total return on their investment in the Fund. Shareholders should not assume that a distribution from the Fund is comprised exclusively of net profits.

For the fiscal year ended December 31, 2015, the Fund made distributions of $0.60 per common share, of which approximately $0.22 per share is deemed a return of capital. The Fund has made monthly distributions with respect to its common shares since October 1999. Portions of the distributions to common shareholders for each of the past nine years have constituted a return of capital. Under the Fund s distribution policy, the Fund declares and pays monthly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings or accumulated earnings and profits, they are considered ordinary income or long term capital gains. ***Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. Shareholders who periodically receive the payment of a dividend or other distribution consisting of a return of capital may be under the impression that they are receiving net profits when they are not. Shareholders should not assume that the source of a distribution from the Fund is net profit***. The composition of each distribution is estimated based on the earnings of the Fund as of the record date for each distribution. The actual composition of each of the current year s distributions will be based on the Fund s investment activity through December 31, 2016. The composition of each distribution is estimated based on the earnings of the Fund as of the record date for each distribution. The actual composition of each distribution may change based on the Fund s investment activity through the end of the calendar year. The Board monitors and reviews the Fund s common share distribution policy on a regular basis.

*Limitations on Distributions*. If at any time the Fund has borrowings outstanding, the Fund will be prohibited from paying any distributions on any of its common shares (other than in additional shares), and from repurchasing any of its common shares or preferred shares, unless the value of its total assets, less certain ordinary course liabilities, exceed 300% of the amount of the debt outstanding and exceed 200% of the sum of the amount of the debt and preferred shares outstanding. In addition, in such circumstances the Fund will be prohibited from paying any distributions on its preferred shares unless the value of its total assets, less certain ordinary course liabilities, exceed 200% of the amount of the debt outstanding. The 1940 Act contains an exception, however, that permits dividends to be declared upon any preferred shares issued by the Fund if the Fund s indebtedness has an asset coverage of at least 200% at the time of declaration after deducting the amount of the dividend. In addition, if the Fund issues non-public indebtedness (for example, if it enters into

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a loan agreement in a privately arranged transaction with a bank), it may be able to continue to pay dividends on its capital shares even if the asset coverage ratio on its indebtedness falls below 300%. See Dividends and Distributions.

**Payment on Notes**

Under applicable state law and our Governing Documents, we may borrow money without prior approval of holders of common and preferred shares. We may issue debt securities, including notes, or other evidence of indebtedness and may secure any such notes or borrowings by mortgaging, pledging or otherwise subjecting as security our assets to the extent permitted by the 1940 Act or rating agency guidelines. Any borrowings, including without limitation the notes, will rank senior to the preferred shares and the common shares. The Prospectus Supplement will describe the interest payment provisions relating to notes. Interest on notes will be payable when due as described in the related Prospectus Supplement. If we do not pay interest when due, it will trigger an event of default and we will be restricted from declaring dividends and making other distributions with respect to our common shares and preferred shares.

**Use of Proceeds**

The Fund will use the net proceeds from an offering to purchase portfolio securities in accordance with its investment objective and policies. See Use of Proceeds. Proceeds will be invested as appropriate investment opportunities are identified, which is anticipated to be substantially completed within three months; however, changes in market conditions could result in the Fund s anticipated investment period extending as long as six months. The Investment Adviser (as defined below) may also use the proceeds to call existing series of preferred shares.

**Exchange Listing**

The Fund s outstanding common shares are listed on the NYSE under the trading or ticker symbol GUT. Currently, the Series A Preferred is listed on the NYSE under the symbol GUT PrA. See Description of the Shares. Any additional series of Fixed Rate Preferred Shares issued by the Fund would also likely be listed on the NYSE. Subscription rights issued by the Fund may also be listed on a securities exchange.

**Market Price of Shares**

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

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

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

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

**Risk Factors and Special Considerations**

Risk is inherent in all investing. Therefore, before investing in shares of the Fund, you should consider the following risks carefully. See Risk Factors and Special Considerations.

*Industry Concentration Risk.* The Fund invests a significant portion of its assets in foreign and domestic companies in the Utility Industry (as defined under Investment Objective and Policies ) and, as a result, the value of the Fund s shares will be more susceptible to the factors affecting those particular types of companies, including government regulation, inflation cost increases in fuel and other operating expenses, technological innovations that may render existing products and equipment obsolete, and increasing interest rates resulting in high interest costs on borrowings needed for capital construction programs, including costs associated with compliance with environmental and other regulations. As a consequence of its concentration policy, the Fund s investments may be subject to greater risk and market fluctuation than a fund that has securities representing a broader range of alternatives. See Risk Factors and Special Considerations Industry Concentration Risk.

*Non-Investment Grade Securities.* The Fund may invest up to 25% of its total assets in fixed-income securities rated in the lower rating categories of recognized statistical rating agencies, such as securities rated CCC or lower by Standard & Poor s Ratings Services, a Division of The McGraw-Hill Companies, Inc. ( S&P ) or Caa or lower by Moody s Investors Services, Inc. ( Moody s ), or non-rated securities of comparable quality. These securities, which may be preferred stock or debt, are predominantly speculative and involve major risk exposure to adverse conditions. Debt securities that are not rated or rated lower than BBB by S&P or Baa by Moody s are often referred to in the financial press as junk bonds. See Risk Factors and Special Considerations Non-Investment Grade Securities.

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

*Small and Mid-Cap Stock Risk.* The Fund may invest in companies with small or medium capitalizations. Smaller and medium company stocks can be more volatile than, and perform differently from, larger

company stocks. There may be less trading in a smaller or medium company s stock, which means that buy and sell transactions in that stock could have a larger impact on the stock s price than is the case with larger company stocks. Smaller and medium company stocks may be particularly sensitive to changes in interest rates, borrowing costs and earnings. Smaller and medium companies may have fewer business lines; changes in any one line of business, therefore, may have a greater impact on a smaller and medium company s stock price than is the case for a larger company. As a result, the purchase or sale of more than a limited number of shares of a small and medium company may affect its market price. The Fund may need a considerable amount of time to purchase or sell its positions in these securities. In addition, smaller or medium company stocks may not be well known to the investing public.

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

*Leverage Risk.* The Fund currently uses, and intends to continue to use, financial leverage for investment purposes by issuing preferred shares. As of December 31, 2015, the amount of leverage represented approximately 19% of the Fund s total assets. The Fund s leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objectives and policies. These include the possibility of greater loss and the likelihood of higher volatility of the net asset value of the Fund and the asset coverage for preferred shares. Such volatility may increase the likelihood of the Fund having to sell investments in order to meet its obligations to make distributions on the preferred shares, or to redeem preferred shares when it may be disadvantageous to do so. Also, if the Fund is utilizing leverage, a decline in net asset value could affect the ability of the Fund to make distributions and such a failure to pay dividends or make distributions could result in the Fund ceasing to qualify as a regulated investment company under the Code. See Taxation.

*Special Risks to Holders of Fixed Rate Preferred Shares.* Prior to any offering, there will be no public market for Fixed Rate Preferred Shares. In the event any additional series of Fixed Rate Preferred Shares are issued, prior application will have been made to list such shares on a national securities exchange, which will likely be the NYSE. However, during an initial period, which is not expected to exceed 30 days after the date of its initial issuance, such shares may not be listed on any securities exchange. During such period, the underwriters may make a market in such shares, although they will have no obligation to do so. Consequently, an investment in such shares may be illiquid during such period. Fixed Rate Preferred Shares may trade at a premium to or discount from liquidation value for various reasons, including changes in interest rates.

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*Our Subscription Rights.* The issuance of subscription rights to purchase our common shares may substantially dilute the aggregate net asset value of the common shares owned by shareholders who do not fully exercise their rights in the offering. Shareholders who do not exercise their rights to purchase common shares will own a smaller proportional interest in the Fund than they did before the offering. In the case of subscription rights for preferred shares, there is a risk that changes in yield or changes in the credit quality of the Fund may result in the underlying preferred shares purchasable upon exercise of the subscription rights being less attractive to investors at the conclusion of the subscription period. This may reduce or eliminate the value of the subscription rights for the preferred shares. Investors who receive subscription rights may find that there is no market to sell rights they do not wish to exercise. If investors exercise only a portion of the rights, the number of preferred shares or common shares issued may be reduced, and the preferred shares or common shares may trade at less favorable prices than larger offerings for similar securities.

*Potential Dilution in Rights Offerings.* To the extent that the Fund engages in a rights offering, shareholders who do not exercise their subscription rights may, at the completion of such an offering, own a smaller proportional interest in the Fund than if they exercised their subscription rights. As a result of such an offering, a shareholder also may experience dilution in net asset value per share if the subscription price per share is below the net asset value per share on the expiration date. Specifically, if the subscription price per share is below the net asset value per share of the Fund s shares on the expiration date of the rights offering, a shareholder will experience an immediate dilution of the aggregate net asset value of their shares if the shareholder does not participate in the offering and the shareholder will experience a reduction in the net asset value per share of their shares whether or not the shareholder participates in the offering. The Fund cannot state precisely the extent of this dilution (if any) if the shareholder does not exercise his or her subscription rights because the Fund does not know what the net asset value per share will be when a rights offering expires or what proportion of the rights will be exercised.

There is also a risk that the Fund s largest shareholders, record date shareholders of more than 5% of the outstanding shares of common shares of the Fund, may increase their percentage ownership of the Fund through the exercise of the primary subscription and any over-subscription privilege.

*Common Share Distribution Policy Risk.* The Fund has adopted a policy, which may be changed at any time by the Board, of paying distributions on its common shares of $0.05 per share per month. In the event the Fund does not generate a total return from dividends and interest received and net realized capital gains in an amount equal to or in excess of its stated distribution in a given year, the Fund may return capital as part of such distribution, which may have the effect of decreasing the asset coverage per share with respect to the Fund s preferred shares. Any return of capital should not be considered by investors as yield or total return on their investment in the Fund. For the fiscal year ended December 31, 2015, the Fund made distributions

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of $0.60 per common share, of which approximately $0.22 per share is deemed a return of capital. Portions of the distributions to common shareholders for each of the past eight years have constituted a return of capital. The Fund has made monthly distributions with respect to its common shares since October 1999. A portion of the distributions to holders of common shares during twelve of the seventeen fiscal years since the Fund s inception has constituted a return of capital. The composition of each distribution is estimated based on the earnings of the Fund as of the record date for each distribution. The actual composition of each of the current year s distributions will be based on the Fund s investment activity through the end of the calendar year. Under the Fund s distribution policy, the Fund declares and pays monthly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current or accumulated earnings and profits, they are considered ordinary income or long term capital gains. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund.

*Interest Rate Transactions.* The Fund may enter into an interest rate swap or cap transaction with respect to all or a portion of the Series B Preferred. Through these transactions, the Fund would seek to obtain the equivalent of a fixed rate for the Series B Preferred that is lower than the rate the Fund would have to pay if it issued Fixed Rate Preferred Shares. The use of interest rate swaps and caps is a highly specialized activity that involves certain risks to the Fund including, among others, counterparty risk and early termination risk.

*Market Discount Risk.* Common shares of closed-end investment companies often trade at a discount from net asset value. This characteristic of shares of a closed-end fund is a risk separate and distinct from the risk that the Fund s net asset value may decrease. The Investment Adviser cannot predict whether the Fund s shares will trade at, below or above net asset value. The risk of holding shares of a closed-end fund that might trade at a discount is more pronounced for shareholders who wish to sell their shares in a relatively short period of time after acquiring them because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance. The Fund s common shares are not subject to redemption. Shareholders desiring liquidity may, subject to applicable securities laws, trade their shares in the Fund on the NYSE or other markets on which such shares may trade at the then current market value, which may differ from the then current net asset value.

*Equity Risk.* Investing in the Fund involves equity risk, which is the risk that the securities held by the Fund will fall in market value due to adverse market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate and the particular circumstances and performance of particular companies whose securities the Fund holds. An investment in the Fund represents an indirect economic stake in the securities

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owned by the Fund, which are for the most part traded on securities exchanges or in the over-the-counter markets. The market value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. The net asset value of the Fund may at any point in time be worth less than the amount at the time the shareholder invested in the Fund, even after taking into account any reinvestment of distributions.

*Our Notes.* An investment in our notes is subject to special risks. There may not be an established market for our notes. To the extent that our notes trade, they may trade at a price either higher or lower than their principal amount depending on interest rates, the rating (if any) on such notes and other factors. See Risk Factors and Special Considerations Special Risks to Holders of Notes.

*Note Risk.* If the interest rate on the notes approaches the net rate of return on the Fund s investment portfolio, the benefit of leverage to the holders of the common shares would be reduced. Any decline in the net asset value of the Fund s investments would be borne entirely by the holders of common shares. Therefore, if the market value of the Fund s portfolio declines, the leverage will result in a greater decrease in net asset value to the holders of common shares than if the Fund were not leveraged. This greater net asset value decrease will also tend to cause a greater decline in the market price for the common shares. The Fund might be in danger of failing to maintain the required asset coverage of the notes. Holders of notes may have different interests than holders of common shares and at times may have disproportionate influence over the Fund s affairs. In the event the Fund fails to maintain the specified level of asset coverage of any notes outstanding, the holders of the notes will have the right to elect a majority of the Fund s trustees. See Risk Factors and Special Considerations Special Risks of Notes to Holders of Common Shares.

*Market Disruption and Geopolitical Risk.* The occurrence of events similar to those in recent years, such as the aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria and the Middle East, the ongoing epidemic of the Ebola virus disease in West Africa, terrorist attacks in the United States and around the world, social and political discord, the European debt crisis, and downgrades of U.S. government securities, may result in market volatility, may have long term effects on the U.S. and worldwide financial markets, and may cause further economic uncertainties in the United States and worldwide.

*Status as a Regulated Investment Company.* The Fund has qualified, and intends to remain qualified, for federal income tax purposes as a regulated investment company under Subchapter M of the Code. Qualification requires, among other things, compliance by the Fund with certain distribution requirements. Statutory limitations on distributions on the common shares if the Fund fails to satisfy the 1940 Act s asset coverage requirements could jeopardize the Fund s ability to meet such distribution requirements. The Fund presently intends, however, to purchase or redeem preferred shares to the extent necessary in order to maintain compliance with such asset coverage requirements. See Taxation for a more complete discussion of these and other federal income tax considerations.

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*Anti-Takeover Provisions.* The Governing Documents include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to an open-end fund.

*Special Risks of Derivative Transactions.* The Fund may participate in derivative transactions. Such transactions entail certain execution, market, liquidity, hedging and tax risks. Participation in the options, futures or swaps markets and in currency exchange transactions involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies. If the Investment Adviser s prediction of movements in the direction of the securities, foreign currency or interest rate markets is inaccurate, the consequences to the Fund may leave it in a worse position than if such strategies were not used. Risks inherent in the use of options, foreign currency, swaps contracts, futures contracts and options on futures contracts, swaps contracts, securities indices and foreign currencies include:

dependence on the Investment Adviser s ability to predict correctly movements in the direction of interest rates, securities prices and currency markets;

imperfect correlation between the price of options, futures and swaps contracts and options thereon and movements in the prices of the securities or currencies being hedged;

the fact that skills needed to use these strategies are different from those needed to select portfolio securities;

the possible absence of a liquid secondary market for any particular instrument at any time;

the possible need to defer closing out certain hedged positions to avoid adverse tax consequences; and

the possible inability of the Fund to purchase or sell a security at a time that otherwise would be favorable for it to do so, or the possible need for Fund to sell a security at a disadvantageous time due to a need for the Fund to maintain cover or to segregate securities in connection with the hedging techniques.

*Futures Transactions.* The Fund may make investments in futures and options on futures. Risks include, but are not limited to, the following:

- no assurance that futures contracts or options on futures can be offset at favorable prices;
- possible reduction of the yield of the Fund due to the use of hedging;
- possible reduction in value of both the securities hedged and the hedging instrument;
- possible lack of liquidity due to daily limits or price fluctuations;
- imperfect correlation between the contracts and the securities being hedged; and
- losses from investing in futures transactions that are potentially unlimited and the segregation requirements for such transactions.

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*Forward Currency Exchange Contracts.* The use of forward currency exchange contracts may involve certain risks, including the failure of the counterparty to perform its obligations under the contract and that the use of forward contracts may not serve as a complete hedge because of an imperfect correlation between movements in the prices of the contracts and the prices of the currencies hedged or used for cover.

*Counterparty Risk.* The Fund will be subject to credit risk with respect to the counterparties to the derivative contracts purchased by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

*Swap Agreements.* Swap agreements involve the risk that the party with whom the Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement.

*Asset Segregation Risk.* The Fund will comply with guidelines established by the SEC with respect to coverage of derivative instruments. These guidelines may, in certain instances, require segregation by the Fund of cash or liquid securities with its custodian or a designated sub-custodian to the extent the Fund s obligations with respect to these strategies are not otherwise covered through ownership of the underlying security, financial instrument or currency or by other portfolio positions or by other means consistent with applicable regulatory policies. Segregated assets cannot be sold or transferred unless equivalent assets are substituted in their place or it is no longer necessary to segregate them. Assets segregated by the Fund for these purposes are identified on the books of its custodian or a designated sub-custodian, but are not physically separate from other assets of the Fund.

*Management Risk.* The Fund is subject to management risk because its portfolio is actively managed. The Investment Adviser applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

*Temporary Investments.* During temporary defensive periods and during inopportune periods to be fully invested, the Fund may invest in U.S. government securities and in money market mutual funds that invest in those securities. Obligations of certain agencies and instrumentalities of the U.S. government, such as the Government National Mortgage Association, are supported by the full faith and credit of the U.S. government; others, such as those of the Export-Import Bank of the United States, are supported by the right of the issuer to borrow from the U.S. Treasury; others, such as those of the Federal National Mortgage Association, are supported by the discretionary authority of the U.S. government to purchase the agency s obligations; and still others, such as those of the Student

Loan Marketing Association, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. government would provide financial support to U.S. government-sponsored instrumentalities if it is not obligated to do so by law.

*Emerging Markets Risk.* The Fund may invest its assets in foreign securities without limitation, including securities of issuers whose primary operations or principal trading market is in an emerging market. An emerging market country is any country that is considered to be an emerging or developing country by the International Bank for Reconstruction and Development (the World Bank ). Investing in securities of companies in emerging markets may entail special risks relating to potential political and economic instability and the risks of expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment, the lack of hedging instruments and restrictions on repatriation of capital invested. Emerging securities markets are substantially smaller, less developed, less liquid and more volatile than the major securities markets. The limited size of emerging securities markets and limited trading value compared to the volume of trading in U.S. securities could cause prices to be erratic for reasons apart from factors that affect the quality of the securities. For example, limited market size may cause prices to be unduly influenced by traders who control large positions. Adverse publicity and investor perception, whether or not based on fundamental analysis, may decrease the value and liquidity of portfolio securities, especially in these markets. Other risks include high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; overdependence on exports, including gold and natural resources exports, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; potential for sanctions; less developed legal systems; and less reliable securities custodial services and settlement practices.

**Management and Fees**

Gabelli Funds, LLC serves as the Fund s investment adviser. The Investment Adviser s fee is computed weekly and paid monthly, equal on an annual basis to 1.00% of the Fund s average weekly net assets. The Fund s average weekly net assets will be deemed to be the average weekly value of the Fund s total assets minus the sum of the Fund s liabilities (such liabilities exclude (i) the aggregate liquidation preference of outstanding preferred shares and accumulated dividends, if any, on those shares and (ii) the liabilities for any money borrowed or notes issued). The fee paid by the Fund may be higher when leverage in the form of preferred shares is utilized, giving the Investment Adviser an incentive to utilize such leverage. However, the Investment Adviser has agreed to reduce the management fee on the incremental assets attributable to the currently outstanding Series A Preferred and Series B Preferred during the fiscal year if the total return of the net asset value of the common shares of the Fund, including distributions and advisory fees subject to reduction for that year, does not exceed the stated dividend rate of the Series A Preferred or the stated dividend rate or corresponding swap rate of the Series B

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Preferred for the period. In other words, if the effective cost of the leverage for the Series A Preferred or the Series B Preferred exceeds the total return (based on net asset value) on the Fund s common shares, the Investment Adviser will waive that portion of its management fee on the incremental assets attributable to the leverage for that series of preferred shares to mitigate the negative impact of the leverage on the common shareholder s total return. This fee waiver is voluntary and, except in connection with the waiver applicable to the portion of the Fund s assets attributable to Series A Preferred and Series B Preferred, may be discontinued at any time. For Series A Preferred and Series B Preferred, the waiver will remain in effect as long as any shares in a series are outstanding. This fee waiver will not apply to any preferred shares issued from this offering. The Fund s total return on the net asset value of the common shares is monitored on a monthly basis to assess whether the total return on the net asset value of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of preferred shares for the period. The test to confirm the accrual of the management fee on the assets attributable to each particular series of preferred shares is annual. The Fund will accrue for the management fee on these assets during the fiscal year if it appears probable that the Fund will incur the management fee on those additional assets. See Management of the Fund.

For the year ended December 31, 2015, the Fund s total return on the net asset value of the common shares did not exceed the stated dividend rate or net swap expense on all of the outstanding preferred shares. Therefore, management fees were not accrued on the Fund s assets attributable to the Series A Preferred and Series B Preferred.

A discussion regarding the basis for the Board s approval of the continuation of the investment advisory contract of the Fund is available in the Fund s semiannual report to shareholders dated June 30, 2015.

**Repurchase of Shares**

The Fund is authorized, subject to maintaining required asset coverage on its preferred shares, to repurchase its common shares in the open market when the common shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from net asset value. Although the Board has authorized such repurchases, the Fund is not required to repurchase its common shares. The Board has not established a limit on the amount of common shares that could be repurchased. Through December 31, 2015, the Fund had not repurchased any common shares in the open market. Such repurchases are subject to certain notice and other requirements under the 1940 Act. See Repurchase of Common Shares. Through December 31, 2015, the Fund has repurchased and retired 46,712 shares of the Series A Preferred and redeemed 100 shares of the Series B Preferred.

**Anti-Takeover Provisions**

Certain provisions of the Fund s Governing Documents may be regarded as anti-takeover provisions. Pursuant to these provisions, only one of the three classes of trustees is elected each year, and the affirmative vote of the holders of 75% of the outstanding voting shares of the Fund (together with a separate class vote by the holders of any preferred shares outstanding) is necessary to authorize amendments to the Fund s Declaration of Trust that would be necessary to convert the Fund from a closed-end to an open-end investment company. In

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addition, the affirmative vote of the holders of 80% of the outstanding voting shares of each class of the Fund, voting as a class, is generally required to authorize certain business transactions with the beneficial owner of more than 5% of the outstanding shares of the Fund. In addition, the holders of the preferred shares have the authority to elect two trustees at all times and would have separate class voting rights on specified matters including conversion of the Fund to open-end status and certain reorganizations of the Fund. The overall effect of these provisions is to render more difficult the accomplishment of a merger with, or the assumption of control by, a principal shareholder, or the conversion of the Fund to open-end status. These provisions may have the effect of depriving Fund shareholders of an opportunity to sell their shares at a premium above the prevailing market price. See Anti-Takeover Provisions of the Fund s Governing Documents.

**Custodian, Transfer Agent and Dividend Disbursing Agen**