

MORGAN STANLEY INCOME SECURITIES INC
Form DEF 14A
May 20, 2011

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

MORGAN STANLEY ASIA-PACIFIC FUND, INC.

MORGAN STANLEY CHINA A SHARE FUND, INC.

MORGAN STANLEY EASTERN EUROPE FUND, INC.

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

MORGAN STANLEY EMERGING MARKETS DOMESTIC DEBT FUND, INC.

MORGAN STANLEY EMERGING MARKETS FUND, INC.

MORGAN STANLEY FRONTIER EMERGING MARKETS FUND, INC.

MORGAN STANLEY INCOME SECURITIES INC.

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

THE LATIN AMERICAN DISCOVERY FUND, INC.

THE MALAYSIA FUND, INC.

THE THAI FUND, INC.

THE TURKISH INVESTMENT FUND, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- | | |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
| (5) | Total fee paid: |
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- | | |
|-----|---|
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |
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THE MALAYSIA FUND, INC.
THE THAI FUND, INC.
THE TURKISH INVESTMENT FUND, INC.

c/o Morgan Stanley Investment Management
522 Fifth Avenue
New York, New York 10036

NOTICE OF ANNUAL MEETINGS OF STOCKHOLDERS

To Our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders (the "Meeting") of each of the funds listed above (each a "Fund" and collectively, the "Funds") will be held on Thursday, June 30, 2011, at the offices of Morgan Stanley Investment Advisors Inc. and Morgan Stanley Investment Management Inc., 522 Fifth Avenue, 3rd Floor, New York, New York 10036 at the following times:

Conference Room H

Morgan Stanley Asia-Pacific Fund, Inc. ("APF")	8:30 a.m.
The Malaysia Fund, Inc. ("MAY")	8:30 a.m.
The Thai Fund, Inc. ("TTF")	8:50 a.m.
Morgan Stanley China A Share Fund, Inc. ("CAF")	9:10 a.m.
Morgan Stanley India Investment Fund, Inc. ("IIF")	9:30 a.m.
Morgan Stanley Emerging Markets Fund, Inc. ("MSF")	9:50 a.m.
The Turkish Investment Fund, Inc. ("TKF")	10:10 a.m.
Morgan Stanley Eastern Europe Fund, Inc. ("RNE")	10:10 a.m.

Conference Room F

Morgan Stanley Income Securities Inc. ("ICB")	8:30 a.m.
The Latin American Discovery Fund, Inc. ("LDF")	8:50 a.m.
Morgan Stanley Frontier Emerging Markets Fund, Inc. ("FFD")	9:10 a.m.
Morgan Stanley Emerging Markets Debt Fund, Inc. ("MSD")	9:30 a.m.
Morgan Stanley Emerging Markets Domestic Debt Fund, Inc. ("EDD")	9:30 a.m.

The Meetings are being held for the following purposes:

1. To elect Directors of the Funds, each to serve until the year 2014 annual meeting of stockholders or until (i) his or her successor has been elected and qualified, (ii) his or her death, (iii) his or her resignation or (iv) his or her removal

as provided by statute or the applicable charter.

2. To consider and act upon any other business as may properly come before the Meetings or any adjournment thereof.

Only stockholders of record of a particular Fund at the close of business on May 18, 2011, the record date for the Meetings, are entitled to notice of, and to vote at, the Meeting of that Fund or any adjournments thereof.

MARY E. MULLIN
Secretary

Dated: May 20, 2011

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETINGS OF STOCKHOLDERS TO BE HELD ON JUNE 30, 2011:

The Joint Proxy Statement for the Annual Meetings of Stockholders is available on the Internet at the website address located on the enclosed Proxy Card(s).

MORGAN STANLEY ASIA-PACIFIC FUND, INC. ("APF")
MORGAN STANLEY CHINA A SHARE FUND, INC. ("CAF")
MORGAN STANLEY EASTERN EUROPE FUND, INC. ("RNE")
MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC. ("MSD")
MORGAN STANLEY EMERGING MARKETS DOMESTIC DEBT FUND, INC. ("EDD")
MORGAN STANLEY EMERGING MARKETS FUND, INC. ("MSF")
MORGAN STANLEY FRONTIER EMERGING MARKETS FUND, INC. ("FFD")
MORGAN STANLEY INCOME SECURITIES INC. ("ICB")
MORGAN STANLEY INDIA INVESTMENT FUND, INC. ("IIF")
THE LATIN AMERICAN DISCOVERY FUND, INC. ("LDF")
THE MALAYSIA FUND, INC. ("MAY")
THE THAI FUND, INC. ("TTF")
THE TURKISH INVESTMENT FUND, INC. ("TKF")

c/o Morgan Stanley Investment Management
522 Fifth Avenue
New York, New York 10036

JOINT PROXY STATEMENT

This Joint Proxy Statement is furnished by the Board of Directors (each a "Board" and collectively, the "Boards") of each of the funds listed above (each a "Fund" and collectively, the "Funds") in connection with the solicitation of Proxies by the Board of Directors for use at the Annual Meeting of Stockholders of each Fund (each a "Meeting" and collectively, the "Meetings") to be held on Thursday, June 30, 2011, at 522 Fifth Avenue, 3rd Floor, New York, New York 10036. It is expected that the Notice of Annual Meetings, Joint Proxy Statement and Proxy Card(s) will first be mailed to stockholders of the Funds ("Stockholders") on or about May 23, 2011. The purpose of the Meetings, the matters to be acted upon and the commencement time of each Meeting are set forth in the accompanying Notice of Annual Meetings of Stockholders.

If the enclosed form of Proxy for a Fund is properly executed and returned in time, or is submitted by telephone or Internet, to be voted at the Meetings, the proxies named therein will vote the shares of common stock with respect to the Funds (collectively, the "Shares") represented by it in accordance with the instructions marked thereon. Unmarked proxies submitted by Stockholders will be voted FOR each of the nominees for election as Director of that Fund as set forth in the attached Notice of Annual Meeting of Stockholders. A Proxy may be revoked at any time prior to its exercise by any of the following: written notice of revocation to the Secretary of the Funds, execution and delivery of a later dated Proxy to the Secretary of the Funds (whether by mail or, as discussed below, by touchtone telephone or the Internet) (if returned and received in time to be voted), or attendance and voting at the Meetings. Attendance at the Meetings will not in and of itself revoke a Proxy. In order to revoke a Proxy in person, Stockholders must submit a subsequent Proxy. Stockholders whose Shares are held in street name by a broker of record and who wish to vote in person at the Meetings must obtain a legal proxy from their broker and present it at the Meetings to the inspector of elections.

The Board has fixed the close of business on May 18, 2011 as the record date for the determination of Stockholders entitled to notice of, and to vote at, the Meetings and at any adjournments thereof. On that date, the following number of Shares of each Fund were outstanding and entitled to vote:

APF	22,922,522	Shares
CAF	21,881,465	Shares
RNE	4,116,255	Shares
MSD	23,669,536	Shares
EDD	72,431,536	Shares
MSF	17,224,812	Shares
FFD	6,662,999	Shares
ICB	9,028,744	Shares
IIF	22,330,895	Shares
LDF	8,080,547	Shares
MAY	8,876,196	Shares
TTF	15,096,592	Shares
TKF	7,492,118	Shares

The cost of soliciting proxies for the Meeting, consisting principally of printing and mailing expenses, will be borne by each respective Fund. The solicitation of proxies will be by mail, which may be supplemented by solicitation by mail, telephone or otherwise through Directors and officers of the Funds or officers and regular employees of Morgan Stanley Investment Management Inc. ("MSIM"), the investment adviser for each Fund except ICB, Morgan Stanley Investment Advisors Inc., the investment adviser for ICB ("MSIA," and together with MSIM, the "Investment Adviser"), Morgan Stanley Services Company Inc., the administrator for ICB, Morgan Stanley & Co. Incorporated ("Morgan Stanley & Co.") and/or Morgan Stanley Smith Barney LLC, without special compensation therefor. In addition, each Fund may employ Georgeson Inc. and/or Computershare Fund Services ("Georgeson") to make telephone calls to Stockholders to remind them to vote. Each Fund may also employ Georgeson as proxy solicitor if it appears that the required number of votes to achieve a quorum will not be received. The transfer agent services for each Fund are currently provided by Computershare Trust Company, N.A. (the "Transfer Agent").

Stockholders may be able to vote their Shares by touchtone telephone or by Internet by following the instructions on the Proxy Card accompanying this Joint Proxy Statement. The Internet procedures are designed to authenticate a Stockholder's identity to allow Stockholders to vote their Shares and confirm that their instructions have been properly recorded. To vote by Internet or by touchtone telephone, Stockholders can access the website or call the toll-free number listed on the Proxy Card. To vote by touchtone telephone or by Internet, Stockholders will need the number that appears on the Proxy Card or Voting Information Card in the shaded box.

In certain instances, Georgeson may call Stockholders 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 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. Each Fund 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 Shares in accordance with their instructions. To ensure that the Stockholders' instructions have been recorded correctly, they 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 Joint Proxy Statement and may vote by mail using the

enclosed Proxy Card or by Internet

or touchtone telephone as set forth above. The last proxy vote received in time to be voted, whether by Internet, mailed Proxy Card or touchtone telephone, will be the vote that is counted and will revoke all previous votes by the Stockholder. In the event that Georgeson is retained as proxy solicitor, Georgeson 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 \$500 per Fund, which would be borne by each respective Fund.

Each Fund will furnish, without charge, a copy of its annual report for its fiscal year ended December 31, 2010 (September 30, 2010 for ICB and October 31, 2010 for EDD, FFD and TKF) to any Stockholder of such Fund requesting such report. Requests for annual and/or semi-annual reports should be made in writing to the respective Fund, c/o Morgan Stanley Client Relations, Attn: Closed-End Funds, Harborside Financial Center, 201 Plaza Two, 3rd Floor, Jersey City, New Jersey 07311, by calling toll-free (800) 231-2608 (for ICB, call (888) 421-4015) or by visiting the Investment Adviser's Internet website at www.morganstanley.com/im.

Morgan Stanley Investment Management Inc. serves as each Fund's administrator (except ICB). Morgan Stanley Services Company Inc. serves as administrator to ICB. The business address of Morgan Stanley Services Company Inc. is 522 Fifth Avenue, New York, New York 10036. State Street Bank and Trust Company serves as sub-administrator to the Funds. The business address of State Street Bank and Trust Company is One Lincoln Street, Boston, Massachusetts 02111-2101.

This Joint Proxy Statement is being used in order to reduce the preparation, printing, handling and postage expenses that would result from the use of a separate proxy statement for each Fund. Shares of a Fund are entitled to one vote each at the respective Fund's Meeting and each fraction of a share will be entitled to the fraction of a vote equal to the proportion of a full share represented by the fractional share. To the extent information relating to common ownership is available to the Funds, a Stockholder that owns record Shares in two or more of the Funds will receive a package containing a Joint Proxy Statement and Proxy Cards for the Funds in which such Stockholder is a record owner. If the information relating to common ownership is not available to the Funds, a Stockholder that beneficially owns Shares in two or more Funds may receive two or more packages each containing a Joint Proxy Statement and a Proxy Card for each Fund in which such Stockholder is a beneficial owner. If the proposed election of Directors is approved by Stockholders of one Fund and disapproved by Stockholders of other Funds, the Proposal will be implemented for the Fund that approved the Proposal and will not be implemented for any Fund that did not approve the Proposal. Thus, it is essential that Stockholders complete, date, sign and return each enclosed Proxy Card or vote by telephone as indicated in each Fund's Proxy Card.

Only one Proxy Statement will be delivered to multiple Stockholders sharing an address, unless a Fund has received contrary instructions. Each Fund will furnish, upon written or oral request, a separate copy of the Joint Proxy Statement to a Stockholder at a shared address to which a single Joint Proxy Statement was delivered. Requests for a separate Joint Proxy Statement, and notifications to a Fund that a Stockholder wishes to receive separate copies in the future, should be made in writing to the respective Fund, c/o Morgan Stanley Client Relations, Attn: Closed-End Funds, Harborside Financial Center, 201 Plaza Two, 3rd Floor, Jersey City, New Jersey 07311, or by calling toll-free (800) 231-2608 (for ICB, call (888) 421-4015). Multiple Stockholders who are sharing an address and currently receiving multiple copies of periodic reports and proxy statements may request to receive only one copy of such reports and proxy statements by calling toll-free (800) 231-2608 (for ICB, call (888) 421-4015).

The Board of Directors of each Fund unanimously recommends that you vote "FOR" the election of the nominees as Directors as set forth in Proposal No. 1 of the Notice of Annual Meetings. Your vote is important. Please return your Proxy Card promptly no matter how many Shares you own.

ELECTION OF DIRECTORS
(Proposal No. 1)

At the Meetings, Stockholders will be asked to consider the election of Directors to hold office for a term stated below and until their successors are duly elected and qualified. It is the intention of the persons named in the accompanying Proxy Cards to vote, on behalf of the Stockholders, for the election of:

(i) Kathleen A. Dennis, Joseph J. Kearns, Michael E. Nugent and Fergus Reid as Class I Directors for a term expiring in 2014, for all Funds except IIF and ICB;

(ii) Ravindranath Santosh Kumar Hazareesing and Mamode Izam Nathadkhan as Class II Directors for a term expiring in 2014, for IIF; and

(iii) Frank L. Bowman, Michael Bozic and James F. Higgins as Class I Directors for a term expiring in 2014, for ICB.

Pursuant to each Fund's By-Laws, the terms of office of the Directors are staggered. The Board of Directors of each Fund is divided into three classes, designated Class I, Class II and Class III, with each class having a term of three years. Each year the term of one class expires.

	Class I	Class II	Class III
All Funds ⁽¹⁾ (except IIF and ICB)	Kathleen A. Dennis Joseph J. Kearns Michael E. Nugent Fergus Reid	Michael Bozic Michael F. Klein W. Allen Reed	Frank L. Bowman James F. Higgins Manuel H. Johnson
IIF ⁽²⁾	Fergus Reid Sara Furber	Ravindranath Santosh Kumar Hazareesing Mamode Izam Nathadkhan	Joseph J. Kearns M.J. Marcel Vivian Descroizilles
ICB ⁽³⁾	Frank L. Bowman Michael Bozic James F. Higgins	Kathleen A. Dennis Manuel H. Johnson Joseph J. Kearns Fergus Reid	Michael F. Klein Michael E. Nugent W. Allen Reed

(1) Only the Directors in Class I are being considered for election at this Meeting with respect to all Funds other than IIF and ICB.

(2) Only the Directors currently in Class II are being considered for election at this Meeting with respect to IIF.

(3) Only the Directors currently in Class I are being considered for election at this Meeting with respect to ICB.

Pursuant to each Fund's By-Laws, each Director holds office until (i) the expiration of his or her term and until his or her successor has been elected and qualified, (ii) his or her death, (iii) his or her resignation or (iv) his or her removal as provided by statute or the Articles of Incorporation. Each officer of the Funds will hold such office until his or her death or resignation or a successor has been duly elected and qualified.

Board Structure and Oversight Function

Each Board's leadership structure features an Independent Director serving as Chairperson and the Board Committees described below. The Chairperson participates in the preparation of the agenda for meetings of Board of Directors of each Fund and the preparation of information to be presented to the Board with respect to matters to be acted upon by the Board of Directors of each Fund. The Chairperson also presides at all meetings of the Board of Directors of each Fund and is involved in discussions regarding matters pertaining to the oversight of the management of the Funds between meetings.

The Board of Directors of each Fund operates using a system of committees to facilitate the timely and efficient consideration of all matters of importance to the Directors, the Funds and Fund Stockholders, and to facilitate compliance with legal and regulatory requirements and oversight of the Fund's activities and associated risks. The Board of Directors of each Fund (except IIF) has established four standing committees: (1) Audit Committee, (2) Governance Committee, (3) Compliance and Insurance Committee and (4) Investment Committee. The Board of Directors of IIF has established two standing committees: (1) Audit Committee and (2) Governance Committee. The Audit Committee and the Governance Committee are comprised exclusively of Independent Directors. Each committee charter governs the scope of the committee's responsibilities with respect to the oversight of the Funds. The responsibilities of each committee, including their oversight responsibilities, are described further under the caption "Board Meetings and Committees."

Each Fund is subject to a number of risks, including investment, compliance, operational and valuation risk, among others. The Board of Directors oversees these risks as part of its broader oversight of each Fund's affairs through various Board and committee activities. The Board has adopted, and periodically reviews, policies and procedures designed to address various risks to the Funds. In addition, appropriate personnel, including but not limited to the Funds' Chief Compliance Officer, members of the Fund's administration and accounting teams, representatives from the Funds' independent registered public accounting firm, the Funds' Treasurer and portfolio management personnel and independent valuation and brokerage evaluation service providers, make regular reports regarding the Funds' activities and related risks to the Board of Directors of each Fund and the committees, as appropriate. These reports include, among others, quarterly performance reports, quarterly derivatives activity, and risk reports and discussions with members of the risk teams relating to each asset class. The Board's committee structure allows separate committees to focus on different aspects of risk and the potential impact it has on some or all of the funds in the complex and then report back to the full Board. In between regular meetings, Fund officers also communicate with the Directors regarding material exceptions and items relevant to the Board's oversight risk function. The Board recognizes that it is not possible to identify all of the risks that may affect a Fund, and that it is not possible to develop processes and controls to eliminate all of the risks that may affect a Fund. Moreover, the Board recognizes that it may be necessary for the Funds to bear certain risks (such as investment risk) to achieve their investment objective.

As needed between meetings of the Board of Directors of each Fund, the Board or a specific committee receives and reviews reports relating to the Funds and engages in discussions with appropriate parties relating to the Funds' operations and related risks.

Board Meetings and Committees

The Board of Directors of each Fund has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Each Audit Committee is charged with recommending to the full Board the engagement or discharge of each Fund's independent registered public accounting firm; directing investigations into matters within the scope of the independent registered public accounting firm's duties, including the power to retain outside specialists; reviewing with the independent registered public accounting firm the audit plan and results of the auditing engagement; approving professional services provided by the independent registered public accounting firm and other accounting firms prior to the performance of the services; reviewing the independence of the independent registered public accounting firm; considering the range of audit and non-audit fees; reviewing the adequacy of each Fund's system of internal controls; and reviewing the valuation process. Each Fund has adopted a formal, written Audit Committee Charter, which is attached hereto as Exhibit A.

The members of the Audit Committee of each Fund other than IIF are currently Joseph J. Kearns, Michael E. Nugent and W. Allen Reed. The members of IIF's Audit Committee are currently Mamode Izam Nathadkhan, Joseph J. Kearns, Ravindranath Santosh Kumar Hazareesing, M.J. Marcel Vivian Descroizilles and Fergus Reid. None of the members of the Funds' Audit Committees is an "interested person," as defined under the Investment Company Act of 1940, as amended (the "1940 Act"), of any of the Funds (with such disinterested Directors being "Independent Directors" or individually, an "Independent Director"). Each Independent Director is also "independent" from each Fund as defined under the listing standards of the New York Stock Exchange, Inc. ("NYSE"). The Chairperson of the Audit Committee of all of the Funds is Joseph J. Kearns.

The Board of Directors of each Fund also has a Governance Committee. The Governance Committee identifies individuals qualified to serve as Independent Directors on each Fund's Board and on committees of such Board and recommends such qualified individuals for nomination by the Fund's Independent Directors as candidates for election as Independent Directors, advises each Fund's Board with respect to Board composition, procedures and committees, develops and recommends to each Fund's Board a set of corporate governance principles applicable to the Funds, monitors and makes recommendations on corporate governance matters and policies and procedures of each Fund's Board of Directors and any Board committees and oversees periodic evaluations of each Fund's Board and its committees. Each Fund has adopted a formal, written Governance Committee Charter, which is attached hereto as Exhibit B. A further description of, among other things, the goals and responsibilities of the Governance Committee with respect to Board candidates and nominees and Board composition, procedures and committees can be found in the Governance Committee Charter for each Fund. The members of the Governance Committee of each Fund other than IIF are Kathleen A. Dennis, Michael F. Klein and Fergus Reid, each of whom is an Independent Director. The members of IIF's Governance Committee are currently Mamode Izam Nathadkhan, Ravindranath Santosh Kumar Hazareesing, Joseph J. Kearns, M.J. Marcel Vivian Descroizilles and Fergus Reid, each of whom is an Independent Director. The Chairperson of each Fund's Governance Committee is Fergus Reid.

None of the Funds has a separate nominating committee. While each Fund's Governance Committee recommends qualified candidates for nominations as Independent Directors, the Board of Directors of each Fund believes that the task of nominating prospective Independent Directors is important enough to require the participation of all current Independent Directors, rather than a separate committee consisting of only certain Independent Directors. Accordingly, each current Independent Director (Frank L. Bowman, Michael Bozic, Kathleen A. Dennis, Manuel H. Johnson, Joseph J. Kearns, Michael F. Klein, Michael E. Nugent, W. Allen Reed and Fergus Reid, for all Funds other than IIF, and Mamode Izam Nathadkhan, Ravindranath Santosh Kumar Hazareesing, Joseph J. Kearns, M.J. Marcel Vivian Descroizilles and Fergus Reid for IIF) participates in the election and nomination of candidates for election as Independent Directors for the respective Funds for which the Independent Director serves. Persons recommended by each Fund's Governance Committee as candidates for nomination as Independent Directors shall possess such experience, qualifications, attributes, skills and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Fund, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or any listing requirements of the NYSE. In addition, the Board of Directors considers diversity when nominating a prospective Independent Director. While the Independent Directors of each of the Funds expect to be able to continue to identify from their own resources an ample number of qualified candidates for each Fund's Board as they deem appropriate, they will consider nominations from Stockholders to the Board. Nominations from Stockholders should be in writing and sent to the Independent Directors as described below under "Stockholder Communications."

The Board of each Fund (other than IIF) formed a Compliance and Insurance Committee to address insurance coverage and oversee the compliance function for the Fund and the Board. The Compliance and Insurance Committee of each Fund currently consists of Frank L. Bowman, Michael Bozic, James F. Higgins and Manuel H. Johnson. Frank L. Bowman, Michael Bozic and Manuel H. Johnson are Independent Directors. Michael Bozic is the Chairperson of the Compliance and Insurance Committee of each Fund. The Compliance and Insurance Committee has a Sub-Committee to review and monitor the insurance coverage maintained by the Funds. The Chairperson of the Insurance Sub-Committee is Frank L. Bowman.

Each Fund (other than IIF) has an Investment Committee that oversees the portfolio investment process for and reviews the performance of the Fund. The Investment Committee also recommends to the Board to approve or renew the Fund's Investment Advisory and Administration Agreements. The members of the Investment Committee are Frank L. Bowman, Michael Bozic, Kathleen A. Dennis, James F. Higgins, Manuel H. Johnson, Joseph J. Kearns, Michael F. Klein, Michael E. Nugent, W. Allen Reed and Fergus Reid. The Chairperson of the Investment Committee of each Fund is Manuel H. Johnson.

The Investment Committee of each Fund (other than IIF) has three Sub-Committees, each with its own Chairperson. Each Sub-Committee focuses on the Funds' primary areas of investment, namely equities, fixed income and alternatives. The Sub-Committees and their members are as follows:

- (1) Equity W. Allen Reed (Chairperson), Frank L. Bowman and Michael E. Nugent.
- (2) Fixed Income Michael F. Klein (Chairperson), Michael Bozic and Fergus Reid.
- (3) Money Market and Alternatives Kathleen A. Dennis (Chairperson), James F. Higgins and Joseph J. Kearns.

During each Fund's fiscal year ended December 31, 2010 (September 30, 2010 for ICB and October 31, 2010 for EDD, FFD and TKF), the Board of Directors held the following meetings:

	Number of meetings					
	All Funds (except IIF, ICB, EDD, FFD and TKF)	IIF	ICB	EDD	FFD	TKF
Board of Directors	9	9	11	9	9	9
<u>Committee/Sub-Committee:</u>						
Audit Committee	4	4	4	4	4	4
Governance Committee	4	4	4	4	4	4
Compliance and Insurance Committee	4	N/A	4	4	4	4
Insurance Sub-Committee	1	N/A	1	1	1	1
Investment Committee	5	N/A	5	5	5	5
Equity Sub-Committee	5	N/A	5	5	5	5
Fixed Income Sub-Committee	5	N/A	5	5	5	5
Money Market and Alternatives Sub-Committee	6	N/A	5	5	5	5

For the 2010 fiscal year, each current Director attended at least seventy-five percent of the aggregate number of meetings of the Board and of any committee on which he or she served, held during the time such Director was a member of the Board. For annual Stockholder meetings, Directors may, but are not required to, attend the meetings; and for each Fund's last annual Stockholder meeting, none of the Directors attended the meeting.

Stockholder Communications

Stockholders may send communications to each Fund's Board of Directors. Stockholders should send communications intended for each Fund's Board by addressing the communication directly to that Board (or individual Board members) and/or otherwise clearly indicating in the salutation that the communication is for the Board (or individual Board members) and by sending the communication to either the Fund's office or directly to such Board member(s) at the address specified for each Director below. Other Stockholder communications received by the Funds not directly addressed and sent to the Boards will be reviewed and generally responded to by management, and will be forwarded to the Boards only at management's discretion based on the matters contained therein.

Each of the nominees for Director has consented to be named in this Joint Proxy Statement and to serve as a Director of the Funds if elected. The Board of Directors of each Fund has no reason to believe that any of the nominees named above will become unavailable for election as a Director, but if that should occur before the Meeting for that Fund, the persons named as proxies on the Proxy Cards will vote for such persons as the Board of Directors of the Fund may recommend.

Information Regarding Directors and Nominee Directors

Each Fund seeks as Directors individuals of distinction and experience in business and finance, government service or academia. In determining that a particular Director was and continues to be qualified to serve as Director, the Board of each Fund has considered a variety of criteria, none of which, in isolation, was controlling. Based on a review of the experience, qualifications, attributes or skills of each Director, including those enumerated in the table below, the Board has determined that each of the Directors is qualified to serve as a Director of a Fund. In addition, the Board of each Fund believes that, collectively, the Directors have balanced and diverse experience, qualifications, attributes and skills that allow the Board to operate effectively in governing a Fund and protecting the interests of Stockholders. Information about a Fund's Governance Committee and Board of Director nomination process is provided above under the caption "Board Meetings and Committees."

Certain information regarding the Directors of the Funds and nominees for election as Directors is set forth below:

Name, Address and Age	Position Held with Funds	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director**
Independent Director Frank L. Bowman (66) c/o Kramer Levin Naftalis & Frankel LLP Counsel to the Independent Directors 1177 Avenue of the Americas New York, NY 10036	Director of each of the Funds (except IIF)	Since August 2006	President, Strategic Decisions, LLC (consulting) (since February 2009); Director or Trustee of various funds advised by MSIA (the "Retail Funds") and funds advised by MSIM and Morgan Stanley AIP GP LP (the "Institutional Funds") (since August 2006); Chairperson of the Insurance Sub-Committee of the Compliance and Insurance Committee (since February 2007); served as President and Chief Executive Officer of the Nuclear Energy Institute (policy organization) through November 2008; retired as Admiral, U.S. Navy after serving 38 years on active duty including 8 years as Director of the Naval Nuclear Propulsion Program in the Department of the Navy and the U.S. Department of Energy (1996-2004); Served as Chief of Naval Personnel (July 1994-September 1996); Knighted as Honorary Knight Commander of the Most Excellent Order of the British Empire; Awarded the Officer de l'Orde National du Mérite by the French Government; elected to the National Academy of	102	Director of B.P. p.l.c.; Director of Naval and Nuclear Technologies LLP; Director of the Armed Services YMCA of the USA and the Naval Submarine League.

Engineering (2009).

* This is the earliest date the Director began serving the Retail Funds or Institutional Funds. Each class of Directors has a term of office of three years.

** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

† Nominee for election as a Director of one or more Funds at the Meetings.

Name, Address and Age	Position Held with Funds	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director**
Independent Director					
Michael Bozic† (70) c/o Kramer Levin Naftalis & Frankel LLP Counsel to the Independent Directors 1177 Avenue of the Americas New York, NY 10036	Director of each of the Funds (except IIF)	Since April 1994	Private investor; Chairperson of the Compliance and Insurance Committee (since October 2006); Director or Trustee of the Retail Funds (since April 1994) and Institutional Funds (since July 2003); formerly, Chairperson of the Insurance Committee (July 2006-September 2006); Vice Chairman of Kmart Corporation (December 1998-October 2000), Chairman and Chief Executive Officer of Levitz Furniture Corporation (November 1995-November 1998) and President and Chief Executive Officer of Hills Department Stores (May 1991-July 1995); variously Chairman, Chief Executive Officer, President and Chief Operating Officer (1987-1991) of the Sears Merchandise Group of Sears, Roebuck & Co.	104	Director of various business organizations.
Kathleen A. Dennis† (57) c/o Kramer Levin Naftalis & Frankel LLP	Director of each of the Funds (except IIF)	Since August 2006	President, Cedarwood Associates (mutual fund and investment management consulting) (since July 2006); Chairperson of the Money Market and Alternatives Sub-Committee of the Investment Committee (since October 2006) and Director or Trustee of various Retail Funds and Institutional Funds (since August 2006); formerly, Senior	102	Director of various non-profit organizations.

Counsel
to the
Independent
Directors
1177
Avenue
of the
Americas
New
York,
NY
10036

Managing Director of Victory
Capital Management
(1993-2006).

* This is the earliest date the Director began serving the Retail Funds or Institutional Funds. Each class of Directors has a term of office of three years.

** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

† Nominee for election as a Director of one or more Funds at the Meetings.

Name, Address and Age	Position Held with Funds	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director**
Independent Director					
M.J. Marcel Vivian Descroizilles (62) c/o Multiconsult Rogers House 5 President John Kennedy St. Port-Louis, Mauritius	Director of IIF only	Since April 2006	Business Consultant since 2006; formerly, Managing Director of Société du Port (May-November 2006); Consultant, Total Outre Mer SA Paris (January-May 2006); Managing Director and General Manager of Esso Mauritius Ltd., a wholly-owned affiliate of ExxonMobil Corp. (February 1996-December 2005).	1	Independent director of a number of companies in Mauritius, including publicly quoted Rogers & Co. Ltd.
Dr. Manuel H. Johnson (62) c/o Johnson Smick Group, Inc. 888 16th Street, N.W. Suite 740 Washington, D.C. 20006	Director of each of the Funds (except IIF)	Since July 1991	Senior Partner, Johnson Smick International, Inc. (consulting firm); Chairperson of the Investment Committee (since October 2006) and Director or Trustee of the Retail Funds (since July 1991) and Institutional Funds (since July 2003); Co-Chairman and a founder of the Group of Seven Council (G7C) (international economic commission); formerly, Chairperson of the Audit Committee (July 1991-September 2006); Vice Chairman of the Board of Governors of the Federal Reserve System and Assistant Secretary of the U.S. Treasury.	104	Director of NVR, Inc. (home construction); Director of Evergreen Energy; Director of Greenwich Capital Holdings.

* This is the earliest date the Director began serving the Retail Funds or Institutional Funds. Each class of Directors has a term of office of three years.

** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

† Nominee for election as a Director of one or more Funds at the Meetings.

Name, Address and Age	Position Held with Funds	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director**
Independent Director Joseph J. Kearns & Associates LLC PMB754 22631 Pacific Coast Highway Malibu, CA 90265	Director of each of the Funds	Since August 1994	President, Kearns & Associates LLC (investment consulting); Chairperson of the Audit Committee (since October 2006) and Director or Trustee of the Retail Funds (since July 2003) and Institutional Funds (since August 1994); formerly, Deputy Chairperson of the Audit Committee (July 2003-September 2006) and Chairperson of the Audit Committee of the Institutional Funds (October 2001-July 2003 and since August 1994 for certain predecessor funds); formerly CFO of the J. Paul Getty Trust.	105	Director of Electro Rent Corporation (equipment leasing), and The Ford Family Foundation.
Michael F. Klein (52) c/o Kramer Levin Naftalis & Frankel LLP Counsel	Director of each of the Funds (except IIF)	Since August 2006	Managing Director, Aetos Capital, LLC (since March 2000) and Co-President, Aetos Alternatives Management, LLC (since January 2004); Chairperson of the Fixed Income Sub-Committee of the Investment Committee (since October 2006) and Director or Trustee of	102	Director of certain investment funds managed or sponsored by Aetos Capital, LLC. Director of Sanitized AG and Sanitized Marketing AG (specialty chemicals).

to the Independent Directors 1177 Avenue of the Americas New York, NY 10036	various Retail Funds and Institutional Funds (since August 2006); formerly, Managing Director, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management, President, Morgan Stanley Institutional Funds (June 1998-March 2000) and Principal, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management (August 1997-December 1999).
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Ravindra Santos Kumar Hazareesingh† (61) c/o Multiconsult Rogers House 5 President John Kennedy St. Port-Louis, Mauritius	Director of IIF only	Since July 2003	Self-employed Management Consultant.	1	None.
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* This is the earliest date the Director began serving the Retail Funds or Institutional Funds. Each class of Directors has a term of office of three years.

** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

† Nominee for election as a Director of one or more Funds at the Meetings.

Name, Address and Age	Position Held with Funds	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director**
Independent Director					
Mamoud Izam Nathadkhan (54)† c/o Multiconsult Rogers House 5 President John Kennedy St. Port-Louis, Mauritius	Director of IIF only	Since March 2011	Managing Partner, Nathadkhan Associates (Associated with Jefferys Henry International) (since 2001); Chairman of Audit Committee and Director of Standard Bank (Mauritius) Ltd (since 2004); Agent of French Companies (since 2006).	1	None.
Michael E. Nugent (74) c/o Triumph Capital L.P. 445 Park Avenue New York, NY 10022	Director of each of the Funds (except IIF) and Chairperson of the Boards of each of the Funds (except IIF)	Chairperson of the Boards since July 2006 and Director since July 1991	General Partner, Triumph Capital, L.P. (private investment partnership); Chairperson of the Boards of the Retail Funds and Institutional Funds (since July 2006); Director or Trustee of the Retail Funds (since July 1991) and Institutional Funds (since July 2001); formerly, Chairperson of the Insurance Committee (until July 2006).	104	None.
W. Allen Reed (64)	Director of each of the Funds (except IIF)	Since August 2006	Chairperson of the Equity Sub-Committee of the Investment Committee (since October 2006) and	102	Director of Temple-Inland Industries (packaging and forest products), Director of Legg Mason, Inc. and Director of the Auburn University Foundation; formerly, Director of iShares, Inc.

<p>c/o Kramer Levin Naftalis & Frankel LLP Counsel to the Independent Directors 1177 Avenue of the Americas New York, NY 10036</p>	<p>Director or Trustee of various Retail Funds and Institutional Funds (since August 2006); formerly, President and CEO of General Motors Asset Management; Chairman and Chief Executive Officer of the GM Trust Bank and Corporate Vice President of General Motors Corporation (August 1994-December 2005).</p>	<p>(2001-2006).</p>
<p>FergusDirector of Reid† each of the (78) Funds c/o Joe Pietryka, Inc. 85 Charles Colman Boulevard Pawling, NY 12564</p>	<p>Since June 1992</p> <p>Chairman, Joe Pietryka, Inc.; Chairperson of the Governance Committee and Director or Trustee of the Retail Funds (since July 2003) and Institutional Funds (since June 1992).</p>	<p>105</p> <p>Trustee and Director of certain investment companies in the JPMorgan Funds complex managed by JP Morgan Investment Management Inc.</p>

* This is the earliest date the Director began serving the Retail Funds or Institutional Funds. Each class of Directors has a term of office of three years.

** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

† Nominee for election as a Director of one or more Funds at the Meetings.

Name, Address and Age	Position Held with Funds	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director**
Interested					
Director					
Sara Furber (36) 522 Fifth Avenue New York, NY 10036	Director of IIF only; President and Principal Executive Officer	Since September 2010	President and Principal Executive Officer (since September 2010) of the Equity and Fixed Income Funds in the Fund Complex; Managing Director and Director of the Investment Adviser and various entities affiliated with the Investment Adviser (since July 2010). Formerly, Chief Operating Officer for Global Corporate and Investment Banking at Bank of America Merrill Lynch (January 2009 to April 2010); Head of Merrill Lynch & Co. Investor Relations (July 2007 to December 2008) with senior roles in Strategy and Business Development as well as within Merrill Lynch's Global Credit & Commitments organization prior to July 2007.	1	None.
James F. Higgins (63) c/o	Director of each of the Funds (except IIF)	Since June 2000	Director or Trustee of the Retail Funds (since June 2000) and Institutional Funds (since July 2003); Senior Advisor of Morgan	103	Director of AXA Financial, Inc. and The Equitable Life Assurance Society of the United States (financial services).

Morgan
Stanley
Services
Company
Inc.
Harborside
Financial
Center
201
Plaza
Two
Jersey
City,
NJ
07311

Stanley (since August
2000).

* This is the earliest date the Director began serving the Retail Funds or Institutional Funds. Each class of Directors has a term of office of three years.

** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

"Interested person" of the Fund within the meaning of the 1940 Act.

† Nominee for election as a Director of one or more Funds at the Meetings.

No director or nominee for election as Director who is not an interested person of the Fund, or any immediate family member of such person, owns securities in the Investment Adviser, or a person directly or indirectly controlling, controlled by, or under common control with the Investment Adviser.

Certain information regarding the Officers of the Funds is set forth below:

Name, Address and Age	Position(s) Held with the Funds and Length of Time Served*	Principal Occupation(s) During Past 5 Years
Sara Furber (36) 522 Fifth Avenue New York, NY 10036	President and Principal Executive Officer Equity and Fixed Income Funds Since September 2010	President and Principal Executive Officer (since September 2010) of the Equity and Fixed Income Funds in the Fund Complex; Managing Director and Director of the Investment Adviser and various entities affiliated with the Investment Adviser (since July 2010). Formerly, Chief Operating Officer for Global Corporate and Investment Banking at Bank of America Merrill Lynch (January 2009 to April 2010); Head of Merrill Lynch & Co. Investor Relations (July 2007 to December 2008) with senior roles in Strategy and Business Development as well as within Merrill Lynch's Global Credit & Commitments organization prior to July 2007.
Mary Ann Picciotto (37) c/o Morgan Stanley Services Company Inc. Harborside Financial Center 201 Plaza Two Jersey City, NJ 07311	Chief Compliance Officer Since October 2004 Executive Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Chief Compliance Officer of the Retail Funds and Institutional Funds (since May 2010); Chief Compliance Officer of the Investment Adviser (since April 2007).	
Stefanie V. Chang Yu (44) 522 Fifth Avenue New York, NY 10036	Vice President since December 1997	Managing Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Vice President of the Retail Funds (since July 2002) and Institutional Funds (since December 1997). Formerly, Secretary of the Investment Adviser and various entities affiliated with the Investment Adviser.
Francis J. Smith (45)	Treasurer since July 2003 and Principal Financial Officer since September 2002	Executive Director of the Investment Adviser and various entities affiliated with the Investment

c/o Morgan
Stanley
Services
Company
Inc.
Harborside
Financial
Center
201 Plaza
Two
Jersey City,
NJ 07311

Adviser; Treasurer and Principal Financial Officer
of the Retail Funds (since July 2003) and
Institutional Funds (since March 2010).

Mary E. Mullin (44) Secretary since June 1999
522 Fifth
Avenue
New York,
NY 10036

Executive Director of the Investment Adviser and
various entities affiliated with the Investment
Adviser; Secretary of the Retail Funds (since July
2003) and Institutional Funds (since June 1999).

* This is the earliest date the Officer began serving the Retail Funds or Institutional Funds. Each Officer serves an indefinite term until his or her successor is elected.

Experience, Qualifications and Attributes. The Board of each Fund has concluded, based on each Director's experience, qualifications and attributes that each Board member should serve as a Director. Following is a brief summary of the information that led to and/or supports this conclusion.

Mr. Bowman has experience in a variety of business and financial matters through his prior service as a Director or Trustee for various other funds in the Fund Complex, where he serves as Chairperson of the Insurance Sub-Committee of the Compliance and Insurance Committee, and as a Director of B.P. p.l.c. and Naval and Nuclear Technologies LLP. Mr. Bowman also serves as a Director for the Armed Services YMCA of the USA and the Naval Submarine League. Mr. Bowman retired as an Admiral in the U.S. Navy after serving over 38 years on active duty including eight years as Director of the Naval Nuclear Propulsion Program in the Department of the Navy and the U.S. Department of Energy (1996-2004). Additionally, Mr. Bowman served as the U.S. Navy's Chief of Naval Personnel where he was responsible for the planning and programming of all manpower, personnel, training and education resources for the U.S. Navy. In addition, Mr. Bowman served as President and Chief Executive Officer of the Nuclear Energy Institute. Mr. Bowman has received such distinctions as a knighthood as Honorary Knight Commander of the Most Excellent Order of the British Empire and the Officer de l'Orde National du Mérite from the French Government and was elected to the National Academy of Engineering (2009). He is President of the consulting firm Strategic Decisions, LLC.

With over 20 years of experience on the boards and in senior management of such companies as Kmart Corporation, Levitz Furniture Corporation, Hills Department Stores and Sears Merchandise Group of Sears, Roebuck & Co., where Mr. Bozic also served as Chief Financial Officer of the Merchandise Group, and with over 15 years of experience as a Director or Trustee of certain other funds in the Fund Complex, Mr. Bozic has experience with a variety of financial, management, regulatory and operational issues as well as experience with marketing and distribution. Mr. Bozic has served as the Chairperson of the Compliance and Insurance Committee since 2006.

Ms. Dennis has over 25 years of business experience in the financial services industry and related fields including serving as a Director or Trustee of various other funds in the Fund Complex, where she serves as Chairperson of the Money Market and Alternatives Sub-Committee of the Investment Committee. Ms. Dennis possesses a strong understanding of the regulatory framework under which investment companies must operate based on her years of service to this Board and her position as Senior Managing Trustee of Victory Capital Management.

Mr. Descroizilles has gained extensive experience in business, accounting and financial matters through his prior service as Managing Director of Esso Mauritius Ltd. and as Senior Internal Auditor of the Royal Dutch Shell Group of Companies. In addition, Mr. Descroizilles is a fellow of the Institute of Chartered Accountants in England and Wales.

In addition to his tenure as a Director or Trustee of various other funds in the Fund Complex, where he formerly served as Chairperson of the Audit Committee, Dr. Johnson has also served as an officer or a board member of numerous companies for nearly 20 years. These positions included Co-Chairman and a founder of the Group of Seven Council, Director of NVR, Inc., Director of Evergreen Energy and Director of Greenwich Capital Holdings. He also has served as Vice Chairman of the Board of Governors of the Federal Reserve System and Assistant Secretary of the U.S. Treasury. In addition, Dr. Johnson also served as Chairman of the Financial Accounting Foundation, which oversees the Financial Accounting Standards Board, for seven years.

Mr. Kearns gained extensive experience regarding accounting through his experience on the Audit Committees of the boards of other funds in the Funds Complex, including serving as either Chairperson or Deputy Chairperson of the Audit Committee for fourteen years, and through his position as Chief

Financial Officer of the J. Paul Getty Trust. He also has experience in financial, accounting, investment and regulatory matters through his position as President and founder of Kearns & Associates LLC, a financial consulting company. Mr. Kearns also serves as a director of Electro Rent Corporation and The Ford Family Foundation. The Board has determined that Mr. Kearns is an "audit committee financial expert" as defined by the SEC.

Through his prior positions as Managing Director of Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management and as President of Morgan Stanley Institutional Funds, Mr. Klein has experience in the management and operation of registered investment companies, enabling him to provide management input and investment guidance to the Board. Mr. Klein also has extensive experience in the investment management industry based on his current positions as Managing Director of Aetos Capital, LLC and as director of certain investment funds managed or sponsored by Aetos Capital, LLC. In addition, he also has experience as a member of the board of other funds in the Fund Complex.

Mr. Hazareesing has experience in accounting and financial matters through his service as a Senior Auditor in an accounting firm. In addition, Mr. Hasareesing has served as a Management Consultant since 2003.

With over 30 years of experience in the accounting profession, Mr. Nathadkhan has gained extensive experience regarding accounting and financial matters. In addition to his position as a Director of the Fund, Mr. Nathadkhan currently serves as Managing Partner of Nathadkhan Associates, a public accounting and tax advisory firm, and has previously served as an Audit, Tax and Legal Partner at KPMG.

Mr. Nugent has extensive experience with financial, accounting, investment and regulatory matters through his almost 20 years of service on the boards of various funds in the Fund Complex, including time as the Chairperson of the Insurance Committee and Chairman of the Morgan Stanley Funds. Mr. Nugent also has experience as a General Partner in Triumph Capital, L.P.

Mr. Reed has experience on investment company boards and is experienced with financial, accounting, investment and regulatory matters through his service as a director of iShares, Inc. and other funds in the Fund Complex. Mr. Reed also gained substantial experience in the financial services industry through his position as Director of Legg Mason, Inc. and prior position as President and CEO of General Motors Asset Management.

Mr. Reid has served on a number of mutual fund boards, including as a trustee and director of certain investment companies in the JPMorgan Funds complex and as a Director or Trustee of other funds in the Fund Complex. Therefore, Mr. Reid is experienced with financial, accounting, investment and regulatory matters, enabling him to provide management input and investment guidance to the Board.

Mrs. Furber has gained experience in the financial services industry through her position as President and Principal Executive Officer of the Equity and Fixed Income Funds in the Fund Complex and as Managing Director and Director of Morgan Stanley Investment Advisers Inc. In addition, Mrs. Furber previously served as Chief Operating Officer for Global Corporate Investment Banking at Bank of America Merrill Lynch and as Head of Merrill Lynch & Co. Investor Relations, where she had senior roles in Strategy and Business Development.

Mr. Higgins has over 30 years of experience in the financial services industry. Mr. Higgins has substantial mutual fund experience and is experienced with financial, accounting, investment and regulatory matters due to his experience on the boards of other funds in the Fund Complex. Mr. Higgins also serves on the boards of other companies in the financial services industry, including AXA Financial, Inc. and The Equitable Life Assurance Society of the United States.

The Directors' principal occupations during the past five years or more are shown in the above tables.

The table set forth below includes information regarding the dollar ranges of beneficial ownership of Shares in each Fund and in certain registered investment companies, including the Funds, managed by the Investment Adviser or an affiliate and held out to investors as related companies for purposes of investment and investor services (the "Family of Investment Companies") owned by the Directors of the Funds and each nominee for election as a Director, as of December 31, 2010. This information has been furnished by each Director and nominee. The dollar values in the following table are based upon the market price of the applicable Fund's Shares as of December 31, 2010.

Dollar Range of Equity Securities in the Funds

Name of Director	ABF	CAF	RNE	MSD	EDD	MAY	MSF	FFD	IIF	ICB	LDI
Independent Director											
Bowman	None	None	None	None	None	None	None	None	None	None	None
Bozic	None	None	None	None	\$ 10,001- \$ 50,000	None	None	None	None	None	None
Dennis	None	None	None	None	None	None	None	None	None	None	None
Descroix	None	None	None	None	None	None	None	None	None	None	None
Hazard	None	None	None	None	None	None	None	None	None	None	None
Johnson	None	None	None	None	None	None	None	None	None	None	None
Kearns	None	None	None	None	None	None	None	None	None	None	None
Klein	None	None	None	None	None	None	None	None	None	None	None
Nathan	None	None	None	None	None	None	None	None	None	None	None
Nugen	None	None	None	None	None	None	None	None	None	None	None
Reed	\$ 0,001- \$ 50,000	None	None	\$ 10,001- \$ 50,000	\$ 10,001- \$ 50,000	None	None	None	None	None	None
Reid	\$ 0,001- \$ 50,000	None	None	None	None	None	\$ 10,001- \$ 50,000	None	over \$ 100,000	None	None
Interested Director											
Furber	None	None	None	None	None	None	None	None	None	None	None
Higgins	None	None	None	None	None	None	None	None	None	None	None

(1) Includes the total amount of compensation deferred by the Director at his election pursuant to a deferred compensation plan. Such deferred compensation is placed in a deferral account and deemed to be invested in one or more of the Retail Funds or Institutional Funds (or portfolio thereof) that are offered as investment options under the plan.

Compensation of Directors and Officers

For each Fund (other than IIF), each Director (except for the Chairperson of the Boards) receives an annual retainer fee of \$210,000 for serving the Retail Funds and the Institutional Funds. Prior to January 1, 2011, each Director (except for the Chairperson of the Boards) received an annual retainer fee of \$200,000 for serving the Retail Funds and Institutional Funds.

The Chairperson of the Audit Committee receives an additional annual retainer fee of \$78,750 (\$75,000 prior to January 1, 2011) and the Investment Committee Chairperson receives an additional annual retainer fee of \$63,000 (\$60,000 prior to January 1, 2011). Other Committee Chairpersons receive an additional annual retainer fee of \$31,500 (\$30,000 prior to January 1, 2011) and the Sub-Committee Chairpersons receive an additional annual retainer fee of \$15,750 (\$15,000 prior to January 1, 2011). The aggregate compensation paid to each Director is paid by the Retail Funds and the Institutional Funds, and is allocated on a pro rata basis among each of the operational funds/portfolios of the Retail Funds and the Institutional Funds based on the relative net assets of each of the funds/portfolios. Michael E. Nugent receives a total annual retainer fee of \$420,000 (\$400,000 prior to January 1, 2011) for his services as Chairperson of the Boards of the Retail Funds and the Institutional Funds and for administrative services provided to each Board.

IIF pays each of its Directors an annual fee of \$18,000 (\$15,000 prior to January 1, 2011). The non-Mauritian Independent Directors of IIF receive a fee of \$10,000 for each meeting such Director attends in Mauritius.

Each Fund also reimburses Directors for travel and other out-of-pocket expenses incurred by them in connection with attending meetings of the Board. Directors of each Fund who are employed by the Investment Adviser receive no compensation or expense reimbursement from the Funds for their services as Director.

Effective April 1, 2004, the Funds began a Deferred Compensation Plan (the "DC Plan"), which allows each Director to defer payment of all, or a portion, of the fees he or she receives for serving on the Board of Directors throughout the year. Each eligible Director generally may elect to have the deferred amounts credited with a return equal to the total return on one or more of the Retail Funds or Institutional Funds (or portfolios thereof) that are offered as investment options under the DC Plan. At the Director's election, distributions are either in one lump sum payment, or in the form of equal annual installments over a period of five years. The rights of an eligible Director and the beneficiaries to the amounts held under the DC Plan are unsecured and such amounts are subject to the claims of the creditors of each Fund.

Prior to April 1, 2004, the Institutional Funds maintained a similar Deferred Compensation Plan (the "Prior DC Plan"), which also allowed each Independent Director to defer payment of all, or a portion, of the fees he or she received for serving on the Board of Directors throughout the year. Generally, the DC Plan amends and supersedes the Prior DC Plan and all amounts payable under the Prior DC Plan are now subject to the terms of the DC Plan (except for amounts paid during the calendar year 2004, which remain subject to the terms of the Prior DC Plan).

Set forth below is a table showing the aggregate compensation payable to each of the Funds' Directors as of each Funds' fiscal year end, as well as the total compensation payable to each Director for the calendar year ended December 31, 2010 by all of the funds and by other U.S. registered investment companies advised by the Investment Adviser or any investment companies that have an investment

adviser that is an affiliated person of the Investment Adviser (collectively, the "Fund Complex") for their services as Directors of such investment companies.

	APF ⁽²⁾	CAF ⁽²⁾	RNE ⁽²⁾	MSD ⁽²⁾	EDD ⁽²⁾	MAY ⁽²⁾	MSF ⁽²⁾	FFD ⁽²⁾	ICB ⁽²⁾	LDF ⁽²⁾	TTF ⁽²⁾	TKF ⁽²⁾	Di
Independent Director⁽¹⁾													
Bowman	\$ 1,174	\$ 169	\$ 651	\$ 2,962	\$ 220	\$ 604	\$ 221	\$ 392	\$ 339	\$ 437	\$ 269	\$	\$
Bzilek	\$ 1,238	\$ 178	\$ 687	\$ 3,125	\$ 232	\$ 637	\$ 233	\$ 413	\$ 358	\$ 461	\$ 283	\$	\$
Donohue	\$ 1,174	\$ 169	\$ 651	\$ 2,962	\$ 220	\$ 604	\$ 221	\$ 392	\$ 339	\$ 437	\$ 269	\$	\$
Johnson	\$ 1,400	\$ 202	\$ 777	\$ 3,532	\$ 262	\$ 720	\$ 263	\$ 467	\$ 405	\$ 522	\$ 320	\$	\$
Kearns	\$ 1,481	\$ 213	\$ 821	\$ 3,736	\$ 277	\$ 762	\$ 278	\$ 494	\$ 428	\$ 552	\$ 339	\$	\$
Klein	\$ 1,174	\$ 169	\$ 651	\$ 2,962	\$ 220	\$ 604	\$ 221	\$ 392	\$ 339	\$ 437	\$ 269	\$	\$
Nguyen	\$ 2,154	\$ 310	\$ 1,195	\$ 5,434	\$ 403	\$ 1,108	\$ 405	\$ 719	\$ 623	\$ 802	\$ 493	\$	\$
Reed	\$ 1,174	\$ 169	\$ 651	\$ 2,962	\$ 220	\$ 604	\$ 221	\$ 392	\$ 339	\$ 437	\$ 269	\$	\$
Reid	\$ 1,238	\$ 178	\$ 687	\$ 3,125	\$ 232	\$ 637	\$ 233	\$ 413	\$ 358	\$ 461	\$ 283	\$	\$
Interested Director													
Higgins	\$ 1,077	\$ 155	\$ 597	\$ 2,717	\$ 202	\$ 554	\$ 202	\$ 359	\$ 311	\$ 401	\$ 247	\$	\$

	IIF	Total Compensation from Funds and Fund Complex Paid to Directors ⁽³⁾
Independent Director⁽¹⁾		
Bouic	\$ 15,000	\$ 15,000
Descroizilles	\$ 15,000	\$ 15,000
Hazareeing	\$ 15,000	\$ 15,000
Kearns	\$ 15,000	\$ 290,000
Reid	\$ 15,000	\$ 245,000
Interested Director		
Furber		\$ 0
Takian*		\$ 0

(1) Includes all amounts paid for serving as director of the funds as well as serving as Chairperson of the Boards or a Chairperson of a Committee or Sub-Committee.

(2) Mr. Reed deferred all compensation from the Funds (except IIF) during the fiscal year ended December 31, 2010 (September 30, 2010 with regard to ICB and October 31, 2010 with regard to EDD, FFD and TKF).

(3) The amounts shown in this column represent the aggregate compensation paid by all of the funds in the Fund Complex as of December 31, 2010 before deferral by the Directors under the DC Plan. As of December 31, 2010, the value (including interest) of the deferral accounts across the Fund Complex for Messrs. Kearns, Reed and Reid pursuant to the deferred compensation plan was \$438,616, \$478,362 and \$594,829, respectively. Because the funds in the Fund Complex have different fiscal year ends, the amounts shown in this column are presented on a calendar year basis.

* Mr. Randy Takian resigned from the Board on September 30, 2010.

Prior to December 31, 2003, 49 of the Retail Funds (the "Adopting Funds"), including ICB, had adopted a retirement program under which an Independent Trustee/Director who retired after serving for at least five years as an Independent Trustee/Director of any such fund (an "Eligible Trustee/Director") would have been entitled to retirement payments, based on factors such as length of service, upon reaching

the eligible retirement age. On December 31, 2003, the amount of accrued retirement benefits for each Eligible Trustee/Director was frozen, and will be payable, together with a return of 8% per annum, at or following each such Eligible Trustee/Director's retirement as shown in the table below.

There were no pension or retirement benefits accrued as part of any Fund's expenses, except ICB. The following tables illustrate the retirement benefits accrued to the Fund's Independent Directors by ICB for the fiscal year ended September 30, 2010 and by the Adopting Funds for the calendar year ended December 31, 2010, and the estimated retirement benefits for the Independent Directors from ICB as of September 30, 2010 and from the Adopting Funds for each calendar year following retirement. Only the Directors listed below participated in the retirement program.

Name of Independent Directors:	Retirement Benefits Accrued as Fund Expenses		Estimated Annual Benefits Upon Retirement ⁽¹⁾	
	ICB	By All	ICB	By All
		Adopting Funds		Adopting Funds
Michael Bozic	\$ 822	\$ 42,107	\$ 997	\$ 43,940
Manuel H. Johnson	\$ 606	\$ 30,210	\$ 1,451	\$ 64,338
Michael E. Nugent	\$ 42	\$ 6,805	\$ 1,299	\$ 57,539

⁽¹⁾ Total compensation accrued under the retirement plan, together with a return of 8% per annum, will be paid annually commencing upon retirement and continuing for the remainder of the Director's life.

The election of the nominees for election as Directors of each Fund requires the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present. Under each Fund's By-Laws, except for TTF, the presence in person or by proxy of Stockholders entitled to cast a majority of the votes entitled to be cast thereat shall constitute a quorum. Under the By-Laws of TTF, the presence in person or by proxy of Stockholders entitled to cast one-third of the votes entitled to be cast thereat shall constitute a quorum. For this purpose, abstentions will be counted in determining whether a quorum is present at the Meeting, but will not be counted as votes cast at the Meeting. See "Additional Information."

The Board of Directors of each Fund recommends that you vote "FOR" the election of the nominees as Directors for that Fund set forth above.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

To the knowledge of the management of each Fund, the following persons owned beneficially more than 5% of the noted Fund's outstanding Shares at May 18, 2011. This information is based on publicly available Schedule 13D and 13G disclosures filed with the Securities and Exchange Commission (the "Commission").

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
APF 1607 Capital Partners, LLC 4991 Lake Brook Dr., Suite 125 Glen Allen, Virginia 23060	5,308,851 Shares with sole voting power and sole dispositive power ⁽¹⁾	17.08%
		10.30%

Amica Mutual Insurance Company 100 Amica Way Lincoln, Rhode Island 02865	3,015,151 Shares with sole voting power and sole dispositive power ⁽²⁾	
Yale University Investments Office 230 Prospect Street New Haven, Connecticut 06511-2107	3,006,755 Shares with sole voting power and sole dispositive power ⁽³⁾	8.30%

Name and Address Fund of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Lazard Asset Management LLC 30 Rockefeller Plaza New York, New York 10112	2,080,727 Shares with sole voting power and sole dispositive power ⁽⁴⁾	6.43%
CAF Lazard Asset Management LLC 30 Rockefeller Plaza New York, New York 10112	1,700,447 Shares with sole voting power and sole dispositive power ⁽⁵⁾	10.42%
RNE City of London Investment Group PLC and City of London Investment Management Company Limited 77 Gracechurch Street, London England EC3V 0AS	1,435,974 Shares with shared voting power and shared dispositive power ⁽⁶⁾	34.80%
MSD First Trust Portfolios L.P. First Trust Advisors L.P. The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	2,948,214 Shares with shared dispositive power ⁽⁷⁾	12.50%
Wells Fargo & Company 420 Montgomery Street San Francisco, California 94163	771,241 Shares with sole voting power, 2,008,808 Shares with sole dispositive power and 74,046 Shares with shared dispositive power ⁽⁸⁾	7.89%