MORGAN STANLEY EMERGING MARKETS DEBT FUND INC
Form N-14 8C/A
September 22, 2009

As filed with the Securities and Exchange Commission on September 22, 2009

Securities Act File No. 333-160673

Investment Company Act File No. 811-07694

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-14

Registration Statement Under the Securities Act of 1933	**x**
Pre-Effective Amendment No. 1	**x**
Post Effective Amendment No.	**o**

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

(Exact Name of Registrant as Specified in Charter)

522 Fifth Avenue

New York, New York 10036

(Address of Principal Executive Offices)

(212) 296-6970

(Area Code and Telephone Number)

Stefanie V. Chang Yu, Esq.

Morgan Stanley Investment Management Inc.

522 Fifth Avenue

New York, New York 10036

(Name and Address of Agent for Service)

Copy to:

Carl Frischling, Esq. Kramer Levin Naftalis & Frankel LLP 1177 Avenue of the Americas New York, New York 10036	Stuart M. Strauss, Esq. Dechert LLP 1095 Avenue of the Americas New York, New York 10036

Approximate Date of Proposed Public Offering:

As soon as practicable after the effective date of this Registration Statement.

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 (1)(2)	Proposed Maximum Aggregate Offering Price (1)(2)	Amount Of Registration Fee
Common Stock, par value $0.01 per share	3,225,807 shares	$ 10.85	$ 35,000,000	$ 1,953.00(3)

---

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Net asset value per share of common stock on September 8, 2009.

(3) Includes fee of $55.80 previously paid.

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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

MORGAN STANLEY GLOBAL OPPORTUNITY BOND FUND, INC.

522 Fifth Avenue
New York, New York 10036
(800) 231-2608

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD NOVEMBER 18, 2009

To the Stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc.:

Notice is hereby given of a Special Meeting of the Stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc. ("Global Opportunity Bond") to be held in Conference Room C, 3rd Floor, 522 Fifth Avenue, New York, New York 10036, at 9:00 a.m., New York time, on November 18, 2009, and any adjournments or postponements thereof (the "Meeting"), for the following purposes:

1. To consider and vote upon a proposal to approve the actions and transactions described in that certain Agreement and Plan of Reorganization, dated June 19, 2009 (the "Reorganization Agreement"), between Global Opportunity Bond and Morgan Stanley Emerging Markets Debt Fund, Inc. ("Emerging Markets Debt"), pursuant to which substantially all of the assets of Global Opportunity Bond would be transferred to Emerging Markets Debt and stockholders of Global Opportunity Bond would become stockholders of Emerging Markets Debt receiving shares of common stock of Emerging Markets Debt with a value equal to the value of their holdings in Global Opportunity Bond and Global Opportunity Bond would be dissolved (the "Reorganization"); and

2. To act upon such other matters as may properly come before the Meeting, or any adjournments or postponements thereof.

The Reorganization is more fully described in the accompanying Proxy Statement and Prospectus and a copy of the Reorganization Agreement is attached as Exhibit A thereto, both of which are incorporated herein by reference and form a part of this Notice of Special Meeting of Stockholders. Stockholders of record of Global Opportunity Bond at the close of business on September 4, 2009 are entitled to notice of, and to vote at, the Meeting. Please read the Proxy Statement and Prospectus carefully before telling us, through your Proxy or in person, how you wish your shares to be voted. Alternatively, if you are eligible to vote telephonically by touchtone telephone or electronically on the Internet (as discussed in the enclosed Proxy Statement) you may do so in lieu of attending the Meeting in person. **The Board of Directors of Global Opportunity Bond recommends you vote in favor of the Reorganization. We urge you to sign, date and mail the enclosed Proxy promptly.**

By: Order of the Board of Directors,

MARY E. MULLIN
Secretary

September 23, 2009

You can help avoid the necessity and expense of sending follow-up letters to ensure a quorum by promptly returning the enclosed Proxy. If you are unable to be present in person, please fill in, sign and return the enclosed Proxy in order that the necessary quorum be represented at the Meeting. The enclosed envelope requires no postage if mailed in the United States. Stockholders of Global Opportunity Bond will be able to vote telephonically by touchtone telephone or electronically on the Internet by following instructions on their Proxy Cards or on the enclosed Voting Information Card.

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

522 Fifth Avenue
New York, New York 10036
(800) 231-2608

Acquisition of the Assets of
Morgan Stanley Global Opportunity Bond Fund, Inc.
By and in Exchange for Shares of Common Stock of
Morgan Stanley Emerging Markets Debt Fund, Inc.

This Proxy Statement and Prospectus is being furnished to stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc. ("Global Opportunity Bond") in connection with an Agreement and Plan of Reorganization, dated June 19, 2009 (the "Reorganization Agreement"), pursuant to which substantially all the assets of Global Opportunity Bond will be transferred to Morgan Stanley Emerging Markets Debt Fund, Inc. ("Emerging Markets Debt") in exchange for shares of common stock ("common shares") of Emerging Markets Debt and Global Opportunity Bond will be dissolved (the "Reorganization"). As a result of this transaction, stockholders of Global Opportunity Bond will become stockholders of Emerging Markets Debt and will receive common shares of Emerging Markets Debt with an aggregate net asset value ("NAV") equal to the aggregate NAV of their holdings in Global Opportunity Bond. The terms and conditions of this transaction are more fully described in this Proxy Statement and Prospectus and in the Reorganization Agreement between Global Opportunity Bond and Emerging Markets Debt attached hereto as Exhibit A. The address of Global Opportunity Bond is that of Emerging Markets Debt set forth above. This Proxy Statement also constitutes a Prospectus of Emerging Markets Debt, which is dated September 23, 2009, filed by Emerging Markets Debt with the Securities and Exchange Commission (the "Commission") as part of its Registration Statement on Form N-14 (the "Registration Statement").

Emerging Markets Debt, a Maryland corporation, is a closed-end management investment company whose primary investment objective is to seek a high level of current income and, as a secondary investment objective, seeks capital appreciation. Emerging Markets Debt seeks to achieve its investment objectives through investments primarily in debt securities of government and government-related issuers located in emerging market countries and of entities organized to restructure outstanding debt of such issuers.

This Proxy Statement and Prospectus sets forth concisely information about Emerging Markets Debt that stockholders of Global Opportunity Bond ought to know before voting on the Reorganization. Enclosed and incorporated herein by reference is Emerging Markets Debt's Annual Report for the fiscal year ended December 31, 2008. A Statement of Additional Information, dated September 23, 2009, relating to the Reorganization, described in this Proxy Statement and Prospectus has been filed with the Commission and is also incorporated herein by reference. Such documents, including the Statement of Additional Information, as well as additional information about Emerging Markets Debt and Global Opportunity Bond, have been filed with the Commission and are available upon request without charge by calling (800) 231 2608 (toll-free) or by visiting the Commission's website at www.sec.gov. The common shares of Global Opportunity Bond and Emerging Markets Debt trade on the New York Stock Exchange ("NYSE"). Reports, proxy statements and other information concerning Global Opportunity Bond and Emerging Markets Debt can be inspected at 20 Broad Street, New York, New York 10004.

Investors are advised to read and retain this Proxy Statement and Prospectus for future reference.

These securities have not been approved or disapproved by the Securities and Exchange Commission, nor has the Securities and Exchange Commission passed on the accuracy or adequacy of this Proxy Statement and Prospectus. Any representation to the contrary is a criminal offense.

This Proxy Statement and Prospectus is dated September 23, 2009.

TABLE OF CONTENTS
PROXY STATEMENT AND PROSPECTUS

MORGAN STANLEY GLOBAL OPPORTUNITY BOND FUND, INC.

522 Fifth Avenue
New York, New York 10036
(800) 231-2608

PROXY STATEMENT AND PROSPECTUS

SPECIAL MEETING OF STOCKHOLDERS TO BE HELD NOVEMBER 18, 2009

INTRODUCTION

General

This Proxy Statement and Prospectus is being furnished to the stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc., a Maryland corporation ("Global Opportunity Bond"), which is a closed-end, non-diversified management investment company, in connection with the solicitation by the Board of Directors (the "Board") of Global Opportunity Bond of Proxies to be used at the Special Meeting of Stockholders of Global Opportunity Bond to be held in Conference Room C, 3rd Floor, 522 Fifth Avenue, New York, New York 10036, at 9:00 a.m., New York time, on November 18, 2009, and any adjournments or postponements thereof (the "Meeting"). It is expected that the first mailing of this Proxy Statement and Prospectus will be made on or about September 23, 2009.

At the Meeting, stockholders of Global Opportunity Bond will consider and vote upon the actions and transactions described in that certain Agreement and Plan of Reorganization, dated June 19, 2009 (the "Reorganization Agreement"), between Global Opportunity Bond and Morgan Stanley Emerging Markets Debt Fund, Inc. ("Emerging Markets Debt" and, together with Global Opportunity Bond, the "Funds"), pursuant to which substantially all of the assets of Global Opportunity Bond will be transferred to Emerging Markets Debt in exchange for shares of common stock ("common shares") of Emerging Markets Debt and Global Opportunity Bond will be dissolved (the "Reorganization"). As a result of the Reorganization, stockholders of Global Opportunity Bond will become stockholders of Emerging Markets Debt and will receive common shares of Emerging Markets Debt equal to the aggregate net asset value ("NAV") of the aggregate NAV of their holdings in Global Opportunity Bond on the date of such Reorganization. The common shares to be issued by Emerging Markets Debt pursuant to the Reorganization (the "Emerging Markets Debt Shares") will be issued at NAV. Further information relating to Global Opportunity Bond and Emerging Markets Debt is set forth herein.

Global Opportunity Bond and Emerging Markets Debt are non-diversified, closed-end management investment companies. It is proposed that, upon approval of the Reorganization, stockholders of Global Opportunity Bond receive Emerging Markets Debt Shares equal to the aggregate NAV of the aggregate NAV of their holdings in Global Opportunity Bond on the date of the Reorganization. The information concerning Global Opportunity Bond and Emerging Markets Debt contained herein has been supplied by Global Opportunity Bond and Emerging Markets Debt, respectively. Each of Global Opportunity Bond and Emerging Markets Debt is referred to herein as a "Fund" and together as the "Funds." The fund resulting from the Reorganization is referred to as the "Combined Fund."

Record Date; Share Information

The Board has fixed the close of business on September 4, 2009 as the record date (the "Record Date") for the determination of the stockholders of Global Opportunity Bond entitled to notice of, and to vote at, the Meeting. As of the Record Date, there were 4,085,596 common shares of Global Opportunity Bond issued and outstanding. Stockholders of Global Opportunity Bond on the Record Date are entitled to one vote per common share and a fractional vote for a fractional share on each matter submitted to a vote at the Meeting. A majority of the outstanding common shares entitled to vote, represented in person or by proxy, will constitute a quorum at the Meeting.

Proxies

The enclosed form of Proxy, if properly executed and returned, will be voted in accordance with the choice specified thereon. The Proxy will be voted in favor of the Reorganization unless a choice is indicated to vote against or to abstain from voting on the Reorganization. The Board knows of no business, other than that set forth in the Notice of Special Meeting of Stockholders, to be presented for consideration at the Meeting. However, the Proxy confers discretionary authority upon the persons named therein to vote as they determine on other business, not currently contemplated, which may come before the Meeting.

Abstentions and "broker non-votes" will have the effect of votes against the Reorganization, and "broker non-votes" will not be deemed to be present at the meeting for purposes of determining whether a quorum is present. Broker "non-votes" are common shares held in street name for which the broker indicates that instructions have not been received from the beneficial owners or other persons entitled to vote and for which the broker does not have discretionary voting authority. If a Global Opportunity Bond stockholder executes and returns a Proxy but fails to indicate how the votes should be cast, the Proxy will be voted in favor of the Reorganization. The Proxy may be revoked at any time prior to the voting thereof by: (i) delivering written notice of revocation to the Secretary of Global Opportunity Bond, 522 Fifth Avenue, New York, New York 10036; (ii) attending the Meeting and voting in person; or (iii) completing and returning a new Proxy (whether by mail or, as discussed below, by touchtone telephone or the Internet) (if returned and received in time to be voted). Attendance at the Meeting will not in and of itself revoke a Proxy.

In the event that the necessary quorum to transact business or the vote required to approve or reject the Reorganization is not obtained at the Meeting, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of Proxies. Any such adjournment will require the affirmative vote of the holders of a majority of common shares of Global Opportunity Bond present in person or by proxy at the Meeting. The persons named as proxies will vote in favor of such adjournment those proxies which they are entitled to vote in favor of the Reorganization and will vote against any such adjournment those proxies required to be voted against the Reorganization. Abstentions and "broker non-votes" will not be counted for purposes of approving an adjournment.

Expenses of Solicitation

The expenses of this solicitation, including the cost of preparing and mailing this Proxy Statement and Prospectus, will be borne by both Funds, which expenses are expected to approximate $71,025. The expenses will be allocated among Global Opportunity Bond and Emerging Markets Debt in the amounts of $65,492 and $5,533, respectively. Global Opportunity Bond and Emerging Markets Debt will bear all of their respective other expenses associated with the Reorganization.

The solicitation of Proxies will be by mail, which may be supplemented by solicitation by mail, telephone or otherwise through officers of Global Opportunity Bond or officers and regular employees of Morgan Stanley Investment Management Inc. (the "Adviser") and/or Morgan Stanley Smith Barney, without special compensation therefor. As described below, Global Opportunity Bond will employ Computershare Fund Services, Inc. ("Computershare") to make telephone calls to stockholders of Global Opportunity Bond to remind them to vote. In addition, Global Opportunity Bond may also employ Computershare as proxy solicitor if it appears that the required number of votes to achieve a quorum will not be received. In the event that Computershare is retained as proxy solicitor, Computershare will be paid a project management fee as well as telephone solicitation expenses incurred for reminder calls, outbound telephone voting, confirmation of telephone votes, inbound telephone contact, obtaining stockholders' telephone numbers and providing additional materials upon stockholder request, at an estimated cost of $6,600 and the expenses outlined below.

Stockholders of Global Opportunity Bond will be able to vote their common shares by touchtone telephone or electronically on the Internet by following the instructions on the Proxy Card or on the Voting Information Card accompanying this Proxy Statement. To vote by Internet or by telephone, stockholders can access the website or call the toll-free number listed on the Proxy Card or noted in the enclosed voting instructions. To vote by touchtone telephone, stockholders will need the number that appears on the Proxy Card.

In certain instances, Morgan Stanley or Computershare may call stockholders of Global Opportunity Bond to ask if they would be willing to have their votes recorded by telephone. The telephone voting procedure is designed to authenticate stockholders' identities, to allow stockholders to authorize the voting of their common shares in accordance with their instructions and to confirm that their instructions have been recorded properly. No recommendation will be made as to how a stockholder should vote on any proposal other than to refer to the recommendations of the Board. Global Opportunity Bond has been advised by counsel that these procedures are consistent with the requirements of applicable law. Stockholders voting by telephone in this manner will be asked for identifying information and will be given an opportunity to authorize proxies to vote their common shares in accordance with their instructions. To ensure that the stockholders' instructions have been recorded correctly, stockholders will receive a confirmation of their instructions in the mail. A special toll-free number set forth in the confirmation will be available in case the information contained in the confirmation is incorrect. Although a stockholder's vote may be taken by telephone, each stockholder will receive a copy of this Proxy Statement and may vote by mail using the enclosed Proxy Card or by touchtone telephone or electronically on the Internet as set forth above. The last proxy vote received in time to be voted, whether by Proxy Card, touchtone telephone or the Internet, will be the last vote that is counted and will revoke all previous votes by the stockholder.

Vote Required

Approval of the Reorganization by the stockholders of Global Opportunity Bond requires the affirmative vote of a majority of all votes entitled to be cast by the stockholders of Global Opportunity Bond on the matter. If the Reorganization is not approved by stockholders of Global Opportunity Bond, Global Opportunity Bond will continue in existence and the Board will consider alternative actions.

FEE TABLE

The following table briefly describes the fees and expenses that the stockholders of the Funds bear directly and indirectly from an investment in the Funds. These expenses are deducted from each respective Fund's assets and are based on expenses paid by each Fund for the period ended June 30, 2009. Global Opportunity Bond and Emerging Markets Debt each pays expenses for management of its assets and other services, and those expenses are reflected in the NAV per share of each Fund. The table also sets forth pro forma fees for the Combined Fund reflecting what the fee schedule would have been on June 30, 2009, if the Reorganization had been consummated twelve (12) months prior to that date.

	Global Opportunity Bond	**Emerging Markets Debt**	**Combined Fund (Pro Forma)(1)**
Annual Fund Operating Expenses (as a percentage of net assets attributable to common shares)			
Advisory Fees	1.00%	1.00%	1.00%
Interest Payment on Borrowed Funds(2)	0.38%	0.07%	0.07%
Other Expenses	0.60%	0.18%(3)	0.18%(3)
Total Annual Fund Operating Expenses	1.98%	1.25%(3)	1.25%(3)

Example

The following example illustrates the expenses that an investor would pay on a $1,000 investment in either Global Opportunity Bond, Emerging Markets Debt or the Combined Fund that is held for the time periods provided in the table. The example assumes that the investment has a 5% return each year and that the operating expenses for each Fund remain the same (as set forth in the chart above). Although a stockholder's actual costs may be higher or lower, the tables below show a stockholder's costs at the end of each period based on these assumptions depending upon whether or not a stockholder sold his common shares at the end of each period.

	Global Opportunity Bond	Emerging Markets Debt	Combined Fund (Pro Forma)
After 1 Year	$ 20	$ 13	$ 13
After 3 Years	$ 62	$ 40	$ 40
After 5 Years	$ 107	$ 69	$ 69
After 10 Years	$ 231	$ 151	$ 151

(1) Pro forma expenses are calculated based on the assets of the Funds as of June 30, 2009.

(2) This amount reflects interest rate payments on reverse repurchase agreements representing 0.38%, 0.07% and 0.07% of the net assets of Global Opportunity Bond, Emerging Markets Debt and the Combined Fund, respectively. The use of reverse repurchase agreements beyond this amount would cause this amount to increase accordingly. The amount shown in the table assumes an interest rate of 3.31%, 0.77% and 0.77% for each of Global Opportunity Bond, Emerging Markets Debt and the Combined Fund, respectively. The interest rate costs of any reverse repurchase agreements will vary over time based on market conditions.

(3) The Adviser has voluntarily agreed to waive receipt of a portion of the administration fee so that the administration fee will not exceed 0.02435% of each of Emerging Markets Debt and the Combined Fund's average net assets plus $24,000 per annum. The Net Annual Expenses taking into account the fee waiver would be 1.21% for each of Emerging Markets Debt and the Combined Fund.

The projected post-Reorganization pro forma Total Annual Fund Operating Expenses and Example presented above represent good faith estimates; however, there can be no assurance that any particular level of expenses or expense savings will be achieved, because expenses depend on a variety of factors, including the future level of fund assets, many of which are beyond the control of Emerging Markets Debt or the Adviser. Consequently, the Example should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown.

The purpose of the foregoing fee table is to assist the stockholder in understanding the various costs and expenses that a stockholder in each Fund will bear directly or indirectly. For a more complete description of these costs and expenses, see "Synopsis Comparison of Global Opportunity Bond and Emerging Markets Debt Investment Advisory Fees; and Other Significant Fees" below.

SYNOPSIS

The following is a synopsis of certain information contained in this Proxy Statement and Prospectus. This synopsis is only a summary and is qualified in its entirety by the more detailed information contained in this Proxy Statement and Prospectus and the Reorganization Agreement. Stockholders should carefully review this Proxy Statement and Prospectus and the Reorganization Agreement in their entirety.

The Reorganization

The Reorganization Agreement provides for the acquisition by Emerging Markets Debt of substantially all of the assets and the assumption of substantially all of the liabilities of Global Opportunity Bond in exchange for newly-issued Emerging Markets Debt Shares. The aggregate NAV of the Emerging Markets Debt Shares issued in the exchange will equal the aggregate value of the net assets of Global Opportunity Bond received by Emerging Markets Debt. On or after the closing date scheduled for the Reorganization (the "Closing Date"), Global Opportunity Bond will distribute the Emerging Markets Debt Shares received by Global Opportunity Bond to stockholders of Global Opportunity Bond as of the Valuation Date (as defined below) in complete liquidation of Global Opportunity Bond, and Global Opportunity Bond will thereafter be deregistered under the Investment Company Act of 1940, as amended (the "1940 Act") and dissolved under Maryland law, the state of its incorporation. As a result of the Reorganization, each Global Opportunity Bond stockholder will receive that number of full and fractional Emerging Markets Debt Shares equal in value to such stockholder's *pro rata* interest in the net assets of Global Opportunity Bond transferred to Emerging Markets Debt. The Board has determined that the interests of stockholders of Global Opportunity Bond will not be diluted as a result of the Reorganization. The "Valuation Date" is the date, following the receipt of the requisite approval by the stockholders of Global Opportunity Bond of the Reorganization Agreement, as the Funds may agree, on which date the number of Emerging Markets Debt Shares to be delivered to Global Opportunity Bond will be determined.

At least one but not more than 20 business days prior to the Valuation Date, Global Opportunity Bond will declare and pay a dividend or dividends which, together with all previous such dividends, will have the effect of distributing to stockholders of Global Opportunity Bond substantially all of Global Opportunity Bond's investment company taxable income for all periods since the inception of Global Opportunity Bond through and including the Valuation Date (computed without regard to any dividends paid deduction), and substantially all of Global Opportunity Bond's net capital gain, if any, realized in such periods (after reduction for any capital loss carryovers).

For the reasons set forth below under "The Reorganization The Board's Considerations," the Board, including the Directors who are not "interested persons" of Global Opportunity Bond ("Independent Directors"), as such term is defined in the 1940 Act, has concluded that the Reorganization is advisable and in the best interests of Global Opportunity Bond and its stockholders and recommends approval of the Reorganization.

Comparison of Global Opportunity Bond and Emerging Markets Debt

Global Opportunity Bond is a non-diversified closed-end management investment company, with assets as of June 30, 2009, of $28,054,641, that invests in high yield bonds of issuers located throughout the world, including U.S. issuers and issuers in emerging market countries. Emerging Markets Debt is a non-diversified closed-end management investment company and is significantly larger that Global Opportunity Bond, with assets as of June 30, 2009, of $210,802,103. Emerging Markets Debt pursues investment strategies that are similar to those of Global Opportunity Bond.

Investment Objectives and Policies. The investment objectives and policies of the Funds are generally similar, except as outlined below The following table shows the investment objectives and principal investment policies of each Fund.

Global Opportunity Bond	Emerging Markets Debt
Investment Objectives	**Investment Objectives**
seeks to produce high current income and, as a secondary investment objective, capital appreciation	seeks high current income and, as a secondary investment objective, capital appreciation
Investment Policies	**Investment Policies**
under normal market circumstances, invests at least 80% of its net assets in bonds invests primarily in high yield bonds of issuers located throughout the world, including U.S. issuers and issuers in emerging countries	under normal market circumstances, invests at least 80% of its assets in debt securities of government and government related issuers located in emerging countries, entities organized to restructure outstanding debt of such issuers and debt securities of corporate issuers located in or organized under the laws of emerging countries
invests at least 65% of its total assets in high yield bonds	invests at least 65% of its total assets in debt securities of government and government-related issuers located in emerging market countries and of entities organized and operated for the purposes of restructuring the outstanding debt of such issuers
may invest up to 35% of its total assets in high yielding fixed-income equity instruments such as preferred stock	may invest up to 35% of its total assets in debt securities of corporate issuers located in emerging market countries

Global Opportunity Bond	Emerging Markets Debt
may use derivatives, including futures, options, swaps, including credit default swaps, structured investments, forward foreign currency exchange contracts and cross currency hedging transactions	may use derivatives, including futures, options, swaps, including credit default swaps, structured investments, forward foreign currency exchange contracts and cross currency hedging transactions
may invest in banks loans and mortgage-related securities, including mortgage-backed securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities ("CMBS") and stripped mortgage-backed securities	
may invest in repurchase agreements and reverse repurchase agreements	may invest in repurchase agreements and reverse repurchase agreements
may invest substantially all of its assets in securities rated below investment grade or unrated securities	may invest substantially all of its assets in securities rated below investment grade or unrated securities
a non-diversified fund	a non-diversified fund

The principal differences between the Funds' investment policies are more fully described under "Comparison of Investment Objectives, Policies and Restrictions" below. The investment objectives of both Funds are fundamental and may not be changed without stockholder approval.

Investment Advisory Fees. The Funds obtain advisory services from the Adviser. Each Fund pays the Adviser a fee computed weekly and payable monthly at an annual rate of 1.00% of the Fund's average weekly net assets.

Other Significant Fees. The Funds pay additional fees in connection with their operations, including legal, auditing, transfer agent, Directors' fees and custody fees. See "Fee Table" above for the percentage of average net assets represented by such "Other Expenses."

Each Fund is a closed-end investment company that currently has outstanding one class of common shares, par value $0.01 per common share. The common shares are not subject to a sales charge or 12b-1 fee. Each Fund's common shares trade on the NYSE (Global Opportunity Bond symbol: MGB; Emerging Markets Debt symbol: MSD) and may only be purchased and sold through a broker or dealer at the market price, plus a brokerage commission.

Business Structures. Each Fund is organized as a Maryland corporation and is governed by its Charter, Bylaws and Maryland law.

Principal Risks

Each Fund is subject to the following principal risks: debt securities risk, foreign and emerging markets securities risk, sovereign debt risk, foreign currency risk, lower rated and unrated securities risk, derivatives risk, leverage risk and illiquid investments risk. Global Opportunity Bond is subject to additional risks associated with investments in banks loans and mortgage-related securities, including mortgage-backed securities, CMOs, CMBS and stripped mortgage-backed securities. A description of each of these risks, and additional risks associated with an investment in the Funds, is provided under "Principal Risk Factors" below.

Tax Consequences of the Reorganization

As a condition to the Reorganization, Global Opportunity Bond has requested an opinion of Dechert LLP to the effect that the Reorganization will constitute a tax-free reorganization for federal income tax purposes, and that no gain or loss will be recognized by Global Opportunity Bond, Emerging Markets Debt or stockholders of Global Opportunity Bond for federal income tax purposes as a result of the transactions included in the Reorganization. Receipt of such opinion is a condition to the Reorganization. For further information about the tax consequences of the Reorganization, see "The Reorganization Tax Aspects of the Reorganization" below.

Dividends

Each Fund declares dividends and normally pays dividends from net investment income quarterly. Each Fund usually distributes net capital gains, if any, in December. The Funds, however, may determine either to distribute or to retain all or part of any net long-term capital gains in any year for reinvestment. Dividends and capital gains distributions are automatically reinvested in additional common shares of each Fund at NAV unless the stockholder elects to receive cash.

FINANCIAL HIGHLIGHTS

The financial highlights tables that follow are intended to help you understand the financial performance of the common shares of the Funds for the periods presented. The total returns in the tables represent the rate that an investor would have earned (or lost) on an investment in each Fund (assuming reinvestment of all dividends and distributions). The information has been audited by Ernst & Young LLP, the independent registered public accounting firm for the Funds (except for the information for the six months ended June 30, 2009). Ernst & Young LLP's reports, along with each Fund's financial statements, are included in each Fund's Annual Report for the fiscal year ended December 31, 2008, which are available upon request.

Global Opportunity Bond

	Six Months Ended June 30, 2009 (unaudited)	FOR THE YEAR ENDED DECEMBER 31, 2008	2007	2006	2005	2004
Common shares						
Selected Per Share Data and Ratios:						
Net Asset Value, Beginning of Period	$ 5.98	$ 7.97	$ 8.12	$ 7.93	$ 8.07	$ 7.91
Net Investment Income	0.27	0.51	0.51	0.49	0.61	0.63
Net Realized and Unrealized Gain (Loss) on Investments	0.86	(2.02)	(0.11)	0.25	(0.08)	0.16
Total From Investment Operations	1.13	(1.51)	0.40	0.74	0.53	0.79
Distributions from and/or in Excess of:						
Net investment income	(0.24)	(0.51)	(0.56)	(0.55)	(0.67)	(0.63)
Increase from Payment by Affiliate		0.01				
Anti-Dilutive Effect of Share Repurchase Program	0.00	0.02	0.01			
Net Asset Value, End of Period	$ 6.87	$ 5.98	$ 7.97	$ 8.12	$ 7.93	$ 8.07
Per Share Market Value, End of Period	$ 5.78	$ 4.81	$ 6.97	$ 9.63	$ 9.06	$ 10.25
Total Investment Return Market Value	25.54%#	(24.14)%	(22.04)%	13.25%	(4.24)%	42.60%
Net Asset Value(1)	19.82%#	(17.49)%**	5.85%	8.96%	6.46%	10.14%
Ratios, Supplemental Data:						
Net Assets, End of Period	$ 28,055	$ 24,523	$ 33,292	$ 34,125	$ 33,289	$ 33,858

(Thousands)						
Ratio of Expenses to Average Net Assets	1.98%*+	2.00%+	1.91%+	2.20%	2.45%	1.91%
Ratio of Expenses to Average Net Assets Excluding Non Operating Expenses	1.60%*+	1.65%+	1.46%+	1.59%	1.61%	1.61%
Ratio of Net Investment Income to Average Net Assets	9.02%*+	6.97%+	6.21%+	6.18%	7.53%	8.00%
Rebate from Morgan Stanley Affiliates to Average Net Assets	0.00%*§	0.00%§	0.00%§	N/A	N/A	N/A
Portfolio Turnover Rate	52%#	55%	40%	39%	53%	91%

(1) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. This percentage is not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund.

Amount is less than $0.005 per share.

Per share amount is based on average shares outstanding.

\+ *The Ratio of Expenses and Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The affect of the rebate on the ratios is disclosed in the above table as "Rebate from Morgan Stanley Affiliates to Average Net Assets".*

** *The Adviser reimbursed the Fund for losses incurred on derivative transactions that breached an investment guideline of the Fund during the period. The impact of this reimbursement is reflected in the total investment return shown above. Without this reimbursement, the total investment return based on net asset value would have been (17.62)%.*

* *Annualized*

\# *Not Annualized*

§ *Amount is less than 0.005%.*

Emerging Markets Debt

	Six Months Ended June 30, 2009 (unaudited)	FOR THE YEAR ENDED DECEMBER 31, 2008	2007	2006	2005	2004
Common shares						
Selected Per Share Data and Ratios:						
Net Asset Value, Beginning of Period	$ 8.79	$ 11.27	$ 11.19	$ 10.80	$ 10.39	$ 10.24
Net Investment Income	0.34	0.65	0.69	0.67	0.91	0.83
Net Realized and Unrealized Gain (Loss) on Investments	1.17	(2.32)	0.03	0.49	0.44	0.19
Total From Investment Operations	1.51	(1.67)	0.72	1.16	1.35	1.02
Distributions from and/or in Excess of:						
Net investment income	(0.24)	(0.86)	(0.66)	(0.77)	(0.94)	(0.87)
Anti-Dilutive Effect of Share Repurchase Program	0.01	0.05	0.02			
Net Asset Value, End of Period	$ 10.07	$ 8.79	$ 11.27	$ 11.19	$ 10.80	$ 10.39
Per Share Market Value, End of Period	$ 8.29	$ 7.07	$ 9.70	$ 10.84	$ 10.88	$ 9.61
Total Investment Return Market Value	20.72%#	(18.74)%	(4.52)%	7.38%	23.98%	7.95%
Net Asset Value(1)	17.81%#	(12.95)%	7.46%	11.66%	13.83%	11.24%
Ratios, Supplemental Data:						
Net Assets, End of Period (Thousands)	$ 210,802	$ 185,706	$ 245,831	$ 246,684	$ 238,091	$ 229,044
Ratio of Expenses to	1.21%*+	1.23%+	1.29%+	1.34%	1.36%	1.22%

Average Net Assets(2)						
Ratio of Expenses to Average Net Assets Excluding Non Operating Expenses	1.14%*+	1.15%+	1.10%+	1.16%	1.16%	1.16%
Ratio of Net Investment Income to Average Net Assets(2)	8.19%*+	6.19%+	6.11%+	6.12%	8.58%	8.18%
Rebate from Morgan Stanley Affiliates to Average Net Assets	0.00%*§	0.00%§	0.00%§	N/A	N/A	N/A
Portfolio Turnover Rate	50%#	64%	56%	44%	50%	118%
(2) Supplemental Information on the Ratios to Average Net Assets:						
Ratios Before Expenses Waived by Administrator:						
Ratio of Expenses to Average Net Assets	1.25%*+	1.28%+	1.34%+	1.38%	1.41%	1.23%
Ratio of Net Investment Income to Average Net Assets	8.15%*+	6.14%+	6.06%+	6.08%	8.53%	8.17%

(1) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. This percentage is not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund.

Per share amount is based on average shares outstanding.

§ Amount is less than 0.005%

+ The Ratio of Expenses and Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The affect of the rebate on the ratios is disclosed in the above table as "Rebate from Morgan Stanley Affiliates to Average Net Assets".

** Annualized*

Not Annualized

§ *Amount is less than 0.005%.*

Financial Information

Additional financial information about each Fund is available in its respective Annual Report for the fiscal year ended December 31, 2008.

THE REORGANIZATION

The Proposal

The Board of Global Opportunity Bond, including the Independent Directors, having reviewed the financial position of Global Opportunity Bond and the prospects for achieving economies of scale through the Reorganization and having determined that the Reorganization is in the best interests of Global Opportunity Bond and its stockholders and that the interests of the stockholders of Global Opportunity Bond will not be diluted as a result thereof, recommends approval of the Reorganization by stockholders of Global Opportunity Bond.

The Board's Considerations

At a meeting held on June 18-19, 2009, the Board, including the Independent Directors, unanimously approved, and declared advisable, the Reorganization Agreement and the Reorganization described therein, and determined to recommend that stockholders of Global Opportunity Bond approve the Reorganization. In reaching this decision, the Board made an extensive inquiry into a number of factors, particularly the comparative expenses currently incurred in the operations of each Fund. The Board also considered other factors, including, but not limited to, the general compatibility of the investment objectives, policies and restrictions of each Fund; the extent to which common shares of each Fund have historically traded at a discount or premium; the terms and conditions of the Reorganization which would affect the price of common shares to be issued in the Reorganization; the tax-free nature of the Reorganization; and any direct or indirect costs to be incurred by the Funds in connection with the Reorganization.

In recommending the Reorganization to stockholders of Global Opportunity Bond, the Board of Global Opportunity Bond considered that the Reorganization would have the following benefits to stockholders:

1. Once the Reorganization is consummated, the expenses which would be borne by stockholders of the Combined Fund will be substantially lower on a percentage basis than the expenses of Global Opportunity Bond. The Board noted that the annual advisory fee (as a percentage of net assets) payable by each Fund is the same. The Board also considered that, to the extent that the Reorganization would result in stockholders of Global Opportunity Bond becoming stockholders of a combined larger fund, further economies of scale could be achieved since various fixed expenses (*e.g.*, auditing and legal) can be spread over a larger number of common shares.

2. Stockholders of Global Opportunity Bond will be invested in a closed-end fund with similar investment objectives and policies taking into account a larger asset base and lower annual Fund operating expenses per common share.

3. As of September 4, 2009, Global Opportunity Bond common shares were trading at a 11.2% discount to NAV. If consummated, because stockholders of Global Opportunity Bond will receive common shares of Emerging Markets Debt with an aggregate NAV equal to the aggregate NAV of their holdings in Global Opportunity Bond, the Reorganization will give stockholders of Global Opportunity Bond the opportunity to capture the value of the discount between market price and NAV of the common shares, if any, at the time of the Reorganization. However, the Board of Global Opportunity Bond also noted that Emerging Market Debt is trading at a greater discount to NAV than Global Opportunity Bond.

4. The Reorganization has been structured in a manner intended to qualify as a tax-free reorganization for federal income tax purposes, pursuant to which no gain or loss will be recognized by the Funds or their stockholders for federal income tax purposes as a result of transactions included in the Reorganization.

The Board also considered the fact that Global Opportunity Bond had a small amount of capital loss carryovers, but that it is not entirely certain how much of these capital loss carryovers it would be able to utilize in future years (as set forth in greater detail under "The Reorganization Tax Aspects of the Reorganization"). In light of the large reduction in annual Fund operating expenses and other potential benefits of the Reorganization, as well as the uncertainty regarding the extent to which any lost capital loss carryovers could have been utilized for the benefit of stockholders of Global Opportunity Bond, the Board concluded that the Reorganization was advisable and in the best interests of the stockholders of Global Opportunity Bond.

The Board of Emerging Markets Debt, including a majority of the Independent Directors, also has determined that the Reorganization is advisable and in the best interests of Emerging Markets Debt and its stockholders and that the interests of existing stockholders of Emerging Markets Debt will not be diluted as a result thereof. In addition, the Board of Emerging Markets Debt determined that its stockholders will benefit as a result of the Reorganization from potential better pricing on portfolio transactions (given the larger asset base) following the elimination of a similar competing Morgan Stanley Fund. Further, the Reorganization would create a clearer, more understandable offering of products, which should support a more focused marketing effort. The transaction will enable Emerging Markets Debt to acquire investment securities which are consistent with Emerging Markets Debt's investment objectives, without the brokerage costs attendant to the purchase of such securities in the market. Accordingly, the Board of Emerging Markets Debt has approved the Reorganization Agreement and the Reorganization.

The Reorganization Agreement

The terms and conditions under which the Reorganization would be consummated, as summarized below, are set forth in the Reorganization Agreement. This summary is qualified in its entirety by reference to the form of Reorganization Agreement, a copy of which is attached as Exhibit A to this Proxy Statement and Prospectus.

The Reorganization Agreement provides that (i) Global Opportunity Bond will transfer substantially all of its assets, including portfolio securities, cash, cash equivalents and receivables to Emerging Markets Debt on the Closing Date in exchange for the assumption by Emerging Markets Debt of substantially all of the liabilities of Global Opportunity Bond, including all expenses, costs, charges and reserves, as reflected on an unaudited statement of assets and liabilities of Global Opportunity Bond prepared by the Treasurer of Global Opportunity Bond as of the Valuation Date in accordance with generally accepted accounting principles consistently applied from the prior audited period, and the delivery of the Emerging Markets Debt Shares; (ii) the Emerging Markets Debt Shares would be distributed to stockholders of Global Opportunity Bond on the Closing Date or as soon as practicable thereafter; (iii) Global Opportunity Bond would be de-registered as an investment company under the 1940 Act and dissolved under Maryland law; and (iv) the outstanding common shares of Global Opportunity Bond would be canceled.

The number of Emerging Markets Debt Shares to be delivered to Global Opportunity Bond will be determined by dividing the aggregate NAV of the common shares of Global Opportunity Bond acquired by Emerging Markets Debt by the NAV per common share of Emerging Markets Debt; these values will be calculated as of the close of business of the NYSE on the Valuation Date. As an illustration, assume that on the Valuation Date, common shares of Global Opportunity Bond had an aggregate NAV of $100,000. If the NAV per Emerging Markets Debt Shares were $10 per share at the close of business on the Valuation Date, the number of Emerging Markets Debt Shares to be issued would be 10,000 ($100,000 ÷ $10). These 10,000 Emerging Markets Debt Shares would be distributed to the former stockholders of Global Opportunity Bond. This example is given for illustration purposes only and does not bear any relationship to the dollar amounts or common shares expected to be involved in the Reorganization.

On the Closing Date or as soon as practicable thereafter, Global Opportunity Bond will distribute *pro rata* to its stockholders of record as of the close of business on the Valuation Date, the Emerging Markets Debt Shares that it receives. Emerging Markets Debt will cause its transfer agent to credit and confirm an appropriate number of Emerging Markets Debt Shares to each Global Opportunity Bond stockholder.

The Closing Date will be the Valuation Date or the next business day following the Valuation Date. The consummation of the Reorganization is contingent upon the approval of the Reorganization by the stockholders of Global Opportunity Bond and the receipt of the other opinions and certificates set forth in Sections 6, 7 and 8 of the Reorganization Agreement and the occurrence of the events described in those Sections, certain of which may be waived by the Funds. The Reorganization Agreement may be amended in any mutually agreeable manner.

The Reorganization Agreement may be terminated and the Reorganization abandoned at any time, before or after approval by stockholders of Global Opportunity Bond, by mutual consent of the Funds. In addition, either party may terminate the Reorganization Agreement upon the occurrence of a material breach of the Reorganization Agreement by the other party or if, by March 4, 2010, any condition set forth in the Reorganization Agreement has not been fulfilled or waived by the party entitled to its benefits.

Under the Reorganization Agreement, within one year after the Closing Date, Global Opportunity Bond shall either pay or make provision for all of its liabilities to former stockholders of Global Opportunity Bond that received Emerging Markets Debt Shares. Global Opportunity Bond shall be deregistered as an investment company and dissolved promptly following the distributions of Emerging Markets Debt Shares to stockholders of record of Global Opportunity Bond.

The effect of the Reorganization is that stockholders of Global Opportunity Bond who vote their common shares in favor of the Reorganization Agreement are electing to sell their common shares of Global Opportunity Bond (at NAV on the Valuation Date) and reinvest the proceeds in Emerging Markets Debt Shares at NAV, pursuant to a transaction designed to occur without recognition of taxable gain or loss for federal income tax purposes. See "Tax Aspects of the Reorganization" below. If Global Opportunity Bond recognizes net gain from the sale of securities prior to the Closing Date, substantially all of such gain, to the extent not offset by capital loss carryforwards, will be distributed to stockholders of Global Opportunity Bond on or prior to the Closing Date and will be taxable to stockholders of Global Opportunity Bond as capital gain.

Stockholders of Global Opportunity Bond will continue to be able to trade their common shares of Global Opportunity Bond on the NYSE until the close of business on the business day next preceding the Closing Date.

Tax Aspects of the Reorganization

Tax Consequences of the Reorganization to the Stockholders. The Reorganization is intended to qualify for federal income tax purposes as a tax-free reorganization under Section 368(a)(1)(C) of the Internal Revenue Code of 1986, as amended (the "Code").

As a condition to the Reorganization, the Funds have requested an opinion of Dechert LLP substantially to the effect that, based on certain assumptions, facts, the terms of the Reorganization Agreement and representations set forth in the Reorganization Agreement or otherwise provided by the Funds:

1. The transfer of Global Opportunity Bond's assets in exchange for Emerging Markets Debt Shares and the assumption by Emerging Markets Debt of certain stated liabilities of Global Opportunity Bond followed by the distribution by Global Opportunity Bond of the Emerging Markets Debt Shares to stockholders of Global Opportunity Bond in exchange for their common shares of Global Opportunity Bond pursuant to and in accordance with the terms of the Reorganization Agreement will constitute a "reorganization" within the meaning of Section 368(a)(1)(C) of the Code;

2. No gain or loss will be recognized by Emerging Markets Debt upon the receipt of the assets of Global Opportunity Bond solely in exchange for the Emerging Markets Debt Shares and the assumption by Emerging Markets Debt of the stated liabilities of Global Opportunity Bond;

3. No gain or loss will be recognized by Global Opportunity Bond upon the transfer of the assets of Global Opportunity Bond to Emerging Markets Debt in exchange for Emerging Markets Debt Shares and the assumption by Emerging Markets Debt of the stated liabilities or upon the distribution of Emerging Markets Debt Shares to stockholders of Global Opportunity Bond in exchange for their common shares of Global Opportunity Bond;

4. No gain or loss will be recognized by stockholders of Global Opportunity Bond upon the exchange of the common shares of Global Opportunity Bond for the Emerging Markets Debt Shares;

5. The aggregate tax basis for the Emerging Markets Debt Shares received by each of the stockholders of Global Opportunity Bond pursuant to the Reorganization will be the same as the aggregate tax basis of the common shares in Global Opportunity Bond held by each such stockholder immediately prior to the Reorganization;

6. The holding period of the Emerging Markets Debt Shares to be received by each Global Opportunity Bond stockholder will include the period during which the common shares in Global Opportunity Bond surrendered in

exchange therefor were held (provided such common shares in Global Opportunity Bond were held as capital assets on the date of the Reorganization);

7. The tax basis of the assets of Global Opportunity Bond acquired by Emerging Markets Debt will be the same as the tax basis of such assets of Global Opportunity Bond immediately prior to the Reorganization; and

8. The holding period of the assets of Global Opportunity Bond in the hands of Emerging Markets Debt will include the period during which those assets were held by Global Opportunity Bond.

The advice of counsel is not binding on the Internal Revenue Service (the "IRS") or the courts and neither Fund has sought a ruling with respect to the tax treatment of the Reorganization. The opinion of counsel, if delivered, will be based on the Code, regulations issued by the Treasury Department under the Code, court decisions and administrative pronouncements issued by the IRS with respect to all of the foregoing, all as in effect on the date of the opinion, and all of which may be repealed, revoked or modified thereafter, possibly on a retroactive basis.

Global Opportunity Bond will make a distribution prior to the Reorganization to the extent that it has any undistributed net income or net gains. Any such distribution will be taxable to stockholders that are subject to taxation.

Stockholders of the Funds should consult their tax advisors regarding the effect, if any, of the proposed Reorganization in light of their individual circumstances. Because the foregoing discussion only relates to federal income tax consequences of the proposed Reorganization, stockholders of the Funds should also consult their tax advisors as to state and local tax consequences, if any, of the proposed Reorganization.

Tax Consequences of the Reorganization to Global Opportunity Bond and Emerging Markets Debt. Under the Code, the Reorganization may result in limitations on the utilization of the capital loss carryovers of Global Opportunity Bond. The effect of any such limitations will depend on the existence and amount of each Fund's capital loss carryovers, built-in capital losses and built-in capital gains at the time of the Reorganization. In general, a fund will have built-in capital gains if the fair market value of its assets on the date of the Reorganization exceeds its tax basis in such assets and a fund will have built-in capital losses if its tax basis in its assets exceeds the fair market value of such assets on the date of the Reorganization.

As of its fiscal year ended December 31, 2008, Global Opportunity Bond had approximately $15,139,000 of estimated capital loss carryovers. Additionally, as of December 31, 2008, Global Opportunity Bond had approximately $6,075,000 of built-in capital losses. Emerging Markets Debt had approximately $8,660,000 of capital loss carryovers (as of December 31, 2008) and $39,588,000 of built-in capital losses (as of December 31, 2008).

Under the Code, assuming certain continuity of business requirements are followed after the Reorganization, each Fund's capital loss carryovers can be carried forward for eight years from the year in which incurred. The capital loss carryovers generally can be used in each of those eight years to offset any capital gains that are realized by the Combined Fund in that year, but only to the extent that capital gains exceed the capital losses (if any) that are realized by the Combined Fund in that year.

In general, following the Reorganization, the Combined Fund's ability to utilize the capital loss carryovers of the Funds will be subject to the following limitations:

1. The Combined Fund can utilize the capital loss carryovers of Global Opportunity Bond to offset against capital gains from sales of assets owned by Global Opportunity Bond immediately before the Reorganization, but only to the extent that (x) such sales occur within a period ending approximately five years after the Reorganization and (y) the capital gains from such sales do not exceed the built-in capital gains of Global Opportunity Bond on the date of the Reorganization;

2. In addition to being able to utilize the capital loss carryovers of Global Opportunity Bond as described in paragraph 1, assuming certain continuity of business requirements are satisfied following the Reorganization, the Combined Fund also will be able to utilize a further amount of the capital loss carryovers of Global Opportunity Bond to offset against other capital gains each year. This amount is determined based on certain facts as of the date of the Reorganization; and

3. The Combined Fund can utilize the capital loss carryovers of Emerging Markets Debt to offset all capital gains realized by the Combined Fund after the Reorganization, other than capital gains described in paragraph 1.

It is not entirely certain how much of its capital loss carryovers Global Opportunity Bond would be able to utilize in future years if the Reorganization did not occur. The amount of capital loss carryovers that Global Opportunity Bond could utilize in future years if the Reorganization did not occur would depend on, among other things, whether the Fund participated in some other transaction in the future that resulted in limitations being imposed on Global Opportunity Bond's utilization of capital loss carryovers; the amount of capital gains that Global Opportunity Bond would be able to realize in future years before its capital loss carryovers expired; and the amount of capital losses that Global Opportunity Bond would realize in future years. The Reorganization conceivably may result in the Combined Fund being unable to utilize capital loss carryovers that could have been used by Global Opportunity Bond if the transaction did not occur. Nevertheless, in view of the relatively small amount of capital loss carryovers of Global Opportunity Bond that are at issue, it is not expected that the Reorganization will result in any loss of those carryovers.

Description of Common Shares

The Emerging Markets Debt Shares will, when issued, be fully paid and non-assessable by Emerging Markets Debt and transferable without restrictions and will have no preemptive rights.

Appraisal Rights

Stockholders of the Funds will have no appraisal rights in connection with the Reorganization.

Capitalization Table (unaudited)

The following table sets forth the capitalization of Emerging Markets Debt and Global Opportunity Bond as of June 30, 2009 and on a pro forma combined basis as if the Reorganization had occurred on that date:

	Net Assets*	Common Shares Outstanding	Net Asset Value Per Share
Global Opportunity Bond	$ 28,054,641	$ 4,085,596	$ 6.87
Emerging Markets Debt	$ 210,802,103	$ 20,943,315	$ 10.07
Combined Fund (pro forma)	$ 238,666,744	$ 23,711,879	$ 10.07*

** The pro forma net assets and NAV per share reflect the payment of reorganization expenses of approximately $175,198 and $14,802 by Global Opportunity Bond and Emerging Markets Debt, respectively.*

COMPARISON OF INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

Investment Objectives and Policies

The investment objectives and policies of the Funds are similar. Global Opportunity Bond's primary investment objective it to seek to produce high current income. Emerging Markets Debt's primary investment objective is to seek high current income. As a secondary investment objective, both Funds seek capital appreciation.

Global Opportunity Bond

Global Opportunity Bond seeks to achieve its investment objective through investments primarily in high yield bonds of issuers located throughout the world, including U.S. issuers and issuers in emerging countries. Under normal market circumstances, Global Opportunity Bond invests at least 80% of its net assets in bonds. Global Opportunity Bond invests at least 65% of its total assets in high yield bonds. Global Opportunity Bond may also invest up to 35% of its total assets in high yielding fixed income equity instruments such as preferred stock. Global Opportunity Bond allocates its assets among three types of investments: (i) high yield non-investment grade bonds of U.S. and non-U.S. corporate issuers, (ii) emerging country bonds and (iii) high yield investment grade bonds of

U.S. and non-U.S. issuers, including corporations, trusts, partnerships, government and government-related entities and supranational entities.

Global Opportunity Bond may also invest in mortgage-backed securities, mortgage pass-through securities, CMOs, CMBs, repurchase agreements, private placements and restricted securities, warrants, zero coupon, pay-in-kind and deferred securities, loan and loan participations, swaps, asset-backed securities, non-agency mortgage securities and cross currency hedging transactions.

Emerging Markets Debt

Under normal market circumstances, Emerging Markets Debt invests at least 80% of its assets in debt securities of government and government related issuers located in emerging countries, entities organized to restructure outstanding debt of such issuers and debt securities of corporate issuers located in or organized under the laws of emerging countries. Entities organized to restructure outstanding debt of such issuers may include, among others, banks, lending consortiums and other financial institutions. Emerging Markets Debt seeks to achieve its investment objective by investing at least 65% of its total assets in debt securities of government and government-related issuers located in emerging market countries (including participations in loans between governments and financial institutions), and of entities organized to restructure outstanding debt of such issuers. In addition, Emerging Markets Debt may invest up to 35% of its total assets in debt securities of corporate issuers located in or organized under the laws of emerging countries.

Emerging Markets Debt's investments in government and government-related and restructured debt securities consist of (i) debt securities or obligations issued or guaranteed by governments, governmental agencies or instrumentalities and political subdivisions located in emerging countries (including participations in loans between governments and financial institutions), (ii) debt securities or obligations issued by governments owned, controlled or sponsored entities located in emerging countries, and (iii) interests in issuers organized and operated from the purpose or restructuring the investment characteristics of securities issued by any of the entities described above. Emerging Markets Debt's investments in debt securities of corporate issuers located in emerging countries may include securities issued by (i) banks located in emerging countries or by branches of emerging country banks located outside the country or (ii) by companies organized under the laws of an emerging country.

The Adviser invests the assets of Emerging Markets Debt in emerging country debt securities that provide a level of current income, while at the same time holding the potential for capital appreciation if the perceived creditworthiness of the issuer improves due to improving economic, financial, political, social or other conditions in the country in which the issuer is located.

Emerging country debt securities held by Emerging Markets Debt take the form of bonds, notes, bills, debentures, warrants, bank debt obligations, short-term paper, loan participations, loan assignments and interest issued by entities organized and operated for the purpose of restructuring the investments characteristics of instruments issued by emerging country issuers. A substantial portion of Emerging Markets Debt's assets may be invested in non-U.S. dollar-denominated securities.

The investment objectives of the Funds are fundamental and may not be changed without stockholder approval. The foregoing discussion is a summary of the investment policies of the Funds.

Investment Restrictions

The investment restrictions adopted by the Funds as fundamental policies are similar. A fundamental investment restriction cannot be changed without the vote of a majority of the outstanding voting securities of the Fund. The 1940 Act defines a majority as the lesser of (a) 67% or more of the common shares represented at a meeting of stockholders, if the holders of more than 50% of the outstanding common shares of the fund are present or represented by proxy; or (b) more than 50% of the outstanding common shares of the fund. Each Fund's investment restrictions are included under the section "Investment Restrictions" in the Statement of Additional Information.

INFORMATION ABOUT THE FUNDS

General

The Funds are Maryland corporations registered under the 1940 Act, as non-diversified, closed-end management investment companies. Global Opportunity Bond commenced operations on March 31, 1994 and Emerging Markets Debt commenced operations on May 6, 1993.

Global Opportunity Bond's primary objective is to seek to produce high current income and, as a secondary objective, capital appreciation. Global Opportunity Bond will seek to achieve its investment objectives by investing primarily in high yield bonds of issuers located throughout the world, including U.S. issuers and issuers in emerging countries. Common shares of Global Opportunity Bond are not issued, insured or guaranteed as to value or yield by the U.S. Government, its agencies or instrumentalities.

Emerging Markets Debt's primary investment objective is to seek high current income and, as a secondary objective, to seek capital appreciation, through investments primarily in debt securities of government and government-related issuers located in emerging market countries and of entities organized to restructure outstanding debt of such issuers.

Management of the Funds

Board of Directors of the Funds. The Board of each Fund oversees the management of the Fund, but does not itself manage the Fund. Each Fund's Directors review various services provided by or under the direction of the Adviser to ensure that each Fund's general investment policies and programs are properly carried out. The Directors also conduct their review to ensure that administrative services are provided to the Funds in a satisfactory manner.

Under state law, the duties of the Directors are generally characterized as a duty of loyalty and a duty of care. The duty of loyalty requires a Director to exercise his or her powers in the interest of each Fund and not the Director's own interest or the interest of another person or organization. A Director satisfies his or her duty of care by acting in good faith with the care of an ordinarily prudent person and in a manner the Director reasonably believes to be in the best interest of each Fund and its stockholders.

Investment Adviser. Morgan Stanley Investment Management Inc. serves as each Fund's investment adviser. The Adviser is a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Adviser provides portfolio management services to taxable and nontaxable institutions, international organizations and individuals investing in United States and international equity and fixed income securities. As of June 30, 2009, the Adviser, together with its affiliated asset management companies, had $355.5 billion of assets under management or supervision. The Adviser's principal address is 522 Fifth Avenue, New York, New York 10036. The Adviser currently acts as adviser for 74 funds registered under the 1940 Act.

Investment Advisory Agreement

The Adviser provides investment advisory services to each Fund under the terms of each Fund's Investment Advisory and Management Agreement (each, an "Investment Advisory Agreement"). Pursuant to each Investment Advisory Agreement, the Adviser is paid a fee computed weekly and payable monthly at an annual rate of 1.00% of the Fund's average weekly net assets.

Each Investment Advisory Agreement continues in effect from year to year provided such continuance is specifically approved at least annually by (i) a vote of a majority of those members of the Board who are not "interested persons" of the Adviser or the Fund, cast in person at a meeting called for the purpose of voting on such approval, and (ii) by a majority vote of either the Fund's Board or the Fund's outstanding voting securities. The Investment Advisory Agreement may be terminated at any time without payment of penalty by the Fund or by the Adviser upon 60 days' written notice. The Investment Advisory Agreement will automatically terminate in the event of its assignment, as defined under the 1940 Act.

A discussion of each Fund's basis for approving its Investment Advisory Agreement is included in its Semi-Annual Report for the period ended June 30, 2009.

Portfolio Management

Global Opportunity Bond is managed within the Taxable Fixed Income and Taxable High Yield teams. The teams consist of portfolio managers and analysts. Current members of the teams jointly and primarily responsible for the day-to-day management of the Fund's portfolio are Eric J. Baurmeister, Federico L. Kaune, Abigail L. McKenna and Dennis Schaney, each a Managing Director of the Adviser. Mr. Baurmeister has been associated with the Adviser in an investment management capacity since 1997 and began managing the Fund in July 2003. Mr. Kaune has been associated with the Adviser in an investment management capacity since 2002 and began managing the Fund in July 2003. Ms. McKenna has been associated with the Adviser in an investment management capacity since 1996 and began managing the Fund in July 2003. Mr. Schaney has been associated with the Adviser in an investment management capacity since September 2008 and began managing the Fund in October 2008. Prior to September 2008, Mr. Schaney served as Global Head of Fixed Income at Credit Suisse Asset Management (October 2003 to April 2007) and, prior to that, as Head of Leveraged Finance at BlackRock, Inc. (January 1998 to October 2003).

Emerging Markets Debt is managed within the Emerging Markets Debt team. The team consists of portfolio managers and analysts. Current members of the team jointly and primarily responsible for the day-to-day management of the Fund's portfolio are Eric J. Baurmeister, Federico L. Kaune and Abigail L. McKenna, each a Managing Director of the Adviser. Mr. Baurmeister has been associated with the Adviser in an investment management capacity since 1997 and began managing the Fund in July 2002. Ms. McKenna has been associated with the Adviser in an investment management capacity since 1996 and began managing the Fund in July 2002. Mr. Kaune has been associated with the Adviser in an investment management capacity since 2002 and began managing the Fund in August 2002.

The composition of each team may change from time to time.

Subsequent to the consummation of the Reorganization, Messrs. Baurmeister and Kaune and Ms. McKenna will continue to be primarily responsible for the day-to-day management of the Combined Fund. The Statement of Additional Information to this Proxy Statement and Prospectus that is incorporated by reference herein provides additional information about the portfolio managers' compensation structure, other accounts managed by the portfolio managers and the portfolio managers' ownership of securities in the Funds.

Administrator

Pursuant to an Administration Agreement with Morgan Stanley Investment Management Inc., each Fund pays an administration fee equal to 0.08% of the Fund's average weekly net assets. Morgan Stanley Investment Management Inc. has agreed to limit the administration fee for each Fund through a waiver so that it will be no greater than 0.02435% of the Fund's average weekly net assets plus $24,000 per annum. This waiver is voluntary and may be terminated at any time.

Other Service Providers

JPMorgan Chase Bank, N.A., 270 Park Avenue, New York, New York 10017, serves as custodian for each Fund (the "Custodian") and has custody of all securities and cash of each Fund. The Custodian holds cash, securities, and other assets of the Funds as required by the 1940 Act. Custody fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses. Any of the Funds' cash balances with the Custodian in excess of $250,000 (a temporary increase from $100,000, which is due to expire on December 31, 2013) are unprotected by federal deposit insurance. Such balances may, at times, be substantial.

Computershare Inc. and Computershare Trust Company, N.A. (collectively, the "Transfer Agent") act as each Fund's dividend paying agent, transfer agent and the registrar for each Fund's common shares. The Transfer Agent charges each Fund an annual per stockholder account fee and is reimbursed for its out-of-pocket expenses.

Security Ownership of Certain Beneficial Owners

The following persons were known to own of record or beneficially 5% or more of the outstanding common shares of the Funds as of the Record Date:

Name and Address of Stockholders of Global Opportunity Bond(1)	Number of Common Shares(1)	Percentage of Outstanding Common Shares(1)
None		
Name and Address of Emerging Markets Debt Stockholders(1)	**Number of Common Shares(1)**	**Percentage of Outstanding Common Shares(1)**
First Trust Portfolios L.P. First Trust Advisors L.P. The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,544,370 common shares with shared voting power and shared dispositive power	7.0%
Wells Fargo & Company 420 Montgomery Street San Francisco, California 94163	1,412,227 common shares with sole voting power, 1,746 common shares with shared voting power, 1,412,106 common shares with sole dispositive power and 4,121 common shares with shared dispositive power	6.6 %

(1) This information is based on publicly available Schedule 13D and 13G disclosures filed with the Commission.

As of the Record Date, the Directors and officers of Global Opportunity Bond and Emerging Markets Debt, each as a group, owned less than 1% of the outstanding common shares of Global Opportunity Bond and Emerging Markets Debt, respectively.

Description of Capital Stock

The authorized capital stock of each Fund is 100,000,000 shares of common stock ($0.01 par value). Common shares of each Fund, when issued, will be fully paid and nonassessable and will have no conversion, preemptive or other subscription rights. Holders of common shares of the Funds are entitled to one vote per share on all matters to be voted upon by stockholders of such Fund and are not able to cumulate their votes in the election of Directors. Thus, holders of more than 50% of the common shares voting for the election of Directors have the power to elect 100% of the Directors.

All common shares have equal rights to receive such dividends and distributions, if any, as may be declared by the Board with respect to the common shares out of funds legally available therefor. In the event of liquidation, dissolution or winding up of a Fund, each common shares is entitled to receive its proportion of the Fund's assets remaining after payment of all debts and expenses. With respect to Global Opportunity Bond, in the event of liquidation, dissolution or winding up of the Fund, in addition to the above, stockholders may received any preferential liquidating distribution to holder of any preferred stock issued by Global Opportunity Bond. Global Opportunity Bond has not issued preferred stock.

Each Fund is a closed-end investment company, and as such its stockholders do not have the right to cause the Fund to redeem their common shares. Each Fund, however, may repurchase common shares from time to time in the open market or in private transactions when it can do so at prices at or below the current NAV per share on terms that represent a favorable investment opportunity. Subject to its investment limitations, the Fund may borrow to finance the repurchase of common shares. However, the payment of interest on such borrowings will increase the Fund's expenses and consequently reduce net income. In addition, the Fund is required under the 1940 Act to maintain "asset coverage" of not less than 300% of its "senior securities representing indebtedness" as such terms are defined in the 1940 Act.

Each Fund's common shares trade in the open market at a price which is a function of several factors, including their NAV and yield. The common shares of closed-end investment companies frequently sell at a discount from, but sometimes at a premium over, their NAVs. There can be no assurance that it will be possible for investors to resell common shares of the Fund at or above the price at which common shares are offered by this Prospectus or that the market price of the Fund's common shares will equal or exceed NAV. Since the Fund may repurchase its common shares at prices below their NAV or make a tender offer for its common shares, the NAV of those common shares that remain outstanding will be increased, but the effect of such repurchases on the market price of the remaining common shares cannot be predicted.

Any offer by a Fund to repurchase common shares will be made at a price based upon the NAV of the common shares at the close of business on or within 14 days after the last date of the offer. Each offer will be made and stockholders notified in accordance with the requirements of the U.S. Securities Exchange Act of 1934, as amended (the "1934 Act"), and the 1940 Act, either by publication or mailing or both. Each offering document will contain such information as is prescribed by such laws and the rules and regulations promulgated thereunder. When a repurchase offer is authorized by the Fund's Board, a stockholder wishing to accept the offer may be required to offer to sell all (but not less than all) of the common shares owned by such stockholder (or attributed to him for federal income tax purposes under Section 318 of the Code). Each Fund will purchase all common shares tendered in accordance with the terms of the offer unless it determines to accept none of them (based upon one of the conditions set forth below). Persons tendering common shares may be required to pay a service charge to help defray certain costs of the transfer agent. Any such service charges will not be deducted from the consideration paid for the tendered common shares. During the period of a repurchase offer, each Fund's stockholders will be able to determine the Fund's current NAV (which will be calculated weekly) by use of a toll-free telephone number.

Each Fund's Charter and By-Laws, as well as Maryland law, include provisions that could limit the ability of others to acquire control of the Funds, to modify the structure of the Funds or to cause it to engage in certain transactions. These provisions, described below, also could have the effect of depriving stockholders of an opportunity to sell their common shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of a Fund in a tender offer or similar transaction. In the opinion of the Funds, however, these provisions offer several possible advantages. They potentially require persons seeking control of a Fund to negotiate with its management regarding the price to be paid for the common shares required to obtain such control, they promote continuity and stability and they enhance each Fund's ability to pursue long-term strategies that are consistent with its investment objectives.

The Directors of each Fund are divided into three classes, each having a term of three years, with the term of one class expiring each year. In addition, a Director may be removed from office only with cause and only by a majority of such Fund's stockholders, and the affirmative vote of 75% or more of such Fund's outstanding common shares is required to amend, alter or repeal the provisions in such Fund's Charter relating to removal of Directors. These provisions could delay the replacement of a majority of the Directors and have the effect of making changes in the Board more difficult than if such provisions were not in place.

The affirmative vote of the holders of 75% or more of the outstanding common shares is required to (1) convert the Fund from a closed-end to an open-end investment company, (2) merge or consolidate with any other entity, (3) dissolve or liquidate the Fund, (4) sell all or substantially all of its assets, (5) cease to be an investment company registered under the 1940 Act, (6) issue to any person securities in exchange for property worth $1,000,000 or more, exclusive of sales of securities in connection with a public offering, issuance of securities pursuant to a dividend reinvestment plan or other stock dividend or issuance of securities upon the exercise of any stock subscription rights, or (7) amend, alter or repeal the above provisions in each Fund's Charter. However, if such action has been approved or authorized by the affirmative vote of at least 70% of the entire Board, the affirmative vote of only a majority of the outstanding common shares would be required for approval, except in the case of the issuance of securities, in which no stockholder vote would be required unless otherwise required by applicable law. The principal purpose of the above provisions is to increase each Fund's ability to resist takeover attempts and attempts to change the fundamental nature of the business of the Fund that are not supported by either the Board or a large majority of the stockholders. These provisions make it more difficult to liquidate, take over or open-end the Fund and thereby are intended to discourage investors from purchasing its common shares with the hope of making a quick profit by forcing the Fund to change its structure. These provisions, however, would apply to all actions proposed by anyone, including management, and would make changes in each Fund's structure accomplished through a transaction covered by the provisions more difficult to achieve. The foregoing provisions also could impede or prevent transactions in which holders of common shares might obtain prices for their common shares in excess of the current market prices at which the Fund's common shares were then trading. Although these provisions could have the effect of depriving stockholders of an opportunity to sell their common shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of each Fund, the Fund believes the conversion of the Fund from a closed-end to an open-end investment company to eliminate the discount may not be desired by stockholders, who purchased their common shares in preference to stock of the many mutual funds available.

Each Fund holds annual meetings as required by the rules of the NYSE. Under Maryland law and the Funds' By-laws, each Fund will call a special meeting of its stockholders upon the written request of stockholders entitled to cast at least 25% of all the votes at such meeting. Such request for such a special meeting must state the purpose of the meeting and the matters proposed to be acted on at it. The secretary of each Fund shall (i) inform the stockholders who make the request of the reasonably estimated cost of preparing and mailing a notice of the meeting, and (ii) on payment of these costs to the Fund notify each stockholder entitled to notice of the meeting. Notwithstanding the above, under Maryland law and each Fund's By-laws, unless requested by stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the stockholders held during the preceding 12 months.

Preferred Stock

Global Opportunity Bond's Charter provides that the Board may classify or reclassify any unissued shares of capital stock into one or more additional or other classes or series, with rights as determined by the Board, by action of the Board without the approval of the holders of common shares. Holders of common shares have no preemptive rights to purchase shares of preferred stock that might be issued. To date, Global Opportunity Bond has not classified any unissued shares of capital stock into, or issued, preferred stock of any class or series.

Trading History and Share Price Data

Each Fund's common shares are listed and traded on the NYSE. The following table shows the high and low closing prices on the NYSE per common share of each Fund, the high and low NAV per share and the discount or premium to NAV represented by the quotation for each quarter since March 2007.

GLOBAL OPPORTUNITY BOND

	Market Price(1)		Net Asset Value(1)		Premium (Discount)(1)	
Quarter Ended	**High**	**Low**	**High**	**Low**	**High**	**Low**
March 31, 2007	$ 11.93	$ 7.90	$ 8.31	$ 8.12	41.525%	-2.439%
June 30, 2007	$ 8.32	$ 7.52	$ 8.36	$ 8.09	0.852%	-7.543%
September 30, 2007	$ 7.79	$ 6.14	$ 8.23	$ 7.89	-4.863%	-12.312%
December 31, 2007	$ 7.28	$ 6.71	$ 8.28	$ 7.96	-10.798%	-16.210%
March 31, 2008	$ 7.33	$ 6.73	$ 8.01	$ 7.78	-7.799%	-13.165%

	Market Price(1)		Net Asset Value(1)		Premium (Discount)(1)	
Quarter Ended	High	Low	High	Low	High	Low
June 30, 2008	$ 7.04	$ 6.48	$ 7.94	$ 7.57	-11.041%	-14.510%
September 30, 2008	$ 6.497	$ 4.55	$ 7.60	$ 6.92	-14.721%	-28.488%
December 31, 2008	$ 5.22	$ 3.30	$ 6.87	$ 5.54	-18.089%	-37.500%
March 31, 2009	$ 5.34	$ 3.92	$ 6.20	$ 5.79	-14.561%	-31.244%
June 30, 2009	$ 6.48	$ 4.60	$ 7.03	$ 6.13	-14.956%	-23.622%

(1) As reported by Bloomberg.

EMERGING MARKETS DEBT

	Market Price(1)		Net Asset Value(1)		Premium (Discount)(1)	
Quarter Ended	High	Low	High	Low	High	Low
March 31, 2007	$ 11.66	$ 10.44	$ 11.28	$ 11.09	-0.803%	-7.362%
June 30, 2007	$ 10.81	$ 9.92	$ 11.53	$ 11.14	-5.296%	-10.256%
September 30, 2007	$ 10.30	$ 8.55	$ 11.37	$ 10.82	-8.946%	-18.022%
December 31, 2007	$ 10.01	$ 9.52	$ 11.52	$ 11.23	-12.257%	-15.628%
March 31, 2008	$ 10.27	$ 9.3201	$ 11.41	$ 11.09	-10.629%	-16.429%
June 30, 2008	$ 10.00	$ 9.27	$ 11.26	$ 10.82	-11.319%	-15.049%
September 30, 2008	$ 9.43	$ 6.40	$ 10.95	$ 9.96	-13.809%	-30.210%
December 31, 2008	$ 7.71	$ 4.30	$ 9.90	$ 7.74	-17.466%	-36.773%
March 31, 2009	$ 7.82	$ 5.95	$ 9.15	$ 8.62	-11.366%	-30.858%
June 30, 2009	$ 8.59	$ 6.95	$ 10.21	$ 9.06	-15.551%	-22.819%

(1) As reported by Bloomberg.

Shares of closed-end management companies frequently trade at discounts from their NAVs, and the Funds' common shares have also traded at a discount in recent times.

There can be no assurance that the Funds' common shares will trade in the future above, at or below NAV.

DIVIDENDS AND DISTRIBUTIONS;
DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

It is each Fund's present policy, which may be changed by the Board, to distribute to stockholders, at least quarterly, dividends of its net investment income from earnings on its investments. Each Fund also expects to distribute any net realized capital gains to stockholders on an annual basis. Distributions to stockholders are normally subject to federal income tax in the stockholders' hands when the distributions are paid. This is true whether stockholders take distributions in cash or reinvest them in Fund common shares. Distributions to stockholders also may be subject to state and local income tax. Any distributions of net investment income and any short-term capital gain distributions are taxable to stockholders as ordinary income. Long-term capital gain distributions are taxable as long-term capital gains, no matter how long stockholders have owned common shares in the Funds. Stockholders who are not subject to income tax will not be required to pay tax on distributions. Every January, stockholders will be sent a statement showing the taxable distributions paid to them in the previous year. This statement provides information on stockholders' dividends and capital gains for tax purposes.

All persons becoming registered holders of common shares of each Fund (other than brokers and nominees of banks or other financial institutions) will automatically be included in the Fund's Dividend Reinvestment and Cash Purchase Plan (the "Plan"), unless Computershare Trust Company, N.A. (the "Plan Agent") is otherwise instructed by the stockholder in writing. All distributions under the Plan will automatically be reinvested in common shares of the applicable Fund in full and fractional common shares as described below. Stockholders who elect not to participate in the Plan will receive all distributions in cash paid by check in U.S. dollars mailed directly to the stockholder of record by the dividend paying agent.

Details of the Plan

The Plan Agent serves as agent for the stockholders in administering the Plan. If the Directors of a Fund declare an income dividend or realized capital gains distribution payable either in the Fund's common shares or in cash, as stockholders may have elected, non-participants in the Plan will receive cash and participants in the Plan will receive common shares, to be issued by the Fund or to be purchased in the open market by the Plan Agent. If the market price per share on the valuation date equals or exceeds NAV per share on that date, the Fund will issue new common shares to participants at NAV unless the NAV is less than 95% of the market price on the valuation date, in which case, at 95% of the market price. The valuation date will be the dividend or distribution payment date or, if that date is not a trading day on the exchange on which each Fund's common shares are then listed, the next preceding trading day. If the NAV exceeds the market price of a Fund's common shares at such time, or if a Fund should declare a dividend or capital gains distribution payable only in cash, the Plan Agent will, as agent for the participants, buy the Fund's common shares in the open market, or elsewhere, with the cash in respect of the dividend or distribution, for the participants' account on, or shortly after, the payment date.

Participants in the Plan have the option of making additional voluntary cash payments to the Plan Agent, annually, in any amount from $100 to $3,000, for investment in Fund common shares. The Plan Agent uses all funds received from participants (as well as any dividends and capital gains distributions received in cash) to purchase shares of common stock on the open market on or about January 15 of each year. No participant has any authority to direct the time or price at which the Plan Agent may purchase the common shares on its behalf. Any voluntary cash payments received more than 30 days prior to January 15 will be returned by the Plan Agent, and interest will not be paid on any uninvested cash payments. To avoid unnecessary cash accumulations, and also to allow ample time for receipt and processing by the Plan Agent, it is suggested that participants send in voluntary cash payments to be received by the Plan Agent approximately ten days before January 15. A participant may withdraw a voluntary cash payment by written notice, if the notice is received by the Plan Agent not less than 48 hours before such payment is to be invested.

The Plan Agent maintains all stockholder accounts in the Plan and furnishes written confirmations of all transactions in the account, including information needed by stockholders for personal and tax records. Common shares in the account of each Plan participant are held by the Plan Agent in non-certificated form in the name of the participant, and each stockholder's proxy includes those common shares purchased pursuant to the Plan.

In the case of stockholders, such as banks, brokers or nominees, which hold common shares for others who are the beneficial owners, the Plan Agent administers the Plan on the basis of the number of common shares certified from time to time by the stockholder as representing the total amount registered in the stockholder's name and held for the account of beneficial owners who are participating in the Plan.

There is no charge to participants for reinvesting dividends or distributions. The Plan Agent's fees for the handling of the reinvestment of dividends and distributions are paid by each Fund. However, each participant's account is charged a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends or capital gains distributions. Brokerage charges for purchasing small amounts of stock for individual accounts through the Plan are generally less than the usual brokerage charges, because the Plan Agent purchases stock for all participants in blocks and prorates the lower commission thus attainable.

The automatic reinvestment of dividend and distributions will not relieve participants of any income tax that may be payable on such dividends or distributions.

Each Fund reserves the right to amend, suspend or terminate the Plan as applied to any voluntary cash payment made and any dividend or distribution paid subsequent to notice of the change sent to all stockholders at least 30 days before the record date for the dividend or distribution. The Plan also may be amended or terminated by the Plan Agent by at least 30 days' written notice to all stockholders.

PRINCIPAL RISK FACTORS

The common share price and return of the Funds will fluctuate with changes in the market value of their respective portfolio securities. The market value of the Funds' portfolio securities will increase or decrease due to a variety of economic, market and political factors which cannot be predicted. The principal risks associated with an investment in the Funds are summarized below.

Debt Securities Risk. Each Fund may invest in debt securities. All debt securities are subject to two types of risk: credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. Interest rate risk refers to fluctuations in the value of a debt security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most debt securities go down. When the general level of interest rates goes down, the prices of most debt securities go up. (Zero coupon securities are typically subject to greater price fluctuations than comparable securities that pay interest.)

Foreign Securities Risk. Each Fund may invest in foreign securities. Investing in foreign securities involves certain special considerations that are not typically associated with investments in the securities of U.S. issuers. Foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards and may have policies that are not comparable to those of domestic issuers. As a result, there may be less information available about foreign issuers than about domestic issuers. Securities of some foreign issuers may be less liquid and more volatile than securities of comparable domestic issuers. There is generally less government supervision and regulation of stock exchanges, brokers and listed issuers than in the United States. In addition, with respect to certain foreign countries, there is a possibility of expropriation or confiscatory taxation, political and social instability, or diplomatic development which could affect U.S. investments in those countries. The costs of investing in foreign countries frequently are higher than the costs of investing in the United States. Although the Adviser endeavors to achieve the most favorable execution costs in portfolio transactions, fixed commissions on many foreign stock exchanges are generally higher than negotiated commissions on U.S. exchanges.

Investments in securities of foreign issuers generally will be denominated in foreign currencies. Accordingly, the value of the Fund's assets, as measured in U.S. dollars may be affected favorably or unfavorably by changes in currency exchange rates and in exchange control regulations. The Fund may incur costs in connection with conversions between various currencies. See " Foreign Currency Considerations."

Certain foreign governments levy withholding or other taxes on dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non recovered portion of foreign withholding taxes will reduce the income received from investments in such countries.

From time to time, certain of the companies in which the Fund expects to invest may operate in, or have dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. Government as state sponsors of terrorism. A company may suffer damage to its reputation if it is identified as a company which operates in, or has dealings with, countries subject to sanctions or embargoes imposed by the U.S. Government and the United Nations and/or countries identified by the U.S. Government as state sponsors of terrorism. As an investor in such companies, a Fund will be indirectly subject to those risks.

The foreign securities in which the Funds may invest will be issued (in the case of Emerging Markets Debt) and may be issued (in the case of Global Opportunity Bond) by issuers located in emerging market or developing countries. Compared to the United States and other developed countries, emerging market or developing countries may have relatively unstable governments, economies based on only a few industries and securities markets that trade a small number of securities. Securities issued by companies located in these countries tend to be especially volatile and may be less liquid than securities traded in developed countries. In the past, securities in these countries have been characterized by greater potential loss than securities of companies located in developed countries.

A portion of each Fund's investments in emerging markets securities may include investments in microfinance loans. Microfinance loans are typically very small loans (microcredit) made for providing the means for people who are not served by traditional banking systems to expand their business or finance their families' basic needs by providing access to affordable credit. Microfinance loans carry many of the same risks associated with investing in emerging markets countries, but because some of the microfinance loans may be used to fund crop growing and livestock, microfinance loans may also be subject to climate and geography risk. In addition, most micro-clients have low incomes and little or no previous credit history. As a result, there is no assurance that microcredit clients will be able to repay the microfinance loans.

The economies of individual emerging market or developing countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures. These economies also have been, and may continue to be, adversely effected by economic conditions in the countries with which they trade.

Prior governmental approval for foreign investments may be required under certain circumstances in some emerging market or developing countries, and the extent of foreign investment in certain fixed income securities and domestic companies may be subject to limitation in other emerging market or developing countries. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging market or developing countries to prevent, among other concerns, violation of foreign investment limitations. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental registration or approval for such repatriation. Any investment subject to such repatriation controls will be considered illiquid if it appears reasonably likely that this process will take more than seven days.

Investment in emerging market or developing countries may entail purchasing securities issued by or on behalf of entities that are insolvent, bankrupt, in default or otherwise engaged in an attempt to reorganize or reschedule their obligations and in entities that have little or no proven credit rating or credit history. In any such case, the issuer's poor or deteriorating financial condition may increase the likelihood that the Funds will experience losses or diminution in available gains due to bankruptcy, insolvency or fraud. Emerging market or developing countries also pose the risk of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic development (including war) that could affect adversely the economies of such countries or the value of a fund's investments in those countries. In addition, it may be difficult to obtain and enforce a judgment in a court outside the United States.

Investments in emerging markets may also be exposed to an extra degree of custodial and/or market risk, especially where the securities purchased are not traded on an official exchange or where ownership records regarding the securities are maintained by an unregulated entity (or