

MORGAN STANLEY INDIA INVESTMENT FUND, INC.
Form N-2/A
June 26, 2009

As filed with the U.S. Securities and Exchange Commission on June 26, 2009

Securities Act File No. 333-159091

Investment Company Act File No. 811-08238

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

(Check appropriate box or boxes)

FORM N-2

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

x

Pre-Effective Amendment No. 2

x

Post-Effective Amendment No.

and/or

**REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY
ACT OF 1940**

x

Amendment No. 10

x

MORGAN STANLEY INDIA INVESTMENT 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

(Registrant's Telephone Number, including Area Code)

**Stefanie V. Chang Yu, Esq.
Morgan Stanley India Investment Fund, Inc.
522 Fifth Avenue
New York, New York 10036**

(Name and Address of Agent for Service)

Copies to:

**Carl Frischling
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036**

**Stuart M. Strauss, Esq.
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019
(212) 878-8000**

Approximate date of proposed public offering:

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check this box.

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

when declared effective pursuant to Section 8(c)

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

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Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, par value \$0.01 per share	6,142,713 Shares	\$ 20.83	\$ 127,952,712	\$ 7,139.76 (1)(2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, based on the average of the high and low sale prices reported on the New York Stock Exchange on June 18, 2009.

(2) \$55.80 of which was 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 Commission, acting pursuant to said Section 8(a), may determine.

Form N-2

CROSS-REFERENCE SHEET

Parts A and B of the Prospectus*

Items in Part A and B of Form N-2		Location in Prospectus
1.	Outside Front Cover	Outside Front Cover Page of Prospectus
2.	Cover Pages, Other Offering Information	Inside Front and Outside Back Cover Page of Prospectus
3.	Fee Table and Synopsis	Fee Table
4.	Financial Highlights	Financial Highlights
5.	Plan of Distribution	Not Applicable
6.	Selling Stockholders	Not Applicable
7.	Use of Proceeds	Prospectus Summary; Use of Proceeds
8.	General Description of the Registrant	Outside Front Cover Page of Prospectus; Prospectus Summary; The Fund; Investment Objective and Policies; Risk Factors and Special Considerations; Investment Restrictions; Common Stock
9.	Management	Management of the Fund; Compensation; Portfolio Transactions and Brokerage; Common Stock; Dividend Paying Agent, Transfer Agent and Registrar; Custodian; Legal Matters
10.	Capital Stock, Long-Term Debt, and other Securities	Common Stock; Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan; Taxation
11.	Defaults and Arrears on Senior Securities	Not Applicable
12.	Legal Proceedings	Not Applicable
13.	Table of Contents of the Statement of Additional Information	Not Applicable
14.	Cover Page	Not Applicable
15.	Table of Contents	Not Applicable
16.	General Information and History	Not Applicable
17.	Investment Objective and Policies	Prospectus Summary; Investment Objective and Policies; Investment Restrictions
18.	Management	Prospectus Summary; Management of the Fund; Compensation; Code of Ethics; Proxy Voting Policy and Procedures
19.	Control Persons and Principal Holders of Securities	Compensation
20.	Investment Advisory and Other Services	Prospectus Summary; Management of the Fund; Compensation; Custodian; Dividend Paying Agent, Transfer Agent and Registrar; Independent Registered Public Accounting Firm
21.	Brokerage Allocation and Other Practices	Portfolio Transactions and Brokerage
22.	Tax Status	Taxation
23.	Financial Statements	Financial Statements

* Pursuant to the General Instructions to Form N-2, all information required to be set forth in Part B has been included in Part A.

Information required to be included in Part C is set forth under the appropriate item, so numbered in Part C to this Registration Statement.

The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and is not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS

PRELIMINARY PROSPECTUS (Subject to Completion) Issued June 26, 2009

4,914,171 Shares

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

Common Stock

Issuable Upon Exercise of Non-Transferable Rights to Subscribe for Shares of Common Stock

Morgan Stanley India Investment Fund, Inc. (the "Fund") is issuing to its common stockholders of record as of June 30, 2009 non-transferable rights. These rights will allow you to subscribe for one share of the Fund's common stock for each four rights held. You will receive one right for each whole share of common stock that you hold of record as of June 30, 2009. You need four rights to purchase one share at the subscription price. The Fund will not issue fractional shares upon the exercise of less than four rights. If you fully exercise all rights issued to you, you will be entitled to subscribe for additional shares that were not subscribed for by other stockholders. The rights will not be listed for trading on the New York Stock Exchange or any other exchange; however, the shares issued upon the exercise of the rights will be listed for trading on the New York Stock Exchange under the symbol "IIF." The subscription price per share will be 95% of the average of the last reported sales price per share of the Fund's common stock on the New York Stock Exchange on the date on which the offer expires and the four preceding trading days, but in any case not less than the net asset value per share of the Fund's common stock at the close of trading on the New York Stock Exchange on the date on which the offer expires.

THE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON JULY 22, 2009, UNLESS EXTENDED. The Fund announced the offer after the close of business on the New York Stock Exchange on May 8, 2009. The net asset value per share at the close of business on May 8, 2009 and June 30, 2009 was US\$15.02 and US\$, respectively, and the last reported sale price of a share on the New York Stock Exchange on those dates was US\$16.62 and US\$, respectively. Because the expiration date and the date upon which the price of the rights will be determined will be the same date, stockholders who exercise their rights will not know the purchase price of the shares when they make their investment decision. Once you subscribe for shares and the Fund receives payment or a guarantee of payment, you will not be able to change your decision.

The Fund is a non-diversified, closed-end management investment company incorporated under the laws of the State of Maryland. The Fund's investment objective is long-term capital appreciation, which it seeks to achieve by investing primarily in equity securities of Indian issuers. See "Investment Objective and Policies." There can be no assurance that the Fund's investment objective will be achieved. Morgan Stanley Investment Management Inc. acts as the Fund's adviser and administrator. The address of the Fund is 522 Fifth Avenue, New York, New York 10036, and the Fund's telephone number is (800) 231-2608.

Investment in the Fund's common stock involves certain risks that are not typically associated with investments in the securities of U.S. issuers, arising in part from the Fund's investments in securities of Indian companies. See "Risk Factors and Special Considerations." In addition, as a result of the offer, stockholders of record on the record date who do not fully exercise their rights should expect that they will, upon completion of the offer, own a smaller proportional interest in the Fund than would otherwise be the case. See "Risk Factors and Special Considerations Risks Related to the Offer" and "The Offer Terms of the Offer."

Please read this Prospectus carefully before investing and keep it for future reference. It sets forth concisely important information that a prospective investor should know before investing in the Fund. All questions and inquiries relating to the offer should be directed to the Information Agent, Georgeson Inc., 199 Water Street, 26th Floor, New York, New York 10038 or toll-free at (800) 509-4953. The Fund has filed additional information about the Fund and the offer with the U.S. Securities and Exchange Commission (<http://www.sec.gov>). Copies of the Fund's annual and semiannual reports may be obtained upon request, without charge, by writing to Morgan Stanley India Investment Fund, Inc., c/o JPMorgan Chase Bank, N.A., 270 Park Avenue, New York, New York 10017, or by calling (800) 231-2608 and also will be made available on the Fund's website at www.morganstanley.com/im. You may also call this toll-free telephone number to request additional information about the Fund or to make stockholder inquiries.

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These securities have not been approved by the U.S. Securities and Exchange Commission or any state securities commission nor has the U.S. Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

	Estimated Subscription Price(1)	Sales Load	Estimated Proceeds to the Fund(2)
Per Share	\$	\$ 0	\$
Total (3)	\$	\$ 0	\$

(1) The estimated subscription price is based upon the average of the last reported sales price per share of the Fund's common stock on the New York Stock Exchange on June 30, 2009 and the four preceding trading days.

(2) After deduction of expenses payable by the Fund, estimated at US\$275,000.

(3) Assumes that all rights are exercised in the Primary Subscription (as defined herein).

, 2009

(continued from previous page)

Investment Policies. It is the policy of the Fund, under normal market conditions, to invest *substantially* all, but not less than 80%, of its total assets in equity securities of Indian issuers. For purposes of this policy, "equity securities of Indian issuers" means equity securities (i) of companies organized in, or for which the principal securities trading market is in, India, (ii) denominated in Indian rupees and issued by companies to finance operations in India or (iii) of companies that alone or on a consolidated basis derive 50% or more of their annual revenues primarily from either goods produced, sales made or services performed in India. Currently, the Fund relies solely on the factors set forth in (i) and (iii) when investing in equity securities of Indian issuers and intends to continue to do so in the future. See "Investment Objective and Policies."

Risks of Investing in Indian Companies. An investment in the Fund should be considered speculative. Investments in Indian companies involve certain risks and special considerations not typically associated with the United States, such as greater government control over the economy, political and legal uncertainty, currency fluctuations or blockage, the risk that the Indian government may decide not to continue to support economic reform programs and the risk of nationalization or expropriation of assets. Additionally, the Indian securities markets are emerging markets characterized by relatively low trading volume, resulting in substantially less liquidity and greater price volatility. Moreover, information available about Indian companies may not be as complete, accurate or timely as information about listed U.S. companies. See "Risk Factors and Special Considerations."

The information set forth in this Prospectus regarding India, its economy and The Bombay Stock Exchange Limited has been extracted from various government and private publications. The Fund and its Board of Directors (the "Board") have not attempted to verify the statistical information regarding India presented in this Prospectus. In this Prospectus, unless otherwise specified, all references to "U.S. dollars," "US\$" or "\$" are to United States dollars, and to "rupees" and "Rs." are to Indian rupees. On June 18, 2009, the exchange rate published in The Wall Street Journal was Rs. 47.962 = US\$1.00 and, unless otherwise specified, all Indian rupees have been converted to U.S. dollars at that exchange rate. No representation is made that the Indian rupee or U.S. dollar amounts in this Prospectus could have been or could be converted into Indian rupee or U.S. dollars, as the case may be, at any particular rate or at all. See "Appendix A: The Republic of India Exchange Rates" for information regarding historical rates of exchange between the Rupee and the U.S. dollar. The fiscal years of the Fund referred to in this Prospectus are years ending December 31.

Certain numbers and percentages have been rounded for ease of presentation, which may result in amounts not totaling precisely.

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

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The information contained in this Prospectus speaks only as of the date of this Prospectus unless the information specifically indicates that another date applies. No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Fund.

FORWARD-LOOKING STATEMENTS

The Fund may not claim the safe harbor for forward-looking statements contained in the federal securities laws of the United States because that safe harbor does not apply to investment companies. Nevertheless, you should note that certain statements in this Prospectus are prospective in nature, which involve known and unknown risks, uncertainties and other factors that may cause the Fund's actual results or level of performance to be materially different from any future results or level of performance expressed or implied by such forward-looking statements. Such factors include, among others, those listed under "Risk Factors and Special Considerations," "Appendix A: The Republic of India" and elsewhere in this Prospectus. As a result of these and other factors, the Fund cannot give you any assurances as to its future results or level of performance. To the extent required by law, the Fund undertakes to amend or reflect any material changes to the information presented in this Prospectus after the date of this Prospectus.

PROSPECTUS SUMMARY

The following is qualified in its entirety by the more detailed information included elsewhere in this Prospectus. You should read the entire Prospectus before you decide whether to exercise your rights. In particular, you should carefully read the risks of investing in the Shares, as discussed under "Risk Factors and Special Considerations."

The Offer at a Glance

Terms of the Offer

Morgan Stanley India Investment Fund, Inc. (the "Fund") is issuing to its common stockholders of record ("Record Date Stockholders") as of the close of business on June 30, 2009 (the "Record Date") non-transferable rights (the "Rights") to subscribe for up to an aggregate of 4,914,171 shares (the "Shares") of the common stock, par value \$0.01 per share (the "Common Stock"), of the Fund (the "Offer"). Each Record Date Stockholder will receive one Right for each whole share of Common Stock owned on the Record Date. Each Record Date Stockholder needs four Rights to purchase one Share at the Subscription Price (as defined herein). The Fund will not issue fractional Shares upon the exercise of less than four Rights. The Rights will not be listed for trading on the New York Stock Exchange (the "NYSE") or any other exchange; however, the Shares issued upon the exercise of the Rights will be listed for trading on the NYSE. Rights may be exercised at any time from July 6, 2009 through 5:00 p.m., New York time, on July 22, 2009, unless extended by the Fund (the "Subscription Period"). The right of a Record Date Stockholder to acquire Shares during the Subscription Period is hereinafter referred to as the "Primary Subscription." Since the Subscription Price will be determined after the expiration of the Subscription Period, Record Date Stockholders who exercise their Rights will not know the Subscription Price at the time they exercise their Rights and stockholders should consider the possibility that the Subscription Price could be greater than the market price of the Fund's shares at the close of trading on the last day of the Subscription Period. Once a Record Date Stockholder subscribes for Shares and the Fund receives payment or a guarantee of payment, the Record Date Stockholder will not be able to change his or her decision. In certain instances described below under "Over-Subscription Privilege," the Fund may increase the number of shares of Common Stock subject to subscription by up to 25% of the Shares. See "The Offer."

Over-Subscription Privilege

Each Record Date Stockholder who fully exercises all Rights issued to him or her is entitled to subscribe for Shares which were not otherwise subscribed for by others in the Primary Subscription (the "Over-Subscription Privilege"). If enough Shares are available, all of these requests will be honored in full. If these requests for Shares exceed the Shares available, the Fund may determine after the expiration of the Offer to issue additional Common Stock up to an amount equal to 25% of the Shares available pursuant to the Offer (up to an additional 1,228,542 shares of Common Stock) in order to cover these requests. Regardless of whether the Fund issues such additional Shares, to the extent Shares are not available to honor all requests, the available Shares will be allocated *pro rata* among those Record Date Stockholders who over-subscribe based on the number of Rights originally issued to them by the Fund.

Subscription Price

The Subscription Price per Share ("Subscription Price") will be 95% of the average of the last reported sales price per share of the Fund's Common Stock on the NYSE on the date on which the Offer expires and the four preceding trading days, but in any case not less than the net asset value per share of the Fund's Common Stock at the close of trading on the NYSE on July 22, 2009, the expiration date of the Offer, unless extended (the "Expiration Date"). The Subscription Price is discussed further under "The Offer Subscription Price." In addition, information with respect to the quarterly high and low sale prices of the Fund's Common Stock on the NYSE and the quarterly high and low net asset values per share of Common Stock is provided under "Common Stock."

Exercising Rights

Rights will be evidenced by Subscription Certificates and may be exercised by delivering to Computershare Trust Company, N.A. (the "Subscription Agent") a completed Subscription Certificate, together with payment, or by delivering

a Notice of Guaranteed Delivery. The Notice of Guaranteed Delivery or Subscription Certificates together with payment should be addressed, if sent by first class mail to Computershare Trust Company, N.A., Corporate Actions Voluntary Offer, P.O. Box 43011, Providence, Rhode Island, 02940-3011 or, if sent by express mail or overnight courier, to Computershare Trust Company, N.A., Corporate Actions Voluntary Offer, 250 Royall Street, Suite V, Canton, Massachusetts 02021. Those Record Date Stockholders who subscribe in the Primary Subscription, *i.e.*, those Record Date Stockholders who exercise their Rights (the "Exercising Rights Holders"), will have no right to rescind a purchase after the Subscription Agent has received a completed Subscription Certificate or Notice of Guaranteed Delivery. See "The Offer Exercise of Rights" and "The Offer Payment for Shares." There is no minimum number of Rights which must be exercised for the Offer to close.

Non-Transferability of Rights

The Rights are non-transferable and, therefore, may not be purchased or sold. Rights not exercised will expire without residual value at the Expiration Date. The Rights will not be listed for trading on the NYSE or any other securities exchange. However, the Shares to be issued pursuant to the Offer will be listed for trading on the NYSE, subject to the NYSE being officially notified of the issuance of those Shares.

Foreign Restrictions

Subscription Certificates will not be mailed to Record Date Stockholders whose record addresses are outside the United States ("Foreign Record Date Stockholders") (the term "United States" includes its territories and possessions and the District of Columbia). The Rights to which such Subscription Certificates relate will be held by the Subscription Agent for such Foreign Record Date Stockholders' accounts until instructions are received to exercise the Rights. If no instructions are received prior to the Expiration Date, the Rights will expire. See "The Offer Foreign Stockholders."

Purpose of the Offer

The Board of the Fund has determined that it is in the best interests of the Fund and its stockholders to increase the assets of the Fund available for investment so that the Fund will be in a better position to take full advantage of investment opportunities in India. The Board believes that increasing the size of the Fund may increase the liquidity of the Fund's shares of Common Stock and also reduce the Fund's expenses as a proportion of average net assets. In addition, the Offer seeks to reward the Fund's stockholders by giving them the right to purchase additional shares of Common Stock at a price that may be below market without incurring any direct transaction costs. The Offer will benefit both the Fund and its stockholders by providing the Fund with the ability to make additional investments without selling current investments if otherwise not desirable. See "The Offer Purpose of the Offer."

Tax Consequences

For federal income tax purposes, neither the receipt nor the exercise of the rights should result in taxable income to you. You will not realize a taxable loss if your rights expire without being exercised. See "The Offer U.S. Federal Income Tax Consequences of the Offer."

Use of Proceeds

The net proceeds of the Offer, assuming all Shares offered hereby are sold, are estimated to be approximately US\$, after deducting offering expenses payable by the Fund estimated to be approximately US\$. The Fund intends to invest the net offering proceeds in equity securities of Indian issuers, in accordance with its investment objective and policies. The Fund anticipates that investment of the net proceeds of the Offer in accordance with the Fund's investment objective and policies may take up to ninety days from their receipt by the Fund, depending on market conditions and the availability of appropriate securities. The Fund may require up to ninety days due to the Fund's need to invest substantially all of its assets in the securities of issuers organized under the laws of a foreign jurisdiction, *i.e.*, India. Pending such investment, the proceeds may be invested in equity index futures to gain exposure to equity securities of Indian issuers. See "The Offer Use of Proceeds."

Information Agent and Subscription Agent

The Information Agent for the Offer is:

Georgeson Inc.
199 Water Street, 26th Floor
New York, New York 10038
Toll-Free: (800) 509-4953
or
For banks and brokers: (212) 440-9800

The Subscription Agent for the Offer is:

Computershare Trust Company, N.A.
250 Royall Street
Canton, Massachusetts 02021

Important Dates to Remember

Event	Date
Record Date	June 30, 2009
Subscription Period	July 6, 2009 to July 22, 2009*
Expiration Date and pricing date	July 22, 2009*
Subscription Certificates and payment for Shares due**	July 22, 2009*
Notice of Guaranteed Delivery due	July 22, 2009*
Subscription Certificate and payment for guarantees of delivery due**	July 27, 2009*
Confirmation mailed to participants	July 30, 2009*
Final payment for Shares***	August 3, 2009*

* Unless the Offer is extended.

** A Record Date Stockholder exercising rights must deliver by the Expiration Date either (i) a Subscription Certificate and payment for Shares or (ii) a Notice of Guaranteed Delivery. A Notice of Guaranteed Delivery is a form sent by your broker-dealer, bank or trust company that guarantees on your behalf delivery of the Subscription Certificate and payment by the close of business on the third business day after the Expiration Date.

*** Additional amount due (in the event the Subscription Price exceeds the Estimated Subscription Price).

The Fund at a Glance

Information Regarding the Fund

The Fund has been engaged in business as a non-diversified, closed-end management investment company since it first issued its Common Stock to the public on February 25, 1994. The Fund is designed for investors desiring to invest a portion of their assets in Indian equity securities. The Fund invests primarily in equity securities (i) of companies organized in, or for which the principal trading market is in, India, (ii) denominated in rupees issued by companies to finance operations in India or (iii) of companies that alone or on a consolidated basis derive 50% or more of their revenues primarily from either goods produced, sales made or services performed in India (collectively, "Indian issuers"). It is the policy of the Fund, under normal market conditions, to invest substantially all, but not less than 80%, of its total assets in equity securities of Indian issuers, which for this purpose means common and preferred stock (including convertible preferred stock), bonds, notes and debentures convertible into common or preferred stock, stock purchase warrants and rights, equity interests in trusts and partnerships and American, Global or other types of Depositary Receipts. See "Investment Objective and Policies." There can be no assurance that the Fund's investment objective will be achieved. See "Risk Factors and Special Considerations."

As of June 30, 2009, the Fund had _____ shares outstanding, which are listed and traded on the NYSE under the symbol "IIF." See "Common Stock." As of June 30, 2009, the net assets of the Fund were US\$ _____.

Information Regarding the Fund's Adviser, Sub-Adviser, Administrator, Sub-Administrator and Custodian

The investment adviser to the Fund is Morgan Stanley Investment Management Inc. (the "Adviser"), a Delaware corporation, whose address is 522 Fifth Avenue, New York, New York 10036. The Adviser is a wholly-owned subsidiary of Morgan Stanley, a preeminent global financial services firm engaged in securities trading and brokerage activities, as well as providing investment banking, research and analysis, financing and financial advisory services.

Morgan Stanley Investment Management Inc. provides certain day-to-day investment management services to the Fund. Under the Investment Advisory and Management Agreement, the Adviser receives an annual fee computed weekly and payable monthly, in an amount equal to 1.10% of the Fund's average weekly net assets. The Adviser is a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). As of March 31, 2009, the Adviser, together with its affiliated asset management companies, had over US\$356.0 billion in assets under management or supervision. See "Management of the Fund."

Morgan Stanley Investment Management Company (the "Sub-Adviser"), a wholly-owned subsidiary of Morgan Stanley, provides investment sub-advisory services to the Fund pursuant to a Sub-Advisory Agreement between the Adviser and the Sub-Adviser. The Sub-Adviser has been retained, subject to the overall supervision of the Adviser and the Directors of the Fund, to continuously furnish investment advice concerning individual security selections, asset allocations and economic trends and to manage the Fund's portfolio.

Morgan Stanley Investment Management Inc. also serves as administrator (the "Administrator") to the Fund pursuant to an Administration Agreement. Under the Administration Agreement, the annual administrative fee, payable monthly, is 0.08% of the Fund's average weekly net assets. As approved by the Board, the Administrator has agreed to limit this administration fee 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. The Administration Agreement covers administrative costs (including out-of-pocket expenses incurred in the ordinary course of providing services under the Administration Agreement, which were previously borne by the Fund), except pricing services and extraordinary expenses.

Under a Sub-Administration Agreement between the Administrator and J.P. Morgan Investor Services Co. ("JPMIS"), a corporate affiliate of JPMorgan Chase Bank, N.A., JPMIS provides certain administrative services to the Fund. For such services, the Administrator pays JPMIS a portion of the fee the Administrator receives from the Fund. Administration costs (including out-of-pocket expenses) incurred in the ordinary course of providing services under the administration agreement, except pricing services and extraordinary expenses, are covered under the administration fee.

Multiconsult, Ltd., whose registered office is in Mauritius, provides administrative services to the Fund, including maintaining certain Fund records and preparing certain periodic filings, under an agreement whereby Multiconsult is paid a fee of \$22,000 per annum.

JPMorgan Chase Bank, N.A. (the "Custodian") serves as custodian for the Fund. The Custodian holds cash, securities and other assets of the Fund as required by the Investment Company Act of 1940, as amended (the "Investment Company 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.

Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan

The Fund intends to distribute to stockholders, at least annually, substantially all of its net investment income and any net realized capital gains. Unless Computershare Trust Company, N.A., the Dividend Reinvestment and Cash Purchase Plan Agent (the "Plan Agent"), is otherwise instructed in writing in the manner described under "Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan," stockholders are presumed to have elected to have all distributions automatically reinvested in common shares of the Fund. Stockholders who have distributions automatically reinvested may also make additional payments into the dividend reinvestment and cash purchase plan to purchase shares of the Fund on the open market. See "Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan."

Risk Factors and Special Considerations

You should carefully consider the following factors, as well as the other information in this Prospectus, before making an investment in the Fund under this Offer.

Risks Related to the Offer. Record Date Stockholders who do not fully exercise their Rights should expect that they will, at the completion of the Offer, own a smaller proportional interest in the Fund than would otherwise be the case and may also incur dilution of ownership and voting, as well as dilution of their shares of any distributions made by the Fund, as a result of the Offer. This dilution may occur because a stockholder could own a smaller interest in the Fund after the Offer than he or she owned prior to the Offer. In addition, if a stockholder does not submit a subscription request pursuant to the Over-Subscription Privilege, he or she may also experience dilution of ownership and voting, as well as dilution of his or her share of any distributions made by the Fund, if the Fund offers additional shares for subscription.

Investment Risk. You may lose money by investing in the Fund, including the possibility that you may lose all of your investment. An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation ("FDIC") or any other governmental agency.

Among the principal risks of investing in the Fund is market risk, which is the risk that the value of your investment may fluctuate as stock markets fluctuate.

As an investment company that primarily holds common stocks, the Fund's portfolio is subject to the possibility that common stock prices will decline over short or even extended pe