

BLACKROCK MUNIYIELD NEW JERSEY FUND, INC.

Form N-14 8C

December 06, 2017

Table of Contents

As filed with the Securities and Exchange Commission on December 6, 2017

Securities Act File No. 333-

Investment Company Act File No. 811-06570

## **SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

### **FORM N-14**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**Pre-Effective Amendment No.**

**Post-Effective Amendment No.**

(Check appropriate box or boxes)

**BLACKROCK MUNIYIELD NEW JERSEY FUND, INC.**

(Exact Name of Registrant as Specified in Charter)

**100 Bellevue Parkway**

**Wilmington, Delaware 19809**

(Address of Principal Executive Offices: Number, Street, City, State, Zip Code)

**(800) 882-0052**

(Area Code and Telephone Number)

**John M. Perlowski**

**President and Chief Executive Officer**

**BlackRock MuniYield New Jersey Fund, Inc.**

**55 East 52nd Street**

**New York, New York 10055**

(Name and Address of Agent for Service)

*With copies to:*

**Thomas A. DeCapo, Esq.**

**Skadden, Arps, Slate, Meagher & Flom LLP**

**500 Boylston Street**

**Boston, Massachusetts 02116**

**Janey Ahn, Esq.**

**BlackRock Advisors, LLC**

**40 East 52nd Street**

**New York, New York 10022**

**AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT**

(Approximate Date of Proposed Public Offering)

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

Title of Securities Being Registered	Amount Being Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common stock \$0.10 par value	Not Applicable	Not Applicable	\$1,000,000	\$124.50

(1) Estimated solely for the purpose of calculating the filing registration fee, pursuant to Rule 457(o) under the Securities Act of 1933.

**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 this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**Table of Contents**

**EXPLANATORY NOTE**

**This Registration Statement is organized as follows:**

- a. Letter to Common Shareholders of BlackRock New Jersey Municipal Bond Trust ( BLJ ), BlackRock New Jersey Municipal Income Trust ( BNJ ) and BlackRock MuniYield New Jersey Fund, Inc. ( MYJ ).
- b. Questions and Answers for Common Shareholders of BLJ, BNJ and MYJ.
- c. Notice of Joint Special Meeting of Common Shareholders of BLJ, BNJ and MYJ.
- d. Joint Proxy Statement/Prospectus regarding the proposed reorganizations of BLJ and BNJ into MYJ.
- e. Statement of Additional Information regarding the proposed reorganizations of BLJ and BNJ into MYJ.
- f. Part C: Other Information.
- g. Exhibits.

**Table of Contents**

**BLACKROCK MUNIYIELD NEW JERSEY FUND, INC.**

**BLACKROCK NEW JERSEY MUNICIPAL BOND TRUST**

**BLACKROCK NEW JERSEY MUNICIPAL INCOME TRUST**

**100 Bellevue Parkway**

**Wilmington, Delaware 19809**

**(800) 882-0052**

[ ], 2018

Dear Common Shareholder:

You are cordially invited to attend a joint special shareholder meeting (the *Special Meeting*) of BlackRock New Jersey Municipal Bond Trust ( *BLJ* ), BlackRock New Jersey Municipal Income Trust ( *BNJ* ) and BlackRock MuniYield New Jersey Fund, Inc. ( *MYJ* or the *Acquiring Fund* and together with *BLJ* and *BNJ*, the *Funds*, and each, a *Fund* ), to be held at the offices of BlackRock Advisors, LLC, 1 University Square Drive, Princeton, New Jersey 08540-6455, on March 28, 2018 at [ ] (Eastern time). Before the *Special Meeting*, I would like to provide you with additional background information and ask for your vote on important proposals affecting the *Funds*.

*Common Shareholders of BLJ:* You and the preferred shareholders of *BLJ* are being asked to vote as a single class on a proposal to approve the reorganization of *BLJ* into the *Acquiring Fund* (the *BLJ Reorganization* ), a *Fund* with substantially similar (but not identical) investment objectives, investment policies and investment restrictions. Preferred shareholders of *BLJ* are also being asked to vote as a separate class on a proposal to approve the *BLJ Reorganization*.

*Common Shareholders of BNJ:* You and the preferred shareholders of *BNJ* are being asked to vote as a single class on a proposal to approve the reorganization of *BNJ* into the *Acquiring Fund* (the *BNJ Reorganization* ), a *Fund* with substantially similar (but not identical) investment objectives, investment policies and investment restrictions. Preferred shareholders of *BNJ* are also being asked to vote as a separate class on a proposal to approve the *BNJ Reorganization*.

*Common Shareholders of the Acquiring Fund:* You and the preferred shareholders of the *Acquiring Fund* are being asked to vote as a single class on a proposal to approve the issuance of additional common shares of the *Acquiring Fund* in connection with the *BLJ Reorganization* and the *BNJ Reorganization* (each, a *Reorganization* ). Preferred shareholders of the *Acquiring Fund* are also being asked to vote as a separate class on a proposal to approve each *Reorganization*.

The enclosed Joint Proxy Statement/Prospectus is only being delivered to the *Funds* common shareholders. The preferred shareholders of each *Fund* are also being asked to attend the *Special Meeting* and to vote as a separate class with respect to the proposals described above. Each *Fund* is delivering to its preferred shareholders a separate Proxy Statement with respect to the proposals described above.

The Board of Trustees or Board of Directors, as applicable, of each *Fund* believes that the proposal that the common shareholders of its *Fund* are being asked to vote upon is in the best interests of its respective *Fund* and its shareholders and unanimously recommends that you vote **FOR** such proposal.

We encourage you to carefully review the enclosed materials, which explain the proposals in more detail. As a shareholder, your vote is important, and we hope that you will respond today to ensure that your shares will be represented at the meeting. You may vote using one of the methods below by following the instructions on your proxy card or voting instruction form(s):

By touch-tone phone;

By internet;

**Table of Contents**

By signing, dating and returning the enclosed proxy card or voting instruction form(s) in the postage-paid envelope; or

In person at the meeting.

If you do not vote using one of the methods described above, you may be called by Georgeson, LLC, the Funds' proxy solicitor, to vote your shares.

As always, we appreciate your support.

Sincerely,

JOHN M. PERLOWSKI

President and Chief Executive Officer of the Funds

**Please vote now. Your vote is important.**

**To avoid the wasteful and unnecessary expense of further solicitation(s), we urge you to indicate your voting instructions on the enclosed proxy card, date and sign it and return it promptly in the postage-paid envelope provided, or record your voting instructions by telephone or via the internet, no matter how large or small your holdings may be. If you submit a properly executed proxy but do not indicate how you wish your common shares to be voted, your common shares will be voted FOR the proposal. If your common shares are held through a broker, you must provide voting instructions to your broker about how to vote your common shares in order for your broker to vote your common shares as you instruct at the Special Meeting.**

**Table of Contents**

[ ], 2018

**IMPORTANT NOTICE**  
**TO COMMON SHAREHOLDERS OF**  
**BLACKROCK MUNIYIELD NEW JERSEY FUND, INC.**  
**BLACKROCK NEW JERSEY MUNICIPAL BOND TRUST**  
**BLACKROCK NEW JERSEY MUNICIPAL INCOME TRUST**

**QUESTIONS & ANSWERS**

Although we urge you to read the entire Joint Proxy Statement/Prospectus, we have provided for your convenience a brief overview of some of the important questions concerning the joint special shareholder meeting (the Special Meeting) of BlackRock New Jersey Municipal Bond Trust (BLJ), BlackRock New Jersey Municipal Income Trust (BNJ) and BlackRock MuniYield New Jersey Fund, Inc. (MYJ or the Acquiring Fund and together with BLJ and BNJ, the Funds, and each, a Fund) and the proposals to be voted on. It is expected that the effective date (the Closing Date) of the Reorganizations will be sometime during the second quarter of 2018, but it may be at a different time as described in the Joint Proxy Statement/Prospectus.

The enclosed Joint Proxy Statement/Prospectus is being sent only to the holders of common shares of beneficial interest or shares of common stock (Common Shares) of BLJ, BNJ and the Acquiring Fund. Each of BLJ and the Acquiring Fund is separately soliciting the votes of its holders of Variable Rate Demand Preferred Shares (VRDP Shares) and BNJ is separately soliciting the votes of its holders of Variable Rate Muni Term Preferred Shares (VMTP Shares) and together with the Common Shares of BLJ, BNJ and the Acquiring Fund and the VRDP Shares of BLJ and the Acquiring Fund, the Shares) through a separate Proxy Statement.

**Q: Why is a shareholder meeting being held?**

**A:** *Common Shareholders of BlackRock New Jersey Municipal Bond Trust (NYSE American Ticker: BLJ):* You and the holders of the VRDP Shares (VRDP Holders) of BLJ are being asked to vote as a single class on a proposal to approve the Agreement and Plan of Reorganization (the BLJ Reorganization Agreement) between BLJ and the Acquiring Fund, pursuant to which (i) the Acquiring Fund will acquire substantially all of BLJ's assets and assume substantially all of BLJ's liabilities in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund, which will be distributed to the common shareholders (although cash may be distributed in lieu of fractional Common Shares) and VRDP Holders, respectively, of BLJ, and (ii) BLJ will terminate its registration under the Investment Company Act of 1940, as amended (the 1940 Act), and liquidate, dissolve and terminate in accordance with its Agreement and Declaration of Trust and Delaware law.

BLJ VRDP Holders are also being asked to vote as a separate class on a proposal to approve the BLJ Reorganization Agreement and the transactions contemplated therein, including the termination of BLJ's registration under the 1940 Act and the dissolution of BLJ under Delaware law (the BLJ Reorganization), through a separate Proxy Statement.

*Common Shareholders of BlackRock New Jersey Municipal Income Trust (NYSE Ticker: BNJ):* You and the holders of the VMTP Shares (VMTP Holders) of BNJ are being asked to vote as a single class on a proposal to approve the Agreement and Plan of Reorganization (the BNJ Reorganization Agreement, and together with the BLJ Reorganization Agreement, the Reorganization Agreements) between BNJ and the Acquiring Fund. If the BNJ Reorganization Agreement is approved, prior to the Closing Date of the BNJ Reorganization (as defined herein), it is expected that BNJ will issue VRDP Shares with terms substantially identical to the terms of the outstanding Acquiring Fund's VRDP Shares and use the proceeds from such issuance to redeem all of BNJ's outstanding VMTP Shares (the VMTP Refinancing). If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated. If the VMTP Refinancing is completed prior to the Closing Date

## **Table of Contents**

of the BNJ Reorganization, pursuant to the BNJ Reorganization Agreement (i) the Acquiring Fund will acquire substantially all of BNJ's assets and assume substantially all of BNJ's liabilities in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund, which will be distributed to the common shareholders (although cash may be distributed in lieu of fractional Common Shares) and VRDP Holders, respectively, of BNJ, and (ii) BNJ will terminate its registration under the 1940 Act, and liquidate, dissolve and terminate in accordance with its Agreement and Declaration of Trust and Delaware law.

BNJ VMTP Holders are also being asked to vote as a separate class on a proposal to approve the BNJ Reorganization Agreement and the transactions contemplated therein, including the termination of BNJ's registration under the 1940 Act and the dissolution of BNJ under Delaware law (the BNJ Reorganization), through a separate Proxy Statement.

*Common Shareholders of BlackRock MuniYield New Jersey Fund, Inc. (NYSE Ticker: MYJ):* You and the Acquiring Fund VRDP Holders are being asked to vote as a single class on a proposal to approve the issuance of additional Common Shares of the Acquiring Fund in connection with each Reorganization Agreement (each, an Issuance and collectively, the Issuances).

Acquiring Fund VRDP Holders are also being asked to vote as a separate class on a proposal to approve each Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares, through a separate Proxy Statement.

The transactions contemplated by each Reorganization Agreement, including an Issuance, are referred to herein as a Reorganization and collectively, the Reorganizations. The term Combined Fund refers to the Acquiring Fund as the surviving Fund after the consummation of the Reorganizations.

The BNJ Reorganization is contingent upon the completion of the VMTP Refinancing. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

A Reorganization is not contingent upon the approval of the other Reorganization. If a Reorganization is not consummated, then the Fund for which such Reorganization(s) was not consummated would continue to exist and operate on a stand-alone basis.

### **Q: Why has each Fund's Board recommended these proposals?**

A: The Board of Trustees or Board of Directors, as applicable (each, a Board and each member thereof, a Board Member), of each Fund has determined that its Reorganization(s) is in the best interests of its Fund and that the interests of existing common shareholders and preferred shareholders of its Fund will not be diluted with respect to net asset value (NAV) and liquidation preference, respectively, as a result of the Reorganization. The Reorganizations seek to achieve certain economies of scale and other operational efficiencies by combining three Funds that have substantially similar (but not identical) investment objectives, investment policies, investment restrictions and portfolio compositions and are managed by the same investment adviser, BlackRock Advisors, LLC (the Investment Advisor), and portfolio management team.

In light of these similarities, the Reorganizations are intended to reduce fund redundancies and create a single, larger fund that may benefit from anticipated operating efficiencies and economies of scale. The Reorganizations are intended to result in the following potential benefits to common shareholders:

- (i) lower total expenses per Common Share for common shareholders of each Fund (as common shareholders of the Combined Fund following the Reorganizations) due to economies of scale resulting from the larger size of the Combined Fund;
- (ii) improved earnings yield on NAV for common shareholders of each Fund;
- (iii) improved secondary market trading of the Common Shares of the Combined Fund; and



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**Table of Contents**

- (iv) operating and administrative efficiencies for the Combined Fund, including the potential for the following:
  - (a) greater investment flexibility and investment options;
  - (b) greater diversification of portfolio investments;
  - (c) the ability to trade in larger positions and more favorable transaction terms;
  - (d) additional sources of leverage or more competitive leverage terms and more favorable transaction terms;
  - (e) benefits from having fewer closed-end funds offering similar products in the market, including an increased focus by investors on the remaining funds in the market (including the Combined Fund) and additional research coverage; and
  - (f) benefits from having fewer similar funds in the same fund complex, including a simplified operational model and a reduction in risk of operational, legal and financial errors.

The Board of each Fund, including Board Members thereof who are not interested persons (as defined in the 1940 Act), approved its Reorganization Agreement(s) or the Issuances, as applicable, concluding that the Reorganization(s) is in the best interests of its Fund and that the interests of existing common shareholders and preferred shareholders of its Fund will not be diluted with respect to NAV and liquidation preference, respectively, as a result of the Reorganization(s). As a result of the Reorganizations, however, common and preferred shareholders of each Fund may hold a reduced percentage of ownership in the larger Combined Fund than they did in any of the individual Funds before the Reorganizations. Each Board's conclusion was based on each Board Member's business judgment after consideration of all relevant factors taken as a whole with respect to its Fund and the Fund's common and preferred shareholders, although individual Board Members may have placed different weight on various factors and assigned different degrees of materiality to various factors.

Because the shareholders of each Fund will vote separately on the Fund's respective Reorganization(s) or Issuances, as applicable, and the BNJ Reorganization is contingent upon the completion of the VMTP Refinancing, there are multiple potential combinations of Reorganizations. The Board of each Fund and the Investment Advisor believe that the most likely result of the potential combinations of Reorganizations is the combination of all of the Funds. To the extent that only one of the Reorganizations is completed, any expected expense savings by the Combined Fund, or other potential benefits resulting from the Reorganizations, may be reduced.

If a Reorganization is not consummated, then the Investment Advisor may, in connection with ongoing management of the Fund for which such Reorganization(s) was not consummated and its product line, recommend alternative proposals to the Board of that Fund.

**Q: How will the Reorganizations affect the fees and expenses of the Funds?**

A: For the fiscal year ended July 31, 2017, the Total Expense Ratios of the Acquiring Fund and BNJ were 1.93% and 2.21%, respectively. For the fiscal year ended August 31, 2017, the Total Expense Ratio of BLJ was 2.48%. Total Expenses means a Fund's total annual operating expenses (including interest expense). Total Expense Ratio means a Fund's Total Expenses expressed as a percentage of its average net assets attributable to its Common Shares. If any of the Reorganizations are consummated, the Investment Advisor has voluntarily agreed to waive a portion of its investment management fees equal to an annual rate of 0.01% of the average daily net assets of the Combined Fund (the Voluntary Waiver). This Voluntary Waiver may be reduced or discontinued at any time.

**Table of Contents**

As of July 31, 2017, the historical and *pro forma* Total Expense Ratios (including the Voluntary Waiver) applicable to the Reorganizations are as follows:

		Acquiring Fund (MYJ)	Pro Forma Combined Fund (BLJ into MYJ)	Pro Forma Combined Fund (BNJ into MYJ)	Pro Forma Combined Fund (BLJ and BNJ into MYJ)
<b>BLJ</b>	<b>BNJ</b>				
2.46%	2.21%	1.93%	1.91%	1.92%	1.92%

The Funds estimate that the completion of all of the Reorganizations would result in a Total Expense Ratio (including the Voluntary Waiver) for the Combined Fund of 1.92% on a historical and *pro forma* basis for the 12-month period ended July 31, 2017, representing a reduction in the Total Expense Ratio (including the Voluntary Waiver) for the common shareholders of BLJ, BNJ and the Acquiring Fund of 0.54%, 0.29% and 0.01%, respectively.

Each Fund's Total Expenses include interest expense associated with such Fund's preferred shares. For the fiscal year ended July 31, 2017, the Total Expense Ratios (excluding interest expense) of the Acquiring Fund and BNJ were 0.93% and 1.16%, respectively. For the fiscal year ended August 31, 2017, the Total Expense Ratio (excluding interest expense) of BLJ was 1.43%.

The Funds estimate that the completion of all of the Reorganizations would result in a Total Expense Ratio (excluding interest expense and including the Voluntary Waiver) for the Combined Fund of 0.90% on a historical and *pro forma* basis for the 12-month period ended July 31, 2017, representing a reduction in the Total Expense Ratio (excluding interest expense and including the Voluntary Waiver) for the common shareholders of BLJ, BNJ and the Acquiring Fund of 0.53%, 0.26% and 0.03%, respectively.

The Combined Fund will have a lower annual contractual investment management fee rate than each of BLJ and BNJ and the same annual contractual investment management fee rate as the Acquiring Fund. BLJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.65% of its average weekly managed assets. BNJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.60% of its average weekly managed assets. Average weekly managed assets are the average weekly value of the Fund's total assets minus the sum of the Fund's accrued liabilities (which does not include liabilities represented by tender option bond ( TOB ) leverage and the liquidation preference of BLJ's VRDP Shares or BNJ's VMTP Shares). The Acquiring Fund currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.50% of its average daily Net Assets. Average daily Net Assets are the average daily value of the Acquiring Fund's total assets minus the sum of the Acquiring Fund's accrued liabilities (which does not include liabilities represented by TOB leverage and the liquidation preference of the Acquiring Fund VRDP Shares).

If the Reorganizations are consummated, the annual contractual investment management fee rate of the Acquiring Fund will be the annual contractual investment management fee rate of the Combined Fund, which will be 0.50% of the average daily Net Assets of the Combined Fund. The annual contractual investment management fee rate of the Combined Fund represents a 15 basis point reduction in the annual contractual investment management fee rate for BLJ and a 10 basis point reduction in the annual contractual investment management fee rate for BNJ. Additionally, if any of the Reorganizations are consummated, the Investment Advisor has voluntarily agreed to waive a portion of its investment management fees equal to an annual rate of 0.01% of the average daily net assets of the Combined Fund, resulting in a contractual investment management fee rate of 0.49% of the average daily Net Assets of the Combined Fund. This voluntary waiver may be reduced or discontinued at any time.

Based on a *pro forma* Broadridge peer expense group for the Combined Fund, the estimated total annual fund expense ratio (excluding investment-related expenses and taxes) is expected to be in the second quartile and contractual investment management fee rate and actual investment management fee rate over total assets are each expected to be in the first quartile.

## **Table of Contents**

The level of expense savings (or increases) will vary depending on the combination of the Funds in the Reorganizations, and furthermore, there can be no assurance that future expenses will not increase or that any expense savings for any Fund will be realized as a result of any Reorganization.

### **Q: How will the Reorganizations affect the earnings, distributions and undistributed net income of the Funds?**

A: The Combined Fund's earnings yield on NAV following the Reorganizations is expected to be potentially higher than each Fund's current earnings yield on NAV. The distribution level of any fund is subject to change based upon a number of factors, including the current and projected level of the fund's earnings, and may fluctuate over time; thus, subject to a number of other factors, including the fund's distribution policy, a higher earnings profile may potentially have a positive impact on such fund's distribution level over time. The Combined Fund's earnings and distribution rate on NAV will change over time, and depending on market conditions, may be higher or lower than each Fund's earnings and distribution rate on NAV prior to the Reorganizations. A Fund's earnings and net investment income are variables which depend on many factors, including its asset mix, portfolio turnover level, the amount of leverage utilized by the Fund, the costs of such leverage, the performance of its investments, the movement of interest rates and general market conditions. In addition, the Combined Fund's future earnings will vary depending upon the combination of the Reorganizations. There can be no assurance that the future earnings of a Fund, including the Combined Fund after the Reorganizations, will remain constant.

If the Reorganizations are approved by shareholders, then substantially all of the undistributed net investment income, if any, of each Fund is expected to be declared to such Fund's common shareholders prior to the effective date of the Reorganizations (the Closing Date) (the Pre-Reorganization Declared UNII Distributions). The declaration date, ex-dividend date (the Ex-Dividend Date) and record date of the Pre-Reorganization Declared UNII Distributions will occur prior to the Closing Date. However, all or a significant portion of the Pre-Reorganization Declared UNII Distributions may be paid in one or more distributions to common shareholders of the Funds entitled to such Pre-Reorganization Declared UNII Distributions after the Closing Date. Former BLJ and BNJ shareholders entitled to such Pre-Reorganization Declared UNII Distributions paid after the Closing Date will receive such distributions in cash.

Persons who purchase Common Shares of any of the Funds on or after the Ex-Dividend Date for the Pre-Reorganization Declared UNII Distributions should not expect to receive any distributions from any Fund until distributions, if any, are declared by the Board of the Combined Fund and paid to shareholders entitled to any such distributions. No such distributions are expected to be paid by the Combined Fund until at least approximately one month following the Closing Date.

Additionally, the Acquiring Fund, in order to seek to provide its common shareholders with distribution rate stability, may include in its Pre-Reorganization Declared UNII Distribution amounts in excess of its undistributed net investment income and net investment income accrued through the Closing Date; any such excess amounts are not expected to constitute a return of capital. This would result in the Acquiring Fund issuing incrementally more Common Shares in the Reorganizations since its NAV as of the business day prior to the Closing Date of the Reorganizations would be lower relative to a scenario where such excess amounts were not included in the Acquiring Fund's Pre-Reorganization Declared UNII Distribution.

The Combined Fund's earnings and distribution rate on NAV will change over time, and depending on market conditions, may be higher or lower than each Fund's earnings and distribution rate on NAV prior to the Reorganizations. The Combined Fund is anticipated to retain a lower UNII balance after the Reorganizations than the Acquiring Fund prior to the Reorganizations. The lower anticipated UNII balance for the Combined Fund relative to the UNII balance of the Acquiring Fund poses risks for shareholders of the Combined Fund. UNII balances, in part, support the level of a fund's regular distributions and provide a cushion in the event a fund's net earnings for a particular distribution period are insufficient to support the level of its regular distribution for that period. If the Combined Fund's net earnings are below the level of its current distribution rate, the Combined Fund's UNII balance could be more likely to contribute to a

**Table of Contents**

determination to decrease the Combined Fund's distribution rate, or could make it more likely that the Combined Fund will make distributions consisting in part of a return of capital to maintain the level of its regular distributions. See Dividends and Distributions. Moreover, because a fund's UNII balance, in part, supports the level of a fund's regular distributions, the UNII balance of the Combined Fund could impact the trading market for the Combined Fund's Common Shares and the magnitude of the trading discount to NAV of the Combined Fund's Common Shares. However, the Combined Fund is anticipated to benefit from a lower expense ratio (compared to BNJ and BLJ), a potentially higher earnings profile and other anticipated benefits of economies of scale as discussed herein. Each Fund, including the Combined Fund, reserves the right to change its distribution policy with respect to common share distributions and the basis for establishing the rate of its distributions for the Common Shares at any time and may do so without prior notice to common shareholders. The payment of any distributions by any Fund, including the Combined Fund, is subject to, and will only be made when, as, and if, declared by the Board of such Fund. There is no assurance the Board of any Fund, including the Combined Fund, will declare any distributions for such Fund.

To the extent any Pre-Reorganization Declared UNII Distribution is not an exempt interest dividend (as defined in the Internal Revenue Code of 1986, as amended (the Code)), the distribution may be taxable to shareholders for U.S. federal income tax purposes.

**Q: Have Common Shares of each Fund historically traded at a premium or discount?**

A: The Common Shares of each Fund have historically traded at both a premium and a discount. The table below sets forth the market price, NAV, and the premium/discount to NAV of each Fund as of November 30, 2017.

Fund	Market Price	NAV	Premium/(Discount) to NAV
BLJ	\$ 14.48	\$ 15.66	(7.54)%
BNJ	\$ 15.51	\$ 15.42	0.58%
Acquiring Fund (MYJ)	\$ 15.59	\$ 15.86	(1.70)%

To the extent BLJ's or BNJ's Common Shares are trading at a wider discount (or a narrower premium) than the Acquiring Fund at the time of its Reorganization, BLJ's or BNJ's common shareholders would have the potential for an economic benefit by the narrowing of the discount or widening of the premium. To the extent BLJ's or BNJ's Common Shares are trading at a narrower discount (or wider premium) than the Acquiring Fund at the time of its Reorganization, BLJ's or BNJ's common shareholders may be negatively impacted if its Reorganization is consummated. Acquiring Fund common shareholders would only benefit from a premium/discount perspective to the extent the post-Reorganization discount (or premium) of the Acquiring Fund Common Shares improves.

There can be no assurance that, after the Reorganizations, Common Shares of the Combined Fund will trade at a narrower discount to NAV or wider premium to NAV than the Common Shares of any individual Fund prior to the Reorganizations. Upon consummation of the Reorganizations, the Combined Fund Common Shares may trade at a price that is less than the current market price of Acquiring Fund Common Shares. In the Reorganizations, common shareholders of BLJ and BNJ will receive Acquiring Fund Common Shares based on the relative NAVs (not the market values) of the respective Fund's Common Shares. The market value of the Common Shares of the Combined Fund may be less than the market value of the Common Shares of each respective Fund prior to the Reorganizations.

**Q: How will holders of Preferred Shares be affected by the Reorganizations?**

A: As of the date of the enclosed Joint Proxy Statement/Prospectus, BLJ and the Acquiring Fund each have VRDP Shares outstanding and BNJ has VMTP Shares outstanding. As of November 30, 2017, BLJ had 187 Series W-7 VRDP Shares outstanding, BNJ had 591 Series W-7 VMTP Shares outstanding, and the Acquiring Fund had 1,022 Series W-7 VRDP Shares outstanding. Prior to the Reorganizations, it is expected that all of the VMTP Shares of BNJ will be refinanced into BNJ VRDP Shares with terms

**Table of Contents**

substantially identical to those of the Acquiring Fund's VRDP Shares pursuant to the VMTP Refinancing. In connection with the Reorganizations, and assuming that the VMTP Refinancing is completed prior to the Closing Date of the BNJ Reorganization, the Acquiring Fund expects to issue 187 additional VRDP Shares to BLJ VRDP Holders and 591 additional VRDP Shares to BNJ VRDP Holders. Following the completion of the Reorganizations, the Combined Fund is expected to have 1,800 VRDP Shares outstanding. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

Assuming all of the Reorganizations are approved by shareholders and the VMTP Refinancing is completed prior to the Closing Date of the BNJ Reorganization, upon the Closing Date of the Reorganizations, BLJ and BNJ VRDP Holders will receive on a one-for-one basis one newly issued Acquiring Fund VRDP Share, par value \$0.10 per share and with a liquidation preference of \$100,000 per share (plus any accumulated and unpaid dividends that have accrued on the BLJ or BNJ VRDP Shares up to and including the day immediately preceding the Closing Date of the Reorganizations if such dividends have not been paid prior to the Closing Date), in exchange for each BLJ or BNJ VRDP Share held by the BLJ or BNJ VRDP Holders immediately prior to the Closing Date. The newly issued Acquiring Fund VRDP Shares may be of the same series as the Acquiring Fund's Series W-7 VRDP Shares or a substantially identical series. No fractional Acquiring Fund VRDP Shares will be issued. The terms of the Acquiring Fund VRDP Shares to be issued in connection with the Reorganizations will be substantially identical to the terms of the Acquiring Fund's outstanding VRDP Shares and will rank on a parity with the Acquiring Fund's outstanding VRDP Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The newly issued Acquiring Fund VRDP Shares will be subject to the same special rate period (including the terms thereof) applicable to the outstanding Acquiring Fund VRDP Shares as of the Closing Date of the Reorganization. Such special rate period will terminate on June 20, 2018, unless extended. The Reorganizations will not result in any changes to the terms of the Acquiring Fund's VRDP Shares currently outstanding.

The newly issued Acquiring Fund VRDP Shares will have terms that are substantially identical to the terms of the BNJ VRDP Shares to be issued in connection with the VMTP Refinancing and the outstanding BLJ VRDP Shares, except that the newly issued Acquiring Fund VRDP Shares are expected to have a mandatory redemption date of May 1, 2041. BLJ VRDP Shares have a mandatory redemption date of July 1, 2042. The VRDP Shares of the Acquiring Fund and BLJ are currently in a one year special rate period that will end on June 20, 2018, unless extended (the Special Rate Period). The terms applicable to the VRDP Shares of the Acquiring Fund and BLJ during the Special Rate Period are substantially identical. The BNJ VRDP Shares to be issued in connection with the VMTP Refinancing will also be subject to a special rate period and the terms of BNJ's VRDP Shares during such special rate period will be substantially identical to the terms of the Special Rate Period for the outstanding Acquiring Fund and BLJ VRDP Shares. The terms of the special rate period applicable to the newly issued Acquiring Fund VRDP Shares will be substantially identical to the terms of the special rate period applicable to the Funds' VRDP Shares as of the Closing Date of the Reorganization.

None of the expenses of the Reorganizations are expected to be borne by the VRDP Holders of the Funds.

Following the Reorganizations, the VRDP Holders of each Fund will be VRDP Holders of the larger Combined Fund that will have a larger asset base and more VRDP Shares outstanding than any Fund individually before the Reorganizations. With respect to matters requiring all preferred shareholders to vote separately or common and preferred shareholders to vote together as a single class, following the Reorganizations, holders of VRDP Shares of the Combined Fund may hold a smaller percentage of the outstanding preferred shares of the Combined Fund as compared to their percentage holdings of outstanding preferred shares of their respective Fund prior to the Reorganizations.

**Q: How similar are the Funds?**

A: The Funds have the same investment adviser, portfolio managers, officers and trustees. BLJ and BNJ are each organized as a Delaware statutory trust and the Acquiring Fund is organized as a Maryland

**Table of Contents**

corporation. Because the Acquiring Fund is organized as a Maryland corporation, shareholders of BLJ and BNJ will become shareholders of a Maryland corporation rather than shareholders of a Delaware statutory trust if the Reorganizations are completed. A more detailed description of the differences between Delaware statutory trust law and Maryland corporate law is contained in the Joint Proxy Statement/Prospectus under the heading *Governing Law*.

Each of the Acquiring Fund and BNJ has its Common Shares listed on the NYSE and BLJ has its Common Shares listed on the NYSE American. The Acquiring Fund and BLJ each has privately placed VRDP Shares outstanding. BNJ has privately placed VMTP Shares outstanding. Each Fund is managed by a team of investment professionals lead by Phillip Soccio and Theodore R. Jaeckel, Jr.

The investment objective, significant investment strategies and operating policies, and investment restrictions of the Combined Fund will be those of the Acquiring Fund, which are substantially similar (but not identical) as those of BLJ and BNJ.

*Investment Objective:* The investment objective of each of BLJ and BNJ is to provide current income exempt from regular federal income tax and New Jersey gross income tax. The investment objective of the Acquiring Fund is to provide shareholders with as high a level of current income exempt from federal income taxes and New Jersey personal income tax as is consistent with its investment policies and prudent investment management.

*New Jersey Municipal Bonds:* Below is a comparison of each Fund's policies with respect to municipal bonds, the interest of which is exempt from federal income tax and New Jersey gross income tax.

<b>BLJ</b>	<b>BNJ</b>	<b>The Acquiring Fund (MYJ)</b>
<p>As a fundamental policy, under normal market conditions, the Fund will invest at least 80% of its Managed Assets in municipal bonds, the interest of which is exempt from regular federal income tax and New Jersey gross income tax. Managed Assets means the total assets of the Fund (including any assets attributable to any preferred shares that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).</p>	<p>As a matter of fundamental policy, under normal market conditions, the Fund will invest at least 80% of its managed assets in investments the income from which is exempt from federal income tax and New Jersey gross income taxes (except that interest may be subject to the alternative minimum tax). For the purposes of the foregoing policy managed assets are the Fund's net assets plus borrowings for investment purposes.</p>	<p>The Fund seeks to achieve its investment objective by investing, as a fundamental policy, at least 80% of an aggregate of the Fund's net assets (including proceeds from the issuance of any preferred stock) and the proceeds of any borrowings for investment purposes, in a portfolio of municipal obligations issued by or on behalf of the State of New Jersey, its political subdivisions, agencies and instrumentalities and by other qualifying issuers, each of which pays interest that, in the opinion of bond counsel to the issuer, is excludable from gross income for federal income tax purposes (except that the interest may be includable in taxable income for purposes of the federal alternative minimum tax) and exempt from New Jersey personal income tax.</p>

**Table of Contents**

Investment Grade Securities: Below is a comparison of each Fund’s policy with respect to investment grade securities.

<b>BLJ</b>	<b>BNJ</b>	<b>The Acquiring Fund (MYJ)</b>
<p>The Fund will invest at least 80% of its Managed Assets in municipal bonds that at the time of investment are investment grade quality. The Fund may invest up to 20% of its Managed Assets in municipal bonds that at the time of investment are rated Ba/BB or B by Moody’s, S&amp;P or Fitch or bonds that are unrated but judged to be of comparable quality by the Fund’s investment advisor and/or sub-advisor.</p>	<p>Same as BLJ</p>	<p>Under normal market conditions, the Fund expects to invest primarily in a portfolio of long term Municipal Bonds that are commonly referred to as investment grade securities.</p>

Bond Maturity: Below is a comparison of each Fund’s policy with respect to bond maturity.

<b>BLJ</b>	<b>BNJ</b>	<b>The Acquiring Fund (MYJ)</b>
<p>The average maturity of the Fund’s portfolio securities varies from time to time based upon an assessment of economic and market conditions by the Investment Advisor. The Fund’s portfolio at any given time may include both long-term and intermediate-term municipal bonds.</p>	<p>Same as BLJ</p>	<p>Same as BLJ</p>

Leverage: Each Fund utilizes leverage through the issuance of either VRDP Shares or VMTP Shares and tender option bonds. See The Acquiring Fund’s Investments Leverage; General Risks of Investing in the Acquiring Fund Leverage Risk; and General Risks of Investing in the Acquiring Fund Tender Option Bond Risk. Each of BLJ and the Acquiring Fund currently leverages its assets through the use of VRDP Shares and tender option bonds. BNJ currently leverages its assets through the use of VMTP Shares and tender option bonds. The Acquiring Fund is expected to continue to leverage its assets through the use of VRDP Shares and tender option bonds after the Closing Date of the Reorganizations. Common shareholders of BNJ and BLJ will be subject to the terms and costs of the Acquiring Fund VRDP Shares after the consummation of the Reorganizations. Please see Information about the Preferred Shares of the Funds in the Joint Proxy Statement/Prospectus for additional information about the preferred shares of each Fund.

The annualized dividend rates for the preferred shares for each Fund’s most recent fiscal year end were as follows:

<b>Fund</b>	<b>Preferred Shares</b>	<b>Rate</b>
BLJ	VRDP Shares	1.64%
BNJ	VMTP Shares	1.63%
Acquiring Fund (MYJ)	VRDP Shares	1.61%

Please see below a comparison of certain important ratios related to (i) each Fund’s use of leverage as of November 30, 2017, (ii) the Combined Fund’s estimated use of leverage, assuming only the Reorganization of BLJ into the Acquiring Fund had taken place as of November 30, 2017, (iii) the Combined Fund’s estimated use of leverage, assuming only the Reorganization of BNJ into the Acquiring Fund had taken

**Table of Contents**

place as of November 30, 2017, and (iv) the Combined Fund's estimated use of leverage, assuming the Reorganizations of all the Funds had taken place as of November 30, 2017, which represents the most likely combination of the Reorganizations:

Ratios	BLJ	BNJ	Acquiring Fund (MYJ)	Pro Forma Combined Fund (BLJ into MYJ)	Pro Forma Combined Fund (BNJ into MYJ)	Pro Forma Combined Fund (BLJ and BNJ into MYJ)
Asset Coverage Ratio	295%	300%	323%	319%	315%	313%
Regulatory Leverage Ratio <sup>(1)</sup>	33.90%	33.31%	30.92%	31.35%	31.75%	31.96%
Effective Leverage Ratio <sup>(2)</sup>	40.50%	40.47%	39.54%	34.94%	34.50%	39.92%

- (1) Regulatory leverage consists of preferred shares issued by the Fund, which is a part of the Fund's capital structure. Regulatory leverage is sometimes referred to as 1940 Act Leverage and is subject to asset coverage limits set forth in the 1940 Act.
- (2) Effective leverage is a Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative investments in the Fund's portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings, in addition to any regulatory leverage, are included in effective leverage ratios.

**Q: How will the Reorganizations be effected?**

A: Assuming each Reorganization receives the requisite shareholder approvals, as well as certain consents, confirmations and/or waivers from various third parties, including the liquidity provider with respect to the outstanding VRDP Shares, and assuming the VMTP Refinancing is completed prior to the Closing Date of the BNJ Reorganization, the Acquiring Fund will acquire substantially all of BLJ's and BNJ's assets and assume substantially all of BLJ's and BNJ's liabilities in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund, which will be distributed to the shareholders of BLJ and BNJ (although cash may be distributed in lieu of fractional Common Shares). BLJ and BNJ will then terminate their registration under the 1940 Act and liquidate, dissolve and terminate in accordance with their respective Agreement and Declaration of Trust and Delaware law. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

Shareholders of BLJ and BNJ will become shareholders of the Acquiring Fund. Common shareholders of BLJ and BNJ will receive newly issued Common Shares of the Acquiring Fund, par value \$0.10 per share, the aggregate NAV (not the market value) of which will equal the aggregate NAV (not the market value) of the Common Shares of BLJ and BNJ such shareholders held immediately prior to the Closing Date (although common shareholders of BLJ and BNJ may receive cash for fractional Common Shares). The NAV of BLJ and BNJ and the Acquiring Fund immediately prior to the Closing Date will be reduced by the costs of the Reorganizations borne by each Fund, if any. The NAV of BLJ and BNJ Common Shares will not be diluted as a result of the Reorganizations. The common shareholders of each Fund have substantially similar voting rights and rights with respect to the payment of dividends and distribution of assets upon liquidation of their respective Fund and have no preemptive, conversion or exchange rights.

On the Closing Date of the Reorganizations, BLJ and BNJ VRDP Holders will receive on a one-for-one basis one newly issued Acquiring Fund VRDP Share, par value \$0.10 per share and with a liquidation preference of \$100,000 per share (plus any accumulated and unpaid dividends that have accrued on the BLJ or BNJ VRDP Shares up to and including the day immediately preceding the Closing Date of the Reorganizations if such dividends have not been paid prior to the Closing Date), in exchange for each BLJ or BNJ VRDP Share held by the BLJ or BNJ VRDP Holders immediately prior to the Closing Date. The newly issued Acquiring Fund VRDP Shares may be of the same series as the Acquiring Fund's Series W-7 VRDP Shares or a substantially identical series. No fractional Acquiring Fund VRDP Shares will be issued.

## **Table of Contents**

The terms of the Acquiring Fund VRDP Shares to be issued in connection with the Reorganizations will be substantially identical to the terms of the Acquiring Fund's outstanding VRDP Shares and will rank on a parity with the Acquiring Fund's outstanding VRDP Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

The newly issued Acquiring Fund VRDP Shares will be subject to the same special rate period (including the terms thereof) applicable to the outstanding Acquiring Fund VRDP Shares as of the Closing Date of the Reorganization. Such special rate period will terminate on June 20, 2018, unless extended. The Reorganizations will not result in any changes to the terms of the Acquiring Fund's VRDP Shares currently outstanding.

The newly issued Acquiring Fund VRDP Shares will have terms that are substantially identical to the terms of the BNJ VRDP Shares to be issued in connection with the VMTP Refinancing and the outstanding BLJ VRDP Shares, except that the newly issued Acquiring Fund VRDP Shares are expected to have a mandatory redemption date of May 1, 2041. BLJ VRDP Shares have a mandatory redemption date of July 1, 2042. The VRDP Shares of the Acquiring Fund and BLJ are currently in a one year special rate period that will end on June 20, 2018, unless extended. The terms applicable to the VRDP Shares of the Acquiring Fund and BLJ during the Special Rate Period are substantially identical. The BNJ VRDP Shares to be issued in connection with the VMTP Refinancing will also be subject to a special rate period and the terms of BNJ's VRDP Shares during such special rate period will be substantially identical to the terms of the Special Rate Period for the outstanding Acquiring Fund and BLJ VRDP Shares. The terms of the special rate period applicable to the newly issued Acquiring Fund VRDP Shares will be substantially identical to the terms of the special rate period applicable to the Funds' VRDP Shares as of the Closing Date of the Reorganization.

Shareholders of the Acquiring Fund will remain shareholders of the Acquiring Fund, which will have additional Common Shares and VRDP Shares outstanding after the Reorganizations.

### **Q: Will I have to pay any U.S. federal income taxes as a result of the Reorganizations?**

A: Each Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. If a Reorganization so qualifies, in general, common shareholders of BLJ and BNJ will recognize no gain or loss for U.S. federal income tax purposes upon the exchange of their BLJ and BNJ Shares for Acquiring Fund Shares pursuant to their Reorganization (except with respect to cash received in lieu of fractional Common Shares). Additionally, each of BLJ and BNJ will recognize no gain or loss for U.S. federal income tax purposes by reason of its Reorganization. Neither the Acquiring Fund nor its shareholders will recognize any gain or loss for U.S. federal income tax purposes pursuant to the Reorganizations.

Shareholders of each Fund may receive distributions prior to, or after, the consummation of the Reorganizations, including distributions attributable to their proportionate share of each Fund's undistributed net investment income declared prior to the consummation of the Reorganizations or the Combined Fund built-in gains, if any, recognized after the Reorganizations, when such income and gains are eventually distributed by the Combined Fund. To the extent that such a distribution is not an exempt interest dividend (as defined in the Code), the distribution may be taxable to shareholders for U.S. federal income tax purposes.

The Funds' shareholders should consult their own tax advisers regarding the U.S. federal income tax consequences of the Reorganizations, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax laws.

### **Q: Will I have to pay any sales load, commission or other similar fees in connection with the Reorganizations?**

A: You will pay no sales loads or commissions in connection with the Reorganizations. Regardless of whether the Reorganizations are completed, however, the costs associated with the Reorganizations, including the

## **Table of Contents**

costs associated with the Special Meeting, will be borne directly by each of the respective Funds incurring the expense or will otherwise be allocated among the Funds proportionately or on another reasonable basis as discussed more fully in the Joint Proxy Statement/Prospectus. Common shareholders of BLJ and BNJ will indirectly bear the costs of the Reorganizations. The expenses of the Reorganizations are estimated to be \$223,000 for BLJ and \$263,000 for BNJ. Additionally for BNJ, the costs of the VMTP Refinancing are estimated to be \$215,000. These costs will be amortized over the life of the VRDP Shares by the Combined Fund. Because of the expected expense savings and other anticipated benefits for each of BLJ and BNJ, the Investment Advisor recommended and the Board of BLJ and BNJ has approved that its respective Fund be responsible for its own reorganization expenses. The Investment Advisor will bear all of the Acquiring Fund's reorganization expenses, which are expected to be approximately \$290,000. The actual costs associated with the Reorganizations may be more or less than the estimated costs discussed herein.

VRDP Holders are not expected to bear any costs of the Reorganizations.

Neither the Funds nor the Investment Advisor will pay any expenses of shareholders arising out of or in connection with the Reorganizations (*e.g.*, expenses incurred by the shareholder as a result of attending the Special Meeting, voting on the Reorganizations or other action taken by the shareholder in connection with the Reorganizations).

### **Q: What shareholder approvals are required to complete the Reorganizations?**

A: The BLJ Reorganization is contingent upon the following approvals:

1. The approval of the BLJ Reorganization Agreement and the transactions contemplated therein, including the termination of BLJ's registration under the 1940 Act and the dissolution of BLJ under Delaware law, by BLJ's common shareholders and VRDP Holders voting as a single class;
2. The approval of the BLJ Reorganization Agreement and the transactions contemplated therein, including the termination of the BLJ's registration under the 1940 Act and the dissolution of BLJ under Delaware law, by BLJ VRDP Holders voting as a separate class;
3. The approval of the BLJ Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares, by Acquiring Fund VRDP Holders voting as a separate class; and
4. The approval of the Issuance with respect to the BLJ Reorganization by the Acquiring Fund's common shareholders and Acquiring Fund VRDP Holders voting as a single class.

The BNJ Reorganization is contingent upon the following approvals or actions:

1. The approval of the BNJ Reorganization Agreement and the transactions contemplated therein, including the termination of BNJ's registration under the 1940 Act and the dissolution of BNJ under Delaware law, by BNJ's common shareholders and VMTP Holders voting as a single class;
2. The approval of the BNJ Reorganization Agreement and the transactions contemplated therein, including the termination of BNJ's registration under the 1940 Act and the dissolution of BNJ under Delaware law, by BNJ VMTP Holders voting as a separate class;
- 3.

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The approval of the BNJ Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares, by Acquiring Fund VRDP Holders voting as a separate class; and

4. The approval of the Issuance with respect to the BNJ Reorganization by the Acquiring Fund's common shareholders and Acquiring Fund VRDP Holders voting as a single class.
5. The completion of the VMTP Refinancing.

## **Table of Contents**

The BNJ Reorganization is contingent upon the completion of the VMTP Refinancing. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

A Reorganization is not contingent upon the approval of the other Reorganization. If a Reorganization is not consummated, then the Fund for which such Reorganization(s) was not consummated would continue to exist and operate on a stand-alone basis.

If the requisite shareholder approvals for a Reorganization is not obtained, the Board of the Fund for which such Reorganization(s) were not consummated may take such actions as it deems in the best interests of the Fund, including conducting additional solicitations with respect to the Reorganization(s) or continuing to operate the Fund as a stand-alone Delaware statutory trust (or, with respect to the Acquiring Fund, a Maryland corporation) registered under the 1940 Act as a non-diversified closed-end management investment company advised by the Investment Advisor. The Investment Advisor may, in connection with the ongoing management of the Fund and its product line, recommend alternative proposals to the Board of the Fund.

In order for the Reorganizations to occur, each Fund must obtain all requisite shareholder approvals with respect to the Reorganizations, as well as certain consents, confirmations and/or waivers from various third parties, including the liquidity provider with respect to the outstanding VRDP Shares. Because the closing of each Reorganization is contingent upon the applicable Fund and the Acquiring Fund obtaining the requisite shareholder approvals and third party consents and satisfying (or obtaining the waiver of) other closing conditions, it is possible that a Reorganization will not occur, or that only one of BLJ or BNJ will be reorganized into the Acquiring Fund, even if shareholders of a Fund entitled to vote on the Reorganization approve the Reorganization and such Fund satisfies all of its closing conditions, if the other Fund does not obtain its requisite shareholder approvals or satisfy its closing conditions.

The preferred shares were issued on a private placement basis to one or a small number of institutional holders. Please see Information about the Preferred Shares of the Funds for additional information. To the extent that one or more preferred shareholder of BLJ, BNJ or the Acquiring Fund owns, holds or controls, individually or in the aggregate, all or a significant portion of such Fund's outstanding preferred shares, the preferred shareholder approval required for a Reorganization may turn on the exercise of voting rights by such particular preferred shareholder(s) and its (or their) determination as to the favorability of the Reorganization with respect to its (or their) interests. The Funds exercise no influence or control over the determinations of such preferred shareholder(s) with respect to the Reorganization; there is no guarantee that such preferred shareholder(s) will approve the Reorganization, over which it (or they) may exercise effective disposition power.

### **Q: Why is the vote of shareholders of the Acquiring Fund being solicited in connection with the Reorganizations?**

A: The rules of the New York Stock Exchange (on which the Acquiring Fund Common Shares are listed) require the Acquiring Fund's shareholders to approve each Issuance with respect to a Reorganization. If the Issuance with respect to a Reorganization is not approved, then the corresponding Reorganization will not occur.

We are also seeking the approval of each Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares, by the Acquiring Fund VRDP Holders voting as a separate class pursuant to the governing document of the Acquiring Fund VRDP Shares. If Acquiring Fund VRDP Holders do not approve a Reorganization Agreement as a separate class, then the corresponding Reorganization will not occur.

**Table of Contents**

**Q: How does the Board of my Fund suggest that I vote?**

A: After careful consideration, the Board of your Fund unanimously recommends that you vote **FOR** the proposal(s) relating to your Fund.

**Q: How do I vote my proxy?**

A: Shareholders of record of each Fund as of the close of business on January 29, 2018 are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof. You may cast your vote by mail, phone, internet or in person at the Special Meeting. To vote by mail, please mark your vote on the enclosed proxy card and sign, date and return the card in the postage-paid envelope provided.

If you choose to vote by phone or internet, please refer to the instructions found on the proxy card accompanying the Joint Proxy Statement/Prospectus. To vote by phone or internet, you will need the control number that appears on the proxy card.

If you plan to attend the Special Meeting in person, in order to gain admission you must show valid photographic identification, such as your driver's license or passport. If you hold your Shares of a Fund through a bank, broker or other nominee, and plan to attend the Special Meeting in person, in order to gain admission you must show valid photographic identification, such as your driver's license or passport, and satisfactory proof of ownership of Shares in a Fund, such as your voting instruction form (or a copy thereof) or a letter from your bank, broker or other nominee or broker's statement indicating ownership as of January 29, 2018. If you hold your Shares of a Fund in a brokerage account or through a bank or other nominee, you will not be able to vote in person at the Special Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Special Meeting. Even if you plan to attend the Special Meeting, please promptly follow the enclosed instructions to submit voting instructions by telephone or via the Internet. Alternatively, you may submit voting instructions by signing and dating each proxy card you receive, and if received by mail, returning it in the accompanying postage-paid return envelope.

**Q: Whom do I contact for further information?**

A: You may contact your financial advisor for further information. You may also call Georgeson, LLC, the Funds' proxy solicitor, at [ ].

**Table of Contents**

**BLACKROCK MUNIYIELD NEW JERSEY FUND, INC.**

**BLACKROCK NEW JERSEY MUNICIPAL BOND TRUST**

**BLACKROCK NEW JERSEY MUNICIPAL INCOME TRUST**

**100 Bellevue Parkway**

**Wilmington, Delaware 19809**

**(800) 882-0052**

**NOTICE OF JOINT SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MARCH 28, 2018**

Notice is hereby given that a joint special meeting of shareholders (the *Special Meeting*) of BlackRock New Jersey Municipal Bond Trust (NYSE American Ticker: BLJ) ( *BLJ* ), BlackRock New Jersey Municipal Income Trust (NYSE Ticker: BNJ) ( *BNJ* ) and BlackRock MuniYield New Jersey Fund, Inc. (NYSE Ticker: MYJ) ( *MYJ* or the *Acquiring Fund*, and together with BLJ and BNJ, the *Funds*, and each, a *Fund* ) will be held at the offices of BlackRock Advisors, LLC, 1 University Square Drive, Princeton, New Jersey 08540-6455, on March 28, 2018 at [ ] (Eastern time) for the following purposes:

**Proposal 1: The Reorganizations of the Funds**

*For Shareholders of BLJ:*

*Proposal 1(A):* The holders of common shares of beneficial interest or shares of common stock, as applicable ( *Common Shares* ) and holders of Variable Rate Demand Preferred Shares ( *VRDP Shares* ) of BLJ are being asked to vote as a single class on a proposal to approve an Agreement and Plan of Reorganization between BLJ and the Acquiring Fund (the *BLJ Reorganization Agreement* ), pursuant to which (i) the Acquiring Fund will acquire substantially all of BLJ's assets and assume substantially all of BLJ's liabilities in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund, which will be distributed to the common shareholders (although cash may be distributed in lieu of fractional Common Shares) and holders of VRDP Shares ( *VRDP Holders* ), respectively, of BLJ, and (ii) BLJ will terminate its registration under the Investment Company Act of 1940, as amended (the *1940 Act* ), and liquidate, dissolve and terminate in accordance with its Agreement and Declaration of Trust and Delaware law.

*Proposal 1(B):* The VRDP Holders of BLJ are being asked to vote as a separate class on a proposal to approve the BLJ Reorganization Agreement and the transactions contemplated therein, including the termination of BLJ's registration under the 1940 Act and the dissolution of BLJ under Delaware law.

*For Shareholders of BNJ:*

*Proposal 1(C):* The holders of Common Shares and holders of Variable Rate Muni Term Preferred Shares ( *VMTP Shares* ) of BNJ are being asked to vote as a single class on a proposal to approve an Agreement and Plan of Reorganization between BNJ and the Acquiring Fund (the *BNJ Reorganization Agreement* ). If the BNJ Reorganization Agreement is approved, prior to the effective date of the BNJ Reorganization (defined herein), it is expected that BNJ will issue VRDP Shares with terms substantially identical to the terms of the outstanding Acquiring Fund's VRDP Shares and use the proceeds from such issuance to redeem all of BNJ's outstanding VMTP Shares (the *VMTP Refinancing* ). If the VMTP Refinancing is not completed prior to the effective date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated. If the VMTP Refinancing is completed prior to the effective date of the BNJ Reorganization, pursuant to the BNJ Reorganization Agreement (i) the Acquiring Fund will acquire substantially all of BNJ's assets and assume substantially all of BNJ's liabilities in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund, which will be distributed to the common shareholders (although cash may be distributed in lieu of fractional Common Shares) and VRDP Holders, respectively, of BNJ, and (ii) BNJ will terminate its registration under the 1940 Act, and liquidate, dissolve and terminate in accordance with its Agreement and Declaration of Trust and Delaware law.

## **Table of Contents**

*Proposal 1(D):* The holders of BNJ's VMTP Shares are being asked to vote as a separate class on a proposal to approve the BNJ Reorganization Agreement and the transactions contemplated therein, including the termination of BNJ's registration under the 1940 Act and the dissolution of BNJ under Delaware law (the BNJ Reorganization).

*For Shareholders of the Acquiring Fund:*

*Proposal 1(E):* The VRDP Holders of the Acquiring Fund are being asked to vote as a separate class on a proposal to approve the BLJ Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares.

*Proposal 1(F):* The VRDP Holders of the Acquiring Fund are being asked to vote as a separate class on a proposal to approve the BNJ Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares.

### **Proposal 2: The Issuance of Additional Acquiring Fund Common Shares**

*Proposal 2(a):* The common shareholders and VRDP Holders of the Acquiring Fund are being asked to vote as a single class on a proposal to approve the issuance of additional Common Shares of the Acquiring Fund in connection with the BLJ Reorganization Agreement.

*Proposal 2(b):* The common shareholders and VRDP Holders of the Acquiring Fund are being asked to vote as a single class on a proposal to approve the issuance of additional Common Shares of the Acquiring Fund in connection with the BNJ Reorganization Agreement.

The BNJ Reorganization is contingent upon the completion of the VMTP Refinancing. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

A Reorganization is not contingent upon the approval of the other Reorganization. If a Reorganization is not consummated, then the Fund for which such Reorganization(s) was not consummated would continue to exist and operate on a stand-alone basis.

Shareholders of record of each Fund as of the close of business on January 29, 2018 are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof.

The Funds are soliciting the vote of their common shareholders on Proposal 1(A), Proposal 1(C) and Proposal 2 through a Joint Proxy Statement/Prospectus.

Each Fund is separately soliciting the votes of its respective preferred shareholders on Proposal 1 and Proposal 2 through a separate Proxy Statement and not through the Joint Proxy Statement/Prospectus.

The officers, directors or trustees of each Fund named as proxies by shareholders may participate in the Special Meeting by remote communications, including, without limitation, by means of a conference telephone or similar communications equipment by means of which all persons participating in the Special Meeting can hear and be heard by each other, and the participation of such officers, directors or trustees in the Special Meeting pursuant to any such communications system shall constitute presence in person at the Special Meeting.

**THE BOARD OF TRUSTEES OR DIRECTORS, AS APPLICABLE, (EACH, A BOARD ) OF EACH OF THE FUNDS RECOMMENDS THAT YOU VOTE YOUR SHARES BY INDICATING YOUR VOTING INSTRUCTIONS ON THE ENCLOSED PROXY CARD, DATING AND SIGNING SUCH PROXY CARD AND RETURNING IT IN THE ENVELOPE PROVIDED, WHICH IS ADDRESSED FOR YOUR CONVENIENCE AND NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES, OR BY RECORDING YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET.**

**Table of Contents**

**THE BOARD OF BLJ UNANIMOUSLY RECOMMENDS THAT COMMON SHAREHOLDERS OF BLJ CAST THEIR VOTE:**

**FOR THE BLJ REORGANIZATION AGREEMENT AS DESCRIBED IN THE JOINT PROXY STATEMENT/ PROSPECTUS.  
THE BOARD OF BNJ UNANIMOUSLY RECOMMENDS THAT COMMON SHAREHOLDERS OF BNJ CAST THEIR VOTE:**

**FOR THE BNJ REORGANIZATION AGREEMENT AS DESCRIBED IN THE JOINT PROXY STATEMENT/ PROSPECTUS.  
THE BOARD OF THE ACQUIRING FUND UNANIMOUSLY RECOMMENDS THAT COMMON SHAREHOLDERS OF THE  
ACQUIRING FUND CAST THEIR VOTE:**

**FOR THE ISSUANCE OF ADDITIONAL COMMON SHARES IN CONNECTION WITH THE BLJ REORGANIZATION  
AGREEMENT AS DESCRIBED IN THE JOINT PROXY STATEMENT/ PROSPECTUS.**

**FOR THE ISSUANCE OF ADDITIONAL COMMON SHARES IN CONNECTION WITH THE BNJ REORGANIZATION  
AGREEMENT AS DESCRIBED IN THE JOINT PROXY STATEMENT/ PROSPECTUS.  
IN ORDER TO AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION, WE ASK THAT YOU MAIL YOUR  
PROXY CARD OR RECORD YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET PROMPTLY.**

For the Board of each Fund

JOHN M. PERLOWSKI

*President and Chief Executive Officer of the Funds*

[ ], 2018

**YOUR VOTE IS IMPORTANT.**

**PLEASE VOTE PROMPTLY BY SIGNING AND RETURNING THE ENCLOSED PROXY CARD OR BY RECORDING YOUR  
VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET, NO MATTER HOW MANY SHARES YOU OWN.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE JOINT SPECIAL MEETING OF  
SHAREHOLDERS TO BE HELD ON MARCH 28, 2018.**

**THE PROXY STATEMENT FOR THIS MEETING IS AVAILABLE AT:**

[ ]

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**Table of Contents**

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

**SUBJECT TO COMPLETION, DATED DECEMBER 6, 2017**

**Joint Proxy Statement/Prospectus**

**BLACKROCK MUNIYIELD NEW JERSEY FUND, INC.**

**BLACKROCK NEW JERSEY MUNICIPAL BOND TRUST**

**BLACKROCK NEW JERSEY MUNICIPAL INCOME TRUST**

**100 Bellevue Parkway**

**Wilmington, Delaware 19809**

**(800) 882-0052**

This Joint Proxy Statement/Prospectus is furnished to you as a common shareholder of BlackRock New Jersey Municipal Bond Trust (NYSE American Ticker: BLJ) ( BLJ ), BlackRock New Jersey Municipal Income Trust (NYSE Ticker: BNJ)( BNJ ) and/or BlackRock MuniYield New Jersey Fund, Inc. (NYSE Ticker: MYJ) ( MYJ or the Acquiring Fund and together with BLJ and BNJ, the Funds, each, a Fund ) in connection with the solicitation of proxies by each Fund's Board of Directors or Board of Trustees, as applicable (the Board, the members of which are referred to as Board Members ). The proxies will be voted at the joint special meeting of the shareholders of each Fund and at any and all adjournments, postponements and delays thereof (the Special Meeting ). The Special Meeting will be held at the offices of BlackRock Advisors, LLC (the Investment Advisor ), 1 University Square Drive, Princeton, New Jersey 08540-6455, on March 28, 2018 at [ ] (Eastern time) to consider the proposals set forth below and discussed in greater detail elsewhere in this Joint Proxy Statement/Prospectus. If you are unable to attend the Special Meeting or any adjournment or postponement thereof, the Board of Trustees or Board of Directors, as applicable, of your Fund (the Board ) recommends that you vote your common shares of beneficial interest or shares of common stock, as applicable ( Common Shares ), by completing and returning the enclosed proxy card or by recording your voting instructions by telephone or via the internet. The approximate mailing date of this Joint Proxy Statement/Prospectus and accompanying form of proxy is February 9, 2018. It is expected that the effective date (the Closing Date ) of the Reorganizations will be sometime during the second quarter of 2018, but it may be at a different time as described herein.

The purposes of the Special Meeting are:

**Proposal 1: The Reorganizations of the Funds**

*For Shareholders of BLJ:*

*Proposal 1(A):* The common shareholders and holders of Variable Rate Demand Preferred Shares ( VRDP Shares ) of BLJ are being asked to vote as a single class on a proposal to approve an Agreement and Plan of Reorganization between BLJ and the Acquiring Fund (the BLJ Reorganization Agreement ), pursuant to which (i) the Acquiring Fund will acquire substantially all of BLJ's assets and assume substantially all of BLJ's liabilities in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund, which will be distributed to BLJ's common shareholders (although cash may be distributed in lieu of fractional Common Shares) and holders of VRDP Shares ( VRDP Holders ), respectively, and (ii) BLJ will terminate its registration under the Investment Company Act of 1940, as amended (the 1940 Act ), and liquidate, dissolve and terminate in accordance with its Agreement and Declaration of Trust and Delaware law.

## **Table of Contents**

*Proposal 1(B):* The VRDP Holders of BLJ are being asked to vote as a separate class on a proposal to approve the BLJ Reorganization Agreement and the transactions contemplated therein, including the termination of BLJ's registration under the 1940 Act and the dissolution of BLJ under Delaware law (the BLJ Reorganization).

*For Shareholders of BNJ:*

*Proposal 1(C):* The holders of Common Shares and holders of Variable Rate Muni Term Preferred Shares (VMTP Shares) of BNJ are being asked to vote as a single class on a proposal to approve an Agreement and Plan of Reorganization between BNJ and the Acquiring Fund (the BNJ Reorganization Agreement). If the BNJ Reorganization Agreement is approved, prior to the BNJ Reorganization, it is expected that all of the VMTP Shares of BNJ will be refinanced into BNJ VRDP Shares with terms substantially identical to those of the Acquiring Fund's VRDP Shares. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated. If the VMTP Refinancing is completed prior to the Closing Date of the BNJ Reorganization, pursuant to the BNJ Reorganization Agreement (i) the Acquiring Fund will acquire substantially all of BNJ's assets and assume substantially all of BNJ's liabilities in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund, which will be distributed to the common shareholders and VRDP Holders, respectively, of BNJ (although cash may be distributed in lieu of fractional Common Shares), and (ii) BNJ will terminate its registration under the 1940 Act, and liquidate, dissolve and terminate in accordance with its Agreement and Declaration of Trust and Delaware law.

*Proposal 1(D):* The holders of BNJ's VMTP Shares (VMTP Holders) are being asked to vote as a separate class on a proposal to approve the BNJ Reorganization Agreement and the transactions contemplated therein, including the termination of BNJ's registration under the 1940 Act and the dissolution of BNJ under Delaware law (the BNJ Reorganization).

The BNJ Reorganization is contingent upon the completion of the VMTP Refinancing. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

*For Shareholders of the Acquiring Fund:*

*Proposal 1(E):* The VRDP Holders of the Acquiring Fund are being asked to vote as a separate class on a proposal to approve the BLJ Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares.

*Proposal 1(F):* The VRDP Holders of the Acquiring Fund are being asked to vote as a separate class on a proposal to approve the BNJ Reorganization Agreement and the transactions contemplated therein, including the issuance of additional Acquiring Fund VRDP Shares.

## **Proposal 2: The Issuance of Additional Acquiring Fund Common Shares**

*Proposal 2(A):* The common shareholders and VRDP Holders of the Acquiring Fund are being asked to vote as a single class on a proposal to approve the issuance of additional Common Shares of the Acquiring Fund in connection with the BLJ Reorganization Agreement (the BLJ Issuance).

*Proposal 2(B):* The common shareholders and VRDP Holders of the Acquiring Fund are being asked to vote as a single class on a proposal to approve the issuance of additional Common Shares of the Acquiring Fund in connection with the BNJ Reorganization Agreement (the BNJ Issuance) and together with the BLJ Issuance, each, an Issuance).

The BNJ Reorganization is contingent upon the completion of the VMTP Refinancing. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

## **Table of Contents**

A Reorganization is not contingent upon the approval of the other Reorganization. If a Reorganization is not consummated, then the Fund for which such Reorganization(s) was not consummated would continue to exist and operate on a stand-alone basis.

The Board of each Fund has determined that including these proposals in one Proxy Statement will reduce costs and is in the best interest of each Fund's shareholders.

Distribution to the shareholders of this Proxy Statement and the accompanying materials, or a Notice of Internet Availability of Proxy Materials, will commence on or about February 9, 2018.

Shareholders of record of each Fund as of the close of business on January 29, 2018 (the Record Date) are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof.

Shareholders of each Fund are entitled to one vote for each Common Share, VRDP Share or VMTP Share, as applicable (each, a Share), held, with no Shares having cumulative voting rights. Preferred shareholders of each Fund will have equal voting rights with the common shareholders of such Fund with respect to the proposals that require the vote of the Fund's VRDP Shares or VMTP Shares and Common Shares as a single class. The quorum and voting requirements for each Fund are described in the section herein entitled Voting Information and Requirements.

This Joint Proxy Statement/Prospectus is only being delivered to the common shareholders of each Fund. Each Fund is separately soliciting the votes of its respective preferred shareholders on each of the foregoing proposals that require the vote of preferred shareholders through a separate proxy statement and not through this Joint Proxy Statement/Prospectus.

Each Reorganization Agreement that BLJ or BNJ shareholders are being asked to consider involves transactions, including an Issuance, that will be referred to in this Joint Proxy Statement/Prospectus as each, a Reorganization and collectively, the Reorganizations. The Fund surviving the Reorganizations is referred to herein as the Combined Fund.

BLJ and BNJ are each organized as a Delaware statutory trust. The Acquiring Fund is organized as a Maryland corporation. Each Fund is a non-diversified closed-end management investment company registered under the 1940 Act. The Reorganizations seek to achieve certain economies of scale and other operational efficiencies by combining three Funds that have substantially similar (but not identical) investment objectives, investment policies and investment restrictions.

In the Reorganizations, the Acquiring Fund will acquire substantially all of the assets and assume substantially all of the liabilities of BLJ and BNJ in exchange solely for newly issued Common Shares and VRDP Shares of the Acquiring Fund in the form of book entry interests. The Acquiring Fund will list the newly issued Common Shares on the New York Stock Exchange (NYSE). Such newly issued Acquiring Fund Shares will be distributed to BLJ and BNJ shareholders (although cash may be distributed in lieu of fractional Common Shares) and each of BLJ and BNJ will terminate its registration under the 1940 Act and liquidate, dissolve and terminate in accordance with its respective Agreement and Declaration of Trust and Delaware law. The Acquiring Fund will continue to operate after the Reorganizations as a registered, non-diversified, closed-end management investment company with the investment objective, investment policies and investment restrictions described in this Joint Proxy Statement/Prospectus.

As a result of the Reorganizations, each common shareholder of BLJ and BNJ will own Acquiring Fund Common Shares that (except for cash payments received in lieu of fractional Common Shares) will have an aggregate net asset value (NAV) (not the market value) immediately after the Closing Date equal to the aggregate NAV (not the market value) of that shareholder's BLJ or BNJ Common Shares immediately prior to the effective date of the Reorganizations (the Closing Date). The NAV of BLJ and BNJ and the Acquiring

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## **Table of Contents**

Fund immediately prior to the Closing Date will be reduced by the costs of the Reorganizations borne by each Fund, if any. The value of each Fund's net assets will be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all outstanding VRDP Shares of such Fund.

Each outstanding VRDP Share of BLJ and BNJ will, without any action on the part of the holder thereof, be exchanged for one newly issued VRDP Share of the Acquiring Fund. The newly issued Acquiring Fund VRDP Shares will have terms that are substantially identical to the terms of the BNJ VRDP Shares to be issued in connection with the VMTP Refinancing and the outstanding BLJ VRDP Shares, except that the newly issued Acquiring Fund VRDP Shares are expected to have a mandatory redemption date of May 1, 2041. BLJ VRDP Shares have a mandatory redemption date of July 1, 2042. The terms of the Acquiring Fund VRDP Shares to be issued in connection with the Reorganizations will be substantially identical to the terms of the Acquiring Fund's outstanding VRDP Shares and will rank on a parity with the Acquiring Fund's outstanding VRDP Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The newly issued Acquiring Fund VRDP Shares will be subject to the same special rate period (including the terms thereof) applicable to the outstanding Acquiring Fund VRDP Shares as of the Closing Date of the Reorganization. Such special rate period will terminate on June 20, 2018, unless extended. The Reorganizations will not result in any changes to the terms of the Acquiring Fund's VRDP Shares currently outstanding.

If the requisite shareholder approvals for a Reorganization are not obtained, the Board of the Fund for which such Reorganization(s) was not consummated may take such actions as it deems in the best interests of the Fund, including conducting additional solicitations with respect to the Reorganization(s) or continuing to operate the Fund as a stand-alone Delaware statutory trust (or, with respect to the Acquiring Fund, a Maryland corporation) registered under the 1940 Act as a non-diversified closed-end management investment company advised by the Investment Advisor. The Investment Advisor may, in connection with the ongoing management of the Fund and its product line, recommend alternative proposals to the Board of the Fund.

The Fund(s) in which you owned Shares on the Record Date is named on the proxy card or Notice of Internet Availability of Proxy Materials. If you owned Shares in more than one Fund on the Record Date, you may receive more than one proxy card. Even if you plan to attend the Special Meeting, please sign, date and return EACH proxy card you receive or, if you provide voting instructions by telephone or via the Internet, please vote on each proposal affecting EACH Fund you own. If you vote by telephone or via the Internet, you will be asked to enter a unique code that has been assigned to you, which is printed on your proxy card(s) or Notice of Internet Availability of Proxy Materials, as applicable. This code is designed to confirm your identity, provide access into the voting website and confirm that your voting instructions are properly recorded.

All properly executed proxies received prior to the Special Meeting will be voted in accordance with the instructions marked thereon or otherwise as provided therein. On any matter coming before the Special Meeting as to which a shareholder has specified a choice on that shareholder's proxy, the Shares will be voted accordingly. If a proxy card is properly executed and returned and no choice is specified with respect to a proposal, the Shares will be voted FOR the proposal. Shareholders who execute proxies or provide voting instructions by telephone or via the Internet may revoke them with respect to a proposal at any time before a vote is taken on the proposal by filing with the applicable Fund a written notice of revocation (addressed to the Secretary of the Fund at the principal executive offices of the Fund at the New York address provided herein), by delivering a duly executed proxy bearing a later date or by attending the Special Meeting and voting in person by ballot, in all cases prior to the exercise of the authority granted in the proxy card. Merely attending the Special Meeting, however, will not revoke any previously executed proxy. If you hold Shares through a bank or other intermediary, please consult your bank or intermediary regarding your ability to revoke voting instructions after such instructions have been provided.

**If you are a record holder of a Fund's Shares and plan to attend the Special Meeting in person, in order to gain admission you must show valid photographic identification, such as your driver's license or**

## Table of Contents

passport. If you hold your Shares of a Fund through a bank, broker or other nominee, and plan to attend the Special Meeting in person, in order to gain admission you must show valid photographic identification, such as your driver's license or passport, and satisfactory proof of ownership of Shares in a Fund, such as your voting instruction form (or a copy thereof) or a letter from your bank, broker or other nominee or broker's statement indicating ownership as of the Record Date. If you hold your Shares of a Fund in a brokerage account or through a bank or other nominee, you will not be able to vote in person at the Special Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Special Meeting. Even if you plan to attend the Special Meeting, please promptly follow the enclosed instructions to submit voting instructions by telephone or via the Internet. Alternatively, you may submit voting instructions by signing and dating each proxy card you receive, and if received by mail, returning it in the accompanying postage-paid return envelope.

For directions to the Special Meeting, please contact Georgeson, LLC, the firm assisting us in the solicitation of proxies, at [ ].

This Joint Proxy Statement/Prospectus sets forth concisely the information that common shareholders of each Fund should know before voting on the proposals set forth herein. Please read it carefully and retain it for future reference. A Statement of Additional Information, dated [ ], relating to this Joint Proxy Statement/Prospectus (the Statement of Additional Information) has been filed with the United States Securities and Exchange Commission (the SEC) and is incorporated herein by reference. Copies of each Fund's most recent annual report and semi-annual report can be obtained on a website maintained by BlackRock, Inc. (BlackRock) at [www.blackrock.com](http://www.blackrock.com). In addition, each Fund will furnish, without charge, a copy of the Statement of Additional Information, or its most recent annual report or semi-annual report to any shareholder upon request. Any such request should be directed to BlackRock by calling (800) 882-0052 or by writing to the respective Fund at 100 Bellevue Parkway, Wilmington, Delaware 19809. The Statement of Additional Information and the annual and semi-annual reports of each Fund are available on the EDGAR Database on the SEC's website at [www.sec.gov](http://www.sec.gov). The address of the principal executive offices of the Funds is 100 Bellevue Parkway, Wilmington, Delaware 19809, and the telephone number is (800) 882-0052.

Each Fund is subject to the informational requirements of the Securities Exchange Act of 1934 (the Exchange Act) and the 1940 Act and, in accordance therewith, file reports, proxy statements, proxy materials and other information with the SEC. Materials filed with the SEC can be reviewed and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or downloaded from the SEC's website at [www.sec.gov](http://www.sec.gov). Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at (202) 551-8090. You may also request copies of these materials, upon payment at the prescribed rates of a duplicating fee, by electronic request to the SEC's e-mail address ([publicinfo@sec.gov](mailto:publicinfo@sec.gov)) or by writing the Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549-0102. Reports, proxy statements and other information concerning the Funds may also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

BlackRock updates performance information and certain other data for the Funds on a monthly basis on its website in the Closed-End Funds section of [www.blackrock.com](http://www.blackrock.com) as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Funds. References to BlackRock's website are intended to allow investors public access to information regarding the Funds and do not, and are not intended to, incorporate BlackRock's website in this Joint Proxy Statement/Prospectus.

Please note that only one copy of shareholder documents, including annual or semi-annual reports and proxy materials, may be delivered to two or more shareholders of the Funds who share an address, unless the Funds have received instructions to the contrary. This practice is commonly called householding and it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. To request a separate copy of any

**Table of Contents**

shareholder document or for instructions as to how to request a separate copy of these documents or as to how to request a single copy if multiple copies of these documents are received, shareholders should contact the respective Fund at the address and phone number set forth above.

Each Fund is a non-diversified closed-end management investment company registered under the 1940 Act. The Common Shares of BlackRock MuniYield New Jersey Fund, Inc. are listed on the NYSE under the ticker symbol MYJ and will continue to be so listed after the completion of the Reorganizations. The Common Shares of BlackRock New Jersey Municipal Bond Trust are listed on the NYSE American under the ticker symbol BLJ and the Common Shares of BlackRock New Jersey Municipal Income Trust are listed on the NYSE under the ticker symbol BNJ.

This Joint Proxy Statement/Prospectus serves as a prospectus of the Acquiring Fund in connection with each Issuance. No person has been authorized to give any information or make any representation not contained in this Joint Proxy Statement/Prospectus and, if so given or made, such information or representation must not be relied upon as having been authorized. This Joint Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

**THE SEC HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**The date of this Joint Proxy Statement/Prospectus is [ ].**

**Table of Contents**

**TABLE OF CONTENTS**

<u>SUMMARY</u>	1
<u>EXPENSE TABLE FOR COMMON SHAREHOLDERS</u>	17
<u>RISK FACTORS AND SPECIAL CONSIDERATIONS</u>	20
<u>INFORMATION ABOUT THE REORGANIZATIONS</u>	49
<u>THE FUNDS</u>	66
<u>THE ACQUIRING FUND'S INVESTMENTS</u>	66
<u>COMPARISON OF THE FUNDS' INVESTMENTS</u>	91
<u>MANAGEMENT OF THE FUNDS</u>	95
<u>INFORMATION ABOUT THE COMMON SHARES OF THE FUNDS</u>	99
<u>INFORMATION ABOUT THE PREFERRED SHARES OF THE FUNDS</u>	102
<u>FINANCIAL HIGHLIGHTS</u>	109
<u>DIVIDENDS AND DISTRIBUTIONS</u>	118
<u>AUTOMATIC DIVIDEND REINVESTMENT PLAN</u>	121
<u>CERTAIN PROVISIONS OF THE DECLARATIONS OF TRUST, CHARTER AND BYLAWS</u>	123
<u>GOVERNING LAW</u>	125
<u>CONVERSION TO OPEN-END FUND</u>	126
<u>CAPITALIZATION TABLE</u>	127
<u>VOTING RIGHTS</u>	128
<u>APPRAISAL RIGHTS</u>	128
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE REORGANIZATIONS</u>	129
<u>VOTING INFORMATION AND REQUIREMENTS</u>	132
<u>SHAREHOLDER INFORMATION</u>	135
<u>SHAREHOLDER PROPOSALS</u>	135
<u>SOLICITATION OF PROXIES</u>	136
<u>LEGAL MATTERS</u>	136
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	136
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	136
<u>OTHER MATTERS WITH RESPECT TO THE MEETING</u>	137
<u>ADJOURNMENTS AND POSTPONEMENTS</u>	137
<u>PRIVACY PRINCIPLES OF THE FUNDS</u>	138
<u>OTHER INFORMATION</u>	138

**Table of Contents**

**SUMMARY**

*The following is a summary of certain information contained elsewhere in this Joint Proxy Statement/Prospectus and in the Statement of Additional Information and is qualified in its entirety by reference to the more complete information contained in this Joint Proxy Statement/Prospectus and in the Statement of Additional Information. Shareholders should read the entire Joint Proxy Statement/Prospectus carefully.*

**The Reorganizations**

Assuming all of the Reorganizations receive the requisite shareholder approvals and the VMTP Refinancing is completed prior to the Closing Date of the BNJ Reorganization, as well as certain consents, confirmations and/or waivers from various third parties, including the liquidity provider with respect to the outstanding VRDP Shares, the Acquiring Fund will acquire substantially all of the assets and assume substantially all of the liabilities of BLJ and BNJ in exchange solely for newly issued Acquiring Fund Shares in the form of book entry interests. The Acquiring Fund will list the newly issued Common Shares on the NYSE. Such newly issued Acquiring Fund Shares will be distributed to BLJ and BNJ shareholders (although cash may be distributed in lieu of fractional Common Shares) and each of BLJ and BNJ will terminate its registration under the 1940 Act and liquidate, dissolve and terminate in accordance with its respective Agreement and Declaration of Trust and Delaware law. The Acquiring Fund will continue to operate after the Reorganizations as a registered, non-diversified, closed-end management investment company with the investment objective, investment policies and investment restrictions described in this Joint Proxy Statement/Prospectus.

As a result of the Reorganizations, each common shareholder of BLJ and BNJ will own Acquiring Fund Common Shares that (except for cash payments received in lieu of fractional Common Shares) will have an aggregate NAV (not the market value) immediately after the Closing Date equal to the aggregate NAV (not the market value) of that shareholder's BLJ or BNJ Common Shares immediately prior to the Closing Date. The NAV of BLJ and BNJ and the Acquiring Fund immediately prior to the Closing Date will be reduced by the costs of the Reorganizations borne by each Fund, if any. The value of each Fund's net assets will be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all outstanding VRDP Shares of such Fund.

If the BNJ Reorganization Agreement is approved, prior to the Closing Date, it is expected that BNJ will issue VRDP Shares with terms substantially identical to the terms of the outstanding Acquiring Fund's VRDP Shares and use the proceeds from such issuance to redeem all of BNJ's outstanding VMTP Shares (the VMTP Refinancing). If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

**Table of Contents**

On the Closing Date of the Reorganizations, each outstanding VRDP Share of BLJ and BNJ will, without any action on the part of the holder thereof, be exchanged for one newly issued VRDP Share of the Acquiring Fund. The terms of the Acquiring Fund VRDP Shares to be issued in connection with the Reorganizations will be substantially identical to the terms of the Acquiring Fund's outstanding VRDP Shares and will rank on a parity with the Acquiring Fund's outstanding VRDP Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The newly issued Acquiring Fund VRDP Shares will be subject to the same special rate period (including the terms thereof) applicable to the outstanding Acquiring Fund VRDP Shares as of the Closing Date of the Reorganization. Such special rate period will terminate on June 20, 2018, unless extended. The Reorganizations will not result in any changes to the terms of the Acquiring Fund's VRDP Shares currently outstanding.

The newly issued Acquiring Fund VRDP Shares will have terms that are substantially identical to the terms of the BNJ VRDP Shares to be issued in connection with the VMTP Refinancing and the outstanding BLJ VRDP Shares, except that the newly issued Acquiring Fund VRDP Shares are expected to have a mandatory redemption date of May 1, 2041. BLJ VRDP Shares have a mandatory redemption date of July 1, 2042. The VRDP Shares of the Acquiring Fund and BLJ are currently in a one year special rate period that will end on June 20, 2018, unless extended (the Special Rate Period). The terms applicable to the VRDP Shares of the Acquiring Fund and BLJ during the Special Rate Period are substantially identical. The BNJ VRDP Shares to be issued in connection with the VMTP Refinancing will also be subject to a special rate period and the terms of BNJ's VRDP Shares during such special rate period will be substantially identical to the terms of the Special Rate Period for the outstanding Acquiring Fund and BLJ VRDP Shares. The terms of the special rate period applicable to the newly issued Acquiring Fund VRDP Shares will be substantially identical to the terms of the special rate period applicable to the Funds' VRDP Shares as of the Closing Date of the Reorganization.

Subject to the requisite approval of the shareholders of each Fund with respect to its respective Reorganization, as well as certain consents, confirmations and/or waivers from various third parties, including the liquidity provider with respect to the outstanding VRDP Shares and, with respect to the BNJ Reorganization, subject to the completion of the VMTP Refinancing prior to the Closing Date of the BNJ Reorganization, it is expected that the Closing Date of the Reorganizations will be sometime during the second quarter of 2018, but it may be at a different time as described herein.

## Table of Contents

The BNJ Reorganization is contingent upon the completion of the VMTP Refinancing. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

A Reorganization is not contingent upon the approval of the other Reorganization. If a Reorganization is not consummated, then the Fund for which such Reorganization(s) was not consummated will continue to operate for the time being as a stand-alone Delaware statutory trust (or, with respect to the Acquiring Fund, a Maryland corporation) and will continue to be advised by the Investment Advisor. However, if a Reorganization is not consummated, the Investment Advisor may, in connection with ongoing management of each Fund and its product line, recommend alternative proposals to the Board of each Fund for which such Reorganization(s) were not consummated.

**Background and Reasons for the Reorganizations** The proposed Reorganizations seek to achieve certain economies of scale and other operational efficiencies by combining three funds that have substantially similar (but not identical) investment objectives, investment policies, investment restrictions and portfolio compositions and are managed by the same investment adviser and portfolio management team.

The proposed Reorganizations are intended to result in the following potential benefits to common shareholders: (i) lower total expenses per Common Share for common shareholders of each Fund (as common shareholders of the Combined Fund following the Reorganizations) due to economies of scale resulting from the larger size of the Combined Fund; (ii) improved earnings yield on net asset value ( NAV ) for common shareholders of each Fund; (iii) improved secondary market trading of the Common Shares of the Combined Fund; and (iv) operating and administrative efficiencies for the Combined Fund, including the potential for the following: (a) greater investment flexibility and investment options; (b) greater diversification of portfolio investments; (c) the ability to trade in larger positions and more favorable transaction terms; (d) additional sources of leverage or more competitive leverage terms and more favorable transaction terms; (e) benefits from having fewer closed-end funds offering similar products in the market, including an increased focus by investors on the remaining funds in the market (including the Combined Fund) and additional research coverage; and (f) benefits from having fewer similar funds in the same fund complex, including a simplified operational model and a reduction in risk of operational, legal and financial errors.

The Board of each Fund, including the trustees or directors, as applicable ( Board Members ), who are not interested persons of each Fund (as defined in the 1940 Act) ( Independent Board Members ), has unanimously approved the Reorganizations,

**Table of Contents**

concluding that the Reorganizations are in the best interests of its Fund and that the interests of existing common shareholders and preferred shareholders of its Fund will not be diluted with respect to NAV and liquidation preference, respectively, as a result of the Reorganizations. As a result of the Reorganizations, however, common and preferred shareholders of each Fund may hold a reduced percentage of ownership in the larger Combined Fund than they did in any of the individual Funds before the Reorganizations. Each Board's conclusion was based on each Board Member's business judgment after consideration of all relevant factors taken as a whole with respect to its Fund and the Fund's common and preferred shareholders, although individual Board Members may have placed different weight on various factors and assigned different degrees of materiality to various factors. Please see "Reasons for the Reorganizations" for additional information about the factors considered by each Board.

Because the shareholders of each Fund will vote separately on the Fund's respective Reorganization(s) or Issuances, as applicable, and the BNJ Reorganization is contingent upon the completion of the VMTP Refinancing, there are multiple potential combinations of Reorganizations. The Board of each Fund and the Investment Advisor believe that the most likely result of the potential combinations of Reorganizations is the combination of all of the Funds. To the extent that one Reorganization is not completed, but the other Reorganization is completed, any expected expense savings by the Combined Fund, or other potential benefits resulting from the Reorganizations, may be reduced.

If a Reorganization is not consummated, then the Investment Advisor may, in connection with ongoing management of the Fund for which such Reorganization(s) was not consummated and its product line, recommend alternative proposals to the Board of that Fund.

**Net and Managed Assets**

As of November 30, 2017, BLJ had approximately \$36.5 million in net assets and approximately \$61.3 million in managed assets, BNJ had approximately \$118.3 million in net assets and approximately \$198.7 million in managed assets and the Acquiring Fund had approximately \$228.3 million in net assets and approximately \$377.7 million in managed assets.

**Total Expenses and Management Fees**

For the fiscal year ended July 31, 2017, the Total Expense Ratios of the Acquiring Fund and BNJ were 1.93% and 2.21%, respectively. For the fiscal year ended August 31, 2017, the Total Expense Ratio of BLJ was 2.48%. Total Expenses means a Fund's total annual operating expenses (including interest expense). Total Expense Ratio means a Fund's Total Expenses expressed as a percentage of its average net assets attributable to its Common Shares. If any of the Reorganizations are consummated, the Investment Advisor has voluntarily agreed to waive a portion of its investment management

Table of Contents

fees equal to an annual rate of 0.01% of the average daily net assets of the Combined Fund (the Voluntary Waiver). This Voluntary Waiver may be reduced or discontinued at any time.

As of July 31, 2017, the historical and *pro forma* Total Expense Ratios (including the Voluntary Waiver) applicable to the Reorganizations are as follows:

			Pro Forma Combined Fund (BLJ into MYJ)	Pro Forma Combined Fund (BNJ into MYJ)	Pro Forma Combined Fund (BLJ and BNJ into MYJ)
BLJ	BNJ	Acquiring Fund (MYJ)			
2.46%	2.21%	1.93%	1.91%	1.92%	1.92%

The Funds estimate that the completion of all of the Reorganizations would result in a Total Expense Ratio (including the Voluntary Waiver) for the Combined Fund of 1.92% on a historical and *pro forma* basis for the 12-month period ended July 31, 2017, representing a reduction in the Total Expense Ratio (including the Voluntary Waiver) for the common shareholders of BLJ, BNJ and the Acquiring Fund of 0.54%, 0.29% and 0.01%, respectively.

Each Fund's Total Expenses include interest expense associated with such Fund's preferred shares. For the fiscal year ended July 31, 2017, the Total Expense Ratios (excluding interest expense) of the Acquiring Fund and BNJ were 0.93% and 1.16%, respectively. For the fiscal year ended August 31, 2017, the Total Expense Ratio (excluding interest expense) of BLJ was 1.43%.

The Funds estimate that the completion of all of the Reorganizations would result in a Total Expense Ratio (excluding interest expense and including the Voluntary Waiver) for the Combined Fund of 0.90% on a historical and *pro forma* basis for the 12-month period ended July 31, 2017, representing a reduction in the Total Expense Ratio (excluding interest expense and including the Voluntary Waiver) for the common shareholders of BLJ, BNJ and the Acquiring Fund of 0.53%, 0.26% and 0.03%, respectively.

The Combined Fund will have a lower annual contractual investment management fee rate than each of BLJ and BNJ and the same annual contractual investment management fee rate as the Acquiring Fund. BLJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.65% of its average weekly managed assets. BNJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.60% of its average weekly managed assets. Average weekly managed assets are the average weekly value of the Fund's total assets minus the sum of the Fund's accrued liabilities (which does not include liabilities represented by tender option bond (TOB) leverage and the liquidation preference of BLJ's VRDP Shares or BNJ's VMTP Shares). The Acquiring Fund currently pays the



**Table of Contents**

Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.50% of its average daily Net Assets. Average daily Net Assets are the average daily value of the Acquiring Fund's total assets minus the sum of the Acquiring Fund's accrued liabilities (which does not include liabilities represented by TOB leverage and the liquidation preference of the Acquiring Fund VRDP Shares).

If the Reorganizations are consummated, the annual contractual investment management fee rate of the Acquiring Fund will be the annual contractual investment management fee rate of the Combined Fund, which will be 0.50% of the average daily Net Assets of the Combined Fund. The annual contractual investment management fee rate of the Combined Fund represents a 15 basis point reduction in the annual contractual investment management fee rate for BLJ and a 10 basis point reduction in the annual contractual investment management fee rate for BNJ. Additionally, if any of the Reorganizations are consummated, the Investment Advisor has voluntarily agreed to waive a portion of its investment management fees equal to an annual rate of 0.01% of the average daily net assets of the Combined Fund, resulting in a contractual investment management fee rate of 0.49% of the average daily Net Assets of the Combined Fund. This voluntary waiver may be reduced or discontinued at any time.

Based on a *pro forma* Broadridge peer expense group for the Combined Fund, the estimated total annual fund expense ratio (excluding investment-related expenses and taxes) is expected to be in the second quartile and contractual investment management fee rate and actual investment management fee rate over total assets are each expected to be in the first quartile.

The level of expense savings (or increases) will vary depending on the combination of the Funds in the Reorganizations, and furthermore, there can be no assurance that future expenses will not increase or that any expense savings for any Fund will be realized as a result of any Reorganization.

**Earnings, Distributions and Undistributed Net Investment Income**

*Earnings and Distribution Rate:* The Combined Fund's earnings yield on NAV following the Reorganizations is expected to be potentially higher than each Fund's current earnings yield on NAV. The distribution level of any fund is subject to change based upon a number of factors, including the current and projected level of the fund's earnings, and may fluctuate over time; thus, subject to a number of other factors, including the fund's distribution policy, a higher earnings profile may potentially have a positive impact on such fund's distribution level over time. The Combined Fund's earnings and distribution rate on NAV will change over time, and depending on market conditions, may be higher or lower than each Fund's earnings and distribution rate on NAV prior to the

**Table of Contents**

Reorganizations. A Fund's earnings and net investment income are variables which depend on many factors, including its asset mix, portfolio turnover level, the amount of leverage utilized by the Fund, the costs of such leverage, the performance of its investments, the movement of interest rates and general market conditions. In addition, the Combined Fund's future earnings will vary depending upon the combination of the Reorganizations. There can be no assurance that the future earnings of a Fund, including the Combined Fund after the Reorganizations, will remain constant.

*Distribution Policy:* Each Fund intends to make regular monthly cash distributions of all or a portion of its net investment income to holders of such Fund's Common Shares, except as described below under Undistributed Net Investment Income. Each Fund intends to pay any capital gains distributions at least annually. A return of capital distribution may involve a return of the common shareholder's original investment. Though not currently taxable, such a distribution may lower a common shareholder's basis in such Fund, thus potentially subjecting the common shareholder to future tax consequences in connection with the sale of Fund Common Shares, even if sold at a loss to the common shareholder's original investment. When total distributions exceed total return performance for the period, the difference will reduce a Fund's total assets and NAV and, therefore, could have the effect of increasing the Fund's expense ratio and reducing the amount of assets the Fund has available for long term investment.

*Automatic Dividend Reinvestment:* Common shareholders of each Fund will automatically have all dividends and distributions reinvested in Common Shares of such Fund in accordance with such Fund's dividend reinvestment plan, unless an election is made to receive cash by contacting the Reinvestment Plan Agent (as defined herein), at (800) 699-1236. See Automatic Dividend Reinvestment Plan.

*Undistributed Net Investment Income:* If the Reorganizations are approved by shareholders, then substantially all of the undistributed net investment income, if any, of each Fund is expected to be declared to such Fund's common shareholders prior to the Closing Date (the Pre-Reorganization Declared UNII Distributions). The declaration date, ex-dividend date (the Ex-Dividend Date) and record date of the Pre-Reorganization Declared UNII Distributions will occur prior to the Closing Date. However, all or a significant portion of the Pre-Reorganization Declared UNII Distributions may be paid in one or more distributions to common shareholders of the Funds entitled to such Pre-Reorganization Declared UNII Distributions after the Closing Date. Former BLJ and BNJ shareholders entitled to such Pre-Reorganization Declared UNII Distributions paid after the Closing Date will receive such distributions in cash.

**Table of Contents**

Persons who purchase Common Shares of any of the Funds on or after the Ex-Dividend Date for the Pre-Reorganization Declared UNII Distributions should not expect to receive any distributions from any Fund until distributions, if any, are declared by the Board of the Combined Fund and paid to shareholders entitled to any such distributions. No such distributions are expected to be paid by the Combined Fund until at least approximately one month following the Closing Date.

Additionally, the Acquiring Fund, in order to seek to provide its common shareholders with distribution rate stability, may include in its Pre-Reorganization Declared UNII Distribution amounts in excess of its undistributed net investment income and net investment income accrued through the Closing Date; any such excess amounts are not expected to constitute a return of capital. This would result in the Acquiring Fund issuing incrementally more Common Shares in the Reorganizations since its NAV as of the business day prior to the Closing Date of the Reorganizations (the Valuation Time ) would be lower relative to a scenario where such excess amounts were not included in the Acquiring Fund's Pre-Reorganization Declared UNII Distribution.

The Combined Fund's earnings and distribution rate on NAV will change over time, and depending on market conditions, may be higher or lower than each Fund's earnings and distribution rate on NAV prior to the Reorganizations. The Combined Fund is anticipated to retain a lower UNII balance after the Reorganizations than the Acquiring Fund prior to the Reorganizations. The lower anticipated UNII balance for the Combined Fund relative to the UNII balance of the Acquiring Fund poses risks for shareholders of the Combined Fund. UNII balances, in part, support the level of a fund's regular distributions and provide a cushion in the event a fund's net earnings for a particular distribution period are insufficient to support the level of its regular distribution for that period. If the Combined Fund's net earnings are below the level of its current distribution rate, the Combined Fund's UNII balance could be more likely to contribute to a determination to decrease the Combined Fund's distribution rate, or could make it more likely that the Combined Fund will make distributions consisting in part of a return of capital to maintain the level of its regular distributions. See Dividends and Distributions. Moreover, because a fund's UNII balance, in part, supports the level of a fund's regular distributions, the UNII balance of the Combined Fund could impact the trading market for the Combined Fund's Common Shares and the magnitude of the trading discount to NAV of the Combined Fund's Common Shares. However, the Combined Fund is anticipated to benefit from a lower expense ratio (compared to BNJ and BLJ), a potentially higher earnings profile and other anticipated benefits of economies of scale as discussed herein. Each Fund, including the Combined Fund, reserves the right to change its distribution policy with respect to common share distributions and the

**Table of Contents**

basis for establishing the rate of its distributions for the Common Shares at any time and may do so without prior notice to common shareholders. The payment of any distributions by any Fund, including the Combined Fund, is subject to, and will only be made when, as, and if, declared by the Board of such Fund. There is no assurance the Board of any Fund, including the Combined Fund, will declare any distributions for such Fund.

To the extent any Pre-Reorganization Declared UNII Distribution is not an exempt interest dividend (as defined in the Code), the distribution may be taxable to shareholders for U.S. federal income tax purposes.

**Premium/Discount to NAV of Common Shares**

The Common Shares of each Fund have historically traded at both a premium and a discount. The table below sets forth the market price, NAV, and the premium/discount to NAV of each Fund as of November 30, 2017.

Fund	Market Price	NAV	Premium/(Discount) to NAV
BLJ	\$ 14.48	\$ 15.66	(7.54)%
BNJ	\$ 15.51	\$ 15.42	0.58%
Acquiring Fund (MYJ)	\$ 15.59	\$ 15.86	(1.70)%

To the extent BLJ's or BNJ's Common Shares are trading at a wider discount (or a narrower premium) than the Acquiring Fund at the time of its Reorganization, BLJ's or BNJ's common shareholders would have the potential for an economic benefit by the narrowing of the discount or widening of the premium. To the extent BLJ's or BNJ's Common Shares are trading at a narrower discount (or wider premium) than the Acquiring Fund at the time of its Reorganization, BLJ's or BNJ's common shareholders may be negatively impacted if its Reorganization is consummated. Acquiring Fund common shareholders would only benefit from a premium/discount perspective to the extent the post-Reorganization discount (or premium) of the Acquiring Fund Common Shares improves.

There can be no assurance that, after the Reorganizations, Common Shares of the Combined Fund will trade at a narrower discount to NAV or wider premium to NAV than the Common Shares of any individual Fund prior to the Reorganizations. Upon consummation of the Reorganizations, the Combined Fund Common Shares may trade at a price that is less than the current market price of Acquiring Fund Common Shares. In the Reorganizations, common shareholders of BLJ and BNJ will receive Acquiring Fund Common Shares based on the relative NAVs (not the market values) of the respective Fund's Common Shares. The market value of the Common Shares of the Combined Fund may be less than the market value of the Common Shares of each respective Fund prior to the Reorganizations.

## Table of Contents

### **Preferred Shares**

As of November 30, 2017, BLJ has 187 Series W-7 VRDP Shares outstanding, BNJ has 591 Series W-7 VMTP Shares outstanding, and the Acquiring Fund has 1,022 Series W-7 VRDP Shares outstanding.

For the fiscal year ended July 31, 2017, the annualized dividend rate for the VRDP Shares of the Acquiring Fund was 1.61%. For the fiscal year ended August 31, 2017, the annualized dividend rate for the VRDP Shares of BLJ was 1.64%. For the fiscal year ended July 31, 2017, the annualized dividend rate for the VMTP Shares of BNJ was 1.63%.

Prior to the Reorganizations, it is expected that all of the VMTP Shares of BNJ will be refinanced into BNJ VRDP shares with terms substantially identical to those of the Acquiring Fund's VRDP Shares. In connection with the Reorganizations, and assuming the VMTP Refinancing is completed prior to the Closing Date of the BNJ Reorganization, the Acquiring Fund expects to issue 187 additional VRDP Shares to BLJ VRDP Holders and 591 additional VRDP Shares to BNJ VRDP Holders. Following the completion of the Reorganizations, the Combined Fund is expected to have 1,800 VRDP Shares outstanding. If the VMTP Refinancing is not completed prior to the Closing Date of the BNJ Reorganization, then the BNJ Reorganization will not be consummated.

Assuming all of the Reorganizations are approved by shareholders and the VMTP Refinancing is completed prior to the Closing Date of the BNJ Reorganization, upon the Closing Date of the Reorganizations, BLJ and BNJ VRDP Holders will receive on a one-for-one basis one newly issued Acquiring Fund VRDP Share, par value \$0.10 per share and with a liquidation preference of \$100,000 per share (plus any accumulated and unpaid dividends that have accrued on the BLJ or BNJ VRDP Shares up to and including the day immediately preceding the Closing Date if such dividends have not been paid prior to the Closing Date), in exchange for each BLJ and BNJ VRDP Share held by the BLJ or BNJ VRDP Holders immediately prior to the Closing Date. The newly issued Acquiring Fund VRDP Shares may be of the same series as the Acquiring Fund's Series W-7 VRDP Shares or a substantially identical series. No fractional Acquiring Fund VRDP Shares will be issued. The terms of the Acquiring Fund VRDP Shares to be issued in connection with the Reorganizations will be substantially identical to the terms of the Acquiring Fund's outstanding VRDP Shares and will rank on a parity with the Acquiring Fund's outstanding VRDP Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The newly issued Acquiring Fund VRDP Shares will be subject to the same special rate period (including the terms thereof) applicable to the outstanding Acquiring Fund VRDP Shares as of the Closing Date of the Reorganization. Such special rate period will terminate on

## Table of Contents

June 20, 2018, unless extended. The Reorganizations will not result in any changes to the terms of the Acquiring Fund's VRDP Shares currently outstanding.

The newly issued Acquiring Fund VRDP Shares will have terms that are substantially identical to the terms of the BNJ VRDP Shares to be issued in connection with the VMTP Refinancing and the outstanding BLJ VRDP Shares, except that the newly issued Acquiring Fund VRDP Shares are expected to have a mandatory redemption date of May 1, 2041. BLJ VRDP Shares have a mandatory redemption date of July 1, 2042. The VRDP Shares of the Acquiring Fund and BLJ are currently in a one year special rate period that will end on June 20, 2018, unless extended. The terms applicable to the VRDP Shares of the Acquiring Fund and BLJ during the Special Rate Period are substantially identical. The BNJ VRDP Shares to be issued in connection with the VMTP Refinancing will also be subject to a special rate period and the terms of BNJ's VRDP Shares during such special rate period will be substantially identical to the terms of the Special Rate Period for the outstanding Acquiring Fund and BLJ VRDP Shares. The terms of the special rate period applicable to the newly issued Acquiring Fund VRDP Shares will be substantially identical to the terms of the special rate period applicable to the Funds' VRDP Shares as of the Closing Date of the Reorganization.

None of the expenses of the Reorganizations are expected to be borne by the VRDP Holders of the Funds.

Following the Reorganizations, the VRDP Holders of each Fund will be VRDP Holders of the larger Combined Fund that will have a larger asset base and more VRDP Shares outstanding than any Fund individually before the Reorganizations. With respect to matters requiring all preferred shareholders to vote separately or common and preferred shareholders to vote together as a single class, following the Reorganizations, holders of VRDP Shares of the Combined Fund may hold a smaller percentage of the outstanding preferred shares of the Combined Fund as compared to their percentage holdings of outstanding preferred shares of their respective Fund prior to the Reorganizations.

Please see Information about the Preferred Shares of the Funds for additional information.

## **Appraisal Rights**

Common shareholders of BLJ and BNJ do not have appraisal rights for their respective common shares because the Funds are each organized as Delaware statutory trusts and the Funds' respective declarations of trust do not provide for appraisal rights. Under Maryland law, stockholders of an investment company whose shares are traded publicly on a national securities exchange, such as Common Shares of the Acquiring Fund, are not entitled to demand the fair value of their shares in connection with a reorganization.

## **Table of Contents**

### **U.S. Federal Income Tax Consequences of the Reorganizations**

Each Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. If a Reorganization so qualifies, in general, common shareholders of BLJ and BNJ will recognize no gain or loss for U.S. federal income tax purposes upon the exchange of their Fund Shares for Acquiring Fund Shares pursuant to their Reorganization (except with respect to cash received in lieu of fractional Common Shares). Additionally, each of BLJ and BNJ will recognize no gain or loss for U.S. federal income tax purposes by reason of its Reorganization. Neither the Acquiring Fund nor its shareholders will recognize any gain or loss for U.S. federal income tax purposes pursuant to the Reorganizations.

Shareholders of each Fund may receive distributions prior to, or after, the consummation of the Reorganizations, including distributions attributable to their proportionate share of each Fund's undistributed net investment income declared prior to the consummation of the Reorganizations or the Combined Fund built-in gains, if any, recognized after the Reorganizations, when such income and gains are eventually distributed by the Combined Fund. To the extent that such a distribution is not an exempt interest dividend (as defined in the Code), the distribution may be taxable to shareholders for U.S. federal income tax purposes.

The Funds' shareholders should consult their own tax advisers regarding the U.S. federal income tax consequences of the Reorganizations, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax laws.

### **General Information and History**

BLJ and BNJ are each organized as a statutory trust under the laws of the State of Delaware. The Acquiring Fund is organized as a Maryland corporation. Each Fund is a non-diversified, closed-end management investment company registered under the 1940 Act.

Each Fund's principal office is located at 100 Bellevue Parkway, Wilmington, Delaware 19809, and its telephone number is (800) 882-0052.

BNJ and the Acquiring Fund have a July 31 fiscal year end. BLJ has an August 31 fiscal year end.

The Acquiring Fund Common Shares are listed on the NYSE as MYJ.

BLJ Common Shares are listed on the NYSE American as BLJ.

BNJ Common Shares are listed on the NYSE as BNJ.

Each of BLJ and the Acquiring Fund have VRDP Shares outstanding and BNJ has VMTP Shares outstanding. Each Fund's preferred shares are not listed on a national stock exchange and have not been



## **Table of Contents**

registered under the Securities Act of 1933, as amended (the Securities Act), or any state securities laws, and unless so registered, may not be offered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

### **Investment Objective and Policies**

The Funds have substantially similar (but not identical) investment objectives, investment policies and investment restrictions. The investment objective, significant investment strategies and operating policies, and investment restrictions of the Combined Fund will be those of the Acquiring Fund, which are substantially similar (but not identical) as those of BLJ and BNJ.

#### *Investment Objective:*

The investment objective of each of BLJ and BNJ is to provide current income exempt from regular federal income tax and New Jersey gross income tax.

The investment objective of the Acquiring Fund is to provide shareholders with as high a level of current income exempt from federal income taxes and New Jersey personal income tax as is consistent with its investment policies and prudent investment management.

#### *New Jersey Municipal Bonds:*

For BLJ, as a fundamental policy, under normal market conditions, the Fund will invest at least 80% of its Managed Assets in municipal bonds, the interest of which is exempt from regular federal income tax and New Jersey gross income tax. Managed Assets means the total assets of the Fund (including any assets attributable to any preferred shares that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

For BNJ, as a fundamental policy, under normal market conditions, the Fund will invest at least 80% of its managed assets in investments the income from which is exempt from federal income tax and New Jersey gross income taxes (except that interest may be subject to the alternative minimum tax). For the purposes of the foregoing policy managed assets are the Fund's net assets plus borrowings for investment purposes.

For the Acquiring Fund, the Fund seeks to achieve its investment objective by investing, as a fundamental policy, at least 80% of an aggregate of the Fund's net assets (including proceeds from the issuance of any preferred stock) and the proceeds of any borrowings for investment purposes, in a portfolio of municipal obligations issued



**Table of Contents**

by or on behalf of the State of New Jersey, its political subdivisions, agencies and instrumentalities and by other qualifying issuers, each of which pays interest that, in the opinion of bond counsel to the issuer, is excludable from gross income for federal income tax purposes (except that the interest may be includable in taxable income for purposes of the federal alternative minimum tax) and exempt from New Jersey personal income tax ( New Jersey Municipal Bonds ).

*Investment Grade Securities:*

For BLJ and BNJ, each Fund will invest at least 80% of its Managed Assets in municipal bonds that at the time of investment are investment grade quality. The Funds may invest up to 20% of its Managed Assets in municipal bonds that at the time of investment are rated Ba/BB or B by Moody's, S&P or Fitch or bonds that are unrated but judged to be of comparable quality by the Fund's investment advisor and/or sub-advisor.

For the Acquiring Fund, under normal market conditions, the Fund expects to invest primarily in a portfolio of long term Municipal Bonds that are commonly referred to as investment grade securities.

*Bond Maturity:*

The average maturity of each Fund's portfolio securities varies from time to time based upon an assessment of economic and market conditions by the Investment Advisor. Each Fund's portfolio at any given time may include both long-term and intermediate-term municipal bonds.

*Leverage:*

Each Fund utilizes leverage through the issuance of either VRDP Shares or VMTP Shares and tender option bonds. See The Acquiring Fund's Investments Leverage; General Risks of Investing in the Acquiring Fund Leverage Risk; and General Risks of Investing in the Acquiring Fund Tender Option Bond Risk. Each of BLJ and the Acquiring Fund currently leverages its assets through the use of VRDP Shares and tender option bonds. BNJ currently leverages its assets through the use of VMTP Shares and tender option bonds. The Acquiring Fund is expected to continue to leverage its assets through the use of VRDP Shares and tender option bonds after the Closing Date of the Reorganizations. Common shareholders of BNJ and BLJ will be subject to the terms and costs of the Acquiring Fund VRDP Shares after the consummation of the Reorganizations. Please see Information about the Preferred Shares of the Funds for additional information about the preferred shares of each Fund.



**Table of Contents**

The annualized dividend rates for the preferred shares for each Fund's most recent fiscal year end were as follows:

<b>Fund</b>	<b>Preferred Shares</b>	<b>Rate</b>
BLJ	VRDP Shares	1.64%
BNJ	VMTP Shares	1.63%
Acquiring Fund (MYJ)	VRDP Shares	1.61%

Please see below a comparison of certain important ratios related to (i) each Fund's use of leverage as of November 30, 2017, (ii) the Combined Fund's estimated use of leverage, assuming only the Reorganization of BLJ into the Acquiring Fund had taken place as of November 30, 2017, (iii) the Combined Fund's estimated use of leverage, assuming only the Reorganization of BNJ into the Acquiring Fund had taken place as of November 30, 2017, and (iv) the Combined Fund's estimated use of leverage, assuming the Reorganizations of all the Funds had taken place as of November 30, 2017, which represents the most likely combination of the Reorganizations:

<b>Ratios</b>	<b>BLJ</b>	<b>BNJ</b>	<b>Acquiring Fund (MYJ)</b>	<b>Pro Forma Combined Fund (BLJ into MYJ)</b>	<b>Pro Forma Combined Fund (BNJ into MYJ)</b>	<b>Pro Forma Combined Fund (BLJ and BNJ into MYJ)</b>
Asset Coverage Ratio	295%	300%	323%	319%	315%	313%
Regulatory Leverage Ratio <sup>(1)</sup>	33.90%	33.31%	30.92%	31.35%	31.75%	31.96%
Effective Leverage Ratio <sup>(2)</sup>	40.50%	40.47%	39.54%	34.94%	34.50%	39.92%

- (1) Regulatory leverage consists of preferred shares issued by the Fund, which is a part of the Fund's capital structure. Regulatory leverage is sometimes referred to as 1940 Act Leverage and is subject to asset coverage limits set forth in the 1940 Act.
- (2) Effective leverage is a Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative investments in the Fund's portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings, in addition to any regulatory leverage, are included in effective leverage ratios.

**Fund Management**

The Board of each Fund is responsible for the overall supervision of the operations of its respective Fund and performs the various duties imposed on the trustees of investment companies by the 1940 Act and under applicable state law. Each Fund has the same Board Members and officers.

**Investment Advisor**

BlackRock Advisors, LLC serves as the investment adviser for each Fund and is expected to continue to serve as investment adviser for the Combined Fund.

**Portfolio Management Team**

Each Fund is managed by a team of investment professionals lead by Phillip Soccio and Theodore R. Jaeckel, Jr. After the Reorganizations,

**Table of Contents**

it is expected that each Fund's current portfolio management team will continue to comprise the team of investment professionals for the Combined Fund.

**Other Service Providers**

The other professional service providers for the Funds are or will be as follows:

Service	Service Providers to the Funds
Administrative Services Provider	State Street Bank and Trust Company
Custodian	State Street Bank and Trust Company
Transfer Agent, Dividend Disbursing Agent and Registrar	Computershare Trust Company, N.A.
Liquidity Provider to VRDP Shares	Citibank, N.A.
Remarketing Agent to VRDP Shares	Citigroup Global Markets Inc.
Tender and Paying Agent to VRDP Shares	The Bank of New York Mellon
VMTP Redemption and Paying Agent	The Bank of New York Mellon
Independent Registered Public Accounting Firm	[ ]
Fund Counsel	Skadden, Arps, Slate, Meagher & Flom LLP
Counsel to the Independent Board Members	Debevoise & Plimpton LLP

**Table of Contents****EXPENSE TABLE FOR COMMON SHAREHOLDERS**

The following table illustrates the anticipated reduction or increases in the Total Expense Ratio for the common shareholders of each Fund expected as a result of the completion of the Reorganizations. The table sets forth (i) the Total Expense Ratio for each Fund for the 12-month period ended July 31, 2017; (ii) the *pro forma* Total Expense Ratio for the Combined Fund, assuming only the Reorganization of BLJ into the Acquiring Fund was consummated as of July 31, 2017; (iii) the *pro forma* Total Expense Ratio for the Combined Fund, assuming only the Reorganization of BNJ into the Acquiring Fund was consummated as of July 31, 2017; and (iv) the *pro forma* Total Expense Ratio for the Combined Fund, assuming all of the Reorganizations were consummated as of July 31, 2017, which represents the most likely combination of the Reorganizations.

The level of expense savings (or increases) will vary depending upon the combination of the Funds in the Reorganizations. Because each of the Reorganizations may occur whether or not the other Reorganization is approved, several combinations are possible. The scenarios presented illustrate the *pro forma* effects on operating expenses for all possible combinations.

	BLJ	BNJ	Acquiring Fund (MYJ)	Combined Fund (BLJ into MYJ) <sup>(1)</sup>	Combined Fund (BNJ into MYJ) <sup>(1)</sup>	Combined Fund (BLJ and BNJ into MYJ) <sup>(1)</sup>
<b>Shareholder Transaction Expenses</b>						
Maximum Sales Load (as a percentage of the offering price) imposed on purchases of Common Shares <sup>(2)</sup>	None	None	None	None	None	None
Dividend Reinvestment Plan Fees <sup>(3)</sup>	Same as MYJ	Same as MYJ	\$0.02 per share for open-market purchases	Same as MYJ	Same as MYJ	Same as MYJ
<b>Annual Total Expenses (as a percentage of average net assets attributable to Common Shares)</b>						
Investment Management Fees <sup>(4)</sup>	1.07%	0.99%	0.81%	0.81%	0.82%	0.82%
Other Expenses	0.36%	0.17%	0.12%	0.12%	0.11%	0.10%
Interest Expense <sup>(5)</sup>	1.03%	1.05%	1.00%	1.00%	1.01%	1.02%
Total Annual Fund Operating Expenses <sup>(5)</sup>	2.46%	2.21%	1.93%	1.93%	1.94%	1.94%

(1) Assumes the Reorganizations had taken place on July 31, 2017.

(2) No sales load will be charged in connection with the issuance of Acquiring Fund Common Shares as part of the Reorganizations. Common Shares are not available for purchase from the Funds but may be purchased on the NYSE through a broker-dealer subject to individually negotiated commission rates. Common Shares purchased in the secondary market may be subject to brokerage commissions or other charges.

(3) The Reinvestment Plan Agent's fees for the handling of the reinvestment of dividends will be paid by the Fund. However, you will pay a \$2.50 sales fee and a \$0.15 per share fee if you direct the Reinvestment Plan Agent to sell your Common Shares held in a dividend reinvestment account. Per share fees include any applicable brokerage commissions the Reinvestment Plan Agent is required to pay. See Automatic Dividend Reinvestment Plan for additional information.

(4) BLJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.65% of its average weekly managed assets. BNJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.60% of its average weekly managed assets. Average weekly managed assets are the average weekly value of the Fund's total assets minus the sum of the Fund's accrued liabilities (which does not include liabilities represented by tender option bond (TOB) leverage and the liquidation preference of BLJ's VRDP Shares or BNJ's VMTP Shares). The Acquiring Fund currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.50% of its average daily Net Assets. Average daily Net Assets are the average daily value of the Acquiring Fund's total assets minus the sum of the Acquiring Fund's



**Table of Contents**

accrued liabilities (which does not include liabilities represented by TOB leverage and the liquidation preference of the Acquiring Fund VRDP Shares). If the Reorganizations are consummated, the annual contractual investment management fee rate of the Acquiring Fund will be the annual contractual investment management fee rate of the Combined Fund, which will be 0.50% of the average daily Net Assets of the Combined Fund. The annual contractual investment management fee rate of the Combined Fund represents a 15 basis point reduction in the annual contractual investment management fee rate for BLJ and a 10 basis point reduction in the annual contractual investment management fee rate for BNJ. Additionally, if any of the Reorganizations are consummated, the Investment Advisor has voluntarily agreed to waive a portion of its investment management fees equal to an annual rate of 0.01% of the average daily Net Assets of the Combined Fund, resulting in a contractual investment management fee rate of 0.49% of the average daily Net Assets of the Combined Fund. This voluntary waiver may be reduced or discontinued at any time. The *pro forma* net annual fund operating expenses (including the Voluntary Waiver) for the Funds are presented below:

<b>Pro Forma Combined Fund (BLJ into MYJ)</b>	<b>Pro Forma Combined Fund (BNJ into MYJ)</b>	<b>Pro Forma Combined Fund (BLJ and BNJ into MYJ)</b>
1.91%	1.92%	1.92%

- (5) The total expense table includes interest expense associated with the Funds' investments in tender option bonds (also known as inverse floaters). Although such interest expense is actually paid by special purpose vehicles in which the Funds invest, they are recorded on the Funds' financial statements for accounting purposes. The total expense table also includes, in interest expense, dividends associated with the VRDP Shares or VMTP Shares because the VRDP Shares and VMTP Shares are considered debt of the Funds for financial reporting purposes.

Each Fund uses leverage to seek to enhance its returns to common shareholders. This leverage generally takes two forms: the issuance of preferred shares and investment in tender option bonds. Both forms of leverage benefit common shareholders if the cost of the leverage is lower than the returns earned by a Fund when it invests the proceeds from the leverage. In order to help you better understand the costs associated with the Funds' leverage strategy, the Total Annual Fund Operating Expenses (excluding interest expense) for the Funds are presented below:

<b>BLJ</b>	<b>BNJ</b>	<b>Acquiring Fund (MYJ)</b>	<b>Pro Forma Combined Fund (BLJ into MYJ)</b>	<b>Pro Forma Combined Fund (BNJ into MYJ)</b>	<b>Pro Forma Combined Fund (BLJ and BNJ into MYJ)</b>
1.43%	1.16%	0.93%	0.93%	0.92%	0.92%

The following example is intended to help you compare the costs of investing in the Common Shares of the Combined Fund *pro forma* if (i) only the BLJ Reorganization is completed, (ii) only the BNJ Reorganization is completed, and (iii) all of the Reorganizations are completed with the costs of investing in BLJ, BNJ and the Acquiring Fund without the Reorganizations. An investor in Common Shares would pay the following expenses on a \$1,000 investment, assuming (1) the Total Annual Fund Operating Expenses for each Fund set forth in the total expenses table above and (2) a 5% annual return throughout the period:

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
BLJ	\$ 25	\$ 77	\$ 131	\$ 280
BNJ	\$ 22	\$ 69	\$ 118	\$ 254
Acquiring Fund (MYJ)	\$ 20	\$ 61	\$ 104	\$ 225
<i>Pro Forma</i> Combined Fund (BLJ into MYJ)	\$ 20	\$ 61	\$ 104	\$ 225
<i>Pro Forma</i> Combined Fund (BNJ into MYJ)	\$ 20	\$ 61	\$ 104	\$ 225
<i>Pro Forma</i> Combined Fund (BLJ and BNJ into MYJ)	\$ 25	\$ 77	\$ 131	\$ 280

The examples set forth above assume Common Shares of each Fund were owned as of the completion of the Reorganizations and the reinvestment of all dividends and distributions and uses a 5% annual rate of return as mandated by SEC regulations. The examples should not be considered a representation of past or future expenses or annual rates of return. Actual expenses or annual rates of return may be more or less than those assumed for purposes of the examples.

Common shareholders of BLJ and BNJ will indirectly bear the costs of the Reorganizations. The expenses of the Reorganizations are estimated to be \$223,000 for BLJ and \$263,000 for BNJ. Additionally for BNJ, the costs of the VMTP Refinancing are estimated to be \$215,000. These costs will be amortized over the life of the



**Table of Contents**

VRDP Shares by the Combined Fund. Because of the expected expense savings and other anticipated benefits for each of BLJ and BNJ, the Investment Advisor recommended and the Board of BLJ and BNJ has approved that its respective Fund be responsible for its own reorganization expenses. The Investment Advisor will bear all of the Acquiring Fund's reorganization expenses, which are expected to be approximately \$290,000. The actual costs associated with the Reorganizations may be more or less than the estimated costs discussed herein.

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**Table of Contents****RISK FACTORS AND SPECIAL CONSIDERATIONS****Comparison of Risks**

The Combined Fund will be managed in accordance with the same investment objective and investment policies, and subject to the same risks, as the Acquiring Fund. The Funds have substantially similar (but not identical) investment objectives, investment policies and investment restrictions and are subject to substantially similar (but not identical) investment risks. Each Fund seeks to achieve its investment objective by investing at least 80% of its net assets (including proceeds from issuance of preferred shares or other borrowings for investment purposes) in New Jersey Municipal Bonds. In addition, under normal market conditions, the Acquiring Fund intends to invest primarily in a portfolio of investment grade Municipal Bonds. Similarly, each of BLJ and BNJ intends to invest, under normal market conditions, at least 80% of its managed assets in a portfolio of investment grade Municipal Bonds.

Each Fund utilizes leverage through the issuance of either VRDP Shares or VMTP Shares and tender option bonds. See *The Acquiring Fund's Investments*; *Leverage*; *General Risks of Investing in the Acquiring Fund*; *Leverage Risk*; and *General Risks of Investing in the Acquiring Fund*; *Tender Option Bond Risk*. Each of BLJ and the Acquiring Fund currently leverages its assets through the use of VRDP Shares and tender option bonds. BNJ currently leverages its assets through the use of VMTP Shares and tender option bonds. The Acquiring Fund is expected to continue to leverage its assets through the use of VRDP Shares and tender option bonds after the Closing Date of the Reorganizations. Common shareholders of BNJ and BLJ will be subject to the terms and costs of the Acquiring Fund VRDP Shares after the consummation of the Reorganizations. Please see *Information about the Preferred Shares of the Funds* for additional information about the preferred shares of each Fund.

Risks that predominately affect the Common Shares of the Funds include risks associated with municipal obligations, including New Jersey municipal obligations, including interest rate risk, credit risk, non-diversification risk and leverage risk. In addition, as exchange-traded closed-end funds, the Funds are subject to the risk that the Funds' Common Shares may trade at a discount from the Funds' NAV. Accordingly, the Funds are primarily designed for long-term investors and should not be considered a vehicle for trading purposes. In the normal course of business, each Fund invests in securities and enters into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments.

Risk is inherent in all investing. An investment in the Common Shares of the Acquiring Fund should not be considered a complete investment program. Each shareholder should take into account the Acquiring Fund's investment objective as well as the shareholder's other investments when considering an investment in the Acquiring Fund. You may lose part or all of your investment in the Acquiring Fund or your investment may not perform as well as other similar investments.

**Risks Related to the Reorganizations***Expenses.*

While the Funds currently estimate that the Reorganizations will result in reduced aggregate expenses of the Combined Fund by approximately \$507,625 per year if all the Reorganizations are completed (which represents the most likely combination of the Reorganizations), the realization of these reduced expenses will not affect common shareholders of the Funds proportionately, and may take longer than expected to be realized or may not be realized at all.

**Table of Contents**

For the fiscal year ended July 31, 2017, the Total Expense Ratios of the Acquiring Fund and BNJ were 1.93% and 2.21%, respectively. For the fiscal year ended August 31, 2017, the Total Expense Ratio of BLJ was 2.48%. Total Expenses means a Fund's total annual operating expenses (including interest expense). Total Expense Ratio means a Fund's Total Expenses expressed as a percentage of its average net assets attributable to its Common Shares. If any of the Reorganizations are consummated, the Investment Advisor has voluntarily agreed to waive a portion of its investment management fees equal to an annual rate of 0.01% of the average daily net assets of the Combined Fund (the Voluntary Waiver). This Voluntary Waiver may be reduced or discontinued at any time.

As of July 31, 2017, the historical and *pro forma* Total Expense Ratios (including the Voluntary Waiver) applicable to the Reorganizations are as follows:

		Acquiring Fund	Pro Forma Combined Fund	Pro Forma Combined Fund	Pro Forma Combined Fund
		(MYJ)	(BLJ into MYJ)	(BNJ into MYJ)	(BLJ and BNJ into MYJ)
BLJ	BNJ				
2.46%	2.21%	1.93%	1.91%	1.92%	1.92%

The Funds estimate that the completion of all of the Reorganizations would result in a Total Expense Ratio (including the Voluntary Waiver) for the Combined Fund of 1.92% on a historical and *pro forma* basis for the 12-month period ended July 31, 2017, representing a reduction in the Total Expense Ratio (including the Voluntary Waiver) for the common shareholders of BLJ, BNJ and the Acquiring Fund of 0.54%, 0.29% and 0.01%, respectively.

Each Fund's Total Expenses include interest expense associated with such Fund's preferred shares. For the fiscal year ended July 31, 2017, the Total Expense Ratios (excluding interest expense) of the Acquiring Fund and BNJ were 0.93% and 1.16%, respectively. For the fiscal year ended August 31, 2017, the Total Expense Ratio (excluding interest expense) of BLJ was 1.43%.

The Funds estimate that the completion of all of the Reorganizations would result in a Total Expense Ratio (excluding interest expense and including the Voluntary Waiver) for the Combined Fund of 0.90% on a historical and *pro forma* basis for the 12-month period ended July 31, 2017, representing a reduction in the Total Expense Ratio (excluding interest expense and including the Voluntary Waiver) for the common shareholders of BLJ, BNJ and the Acquiring Fund of 0.53%, 0.26% and 0.03%, respectively.

The Board of each Fund and the Investment Advisor believe that the most likely result of the potential combinations of the Reorganizations is the combination of all of the Funds.

The Combined Fund will have a lower annual contractual investment management fee rate than each of BLJ and BNJ and the same annual contractual investment management fee rate as the Acquiring Fund. BLJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.65% of its average weekly managed assets. BNJ currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.60% of its average weekly managed assets. Average weekly managed assets are the average weekly value of the Fund's total assets minus the sum of the Fund's accrued liabilities (which does not include liabilities represented by TOB leverage and the liquidation preference of BLJ's VRDP Shares or BNJ's VMTP Shares). The Acquiring Fund currently pays the Investment Advisor a monthly fee at an annual contractual investment management fee rate of 0.50% of its average daily Net Assets. Average daily Net Assets are the average daily value of the Acquiring Fund's total assets minus the sum of the Acquiring Fund's accrued liabilities (which does not include liabilities represented by TOB leverage and the liquidation preference of the Acquiring Fund VRDP Shares).

If the Reorganizations are consummated, the annual contractual investment management fee rate of the Acquiring Fund will be the annual contractual investment management fee rate of the Combined Fund, which

## **Table of Contents**

will be 0.50% of the average daily Net Assets of the Combined Fund. The annual contractual investment management fee rate of the Combined Fund represents a 15 basis point reduction in the annual contractual investment management fee rate for BLJ and a 10 basis point reduction in the annual contractual investment management fee rate for BNJ. Additionally, if any of the Reorganizations are consummated, the Investment Advisor has voluntarily agreed to waive a portion of its investment management fees equal to an annual rate of 0.01% of the average daily net assets of the Combined Fund, resulting in a contractual investment management fee rate of 0.49% of the average daily Net Assets of the Combined Fund. This voluntary waiver may be reduced or discontinued at any time.

Based on a *pro forma* Broadridge peer expense group for the Combined Fund, the estimated total annual fund expense ratio (excluding investment-related expenses and taxes) is expected to be in the second quartile and contractual investment management fee rate and actual investment management fee rate over total assets are each expected to be in the first quartile.

The level of expense savings (or increases) will vary depending on the combination of the Funds in the Reorganizations, and furthermore, there can be no assurance that future expenses will not increase or that any expense savings for any Fund will be realized as a result of any Reorganization.

Please see the Expense Table for Common Shareholders for additional information about the Funds' expenses.

### *Earnings and Distribution Rate.*

The Combined Fund's earnings yield on NAV following the Reorganizations is expected to be potentially higher than each Fund's current earnings yield on NAV. The distribution level of any fund is subject to change based upon a number of factors, including the current and projected level of the fund's earnings, and may fluctuate over time; thus, subject to a number of other factors, including the fund's distribution policy, a higher earnings profile may potentially have a positive impact on such fund's distribution level over time. The Combined Fund's earnings and distribution rate on NAV will change over time, and depending on market conditions, may be higher or lower than each Fund's earnings and distribution rate on NAV prior to the Reorganizations. A Fund's earnings and net investment income are variables which depend on many factors, including its asset mix, portfolio turnover level, the amount of leverage utilized by the Fund, the costs of such leverage, the performance of its investments, the movement of interest rates and general market conditions. In addition, the Combined Fund's future earnings will vary depending upon the combination of the Reorganizations. There can be no assurance that the future earnings of a Fund, including the Combined Fund after the Reorganizations, will remain constant.

### *Undistributed Net Investment Income.*

If the Reorganizations are approved by shareholders, then substantially all of the undistributed net investment income, if any, of each Fund is expected to be declared to such Fund's common shareholders prior to the Closing Date (the Pre-Reorganization Declared UNII Distributions). The declaration date, ex-dividend date (the Ex-Dividend Date) and record date of the Pre-Reorganization Declared UNII Distributions will occur prior to the Closing Date. However, all or a significant portion of the Pre-Reorganization Declared UNII Distributions may be paid in one or more distributions to common shareholders of the Funds entitled to such Pre-Reorganization Declared UNII Distributions after the Closing Date. Former BLJ and BNJ shareholders entitled to such Pre-Reorganization Declared UNII Distributions paid after the Closing Date will receive such distributions in cash.

Persons who purchase Common Shares of any of the Funds on or after the Ex-Dividend Date for the Pre-Reorganization Declared UNII Distributions should not expect to receive any distributions from any Fund until distributions, if any, are declared by the Board of the Combined Fund and paid to shareholders entitled to

**Table of Contents**

any such distributions. No such distributions are expected to be paid by the Combined Fund until at least approximately one month following the Closing Date.

Additionally, the Acquiring Fund, in order to seek to provide its common shareholders with distribution rate stability, may include in its Pre-Reorganization Declared UNII Distribution amounts in excess of its undistributed net investment income and net investment income accrued through the Closing Date; any such excess amounts are not expected to constitute a return of capital. This would result in the Acquiring Fund issuing incrementally more Common Shares in the Reorganizations since its NAV as of the Valuation Time would be lower relative to a scenario where such excess amounts were not included in the Acquiring Fund's Pre-Reorganization Declared UNII Distribution.

The Combined Fund's earnings and distribution rate on NAV will change over time, and depending on market conditions, may be higher or lower than each Fund's earnings and distribution rate on NAV prior to the Reorganizations. The Combined Fund is anticipated to retain a lower UNII balance after the Reorganizations than the Acquiring Fund prior to the Reorganizations. The lower anticipated UNII balance for the Combined Fund relative to the UNII balance of the Acquiring Fund poses risks for shareholders of the Combined Fund. UNII balances, in part, support the level of a fund's regular distributions and provide a cushion in the event a fund's net earnings for a particular distribution period are insufficient to support the level of its regular distribution for that period. If the Combined Fund's net earnings are below the level of its current distribution rate, the Combined Fund's UNII balance could be more likely to contribute to a determination to decrease the Combined Fund's distribution rate, or could make it more likely that the Combined Fund will make distributions consisting in part of a return of capital to maintain the level of its regular distributions. See *Dividends and Distributions*. Moreover, because a fund's UNII balance, in part, supports the level of a fund's regular distributions, the UNII balance of the Combined Fund could impact the trading market for the Combined Fund's Common Shares and the magnitude of the trading discount to NAV of the Combined Fund's Common Shares. However, the Combined Fund is anticipated to benefit from a lower expense ratio (compared to BNJ and BLJ), a potentially higher earnings profile and other anticipated benefits of economies of scale as discussed herein. Each Fund, including the Combined Fund, reserves the right to change its distribution policy with respect to common share distributions and the basis for establishing the rate of its distributions for the Common Shares at any time and may do so without prior notice to common shareholders. The payment of any distributions by any Fund, including the Combined Fund, is subject to, and will only be made when, as, and if, declared by the Board of such Fund. There is no assurance the Board of any Fund, including the Combined Fund, will declare any distributions for such Fund. To the extent any Pre-Reorganization Declared UNII Distribution is not an exempt interest dividend (as defined in the Code), the distribution may be taxable to shareholders for U.S. federal income tax purposes.

*Premium/Discount to NAV.*

As with any capital stock, the price of each Fund's Common Shares will fluctuate based on market conditions and other factors. If Common Shares are sold, the price received may be more or less than the original investment. Each Fund's Common Shares are designed for long-term investors and should not be treated as trading vehicles. Shares of closed-end management investment companies frequently trade at a discount from their NAV. This risk may be greater for investors who sell their Common Shares in a relatively short period of time after the completion of the Reorganizations.

The Common Shares of each Fund have historically traded at both a premium and a discount. The table below sets forth the market price, NAV, and the premium/discount to NAV of each Fund as of November 30, 2017.

<b>Fund</b>	<b>Market Price</b>	<b>NAV</b>	<b>Premium/(Discount) to NAV</b>
BLJ	\$14.48	\$15.66	(7.54)%
BNJ	\$15.51	\$15.42	0.58%
Acquiring Fund (MYJ)	\$15.59	\$15.86	(1.70)%

## **Table of Contents**

To the extent BLJ s or BNJ s Common Shares are trading at a wider discount (or a narrower premium) than the Acquiring Fund at the time of its Reorganization, BLJ s or BNJ s common shareholders would have the potential for an economic benefit by the narrowing of the discount or widening of the premium. To the extent BLJ s or BNJ s Common Shares are trading at a narrower discount (or wider premium) than the Acquiring Fund at the time of its Reorganization, BLJ s or BNJ s common shareholders may be negatively impacted if its Reorganization is consummated. Acquiring Fund common shareholders would only benefit from a premium/discount perspective to the extent the post-Reorganization discount (or premium) of the Acquiring Fund Common Shares improves.

There can be no assurance that, after the Reorganizations, Common Shares of the Combined Fund will trade at a narrower discount to NAV or wider premium to NAV than the Common Shares of any individual Fund prior to the Reorganizations. Upon consummation of the Reorganizations, the Combined Fund Common Shares may trade at a price that is less than the current market price of Acquiring Fund Common Shares. In the Reorganizations, common shareholders of BLJ and BNJ will receive Common Shares of the Acquiring Fund based on the relative NAVs (not the market values) of each respective Fund s Common Shares. The market value of the Common Shares of the Combined Fund may be less than the market value of the Common Shares of each respective Fund prior to the Reorganizations.

### *Tax Considerations.*

Each Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. If a Reorganization so qualifies, in general, common shareholders of the applicable Fund will recognize no gain or loss for U.S. federal income tax purposes upon the exchange of their BLJ and BNJ Shares for Acquiring Fund Shares pursuant to their Reorganization (except with respect to cash received in lieu of fractional Common Shares). Additionally, each of BLJ and BNJ will recognize no gain or loss for U.S. federal income tax purposes by reason of its Reorganization. Neither the Acquiring Fund nor its shareholders will recognize any gain or loss for U.S. federal income tax purposes pursuant to the Reorganizations.

Shareholders of each Fund may receive distributions prior to, or after, the consummation of the Reorganizations, including distributions attributable to their proportionate share of each Fund s undistributed net investment income declared prior to the consummation of the Reorganizations or the Combined Fund built-in gains, if any, recognized after the Reorganizations, when such income and gains are eventually distributed by the Combined Fund. To the extent that such a distribution is not an exempt interest dividend (as defined in the Code), the distribution may be taxable to shareholders for U.S. federal income tax purposes.

The Funds shareholders should consult their own tax advisers regarding the U.S. federal income tax consequences of the Reorganizations, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax laws.

See U.S. Federal Income Tax Consequences of the Reorganizations for a summary of U.S. federal income tax consequences generally applicable to the Reorganizations.

### **General Risks of Investing in the Acquiring Fund**

The Combined Fund will be managed in accordance with the same investment objective and investment policies, and subject to the same risks, as the Acquiring Fund. Risk is inherent in all investing. The value of your investment in the Acquiring Fund, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. The Acquiring Fund is not meant to provide a vehicle for those who wish to exploit short-term swings in the stock market and is intended for long-term investors. An investment in Common Shares of the Acquiring Fund should not be considered a complete investment program. Each shareholder should take into account the Acquiring Fund s investment objective as well as the shareholder s other investments when considering an investment in the Acquiring Fund. You may lose part or all of your

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**Table of Contents**

investment in the Acquiring Fund or your investment may not perform as well as other similar investments. The risks that predominately affect Common Shares of the Acquiring Fund include the following:

*Non-Diversified Status.* The Acquiring Fund is a non-diversified fund. As defined in the 1940 Act, a non-diversified fund may invest a significant part of its investments in a smaller number of issuers than can a diversified fund. Having a larger percentage of assets in a smaller number of issuers makes a non-diversified fund, like the Acquiring Fund, more susceptible to the risk that one single event or occurrence can have a significant adverse impact upon the Acquiring Fund.

*Investment and Market Discount Risk.* An investment in the Acquiring Fund's Common Shares is subject to investment risk, including the possible loss of the entire amount that you invest. As with any stock, the price of the Acquiring Fund's Common Shares will fluctuate with market conditions and other factors. If shares are sold, the price received may be more or less than the original investment. Common Shares are designed for long-term investors and the Acquiring Fund should not be treated as a trading vehicle. Shares of closed-end management investment companies frequently trade at a discount from their NAV. This risk is separate and distinct from the risk that the Acquiring Fund's NAV could decrease as a result of its investment activities. At any point in time an investment in the Acquiring Fund's Common Shares may be worth less than the original amount invested, even after taking into account distributions paid by the Acquiring Fund. This risk may be greater for investors who sell their Common Shares in a relatively short period of time after completion of the Reorganizations. During periods in which the Acquiring Fund may use leverage, the Acquiring Fund's investment, market discount and certain other risks will be magnified.

*Municipal Bond Market Risk.* Economic exposure to the municipal securities market involves certain risks. The Acquiring Fund's economic exposure to municipal securities includes municipal securities in the Acquiring Fund's portfolio and municipal securities to which the Acquiring Fund is exposed through the ownership of residual interest municipal tender option bonds ( TOB Residuals ). The municipal market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital, and during the financial crisis of 2007-2009 these firms' capital was severely constrained. As a result, some firms were unwilling to commit their capital to purchase and to serve as a dealer for municipal securities. Certain municipal securities may not be registered with the SEC or any state securities commission and will not be listed on any national securities exchange. The amount of public information available about the municipal securities to which the Acquiring Fund is economically exposed is generally less than that for corporate equities or bonds, and the investment performance of the Acquiring Fund may therefore be more dependent on the analytical abilities of the Investment Advisor than would be a fund investing solely in stocks or taxable bonds. The secondary market for municipal securities, particularly the below investment grade securities to which the Acquiring Fund may be economically exposed, also tends to be less well-developed or liquid than many other securities markets, which may adversely affect the Acquiring Fund's ability to sell such securities at attractive prices or at prices approximating those at which the Acquiring Fund currently values them.

In addition, many state and municipal governments that issue securities are under significant economic and financial stress and may not be able to satisfy their obligations. The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. The taxing power of any governmental entity may be limited by provisions of state constitutions or laws and an entity's credit will depend on many factors, including the entity's tax base, the extent to which the entity relies on federal or state aid, and other factors which are beyond the entity's control. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations or on the ability of municipalities to levy taxes. Issuers of municipal securities might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, holders of municipal securities could experience delays in collecting principal and interest and such holders may not, in all circumstances, be able to collect all principal and interest to which they are entitled. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, the

## **Table of Contents**

Acquiring Fund may take possession of and manage the assets securing the issuer's obligations on such securities, which may increase the Acquiring Fund's operating expenses. Any income derived from the Acquiring Fund's ownership or operation of such assets may not be tax-exempt or may fail to generate qualifying income for purposes of the income tests applicable to regulated investment companies (RICs).

*Taxable Municipal Securities Risk.* Build America Bonds involve similar risks as municipal bonds, including credit and market risk. In particular, should a Build America Bond's issuer fail to continue to meet the applicable requirements imposed on the bonds as provided by the American Recovery and Reinvestment Act (ARRA), it is possible that such issuer may not receive federal cash subsidy payments, impairing the issuer's ability to make scheduled interest payments. The Build America Bond program expired on December 31, 2010 and no further issuance is permitted unless Congress renews the program. As a result, the number of available Build America Bonds is limited, which may negatively affect the value of the Build America Bonds. In addition, there can be no assurance that Build America Bonds will be actively traded. It is difficult to predict the extent to which a market for such bonds will continue, meaning that Build America Bonds may experience greater illiquidity than other municipal obligations. The Build America Bonds outstanding as of December 31, 2010 will continue to be eligible for the federal interest rate subsidy, which continues for the life of the Build America Bonds; however, no bonds issued following expiration of the Build America Bond program will be eligible for the U.S. federal tax subsidy.

*Risk Factors and Special Considerations Relating to New Jersey Municipal Bonds.* The Acquiring Fund ordinarily will invest at least 80% of its total assets in New Jersey Municipal Bonds; therefore, it is more susceptible to factors adversely affecting issuers of New Jersey Municipal Bonds than is a municipal bond fund that is not concentrated in issuers of New Jersey Municipal Bonds to this degree. Briefly summarized below are important financial concerns relating to the Acquiring Fund's investments in New Jersey municipal obligations. The information set forth below and in Appendix B to the Statement of Additional Information is derived from sources that are generally available to investors. This information is intended to give a recent historical description and is not intended to indicate future or continuing trends in the financial or other positions of the State of New Jersey. It should be noted that the information recorded here primarily is based on the economic and budget forecasts found in certain recent publications issued by New Jersey. The accuracy and completeness of those publications have not been independently verified. There may be significant changes in circumstances altering the economic and budget predictions since the time of those publications or after the publication of this Joint Proxy Statement/Prospectus.

The Acquiring Fund is susceptible to certain factors which could adversely affect issuers of New Jersey municipal obligations. The ability of issuers to pay interest on, and repay principal of, New Jersey municipal obligations may be affected by: (1) amendments to the Constitution of the State of New Jersey and other statutes that limit the taxing and spending authority of New Jersey government entities; (2) the general financial and economic profile as well as the political climate of New Jersey, its public authorities and political subdivisions; and (3) a change in New Jersey laws and regulations or subsequent court decisions that may affect, directly or indirectly, New Jersey municipal obligations. The Fund's yield and share price are sensitive to these factors as one or more of such factors could undermine New Jersey issuers' efforts to borrow, inhibit secondary market liquidity and erode credit ratings. Furthermore, it should be noted that the creditworthiness of obligations issued by local New Jersey issuers may be unrelated to the creditworthiness of obligations issued by New Jersey and that there is no obligation on the part of New Jersey to make payment on such local obligations in the event of default.

The State Department of the Treasury's Office of Management and Budget's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 reported that for fiscal year 2016, State revenues, including transfers, totaled \$58.9 billion or a decrease of \$0.9 billion when compared to the prior fiscal year. The decrease in total revenues is primarily attributable to decreases in interest earnings and general taxes, primarily the State's Corporate Business Tax. State expenses totaled \$66 billion, for an increase of \$0.9 billion in comparison to the prior fiscal year.

## **Table of Contents**

As of June 30, 2016, New Jersey's outstanding long-term debt obligations for governmental activities totaled \$171.6 billion, representing an \$18.1 billion increase from the prior fiscal year. Long-term bonded debt obligations totaled \$42.7 billion, while other long-term obligations totaled \$128.9 billion.

New Jersey's various outstanding general obligation bonds were rated **A** with a negative outlook by Fitch Ratings ( *Fitch* ) as of September 5, 2014, **A3** by Moody's Investors Service, Inc. ( *Moody's* ) as of March 27, 2017, and **A-** by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ( *S&P* ) as of November 14, 2016. Kroll Bond Rating Agency has also assigned an **A** rating to New Jersey's general obligation debt. These ratings reflect New Jersey's credit quality only, and do not indicate the creditworthiness of other tax-exempt securities in which the Acquiring Fund may invest.

The foregoing information constitutes only a brief summary of some of the general factors that may impact certain issuers of municipal bonds and does not purport to be a complete or exhaustive description of all adverse conditions to which the issuers of municipal bonds held by the Acquiring Fund are subject. See Appendix B to the Statement of Additional Information for a further discussion of factors affecting New Jersey municipal securities. The information set forth above and in Appendix B to the Statement of Additional Information is derived from sources that are generally available to investors. This information is intended to give a recent historical description and is not intended to indicate future or continuing trends in the financial or other positions of the State of New Jersey.

***Municipal Securities Risks.*** Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and the value of municipal securities. These risks include:

**General Obligation Bonds Risks.** The full faith, credit and taxing power of the municipality that issues a general obligation bond secures payment of interest and repayment of principal. Timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base.

**Revenue Bonds Risks.** Revenue bonds issued by state or local agencies to finance the development of low-income, multi-family housing involve special risks in addition to those associated with municipal bonds generally, including that the underlying properties may not generate sufficient income to pay expenses and interest costs. Payments of interest and principal on revenue bonds are made only from the revenues generated by a particular facility, class of facilities or the proceeds of a special tax or other revenue source. These payments depend on the money earned by the particular facility or class of facilities or the amount of revenues derived from another source. Such bonds are generally nonrecourse against the property owner, may be junior to the rights of others with an interest in the properties, may pay interest that changes based in part on the financial performance of the property, may be prepayable without penalty and may be used to finance the construction of housing developments which, until completed and rented, do not generate income to pay interest. Increases in interest rates payable on senior obligations may make it more difficult for issuers to meet payment obligations on subordinated bonds.

**Private Activity Bonds Risks.** Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise. The private enterprise pays the principal and interest on the bond, and the issuer does not pledge its full faith, credit and taxing power for repayment. If the private enterprise defaults on its payments, the Acquiring Fund may not receive any income or get its money back from the investment. These bonds may subject certain investors in the Acquiring Fund to the federal alternative minimum tax.

**Moral Obligation Bonds Risks.** Moral obligation bonds are generally issued by special purpose public authorities of a state or municipality. If the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality.

## **Table of Contents**

**Municipal Notes Risks.** Municipal notes are shorter term municipal debt obligations. They may provide interim financing in anticipation of, and are secured by, tax collection, bond sales or revenue receipts. If there is a shortfall in the anticipated proceeds, the notes may not be fully repaid and the Acquiring Fund may lose money.

**Municipal Lease Obligations Risks.** In a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation. The issuer will generally appropriate municipal funds for that purpose, but is not obligated to do so. Although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property. However, if the issuer does not fulfill its payment obligation it may be difficult to sell the property and the proceeds of a sale may not cover the Acquiring Fund's loss.

Municipal leases and certificates of participation involve special risks not normally associated with general obligations or revenue bonds. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of nonappropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event that the governmental issuer is prevented from maintaining occupancy of the lease premises or utilizing the leased equipment. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of nonappropriation or foreclosure might prove difficult, time consuming and costly, and may result in a delay in recovering or the failure to fully recover ownership of the assets.

Certificates of participation, which represent interests in unmanaged pools of municipal leases or installment contracts, involve the same risks as the underlying municipal leases. In addition, the Acquiring Fund may be dependent upon the municipal authority issuing the certificate of participation to exercise remedies with respect to the underlying securities.

Certificates of participation also entail a risk of default or bankruptcy, both of the issuer of the municipal lease and also the municipal agency issuing the certificate of participation.

**Liquidity of Investments.** Certain municipal securities in which the Acquiring Fund invests may lack an established secondary trading market or are otherwise considered illiquid. Liquidity of a security relates to the ability to easily dispose of the security and the price to be obtained and does not generally relate to the credit risk or likelihood of receipt of cash at maturity. Illiquid securities may trade at a discount from comparable, more liquid investments.

The financial markets in general, and certain segments of the municipal securities markets in particular, have in recent years experienced periods of extreme secondary market supply and demand imbalance, resulting in a loss of liquidity during which market prices were suddenly and substantially below traditional measures of intrinsic value. During such periods some securities could be sold only at arbitrary prices and with substantial losses. Periods of such market dislocation may occur again at any time.

**Tax-Exempt Status Risk.** In making investments, the Acquiring Fund and the Investment Advisor will rely on the opinion of issuers' bond counsel and, in the case of derivative securities, sponsors' counsel, on the tax-exempt status of interest on municipal obligations and payments under tax-exempt derivative securities. Neither the Acquiring Fund nor the Investment Advisor will independently review the bases for those tax opinions. If any of those tax opinions are ultimately determined to be incorrect or if events occur after the security is acquired that impact the security's tax-exempt status, the Acquiring Fund and its shareholders could be subject to substantial tax liabilities. An assertion by the Internal Revenue Service (the "IRS") that a portfolio

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**Table of Contents**

security is not exempt from U.S. federal income tax (contrary to indications from the issuer) could affect the Acquiring Fund's and its shareholders' income tax liability for the current or past years and could create liability for information reporting penalties. In addition, an IRS assertion of taxability may cause the Acquiring Fund to be ineligible to pay exempt-interest dividends or may impair the liquidity and the fair market value of the securities.

**Taxability Risk.** The Acquiring Fund intends to minimize the payment of taxable income to shareholders by investing in tax-exempt or municipal securities in reliance at the time of purchase on an opinion of bond counsel to the issuer that the interest paid on those securities will be excludable from gross income for U.S. federal income tax purposes. Such securities, however, may be determined to pay, or have paid, taxable income subsequent to the Acquiring Fund's acquisition of the securities. In that event, the IRS may demand that the Acquiring Fund pay U.S. federal income taxes on the affected interest income, and, if the Acquiring Fund agrees to do so, the Acquiring Fund's yield could be adversely affected. In addition, the treatment of dividends previously paid or to be paid by the Acquiring Fund as exempt interest dividends could be adversely affected, subjecting the Acquiring Fund's shareholders to increased U.S. federal income tax liabilities. In addition, future laws, regulations, rulings or court decisions may cause interest on municipal securities to be subject, directly or indirectly, to U.S. federal income taxation or interest on state municipal securities to be subject to state or local income taxation, or the value of state municipal securities to be subject to state or local intangible personal property tax, or may otherwise prevent the Acquiring Fund from realizing the full current benefit of the tax-exempt status of such securities. Any such change could also affect the market price of such securities, and thus the value of an investment in the Acquiring Fund.

**Fixed Income Securities Risks.** Fixed income securities in which the Acquiring Fund may invest are generally subject to the following risks:

**Interest Rate Risk.** The market value of bonds and other fixed-income securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Acquiring Fund may be subject to a greater risk of rising interest rates due to the current period of historically low interest rates. The Federal Reserve recently increased the federal funds rate and has indicated that it may raise the federal funds rate further in the near future. Therefore, there is a risk that interest rates will rise, which will likely drive down bond prices. The magnitude of these fluctuations in the market price of bonds and other fixed-income securities is generally greater for those securities with longer maturities. Fluctuations in the market price of the Acquiring Fund's investments will not affect interest income derived from instruments already owned by the Acquiring Fund, but will be reflected in the Acquiring Fund's NAV. The Acquiring Fund may lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by the Acquiring Fund's management. To the extent the Acquiring Fund invests in debt securities that may be prepaid at the option of the obligor (such as mortgage-related securities), the sensitivity of such securities to changes in interest rates may increase (to the detriment of the Acquiring Fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the NAV of the Acquiring Fund to the extent that it invests in floating rate debt securities. These basic principles of bond prices also apply to U.S. Government securities. A security backed by the full faith and credit of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other fixed-income securities, government-guaranteed securities will fluctuate in value when interest rates change.

The Acquiring Fund's use of leverage, as described below, will tend to increase the Acquiring Fund's interest rate risk. The Acquiring Fund may utilize certain strategies, including taking positions in futures or interest rate swaps, for the purpose of reducing the interest rate sensitivity of fixed income securities held by the Acquiring Fund and decreasing the Acquiring Fund's exposure to interest rate risk. The Acquiring Fund is not required to hedge its exposure to interest rate risk and may choose not to do so. In addition, there is no assurance

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**Table of Contents**

that any attempts by the Acquiring Fund to reduce interest rate risk will be successful or that any hedges that the Acquiring Fund may establish will perfectly correlate with movements in interest rates.

The Acquiring Fund may invest in variable and floating rate debt instruments, which generally are less sensitive to interest rate changes than longer duration fixed rate instruments, but may decline in value in response to rising interest rates if, for example, the rates at which they pay interest do not rise as much, or as quickly, as market interest rates in general. Conversely, variable and floating rate instruments generally will not increase in value if interest rates decline. The Acquiring Fund also may invest in inverse floating rate debt securities, which may decrease in value if interest rates increase, and which also may exhibit greater price volatility than fixed rate debt obligations with similar credit quality. To the extent the Acquiring Fund holds variable or floating rate instruments, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities, which may adversely affect the NAV of the Acquiring Fund's Common Shares.

**Issuer Risk.** The value of fixed income securities may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage, reduced demand for the issuer's goods and services, historical and prospective earnings of the issuer and the value of the assets of the issuer.

**Credit Risk.** Credit risk is the risk that one or more fixed income securities in the Acquiring Fund's portfolio will decline in price or fail to pay interest or principal when due because the issuer of the security experiences a decline in its financial status. Credit risk is increased when a portfolio security is downgraded or the perceived creditworthiness of the issuer deteriorates. To the extent the Acquiring Fund invests in below investment grade securities, it will be exposed to a greater amount of credit risk than a fund which only invests in investment grade securities. In addition, to the extent the Acquiring Fund uses credit derivatives, such use will expose it to additional risk in the event that the bonds underlying the derivatives default. The degree of credit risk depends on the issuer's financial condition and on the terms of the securities. If rating agencies lower their ratings of municipal securities in the Acquiring Fund's portfolio, the value of those securities could decline, which could jeopardize rating agencies' ratings of Acquiring Fund VRDP Shares. Because a significant source of income for the Acquiring Fund is the interest and principal payments on the municipal securities in which it invests, any default by an issuer of a municipal security could have a negative impact on the Acquiring Fund's ability to pay dividends on Common Shares or any VRDP Shares then outstanding and could result in the redemption of some or all of any VRDP Shares then outstanding.

**Prepayment Risk.** During periods of declining interest rates, borrowers may exercise their option to prepay principal earlier than scheduled. For fixed rate securities, such payments often occur during periods of declining interest rates, forcing the Acquiring Fund to reinvest in lower yielding securities, resulting in a possible decline in the Acquiring Fund's income and distributions to shareholders. This is known as prepayment or call risk. Below investment grade securities frequently have call features that allow the issuer to redeem the security at dates prior to its stated maturity at a specified price (typically greater than par) only if certain prescribed conditions are met (call protection). For premium bonds (bonds acquired at prices that exceed their par or principal value) purchased by the Acquiring Fund, prepayment risk may be enhanced.

**Reinvestment Risk.** Reinvestment risk is the risk that income from the Acquiring Fund's portfolio will decline if the Acquiring Fund invests the proceeds from matured, traded or called fixed income securities at market interest rates that are below the Acquiring Fund portfolio's current earnings rate.

**Duration and Maturity Risk.** The Investment Advisor may seek to adjust the portfolio's duration or maturity based on its assessment of current and projected market conditions and all factors that the Investment Advisor deems relevant. Any decisions as to the targeted duration or maturity of any particular category of investments or of the Acquiring Fund's portfolio generally will be made based on all pertinent market factors at any given time. The Acquiring Fund may incur costs in seeking to adjust the portfolio average duration or maturity. There can be no assurances that the Investment Advisor's assessment of current and projected market conditions will be

## **Table of Contents**

correct or that any strategy to adjust the portfolio's duration or maturity will be successful at any given time. Generally speaking, the longer the duration of the Acquiring Fund's portfolio, the more exposure the Acquiring Fund will have to the interest rate risks described above.

*Leverage Risk.* The use of leverage creates an opportunity for increased net investment income dividends to Common Shares, but also creates risks for the holders of Common Shares. There is no assurance that the Acquiring Fund's intended leveraging strategy will be successful. Leverage involves risks and special considerations for common shareholders, including:

the likelihood of greater volatility of NAV, market price and distribution rate of the Common Shares than a comparable portfolio without leverage;

the risk that fluctuations in interest rates on borrowings and short-term debt or in the interest or dividend rates on any leverage that the Acquiring Fund must pay will reduce the return to the common shareholders;

the effect of leverage in a declining market, which is likely to cause a greater decline in the NAV of the Common Shares than if the Acquiring Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares;

when the Acquiring Fund uses financial leverage, the investment advisory fee payable to the Investment Advisor will be higher than if the Acquiring Fund did not use leverage; and

leverage may increase operating costs, which may reduce total return.

Any decline in the NAV of the Acquiring Fund's investments will be borne entirely by the holders of Common Shares. Therefore, if the market value of the Acquiring Fund's portfolio declines, leverage will result in a greater decrease in NAV to the holders of Common Shares than if the Acquiring Fund were not leveraged. This greater NAV decrease will also tend to cause a greater decline in the market price for the Common Shares. While the Acquiring Fund may from time to time consider reducing leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased volatility of current income and NAV associated with leverage, there can be no assurances that the Acquiring Fund will actually reduce leverage in the future or that any reduction, if undertaken, will benefit the holders of Common Shares. Changes in the future direction of interest rates are very difficult to predict accurately. If the Acquiring Fund were to reduce leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction in leverage would likely operate to reduce the income and/or total returns to holders of Common Shares relative to the circumstance where the Acquiring Fund had not reduced leverage. The Acquiring Fund may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and share price if the prediction were to turn out to be correct, and determine not to reduce leverage.

The Acquiring Fund currently utilizes leverage through the issuance of VRDP Shares (see *Information about the Preferred Shares of the Funds* ) and investments in TOB Residuals (see *Tender Option Bond Risk* ). The use of TOB Residuals may require the Acquiring Fund to segregate or designate on its books and records assets to cover its obligations. While the segregated or earmarked assets may be invested in liquid assets, they may not be used for other operational purposes. Consequently, the use of leverage may limit the Acquiring Fund's flexibility and may require that the Acquiring Fund sell other portfolio investments to pay Fund expenses, to maintain assets in an amount sufficient to cover the Acquiring Fund's leveraged exposure or to meet other obligations at a time when it may be disadvantageous to sell such assets.

Certain types of leverage used by the Acquiring Fund may result in the Acquiring Fund being subject to covenants relating to asset coverage and portfolio composition requirements. The Acquiring Fund may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which issue ratings for the VRDP Shares issued by the Acquiring Fund or the governing instrument for the Acquiring Fund VRDP Shares. These guidelines may impose asset coverage or portfolio composition requirements that are more

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**Table of Contents**

stringent than those imposed by the 1940 Act. The Investment Advisor does not believe that these covenants or guidelines will impede it from managing the Acquiring Fund's portfolio in accordance with the Acquiring Fund's investment objective and policies.

While there are any preferred shares of the Acquiring Fund outstanding, the Acquiring Fund may not declare any cash dividend or other distribution on its Common Shares, unless at the time of such declaration, (i) all accrued preferred shares dividends have been paid and (ii) the value of the Acquiring Fund's total assets (determined after deducting the amount of such dividend or other distribution), less all liabilities and indebtedness of the Acquiring Fund, is at least 200% (as required by the 1940 Act) of the liquidation preference of the outstanding preferred shares (expected to equal the aggregate original purchase price of the outstanding preferred shares plus any accrued and unpaid dividends thereon, whether or not earned or declared on a cumulative basis). In addition to the requirements of the 1940 Act, the Acquiring Fund may be required to comply with other asset coverage requirements as a condition of the Acquiring Fund obtaining a rating of its preferred shares from a nationally recognized rating service or other asset coverage requirements under an agreement with the liquidity provider of the Acquiring Fund VRDP Shares. These requirements may include an asset coverage test more stringent than that under the 1940 Act. This limitation on the Acquiring Fund's ability to make distributions on its Common Shares could in certain circumstances impair the ability of the Acquiring Fund to maintain its qualification for taxation as a regulated investment company under the Code. The Acquiring Fund may, however, to the extent possible, purchase or redeem preferred shares from time to time to maintain compliance with such asset coverage requirements and may pay special dividends to the holders of the preferred shares in certain circumstances in connection with any such impairment of the Acquiring Fund's status as a regulated investment company under the Code.

The Acquiring Fund may invest in the securities of other investment companies. Such securities may also be leveraged, and will therefore be subject to the leverage risks described above. This additional leverage may in certain market conditions reduce the NAV of the Acquiring Fund's Common Shares and the returns to the holders of Common Shares.

*Tender Option Bond Risk.* The Acquiring Fund currently leverages its assets through the use of TOB Residuals, which are derivative interests in municipal bonds. The TOB Residuals in which the Acquiring Fund may invest pay interest or income that, in the opinion of counsel to the issuer of such TOB Residuals, is exempt from regular U.S. federal income tax. No independent investigation will be made to confirm the tax-exempt status of the interest or income paid by TOB Residuals held by the Acquiring Fund. There is no assurance that the Acquiring Fund's strategy of using TOB Residuals to leverage its assets will be successful.

TOB Residuals represent beneficial interests in a special purpose trust formed for the purpose of holding municipal bonds contributed by one or more funds (a TOB Trust). A TOB Trust typically issues two classes of beneficial interests: short-term floating rate interests (TOB Floaters), which are sold to third party investors, and TOB Residuals, which are generally issued to the fund(s) that transferred municipal bonds to the TOB Trust. TOB Floaters may have first priority on the cash flow from the municipal bonds held by the TOB Trust and are enhanced with a liquidity support arrangement provided by a third party bank or other financial institution (the TOB's Liquidity Provider) which allows holders to tender their position at par (plus accrued interest). The Acquiring Fund, as a holder of TOB Residuals, is paid the residual cash flow from the TOB Trust. As result, distributions on TOB Residuals will bear an inverse relationship to short-term municipal bond interest rates. Distributions on the TOB Residuals paid to the Acquiring Fund will be reduced or, in the extreme, eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. The amount of such reduction or increase is a function, in part, of the amount of TOB Floaters sold by the TOB Trust relative to the amount of the TOB Residuals that it sells. The greater the amount of TOB Floaters sold relative to the TOB Residuals, the more volatile the distributions on the TOB Residuals will be. Short-term interest rates are at historic lows and may be more likely to rise in the current market environment.

## **Table of Contents**

The municipal bonds transferred to a TOB Trust typically are high grade municipal bonds. In certain cases, when municipal bonds transferred are lower grade municipal bonds, the TOB Trust transaction includes a credit enhancement feature that provides for the timely payment of principal and interest on the bonds to the TOB Trust by a credit enhancement provider. The TOB Trust would be responsible for the payment of the credit enhancement fee and the Acquiring Fund, as a TOB Residual holder, would be responsible for reimbursement of any payments of principal and interest made by the credit enhancement provider.

Any economic leverage achieved through the Acquiring Fund's investment in TOB Residuals will increase the possibility that Common Share long-term returns will be diminished if the cost of the TOB Floaters issued by a TOB Trust exceeds the return on the securities in the TOB Trust. If the income and gains earned on municipal securities owned by a TOB Trust that issues TOB Residuals to the Acquiring Fund are greater than the payments due on the TOB Floaters issued by the TOB Trust, the Acquiring Fund's returns will be greater than if it had not invested in the TOB Residuals.

Although the Acquiring Fund generally would unwind a TOB transaction rather than try to sell a TOB Residual, if it did try to sell a TOB Residual, its ability to do so would depend on the liquidity of the TOB Residual. TOB Residuals have varying degrees of liquidity based, among other things, upon the liquidity of the underlying securities deposited in the TOB Trust. The market price of TOB Residuals is more volatile than the underlying municipal bonds due to leverage.

The leverage attributable to the Acquiring Fund's use of TOB Residuals may be called away on relatively short notice and therefore may be less permanent than more traditional forms of leverage. The TOB Trust may be collapsed without the consent of the Acquiring Fund upon the occurrence of termination events, as defined in the TOB Trust agreements. Upon the occurrence of a termination event, a TOB Trust would be liquidated with the proceeds applied first to any accrued fees owed to the trustee of the TOB Trust, the remarketing agent of the TOB Floaters and the TOBs Liquidity Provider. Upon certain termination events, the holders of the TOB Floaters would be paid before the TOB Residual holders (i.e., the Acquiring Fund) whereas in other termination events, the holders of TOB Floaters and the TOB Residual holders would be paid pro rata.

The Acquiring Fund may invest in a TOB Trust on either a non-recourse or recourse basis. If the Acquiring Fund invests in a TOB Trust on a recourse basis, it will typically enter into a reimbursement agreement with the TOBs Liquidity Provider pursuant to which the Acquiring Fund is required to reimburse the TOBs Liquidity Provider the balance, if any, of the amount owed under the liquidity facility over the liquidation proceeds (the Liquidation Shortfall). As a result, if the Acquiring Fund invests in a recourse TOB Trust, the Acquiring Fund will bear the risk of loss with respect to any Liquidation Shortfall.

The use of TOB Residuals will require the Acquiring Fund to earmark or segregate liquid assets in an amount equal to any TOB Floaters, plus any accrued but unpaid interest due on the TOB Floaters, issued by TOB Trusts sponsored by, or on behalf of, the Acquiring Fund that are not owned by the Acquiring Fund. The use of TOB Residuals may also require the Acquiring Fund to earmark or segregate liquid assets in an amount equal to loans provided by the TOBs Liquidity Provider to the TOB Trust to purchase tendered TOB Floaters. While the segregated assets may be invested in liquid securities, they may not be used for other operational purposes. Consequently, the use of leverage through TOB Residuals may limit the Acquiring Fund's flexibility and may require that the Acquiring Fund sell other portfolio investments to pay Fund expenses, to maintain assets in an amount sufficient to cover the Acquiring Fund's leveraged exposure or to meet other obligations at a time when it may be disadvantageous to sell such assets. Future regulatory requirements or SEC guidance may necessitate more onerous contractual or regulatory requirements, which may increase the costs or reduce the degree of potential economic benefits of TOB Trust transactions or limit the Acquiring Fund's ability to enter into or manage TOB Trust transactions.

The Acquiring Fund structures and sponsors the TOB Trusts in which it holds TOB Residuals and has certain duties and responsibilities, which may give rise to certain additional risks including, but not limited to, compliance, securities law and operational risks.

## **Table of Contents**

The SEC and various federal banking and housing agencies recently adopted credit risk retention rules for securitizations (the Risk Retention Rules). The Risk Retention Rules would require the sponsor of a TOB Trust to retain at least 5% of the credit risk of the underlying assets supporting the TOB Trust's municipal bonds. The Risk Retention Rules may adversely affect the Acquiring Fund's ability to engage in TOB Trust transactions or increase the costs of such transactions in certain circumstances.

TOB Trusts constitute an important component of the municipal bond market. Any modifications or changes to the rules governing TOB Trusts may adversely impact the municipal market and the Acquiring Fund, including through reduced demand for and liquidity of municipal bonds and increased financing costs for municipal issuers. The ultimate impact of any potential modifications on the TOB market and the overall municipal market is not yet certain.

Please see The Acquiring Fund's Investments Leverage Tender Option Bonds for additional information.

*Insurance Risk.* Insurance guarantees that interest payments on a municipal security will be made on time and that the principal will be repaid when the security matures. Insurance is expected to protect the Acquiring Fund against losses caused by a municipal security issuer's failure to make interest and principal payments. However, insurance does not protect the Acquiring Fund or its shareholders against losses caused by declines in a municipal security's value. Also, the Acquiring Fund cannot be certain that any insurance company will make the payments it guarantees. Certain significant providers of insurance for municipal securities incurred significant losses as a result of exposure to sub-prime mortgages and other lower credit quality investments that experienced defaults or otherwise suffered extreme credit deterioration during the financial crisis of 2007-2009. These losses have reduced the insurers' capital and called into question their continued ability to perform their obligations under such insurance if they are called upon to do so in the future. While an insured municipal security will typically be deemed to have the rating of its insurer, if the insurer of a municipal security suffers a downgrade in its credit rating or the market discounts the value of the insurance provided by the insurer, the rating of the underlying municipal security will be more relevant and the value of the municipal security would more closely, if not entirely, reflect such rating. The Acquiring Fund may lose money on its investment if the insurance company does not make payments it guarantees. If a municipal security's insurer fails to fulfill its obligations or loses its credit rating, the value of the security could drop.

*Yield and Ratings Risk.* The yields on debt obligations are dependent on a variety of factors, including general market conditions, conditions in the particular market for the obligation, the financial condition of the issuer, the size of the offering, the maturity of the obligation and the ratings of the issue. The ratings of Moody's, S&P and Fitch, which are described in Appendix C to the Statement of Additional Information, represent their respective opinions as to the quality of the obligations which they undertake to rate. Ratings, however, are general and are not absolute standards of quality. Consequently, obligations with the same rating, maturity and interest rate may have different market prices. Subsequent to its purchase by the Acquiring Fund, a rated security may cease to be rated. The Investment Advisor will consider such an event in determining whether the Acquiring Fund should continue to hold the security.

Ratings are relative and subjective and, although ratings may be useful in evaluating the safety of interest and principal payments, they do not evaluate the market value risk of such obligations. Although these ratings may be an initial criterion for selection of portfolio investments, the Investment Advisor also will independently evaluate these securities and the ability of the issuers of such securities to pay interest and principal. To the extent that the Acquiring Fund invests in lower grade securities that have not been rated by a rating agency, the Acquiring Fund's ability to achieve its investment objective will be more dependent on the Investment Advisor's credit analysis than would be the case when the Acquiring Fund invests in rated securities.

*High Yield Securities Risk.* The Acquiring Fund may invest in high yield municipal bonds that are rated, at the time of investment, Ba/BB or B by Moody's, S&P or Fitch or securities comparably rated by other rating

**Table of Contents**

agencies or in unrated securities determined by the Investment Advisor to be of comparable quality. The value of high yield, lower quality bonds is affected by the creditworthiness of the issuers of the securities and by general economic and specific industry conditions. Issuers of high yield bonds are not perceived to be as strong financially as those with higher credit ratings. These issuers are more vulnerable to financial setbacks and recession than more creditworthy issuers, which may impair their ability to make interest and principal payments. Lower grade securities may be particularly susceptible to economic downturns. It is likely that an economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. See

**Risks Associated with Recent Market Events.**

Lower grade securities, though high yielding, are characterized by high risk. They may be subject to certain risks with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated securities. The secondary market for lower grade securities may be less liquid than that for higher rated securities. Adverse conditions could make it difficult at times for the Acquiring Fund to sell certain securities or could result in lower prices than those used in calculating the Acquiring Fund's NAV. Because of the substantial risks associated with investments in lower grade securities, you could lose money on your investment in Common Shares of the Acquiring Fund, both in the short-term and the long-term.

The prices of fixed income securities generally are inversely related to interest rate changes; however, below investment grade securities historically have been somewhat less sensitive to interest rate changes than higher quality securities of comparable maturity because credit quality is also a significant factor in the valuation of lower grade securities. On the other hand, an increased rate environment results in increased borrowing costs generally, which may impair the credit quality of low-grade issuers and thus have a more significant effect on the value of some lower grade securities. In addition, the current extraordinary low rate environment has expanded the historic universe of buyers of lower grade securities as traditional investment grade oriented investors have been forced to accept more risk in order to maintain income. As rates rise, these recent entrants to the low-grade securities market may exit the market and reduce demand for lower grade securities, potentially resulting in greater price volatility.

*Unrated Securities Risk.* Because the Acquiring Fund may purchase securities that are not rated by any rating organization, the Investment Advisor may, after assessing their credit quality, internally assign ratings to certain of those securities in categories similar to those of rating organizations. Some unrated securities may not have an active trading market or may be difficult to value, which means the Acquiring Fund might have difficulty selling them promptly at an acceptable price. To the extent that the Acquiring Fund invests in unrated securities, the Acquiring Fund's ability to achieve its investment objective will be more dependent on the Investment Advisor's credit analysis than would be the case when the Acquiring Fund invests in rated securities.

*Zero-Coupon Securities Risk.* Zero-coupon securities are securities that are sold at a discount to par value and do not pay interest during the life of the security. The discount approximates the total amount of interest the security will accrue and compound over the period until maturity at a rate of interest reflecting the market rate of the security at the time of issuance. Upon maturity, the holder of a zero-coupon security is entitled to receive the par value of the security.

While interest payments are not made on zero coupon securities, holders of such securities are deemed to have received income (phantom income) annually, notwithstanding that cash may not be received currently. The effect of owning instruments that do not make current interest payments is that a fixed yield is earned not only on the original investment but also, in effect, on all discount accretion during the life of the obligations. This implicit reinvestment of earnings at a fixed rate eliminates the risk of being unable to invest distributions at a rate as high as the implicit yield on the zero coupon bond, but at the same time eliminates the holder's ability to reinvest at higher rates in the future. For this reason, some of these securities may be subject to substantially greater price fluctuations during periods of changing market interest rates than are comparable securities that pay

## **Table of Contents**

interest currently. Longer term zero coupon bonds are more exposed to interest rate risk than shorter term zero coupon bonds. These investments benefit the issuer by mitigating its need for cash to meet debt service, but also require a higher rate of return to attract investors who are willing to defer receipt of cash.

The Acquiring Fund accrues income with respect to these securities for U.S. federal income tax and accounting purposes prior to the receipt of cash payments. Zero coupon securities may be subject to greater fluctuation in value and less liquidity in the event of adverse market conditions than comparably rated securities that pay cash interest at regular intervals.

Further, to maintain its qualification for pass-through treatment under the federal tax laws, the Acquiring Fund is required to distribute income to its shareholders and, consequently, may have to dispose of other, more liquid portfolio securities under disadvantageous circumstances or may have to leverage itself by borrowing in order to generate the cash to satisfy these distributions. The required distributions may result in an increase in the Acquiring Fund's exposure to zero coupon securities.

In addition to the above-described risks, there are certain other risks related to investing in zero coupon securities. During a period of severe market conditions, the market for such securities may become even less liquid. In addition, as these securities do not pay cash interest, the Acquiring Fund's investment exposure to these securities and their risks, including credit risk, will increase during the time these securities are held in the Acquiring Fund's portfolio.

*Variable Rate Demand Obligations Risk.* Variable rate demand obligations (VRDOs) are floating rate securities that combine an interest in a long-term municipal bond with a right to demand payment before maturity from a bank or other financial institution. If the bank or financial institution is unable to pay, the Acquiring Fund may lose money.

*Indexed and Inverse Securities Risk.* Investments in inverse floaters, residual interest tender option bonds and similar instruments expose the Acquiring Fund to the same risks as investments in fixed income securities and derivatives, as well as other risks, including those associated with leverage and increased volatility. An investment in these securities typically will involve greater risk than an investment in a fixed rate security. Distributions on inverse floaters, residual interest tender option bonds and similar instruments will typically bear an inverse relationship to short term interest rates and typically will be reduced or, potentially, eliminated as interest rates rise. Inverse floaters, residual interest tender option bonds and similar instruments will underperform the market for fixed rate securities in a rising interest rate environment. Inverse floaters may be considered to be leveraged to the extent that their interest rates vary by a magnitude that exceeds the magnitude of the change in a reference rate of interest (typically a short term interest rate). The leverage inherent in inverse floaters is associated with greater volatility in their market values. Investments in inverse floaters, residual interest tender option bonds and similar instruments that have fixed income securities underlying them will expose the Acquiring Fund to the risks associated with those fixed income securities and the values of those investments may be especially sensitive to changes in prepayment rates on the underlying fixed income securities.

*When-Issued, Forward Commitment and Delayed Delivery Transactions Risk.* The Acquiring Fund may purchase securities on a when-issued basis (including on a forward commitment or TBA (to be announced) basis) and may purchase or sell those securities for delayed delivery. When-issued and delayed delivery transactions occur when securities are purchased or sold by the Acquiring Fund with payment and delivery taking place in the future to secure an advantageous yield or price. Securities purchased on a when-issued or delayed delivery basis may expose the Acquiring Fund to counterparty risk of default as well as the risk that securities may experience fluctuations in value prior to their actual delivery. The Acquiring Fund will not accrue income with respect to a when-issued or delayed delivery security prior to its stated delivery date. Purchasing securities on a when-issued or delayed delivery basis can involve the additional risk that the price or yield available in the market when the delivery takes place may not be as favorable as that obtained in the transaction itself.

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**Table of Contents**

*Repurchase Agreements Risk.* Repurchase agreements typically involve the acquisition by the Acquiring Fund of fixed income securities from a selling financial institution such as a bank, savings and loan association or broker-dealer. The agreement provides that the Acquiring Fund will sell the securities back to the institution at a fixed time in the future. The Acquiring Fund does not bear the risk of a decline in the value of the underlying security unless the seller defaults under its repurchase obligation. In the event of the bankruptcy or other default of a seller of a repurchase agreement, the Acquiring Fund could experience both delays in liquidating the underlying securities and losses, including possible decline in the value of the underlying security during the period in which the Acquiring Fund seeks to enforce its rights thereto; possible lack of access to income on the underlying security during this period; and expenses of enforcing its rights. While repurchase agreements involve certain risks not associated with direct investments in fixed income securities, the Fund follows procedures approved by the Board that are designed to minimize such risks. The value of the collateral underlying the repurchase agreement will be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement. In the event of a default or bankruptcy by a selling financial institution, the Acquiring Fund generally will seek to liquidate such collateral. However, the exercise of the Acquiring Fund's right to liquidate such collateral could involve certain costs or delays and, to the extent that proceeds from any sale upon a default of the obligation to repurchase were less than the repurchase price, the Acquiring Fund could suffer a loss.

*Reverse Repurchase Agreements Risk.* Reverse repurchase agreements involve the risks that the interest income earned on the investment of the proceeds will be less than the interest expense of the Acquiring Fund, that the market value of the securities sold by the Acquiring Fund may decline below the price at which the Acquiring Fund is obligated to repurchase the securities and that the securities may not be returned to the Acquiring Fund. There is no assurance that reverse repurchase agreements can be successfully employed.

*Securities Lending Risk.* The Acquiring Fund may lend securities to financial institutions. Securities lending involves exposure to certain risks, including operational risk (i.e., the risk of losses resulting from problems in the settlement and accounting process), gap risk (i.e., the risk of a mismatch between the return on cash collateral reinvestments and the fees the Acquiring Fund has agreed to pay a borrower), and credit, legal, counterparty and market risk. If a securities lending counterparty were to default, the Acquiring Fund would be subject to the risk of a possible delay in receiving collateral or in recovering the loaned securities, or to a possible loss of rights in the collateral. In the event a borrower does not return the Acquiring Fund's securities as agreed, the Acquiring Fund may experience losses if the proceeds received from liquidating the collateral do not at least equal the value of the loaned security at the time the collateral is liquidated, plus the transaction costs incurred in purchasing replacement securities. This event could trigger adverse tax consequences for the Acquiring Fund. The Acquiring Fund could lose money if its short-term investment of the collateral declines in value over the period of the loan. Substitute payments for dividends received by the Acquiring Fund for securities loaned out by the Acquiring Fund will generally not be considered qualified dividend income. The securities lending agent will take the tax effects on shareholders of this difference into account in connection with the Acquiring Fund's securities lending program. Substitute payments received on tax-exempt securities loaned out will generally not be tax-exempt income.

*Restricted and Illiquid Securities Risk.* The Acquiring Fund may invest in illiquid or less liquid investments or investments in which no secondary market is readily available or which are otherwise illiquid, including private placement securities. The Acquiring Fund may not be able to readily dispose of such investments at prices that approximate those at which the Acquiring Fund could sell such investments if they were more widely-traded and, as a result of such illiquidity, the Acquiring Fund may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. Limited liquidity can also affect the market price of investments, thereby adversely affecting the Acquiring Fund's NAV and ability to make dividend distributions. The financial markets in general, and certain segments of the mortgage related securities markets in particular, have in recent years experienced periods of extreme secondary market supply and demand imbalance, resulting in a loss of liquidity during which market prices were suddenly and substantially below traditional measures of intrinsic value. During such periods, some investments could be sold only at arbitrary prices and

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**Table of Contents**

with substantial losses. Periods of such market dislocation may occur again at any time. Privately issued debt securities are often of below investment grade quality, frequently are unrated and present many of the same risks as investing in below investment grade public debt securities.

Restricted securities are securities that may not be sold to the public without an effective registration statement under the Securities Act, or that may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. When registration is required to sell a security, the Acquiring Fund may be obligated to pay all or part of the registration expenses and considerable time may pass before the Acquiring Fund is permitted to sell a security under an effective registration statement. If adverse market conditions develop during this period, the Acquiring Fund might obtain a less favorable price than the price that prevailed when the Acquiring Fund decided to sell. The Acquiring Fund may be unable to sell restricted and other illiquid securities at opportune times or prices.

*Investment Companies Risk.* Subject to the limitations set forth in the 1940 Act and the Acquiring Fund's governing documents or as otherwise permitted by the SEC, the Acquiring Fund may acquire shares in other affiliated and unaffiliated investment companies, including exchange-traded funds (ETFs) and business development companies (BDCs). The market value of the shares of other investment companies may differ from their NAV. As an investor in investment companies, including ETFs or BDCs, the Acquiring Fund would bear its ratable share of that entity's expenses, including its investment advisory and administration fees, while continuing to pay its own advisory and administration fees and other expenses. As a result, shareholders will be absorbing duplicate levels of fees with respect to investments in other investment companies, including ETFs or BDCs.

The securities of other investment companies, including ETFs or BDCs, in which the Acquiring Fund may invest may be leveraged. As a result, the Acquiring Fund may be indirectly exposed to leverage through an investment in such securities. An investment in securities of other investment companies, including ETFs or BDCs, that use leverage may expose the Acquiring Fund to higher volatility in the market value of such securities and the possibility that the Acquiring Fund's long-term returns on such securities (and, indirectly, the long-term returns of the Acquiring Fund's Common Shares) will be diminished.

ETFs are generally not actively managed and may be affected by a general decline in market segments relating to its index. An ETF typically invests in securities included in, or representative of, its index regardless of their investment merits and does not attempt to take defensive positions in declining markets.

*Strategic Transactions and Derivatives Risk.* The Acquiring Fund may engage in various derivative transactions or portfolio strategies (Strategic Transactions) for duration management and other risk management purposes, including to attempt to protect against possible changes in the market value of the Acquiring Fund's portfolio resulting from trends in the securities markets and changes in interest rates or to protect the Acquiring Fund's unrealized gains in the value of its portfolio securities, to facilitate the sale of portfolio securities for investment purposes or to establish a position in the securities markets as a temporary substitute for purchasing particular securities or to enhance income or gain. Derivatives are financial contracts or instruments whose value depends on, or is derived from, the value of an underlying asset, reference rate or index (or relationship between two indices). The Acquiring Fund also may use derivatives to add leverage to the portfolio and/or to hedge against increases in the Acquiring Fund's costs associated with any leverage strategy that it may employ. The use of Strategic Transactions to enhance current income may be particularly speculative.

The risks associated with Strategic Transactions include (i) the imperfect correlation between the value of such instruments and the underlying assets, (ii) the possible default of the counterparty to the transaction, (iii) illiquidity of the derivative instruments, and (iv) high volatility losses caused by unanticipated market movements, which are potentially unlimited. Although both over-the-counter (OTC) and exchange-traded derivatives markets may experience a lack of liquidity, OTC non-standardized derivative transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets may be due to

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**Table of Contents**

various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Acquiring Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Acquiring Fund to the potential of greater losses. Furthermore, the Acquiring Fund's ability to successfully use Strategic Transactions depends on the Investment Advisor's ability to predict pertinent securities prices, interest rates, currency exchange rates and other economic factors, which cannot be assured. Strategic Transactions subject the Acquiring Fund to the risk that, if the Investment Advisor incorrectly forecasts market values, interest rates or other applicable factors, the Acquiring Fund's performance could suffer. Certain of these Strategic Transactions, such as investments in inverse floating rate securities and credit default swaps, may provide investment leverage to the Acquiring Fund's portfolio. The Acquiring Fund is not required to use derivatives or other portfolio strategies to seek to increase return or to seek to hedge its portfolio and may choose not to do so. The use of Strategic Transactions may result in losses greater than if they had not been used, may require the Acquiring Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Acquiring Fund can realize on an investment or may cause the Acquiring Fund to hold a security that it might otherwise sell. Additionally, segregated or earmarked liquid assets, amounts paid by the Acquiring Fund as premiums and cash or other assets held in margin accounts with respect to Strategic Transactions are not otherwise available to the Acquiring Fund for investment purposes. Please see the Acquiring Fund's Statement of Additional Information for a more detailed description of Strategic Transactions and the various derivative instruments the Acquiring Fund may use and the various risks associated with them.

Many OTC derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should the Acquiring Fund wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the Acquiring Fund's NAV and may materially adversely affect the Acquiring Fund in situations in which the Acquiring Fund is required to sell derivative instruments.

Exchange-traded derivatives and OTC derivative transactions submitted for clearing through a central counterparty have become subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or Commodity Futures Trading Commission (CFTC) mandated margin requirements. The CFTC and federal banking regulators also have imposed margin requirements on non-cleared OTC derivatives, and the SEC has proposed (but not yet finalized) such non-cleared margin requirements. As applicable, margin requirements will increase the overall costs for the Acquiring Fund.

While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurances that the Acquiring Fund's hedging transactions will be effective.

Derivatives may give rise to a form of leverage and may expose the Acquiring Fund to greater risk and increase its costs. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation is not yet known and may not be known for some time. New regulation may make derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the value or performance of derivatives.

In 2015 the SEC proposed rules on the use of derivatives by registered investment companies. If adopted, these rules could adversely affect the Acquiring Fund's ability to successfully use derivative instruments.

*Counterparty Risk.* The Acquiring Fund will be subject to credit risk with respect to the counterparties to the derivative contracts purchased by the Acquiring Fund. Because derivative transactions in which the Acquiring Fund may engage may involve instruments that are not traded on an exchange or cleared through a central counterparty but are instead traded between counterparties based on contractual relationships, the Acquiring Fund is subject to the risk that a counterparty will not perform its obligations under the related contracts. If a

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**Table of Contents**

counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the Acquiring Fund may experience significant delays in obtaining any recovery in bankruptcy or other reorganization proceedings. The Acquiring Fund may obtain only a limited recovery, or may obtain no recovery, in such circumstances. Although the Acquiring Fund intends to enter into transactions only with counterparties that the Investment Advisor believes to be creditworthy, there can be no assurances that, as a result, a counterparty will not default and that the Acquiring Fund will not sustain a loss on a transaction. In the event of the counterparty's bankruptcy or insolvency, the Acquiring Fund's collateral may be subject to the conflicting claims of the counterparty's creditors, and the Acquiring Fund may be exposed to the risk of a court treating the Acquiring Fund as a general unsecured creditor of the counterparty, rather than as the owner of the collateral.

The counterparty risk for cleared derivatives is generally lower than for uncleared OTC derivative transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing organization for performance of financial obligations under the derivative contract. However, there can be no assurances that a clearing organization, or its members, will satisfy its obligations to the Acquiring Fund, or that the Acquiring Fund would be able to recover the full amount of assets deposited on its behalf with the clearing organization in the event of the default by the clearing organization or the Acquiring Fund's clearing broker. In addition, cleared derivative transactions benefit from daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Uncleared OTC derivative transactions generally do not benefit from such protections. This exposes the Acquiring Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Acquiring Fund to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Acquiring Fund has concentrated its transactions with a single or small group of counterparties.

In addition, the Acquiring Fund is subject to the risk that issuers of the instruments in which it invests and trades may default on their obligations under those instruments, and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. There can be no assurances that an issuer of an instrument in which the Acquiring Fund invests will not default, or that an event that has an immediate and significant adverse effect on the value of an instrument will not occur, and that the Acquiring Fund will not sustain a loss on a transaction as a result.

*Swaps Risk.* Swaps are a type of derivative. Swap agreements involve the risk that the party with which the Acquiring Fund has entered into the swap will default on its obligation to pay the Acquiring Fund and the risk that the Acquiring Fund will not be able to meet its obligations to pay the other party to the agreement. In order to seek to hedge the value of the Acquiring Fund's portfolio, to hedge against increases in the Acquiring Fund's cost associated with interest payments on any outstanding borrowings or to seek to increase the Acquiring Fund's return, the Acquiring Fund may enter into swaps, including interest rate swap, total return swap and/or credit default swap transactions. In interest rate swap transactions, there is a risk that yields will move in the direction opposite of the direction anticipated by the Acquiring Fund, which would cause the Acquiring Fund to make payments to its counterparty in the transaction that could adversely affect Acquiring Fund performance. In addition to the risks applicable to swaps generally (including counterparty risk, high volatility, liquidity risk and credit risk), credit default swap transactions involve special risks because they are difficult to value, are highly susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty).

Historically, swap transactions have been individually negotiated non-standardized transactions entered into in OTC markets and have not been subject to the same type of government regulation as exchange-traded instruments. However, the OTC derivatives markets have recently become subject to comprehensive statutes and regulations. In particular, in the United States, the Dodd-Frank Act, signed into law by President Obama

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**Table of Contents**

July 21, 2010, requires that certain derivatives with U.S. persons must be executed on a regulated market and a substantial portion of OTC derivatives must be submitted for clearing to regulated clearinghouses. As a result, swap transactions entered into by the Acquiring Fund may become subject to various requirements applicable to swaps under the Dodd-Frank Act, including clearing, exchange-execution, reporting and recordkeeping requirements, which may make it more difficult and costly for the Acquiring Fund to enter into swap transactions and may also render certain strategies in which the Acquiring Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. Furthermore, the number of counterparties that may be willing to enter into swap transactions with the Acquiring Fund may also be limited if the swap transactions with the Acquiring Fund are subject to the swap regulation under the Dodd-Frank Act.

Credit default and total return swap agreements may effectively add leverage to the Acquiring Fund's portfolio because, in addition to its Managed Assets, the Acquiring Fund would be subject to investment exposure on the notional amount of the swap. Total return swap agreements are subject to the risk that a counterparty will default on its payment obligations to the Acquiring Fund thereunder. The Acquiring Fund is not required to enter into swap transactions for hedging purposes or to enhance income or gain and may choose not to do so. In addition, the swaps market is subject to a changing regulatory environment. It is possible that regulatory or other developments in the swaps market could adversely affect the Acquiring Fund's ability to successfully use swaps.

*Legal, Tax and Regulatory Risks.* Legal, tax and regulatory changes could occur that may materially adversely affect the Acquiring Fund. For example, the regulatory and tax environment for derivative instruments in which the Acquiring Fund may participate is evolving, and changes in the regulation or taxation of derivative instruments may materially adversely affect the value of derivative instruments held by the Acquiring Fund and the ability of the Acquiring Fund to pursue its investment strategies.

To qualify for the favorable U.S. federal income tax treatment generally accorded to RICs, the Acquiring Fund must, among other things, derive in each taxable year at least 90% of its gross income from certain prescribed sources and distribute for each taxable year at least 90% of its investment company taxable income (generally, ordinary income plus the excess, if any, of net short-term capital gain over net long-term capital loss) and its net tax-exempt interest income. If for any taxable year the Acquiring Fund does not qualify as a RIC, all of its taxable income for that year (including its net capital gain) would be subject to tax at regular corporate rates without any deduction for distributions to shareholders, and such distributions would be taxable as ordinary dividends to the extent of the Acquiring Fund's current and accumulated earnings and profits.

The Trump administration has called for substantial changes to U.S. fiscal and tax policies, including comprehensive corporate and individual tax reform (which Congress is currently working on and may soon enact into law). In addition, the Trump administration has called for significant changes to U.S. trade, healthcare, immigration, foreign, and government regulatory policy. In this regard, there is significant uncertainty with respect to legislation, regulation and government policy at the federal level, as well as the state and local levels. Recent events have created a climate of heightened uncertainty and introduced new and difficult-to-quantify macroeconomic and political risks with potentially far-reaching implications. There has been a corresponding meaningful increase in the uncertainty surrounding interest rates, inflation, foreign exchange rates, trade volumes and fiscal and monetary policy. To the extent the U.S. Congress or Trump administration implements changes to U.S. policy, those changes may impact, among other things, the U.S. and global economy, international trade and relations, unemployment, immigration, corporate taxes, healthcare, the U.S. regulatory environment, inflation and other areas. Some particular areas identified as subject to potential change, amendment or repeal include the Dodd-Frank Act, including the Volcker Rule and various swaps and derivatives regulations, credit risk retention requirements and the authorities of the Federal Reserve, the Financial Stability Oversight Council and the SEC. Although the Acquiring Fund cannot predict the impact, if any, of these changes to the Acquiring Fund's business, they could adversely affect the Acquiring Fund's business, financial condition, operating results and cash flows. Until the Acquiring Fund knows what policy changes are made and how those changes impact the Acquiring Fund's business and the business of the Acquiring Fund's competitors over the long term, the Acquiring Fund will not know if, overall, Acquiring Fund will benefit from them or be negatively affected by them.

**Table of Contents**

*1940 Act Regulation.* The Acquiring Fund is a registered closed-end management investment company and as such is subject to r