

GABELLI UTILITY TRUST

Form N-2/A

May 16, 2008

Table of Contents

As filed with the Securities and Exchange Commission on May 16, 2008
Securities Act File No. 333-149415
Investment Company Act File No. 811-09243

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

FORM N-2

(Check Appropriate Box or Boxes)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. 1

Post-Effective Amendment No.

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 13

THE GABELLI UTILITY TRUST
(Exact Name of Registrant as Specified in Charter)

One Corporate Center
Rye, New York 10580-1422
(Address of Principal Executive Offices)
Registrant's Telephone Number, including Area Code: (800) 422-3554
Bruce N. Alpert
The Gabelli Utility Trust
One Corporate Center
Rye, New York 10580-1422
(914) 921-5100
(Name and Address of Agent for Service)

Copies to:

Christopher J. Michailoff
The Gabelli Utility Trust
One Corporate Center
Rye, New York 10580-1422
(914) 921-5100

Rose F. DiMartino, Esq.
Willkie Farr & Gallagher LLP
787 Seventh Ave.
New York, New York 10019
(212) 728-8000

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

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

plan, check the following box.

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

When declared effective pursuant to section 8(c).

If appropriate, check the following box:

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

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

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities	Amount Being Registered o Shares	Proposed Maximum Offering Price Per Share \$ o	Proposed Maximum Aggregate Offering Price(1) \$100 million	Amount of Registration Fee \$3,930
Preferred Shares				

(1) Estimated solely for the purpose of calculating the registration fee. In no event will the aggregate initial offering price of all shares offered from time to time pursuant to the prospectus included as a part of this Registration Statement exceed \$100 million.

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

Table of Contents

THE GABELLI UTILITY TRUST

CROSS-REFERENCE SHEET

PART A-THE PROSPECTUS

Items in Part A of Form N-2	Location in Prospectus
Item 1. Outside Front Cover	Front Cover Page
Item 2. Cover Pages; Other Offering Information	Front Cover Page; Inside Front Cover Page
Item 3. Fee Table and Synopsis	Not Applicable
Item 4. Financial Highlights	Financial Highlights
Item 5. Plan of Distribution	Prospectus Summary; Plan of Distribution
Item 6. Selling Shareholders	Not Applicable
Item 7. Use of Proceeds	Use of Proceeds
Item 8. General Description of the Registrant	Outside Front Cover; Risk Factors and Special Considerations; Investment Objective and Policies; Net Asset Value; Custodian, Transfer Agent, Auction Agent and Dividend Disbursing Agent; Independent Registered Public Accounting Firm; Additional Information
Item 9. Management	Management of the Fund
Item 10. Capital Shares, Long-Term Debt and Other Securities	Prospectus Summary; Dividends and Distributions; Taxation; Risk Factors and Special Considerations; Description of the Shares; Anti-Takeover Provisions of the Fund's Governing Documents; Closed-End Fund Structure; Automatic Dividend Reinvestment and Voluntary Cash Purchase Plan; Custodian, Transfer Agent, Auction Agent and Dividend Disbursing Agent; Independent Registered Public Accounting Firm; Additional Information
Item 11. Defaults and Arrears on Senior Securities	Not Applicable
Item 12. Legal Proceedings	Management of the Fund
Item 13. Table of Contents of the Statement of Additional Information	Table of Contents of the Statement of Additional Information

Table of Contents

PART B STATEMENT OF ADDITIONAL INFORMATION

Items in Part B of Form N-2	Location in Prospectus
Item 1. Outside Front Cover	Front Cover Page
Item 14. Cover Page	Cover Page
Item 15. Table of Contents	Table of Contents
Item 16. General Information and History	Not Applicable
Item 17. Investment Objective and Policies	Investment Objective and Policies
Item 18. Management of the Company	Management of the Fund
Item 19. Control Persons and Principal Shareholders	Management of the Fund
Item 20. Investment Advisory and Other Services	Management of the Fund
Item 21. Portfolio Managers	Management of the Fund
Item 22. Brokerage, Allocation and Other Practices	Portfolio Transactions
Item 23. Tax Status	Taxation
Item 24. Financial Statements	Incorporation by Reference

PART C-OTHER INFORMATION

Items 25-34 have been answered in Part C of this Registration Statement.

TABLE OF CONTENTS

	Page
<u>PROSPECTUS SUMMARY</u>	3
<u>USE OF PROCEEDS</u>	11
<u>FINANCIAL HIGHLIGHTS</u>	11
<u>THE FUND</u>	12
<u>INVESTMENT OBJECTIVE AND POLICIES</u>	12
<u>RISK FACTORS AND SPECIAL CONSIDERATIONS</u>	18
<u>HOW THE FUND MANAGES RISK</u>	27
<u>MANAGEMENT OF THE FUND</u>	28
<u>PORTFOLIO TRANSACTIONS</u>	31
<u>DIVIDENDS AND DISTRIBUTIONS</u>	32
<u>AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLAN</u>	32
<u>DESCRIPTION OF THE SHARES</u>	34
<u>ANTI-TAKEOVER PROVISIONS OF THE FUND S GOVERNING DOCUMENTS</u>	44
<u>CLOSED-END FUND STRUCTURE</u>	45
<u>NET ASSET VALUE</u>	46
<u>TAXATION</u>	46
<u>CUSTODIAN, TRANSFER AGENT AND DIVIDEND DISBURSING AGENT</u>	48
<u>PLAN OF DISTRIBUTION</u>	49
<u>LEGAL MATTERS</u>	50
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	50
<u>ADDITIONAL INFORMATION</u>	50
<u>PRIVACY PRINCIPLES OF THE FUND</u>	51
<u>TABLE OF CONTENTS OF STATEMENT OF ADDITIONAL INFORMATION</u>	52

Table of Contents

Subject to Completion,
Preliminary Base Prospectus dated _____, 2008

PROSPECTUS

\$100,000,000
The Gabelli Utility Trust
Preferred Shares

Investment Objective. The Gabelli Utility Trust (the Fund) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is long-term growth of capital 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 (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 objective will be achieved.

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

Our shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of our shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any sale of preferred 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. We may not sell any of our shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our shares.

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 ___ 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.

Table of Contents

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 _____, 2008, 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 semi-annual reports, request a free copy of the Statement of Additional Information, the table of contents of which is on page ___ of this Prospectus, request other information about us and make shareholder inquiries by calling (800) GABELLI (422-3554) or by writing to the Fund, or obtain a copy (and other information regarding the Fund) from the Securities and Exchange Commission's web site (<http://www.sec.gov>).

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

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

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE FUND MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

- 2 -

Table of Contents

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 _____, 2008 (the SAI).

The Fund

The Gabelli Utility Trust is a closed-end, non-diversified 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. See The Fund.

The Fund's outstanding common shares, par value \$0.001 per share, are listed on the New York Stock Exchange under the symbol GUT. As of March 31, 2008, the net assets of the Fund attributable to its common shares were \$207,769,264. As of March 31, 2008, the Fund had outstanding 30,111,729 common shares; 1,183,700 shares of 5.625% Series A Cumulative Preferred Shares, liquidation preference \$25 per share (the Series A Preferred); 1,000 shares of Series B Auction Market Preferred Shares, liquidation preference \$25,000 per share (the Series B Auction Rate Preferred). The Series B Auction Rate Preferred and the Series A Preferred have the same seniority with respect to distributions and liquidation preference.

The Offering

We may offer, from time to time, in one or more offerings, our preferred shares, \$0.001 par value per share. The preferred shares may either be fixed rate preferred shares or variable rate preferred shares. The shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a Prospectus Supplement). 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. We may not sell any of our shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our shares.

Investment Objective and Policies

The Fund's primary investment 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 (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.

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

Preferred Shares

Currently, an unlimited number of the Fund's shares have been classified by the Board of Trustees of the Fund (the Board) as preferred shares, par value \$0.001 per share by the Board or any duly authorized committee thereof as

- 3 -

Table of Contents

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 Fund's 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) or additional series of variable rate preferred shares (Variable Rate Preferred Shares). Any Fixed Rate Preferred Shares or Variable Rate Preferred Shares issued by the Fund will pay, as applicable, distributions at a fixed rate or at rates that will be reset frequently based on short-term interest rates. (As of March 31, 2008, 1,183,700 shares of Series A Preferred and 1,000 shares of Series B Auction Rate 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 Special Considerations Leverage Risk and Certain Investment Practices Leveraging. 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 in accordance with its investment restrictions, including as a temporary measure for extraordinary or emergency purposes. The Fund will not borrow for investment purposes.

Dividends and
Distributions

Preferred Share Distributions. In accordance with the Fund's Declaration of Trust as amended and supplemented (including the Statement of Preferences thereto) (the Charter), 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 shares of 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 gain or reducing the potential loss on the sale of the shares.

The distributions to the Fund's preferred shareholders for the fiscal year ended December 31, 2007, were comprised exclusively of net investment income, short-term capital gains, and long-term capital gains and did not include any return of capital.

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 changed at any time by the Board. The Fund pays on its common shares a distribution of \$0.06 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

- 4 -

Table of Contents

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, 2007, the Fund made distributions of \$0.72 per common share, of which \$0.23762 per share is deemed a return of capital. The Fund has made monthly distributions with respect to its common shares since October 1999. 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.

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 debt and preferred shares outstanding. In addition, in such circumstances the Fund will be prohibited from paying any sister distributions on its preferred shares unless the value of its total assets, less certain ordinary course liabilities, exceed 200% of the amount of debt outstanding. See Dividends and Distributions.

Use of Proceeds The Fund will use the net proceeds from the 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 expected 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.

Exchange Listing The Fund's outstanding common shares are listed on the New York Stock Exchange (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.

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

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, 2007, the amount of leverage represented approximately 18% of the Fund's total assets. The Fund's leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objective 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

common share 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

- 5 -

Table of Contents

in such shares may be illiquid during such period. Shares of Fixed Rate Preferred Shares may trade at a premium to or discount from liquidation value for various reasons, including changes in interest rates.

Special Risks for Holders of Variable Rate Preferred Shares.

Auction Risk. You may not be able to sell your Variable Rate Preferred Shares at an auction if the auction fails, i.e., if more Variable Rate Preferred Shares are offered for sale than there are buyers for those shares. Also, if you place an order (a hold order) at an auction to retain Variable Rate Preferred Shares only at a specified rate that exceeds the rate set at the auction, you will not retain your Variable Rate Preferred Shares. Additionally, if you place a hold order without specifying a rate below which you would not wish to continue to hold your shares and the auction sets a below-market rate, you will receive a lower rate of return on your shares than the market rate. Finally, the dividend period may be changed, subject to certain conditions and with notice to the holders of the Variable Rate Preferred Shares, which could also affect the liquidity of your investment. Due to recent market turmoil most auction-rate preferred shares, including our Series B Auction Rate Preferred, have been unable to hold successful auctions and holders of such shares have suffered reduced liquidity.

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

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 \$0.06 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 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, 2007, the Fund made distributions of \$0.72 per common share, of which \$0.23762 per share is deemed 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 four of the eight 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.

Non-Diversified Status. As a non-diversified, closed-end management investment company under the 1940 Act, the Fund may invest a greater

- 6 -

Table of Contents

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

Industry Concentration Risk. The Fund invests a significant portion of its assets in 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.

Lower 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, 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 debt securities are predominantly speculative and involve major risk exposure to adverse conditions. Debt securities 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 Lower Grade Securities.

Interest Rate Transactions. The Fund has entered into an interest rate swap transaction with respect to its outstanding Series B Auction Rate Preferred Shares and may enter into an interest rate swap or cap transaction with respect to all or a portion of any future series of Variable Rate Preferred Shares. Through these transactions, the Fund seeks to obtain the equivalent of a fixed rate for a series of Variable Rate Preferred Shares 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. See How the Fund Manages Risk Interest Rate Transactions.

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

Dependence on Key Personnel. The Investment Adviser is dependent upon the expertise of Mr. Mario J. Gabelli in providing advisory services with respect to the Fund's investments. If the Investment Adviser were to lose the services of Mr. Gabelli, its ability to service the Fund could be adversely

Table of Contents

affected. There can be no assurance that a suitable replacement could be found for Mr. Gabelli in the event of his death, resignation, retirement or inability to act on behalf of the Investment Adviser. See Risk Factors and Special Considerations Dependence on Key Personnel.

Taxation. The Fund has qualified, and intends to remain qualified, for federal income tax purposes as a regulated investment company. Qualification requires, among other things, compliance by the Fund with certain distribution requirements. Statutory limitations on distributions on the common 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.

Management and Fees

Gabelli Funds, LLC serves as the Fund's investment adviser. The Investment Adviser's fee is computed weekly and paid monthly, equal on an annual basis to 1.00% of the Fund's average weekly net assets including the liquidation value of preferred shares. The fee paid by the Fund may be higher when leverage in the form of preferred shares are utilized, giving the Investment Adviser an incentive to utilize such leverage. However, the Investment Adviser has agreed to reduce the management fee on the incremental assets attributable to the preferred shares 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 or corresponding swap rate of each particular series of preferred shares for the period. In other words, if the effective cost of the leverage for any series of preferred shares 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 may be discontinued at any time. 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, 2007, the Fund's total return on the net asset value of the common shares exceeded the stated dividend rate or net swap expense of all outstanding preferred shares. Thus, management fees were accrued on these assets.

A discussion regarding the basis for the Board's approval of the continuation of the investment advisory contract of the Fund is available in the Fund's semi-annual report to shareholders dated June 30, 2007.

Over the past several years, the staff of the Securities and Exchange Commission (the Staff), the staff of the New York Attorney General s office (the NYAG) and officials of other states have been conducting

- 8 -

Table of Contents

industry-wide inquiries into, and bringing enforcement and other proceedings regarding, trading abuses involving open-end investment companies. The Investment Adviser and its affiliates have received information requests and subpoenas from the Staff and the NYAG in connection with these inquiries and have been complying with these requests for documents and testimony. The Investment Adviser has implemented additional compliance policies and procedures in response to recent industry initiatives and its internal reviews of its mutual fund practices in a variety of areas. For further details regarding the Investment Adviser's review in connection with these requests, see Management of the Fund Regulatory Matters.

Repurchase of Common 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 Fund's Board may determine from time to time) from net asset value. Although the Fund's 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, 2007, 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.

Anti-Takeover Provisions

Certain provisions of the Fund's Charter and the By-Laws, as amended from time to time (the By-Laws and together with the Charter, the Governing Documents), may be regarded as anti-takeover provisions. Pursuant to these provisions, only one of the three classes of 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 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, Auction
Agent and Dividend Disbursing Agent

Mellon Trust of New England, N.A. (the Custodian), located at 135 Santilli Highway, Everett, Massachusetts 02149, serves as the custodian of the Fund s assets pursuant to a custody agreement. Under the custody agreement, the Custodian holds the Fund s assets in compliance with the 1940 Act. For its services, the Custodian will receive a monthly fee based upon the average weekly value of the total assets of the Fund, plus certain charges for securities transactions.

Computershare Trust Company, N.A. (Computershare), located at 250 Royall Street, Canton, Massachusetts 02021, serves as the Fund s dividend disbursing agent, as agent under the Fund s automatic dividend reinvestment and voluntary cash purchase plan (the Plan), and as transfer agent and

- 9 -

Table of Contents

registrar with respect to the common Shares of the Fund.

Computershare also serves as the transfer agent, registrar, dividend paying agent and redemption agent with respect to the Series A Preferred.

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

- 10 -

Table of Contents**USE OF PROCEEDS**

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

FINANCIAL HIGHLIGHTS

The selected data below sets forth the per share operating performance and ratios for the period presented. The financial information was derived from and should be read in conjunction with the Financial Statements of the Fund and Notes thereto, which are incorporated by reference into this Prospectus and the SAI. The financial information for the fiscal years ended December 31, 2007, 2006, 2005, 2004 and 2003 has been audited by _____, the Fund's independent registered public accounting firm, whose unqualified report on such Financial Statements is incorporated by reference into the SAI.

Selected data for a share of beneficial interest outstanding throughout each

	Year Ended December 31,				
	2007	2006	2005	2004	2003
Operating Performance:					
Net asset value, beginning of period	\$ 8.19	\$ 6.98	\$ 7.14	\$ 6.83	\$ 6.50
Investment income	0.18	0.17	0.18	0.16	0.15
Realized and unrealized gain on investments	0.62	1.84	0.45	0.99	0.80
Income from investment operations	0.80	2.01	0.63	1.15	1.00
Distributions to Preferred Shareholders: (a)					
Investment income	(0.03)	(0.02)	(0.02)	(0.06)	(0.05)
Realized gain on investments	(0.07)	(0.08)	(0.07)	(0.03)	(0.04)
Distributions to preferred shareholders	(0.10)	(0.10)	(0.09)	(0.09)	(0.09)
Increase in Net Assets Attributable to Common Shareholders					
Income from Operations	0.70	1.91	0.54	1.06	0.95
Distributions to Common Shareholders:					
Investment income	(0.15)	(0.16)	(0.14)	(0.10)	(0.10)
Realized gain on investments	(0.33)	(0.56)	(0.58)	(0.05)	(0.04)
Use of capital	(0.24)			(0.57)	(0.19)
Distributions to common shareholders	(0.72)	(0.72)	(0.72)	(0.72)	(0.72)
Share Transactions:					
Increase in net asset value from common share transactions	0.01	0.02	0.02	0.03	0.03
Decrease (increase) in net asset value from shares issued in rights offering				(0.06)	(0.06)
Decrease in net asset value from repurchase of preferred shares	0.00(e)			0.00(e)	0.00(e)
Issuance costs for preferred shares charged to paid-in capital			0.00(e)	0.00(e)	0.00(e)
Issuance costs for issuance of rights charged to paid-in capital		0.00(e)	(0.00)(e)	(0.00)(e)	(0.00)(e)
Net fund share transactions	0.01	0.02	0.02	(0.03)	(0.03)

Asset Value Attributable to Common Shareholders, End of Period	\$ 8.18	\$	8.19	\$ 6.98	\$ 7.14	\$
Asset value total return	8.08%		27.46%	5.71%	13.43%	1
Asset value, end of period	\$ 9.50	\$	9.94	\$ 9.27	\$ 9.30	\$
			12/29/2017			
			\$20.35			
			\$13.62			
			\$16.68			

01/02/2018	03/29/2018	\$19.13	\$15.52	\$16.43
04/02/2018	06/29/2018	\$19.60	\$16.29	\$18.64
07/02/2018	09/28/2018	\$23.98	\$18.26	\$21.20
10/01/2018*	10/05/2018*	\$21.89	\$21.45	\$21.86

* As of the date of this preliminary terms supplement available information for the fourth calendar quarter of 2018 includes data for the period from October 1, 2018 through October 5, 2018. Accordingly, the “Quarterly High,” “Quarterly Low” and “Quarterly Close” data indicated are for this shortened period only and do not reflect complete data for the fourth calendar quarter of 2018.

The graph below illustrates the performance of CenturyLink's common stock for the period indicated, based on information from Bloomberg. The solid line represents a hypothetical trigger price and coupon barrier of \$12.67, which is equal to 60.00% of an intra-day price on October 8, 2018. The actual trigger price and coupon barrier will be based on the closing price of CenturyLink's common stock on the trade date. **Past performance of the underlying equity is not indicative of the future performance of the underlying equity.**

Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)

We will agree to sell to UBS Securities LLC and UBS Securities LLC will agree to purchase, all of the Securities at the issue price to the public less the underwriting discount indicated on the cover of the final terms supplement, the

document that will be filed pursuant to Rule 424(b) containing the final pricing terms of the Securities. UBS Securities LLC will agree to resell all of the Securities to UBS Financial Services Inc. at a discount from the issue price to the public equal to the underwriting discount indicated on the cover of the final terms supplement.

Conflicts of Interest - Each of UBS Securities LLC and UBS Financial Services Inc. is an affiliate of UBS and, as such, has a "conflict of interest" in this offering within the meaning of FINRA Rule 5121. In addition, UBS will receive the net proceeds (excluding the underwriting discount) from the initial public offering of the Securities and, thus creates an additional conflict of interest within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of Rule 5121. Neither UBS Securities LLC nor UBS Financial Services Inc. is permitted to sell Securities in the offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

UBS Securities LLC and its affiliates may offer to buy or sell the Securities in the secondary market (if any) at prices greater than UBS' internal valuation - The value of the Securities at any time will vary based on many factors that cannot be predicted. However, the price (not including UBS Securities LLC's or any affiliate's customary bid-ask spreads) at which UBS Securities LLC or any affiliate would offer to buy or sell the Securities immediately after the trade date in the secondary market is expected to exceed the estimated initial value of the Securities as determined by reference to our internal pricing models. The amount of the excess will decline to zero on a straight line basis over a period ending no later than 1 month after the trade date, provided that UBS Securities LLC may shorten the period based on various factors, including the magnitude of purchases and other negotiated provisions with selling agents. Notwithstanding the foregoing, UBS Securities LLC and its affiliates are not required to make a market for the Securities and may stop making a market at any time. For more information about secondary market offers and the estimated initial value of the Securities, see "Key Risks - Fair value considerations" and "Key Risks - Limited or no secondary market and secondary market price considerations" in this preliminary terms supplement.

Prohibition of Sales to EEA Retail Investors — The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

You should rely only on the information incorporated by reference or provided in this preliminary terms supplement, the accompanying prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this preliminary terms supplement is accurate as of any date other than the date on the front of the document.	Use of Proceeds	12
	Description of Debt Securities We May Offer	13
	Description of Warrants We May Offer	33
	Legal Ownership and Book-Entry Issuance	48
	Considerations Relating to Indexed Securities	53
	Considerations Relating to Securities Denominated or Payable in or Linked to a Non-U.S. Dollar Currency	56
	U.S. Tax Considerations	59

TABLE OF CONTENTS

Tax Considerations Under the Laws of Switzerland	70
Benefit Plan Investor Considerations	72
Plan of Distribution	74

Preliminary Terms Supplement

Indicative Terms	1	Conflicts of Interest	76
Additional Information About UBS and the Securities	3	Validity of the Securities	77
Key Risks	4	Experts	77
Information About the Underlying Equity	7		
CenturyLink, Inc.	7		
Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)	9		

Prospectus Supplement

Investment Description	i
Features	i
Security Offerings	i
Additional Information About UBS and the Securities	ii
Investor Suitability	1
Summary Terms	2
Investment Timeline	2
Key Risks	3
Hypothetical Examples of How the Securities Might Perform	8
What are the Tax Consequences of the Securities ?	10
Information About the Underlying Equity	13
Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)	13
Annex A – Form of Final Terms Supplement	A-2
Annex B – UBS Equity Investor - Investment Guide	B-2

\$ •

UBS AG Trigger Phoenix Autocallable Optimization Securities due on or about April 14, 2020

Product Supplement

Product Supplement Summary	PS-1
Hypothetical Payment Amounts on Your Securities	PS-14

Preliminary Terms Supplement dated October 8, 2018

Risk Factors	PS-15	(To Prospectus Supplement dated May 2, 2016,
General Terms of the Securities	PS-30	
Use of Proceeds and Hedging	PS-47	Product Supplement dated May 2, 2016 and
Supplemental U.S. Tax Considerations	PS-48	
Certain ERISA Considerations	PS-56	Prospectus dated April 29, 2016)
Supplemental Plan of Distribution (Conflicts of Interest)	PS-57	

Prospectus

Introduction	1
Cautionary Note Regarding Forward-Looking Statements	4
Incorporation of Information About UBS AG	5
Where You Can Find More Information	6
Presentation of Financial Information	7
Limitations on Enforcement of U.S. Laws Against UBS AG, Its Management and Others	7
UBS	8
Swiss Regulatory Powers	11

UBS Investment Bank

UBS Financial Services Inc.