

Form ADV Brochure

Part 2A

MORGAN STANLEY INVESTMENT MANAGEMENT COMPANY

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March 31, 2011

This Brochure provides information about the qualifications and business practices of Morgan Stanley Investment Management Company [the “Adviser”]. If you have any questions about the contents of this Brochure, please contact Madeline Barkhorn, at (212) 296-7045 or email Madeline.Barkhorn@morganstanley.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

The Adviser is a registered investment adviser. Registration of an Investment Adviser does not imply any level or skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov

ITEM 2 MATERIAL CHANGES

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure that we provide to clients as required by SEC Rules. We provide this brochure to our clients. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require. Please note that this brochure has been prepared for the purpose of complying with regulatory requirement and it shall not be deemed to be an offer of securities or investment advisory services.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

ITEM 3 TABLE OF CONTENTS

ITEM 1 - COVER PAGE	i
ITEM 2 - MATERIAL CHANGES	ii
ITEM 3 - TABLE OF CONTENTS.....	iii
ITEM 4 - ADVISORY BUSINESS	1
ITEM 5 - FEES AND COMPENSATION	2
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	3
ITEM 7 - TYPES OF CLIENTS	4
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	5
ITEM 9 - DISCIPLINARY INFORMATION	7
ITEM 10- OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	8
ITEM 11 - CODE OF ETHICS	10
ITEM 12 - BROKERAGE PRACTICES	17
ITEM 13 - REVIEW OF ACCOUNTS	21
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION	22
ITEM 15 - CUSTODY	23
ITEM 16 - INVESTMENT DISCRETION	24
ITEM 17 - VOTING CLIENT SECURITIES	25
ITEM 18 - FINANCIAL INFORMATION.....	27

ITEM 4 ADVISORY BUSINESS

Morgan Stanley Investment Management Company (“MSIM Co”), established in 1990, is the local presence of the investment management division of Morgan Stanley Group in Singapore. The ultimate parent company of MSIM Co is, Morgan Stanley, a publicly-held company. MSIM Co was registered with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”) in 2003.

MSIM Co is a client centric organization dedicated to providing investment and risk-management solutions to investors worldwide. It specializes in managing assets in equity products for a range of clients, including:

- pension funds;
- governments;
- mutual Funds and other pooled vehicles;
- central banks; and
- corporations

Asset Allocation

MSIM Co also provides asset allocation advice for fees that are negotiated and vary depending on a client's particular circumstances. In connection with this service, MSIM Co advises clients on a discretionary and non-discretionary basis as to the appropriate allocation of their assets among equity securities listed and/or traded in various Asian jurisdictions.

As of December 31, 2010 MSIM Co managed, \$22,526,824,233 on a discretionary basis and \$202,230,695 on a non-discretionary basis totaling **\$22,729,000,000** billion under management.

ITEM 5 FEES AND COMPENSATION

Management Fees

MSIM Co's fees may vary from the applicable schedule above due to the particular circumstances of the client or as otherwise negotiated with particular clients. MSIM Co may provide investment advisory or research services to clients for negotiated fixed fees based on the value of the services rendered and may, from time to time, receive a performance based fee, except in those jurisdictions that do not allow fees based on performance. MSIM Co may also negotiate per-transaction fees with clients which are expressed as a percentage of the value of each account transaction. Holdings in a client's account may include REITS, investment companies (including ETFs) and other pooled vehicles for which a separate management fee is charged, including investment companies and other pooled vehicles advised by MSIM Co or a related person.

Fees are generally billed quarterly in arrears based on current or quarter-average market values. Although certain accounts are billed quarterly in advance. The timing of fee payments and method of calculation for particular clients may vary in accordance with client preferences. Typically, MSIM Co's services are terminable by either party upon written notification in accordance with the applicable contractual notice provision. Upon termination the fees described above (including performance fees, if any) generally will be prorated.

The fees below are only the advisory fees charged by MSIM Co and do not reflect custodial or other fees that may be applicable to a clients account.

Item 12 further describes the factors that MSIM Co considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Note that most of our investment advisory accounts are delegated to MSIM Co from an affiliated adviser.

Fee Schedules

Asian Equity	Account Minimum: \$50 million
.80% on the first \$50 million in assets under management	
.70% in excess of \$50 million in assets under management	
Global Real Estate (1)	Account Minimum: \$100 million
1.00% on the first \$20 million in assets under management	
.800% on the next \$10 million in assets under management	
.750% on the next \$20 million in assets under management	
.650% on the next \$50 million in assets under management	
.500% on assets in excess of \$100 million	

(1) Includes Europe, Asia and US Real Estate products

ITEM 6**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In some cases, the Adviser has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client.

Because the portfolio managers may manage assets for other investment companies, pooled investment vehicles and/or other accounts (including accounts of institutional clients, pension plans and certain high net worth individuals), there may be an incentive to favor one client over another resulting in conflicts of interest. For instance, the Adviser may receive fees from certain accounts that are higher than the fee it receives from the account, or it may receive a performance-based fee on certain accounts. In those instances, the portfolio managers may have an incentive to favor the higher and/or performance-based fee accounts over another account. In addition, a conflict could exist to the extent the Adviser have proprietary investments in certain accounts, where portfolio managers have personal investments in certain accounts or when certain accounts are investment options in the Adviser's employee benefits and/or deferred compensation plans. The portfolio manager may have an incentive to favor these accounts over others. If the Adviser manages accounts that engage in short sales of securities of the type in which the account invests, the Investment Adviser could be seen as harming the performance of the account for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall. The Adviser have adopted trade allocation and other policies and procedures that they believe are reasonably designed to address these and other conflicts of interest.

ITEM 7 TYPES OF CLIENTS

The Adviser provides advice to the following types of clients:

- Pension Funds;
- Governments;
- Mutual Funds and other pooled vehicles;
- Central Banks; and
- Corporations

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear.

The Adviser has the following significant Equity Investment Strategies:

Global Emerging Markets

The **Global Emerging Markets Equity Strategy** is a core strategy with a growth bias that seeks attractive long-term, risk-adjusted returns by investing in emerging market equities. To achieve its objective, the strategy combines top-down country allocation with bottom up stock selection and disciplined risk management. The strategy exists on a global basis as well as within regional and country specific emerging markets.

Real Estate

The **Global Real Estate Securities Strategy** seeks attractive long-term, risk-adjusted returns by investing in publicly traded real estate securities, primarily in developed countries worldwide. To help achieve its objective, the strategy combines bottom-up and top-down analyses. This strategy exists on a global, international and regional basis (i.e., U.S., European, Asian).

The Equity Investment Strategies are subject to the following risks considerations:

Equity Securities. In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors, including events that affect particular issuers as well as events that affect entire financial markets or industries. To the extent that a portfolio invests in convertible securities, and the convertible security's investment value is greater than its conversion value, its price will be likely to increase when interest rates fall and decrease when interest rates rise. If the conversion value exceeds the investment value, the price of the convertible security will tend to fluctuate directly with the price of the underlying equity security.

Foreign and Emerging Market Securities. Investments in foreign markets entail special risks such as currency, political, economic and market risks. There also may be greater market volatility, less reliable financial information, higher transaction and custody costs, decreased market liquidity and less government and exchange regulation associated with investments in foreign markets. The risks of investing in emerging market countries are greater than risks associated with investments in foreign developed countries. In addition, a portfolio's investments may be denominated in foreign currencies and therefore, changes in the value of a country's currency compared to the U.S. dollar may affect the value of a portfolio's investments.

Derivatives Risk. A derivative instrument often has risks similar to its underlying instrument and may have additional risks, including imperfect correlation between the value of the derivative and the underlying instrument, risks of default by the other party to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which they relate and risks that the transactions may not be liquid. Certain derivative transactions may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss.

REITs, REOCs and Foreign Real Estate Companies. Investing in REITs, REOCs and foreign real estate companies exposes investors to the risks of owning real estate directly, as well as to risks that relate specifically to the way in which REITs, REOCs and foreign real estate companies are organized and operated. In addition, investments in REITs and similar non-U.S. entities may involve duplication of

management fees and certain other expenses. REITs are also subject to certain provisions under federal tax law and the failure of a company to qualify as a REIT could have adverse consequences for a portfolio. In addition, foreign real estate companies may be subject to the laws, rules and regulations governing those entities and their failure to comply with those laws, rules and regulations could negatively impact the performance of those entities.

ITEM 9 DISCIPLINARY INFORMATION

The Adviser has no information applicable to this Item.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MSIM Co's ultimate parent company is Morgan Stanley ("Morgan Stanley Parent"), a corporation whose shares are publicly held and traded on the New York Stock Exchange under the symbol "MS". Morgan Stanley Parent is a financial holding company under the Bank Holding Company Act of 1956, as amended. As a result, we are part of a large global financial services and banking group and you may have relationships with our affiliates beyond your relationship with us. These relationships can cause conflicts of interest.

Broker-Dealer Affiliates:

MSIM Co is affiliated with Morgan Stanley & Co. Incorporated ("MS&Co."), Morgan Stanley Smith Barney LLC, Morgan Stanley Distributors Inc., Morgan Stanley Distribution Inc., Morgan Stanley Market Products Inc., MS Securities Services Inc., Prime Dealer Services Corp., each a registered broker dealer under the Securities Exchange Act of 1934, as amended ("34 Act"). MSIM Co is also affiliated with foreign broker-dealers and financial services companies, including Morgan Stanley & Co. International PLC, Morgan Stanley Securities Ltd., Morgan Stanley Japan Securities Co. Ltd., Morgan Stanley India Company Private Ltd., Morgan Stanley Asia Ltd., Morgan Stanley Canada Limited, Morgan Stanley Australia Securities Limited, Morgan Stanley Australia Limited, Bank Morgan Stanley AG, HC Securities and Investments, Morgan Stanley, S.V., S.A., Morgan Stanley Huaxin Securities Company Ltd., Block Interest Discovery System (BIDS), Better Alternative Trading System (BATS), RMB Morgan Stanley, HTI Valori Mobiliare S.A. (hereinafter, together with affiliated broker dealers registered under the 34 Act, collectively referred to as "Affiliated Broker Dealers").

When permitted by applicable law and subject to the considerations set forth in Item 12 Brokerage Practices below, MSIM Co utilizes Affiliated Broker-Dealers to effect portfolio securities, currency exchange, futures and other transactions for MSIM Ltd's managed accounts. Item 11 Participation or Interest in Client Transactions below describe in greater detail the manner in which the MSIM Co utilizes Affiliated Broker-Dealers to effect client transactions and conflicts of interest that can arise.

Morgan Stanley Investment Management Inc. ("MSIM") is the parent company of Morgan Stanley Distribution Inc., a registered broker-dealer under the Securities Exchange Act of 1934 (the "Act").

MS&Co. and Morgan Stanley Distribution, Inc. serve as distributor, placement agent and/or underwriter for certain registered and unregistered investment companies for which MSIM Co acts as investment adviser.

Investment Adviser Affiliates:

MSIM Co is affiliated with Morgan Stanley Investment Advisors Inc., ("MSIA"), a registered investment advisor under the Act. MSIA acts as investment adviser to the MSIA family of open-end and closed-end investment companies.

MSIM Co is affiliated with MSIM, Morgan Stanley Asset & Investment Trust Management Co., Limited and Morgan Stanley Investment Management Limited, each a registered investment adviser under the Advisers Act. MSIM Co is also affiliated with Morgan Stanley Investment Management Private Limited and Morgan Stanley Investment Management (Australia) Pty Limited and Morgan Stanley Investment Management (Korea) Limited, which are investment advisers which not required to be registered under the Act. MSIM Co may delegate certain contractual responsibilities to its affiliated investment advisers under advisory contracts for international equity and fixed income clients and may act as a sub- adviser to such affiliated investment advisers in respect of their clients. MSIM Co may also provide asset allocation

advisory services to such affiliated investment advisers.

MSIM serves as investment adviser and administrator to the Morgan Stanley Institutional Fund, Inc. and the Morgan Stanley Institutional Fund Trust, each an open-end investment company (commonly known as a mutual fund) registered under the Investment Company Act of 1940, as amended. The Morgan Stanley Institutional Fund Trust is a series investment company consisting of 7 separate Portfolios which are managed according to the investment objectives and guidelines set forth in the Morgan Stanley Institutional Fund Trust prospectuses. The Morgan Stanley Institutional Fund, Inc. is a series investment company consisting of 21 separate portfolios which are managed according to the investment objectives and policies set forth in the Morgan Stanley Institutional Fund, Inc. prospectuses.

Subject to applicable law, MSIM Co, and MSIM may invest their clients' assets in the shares of the registered and unregistered investment companies for which MSIM Co and MSIM may act as Investment Manager and Administrator.

From time to time MSIM Co may, with prior client consent, and to the extent permitted by applicable law, delegate some or all of its responsibilities, duties and authority under an investment management agreement to one or more of its affiliated investment advisers. MSIM Co's affiliated advisers may likewise delegate some or all of their responsibilities, duties and authority to MSIM Co.

From time to time, MSIM Co may provide investment advice to clients of U.S Affiliated Advisers pursuant to a delegation or sub-advisory agreement, as applicable, between MSIM Co and the relevant U.S Affiliated Adviser.

Affiliates of MSIM Co act as general partner in several limited partnerships in which clients have been solicited to invest. In some cases, the general partner is entitled to receive an incentive allocation from a partnership. Certain of these limited partnerships are focused on private equity investing and make investments in leveraged buyouts, venture capital opportunities, research and development ventures, real estate and other businesses. Other such partnerships have been formed to act as "fund-of-fund" investment vehicles for hedge fund and private equity investments. Others invest in real estate investment trusts and fixed income instruments.

Morgan Stanley and the Adviser have established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately if necessary to firm management or the firm's franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review.

MSIM Co outsources certain operations functions to State Street Bank and Trust Company ("State Street"). State Street now provides a full range of investment operations outsourcing services including trade settlement, portfolio administration and reporting, and reconciliation services. The agreement with State Street demonstrates our continued commitment to delivering best-in-class service to our clients, while allowing us to concentrate on our core competency: institutional asset management.

Additional information about conflicts that may be caused by these affiliations is provided in response to Items 11 and 12 of this Brochure.

**ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTION AND PERSONAL TRADING**

Code of Ethics

MSIM Co has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act. Each employee is required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices and courses of business engaged in by MSIM Co's employees are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by employees with respect to their personal trading and other business activities.

The Code requires all employees to pre-clear trades for covered securities, as defined under the Code, in a personal account. A pre-clearance request will be denied if there is an open order for a client in the same security. The Code also imposes holding periods and reporting requirements for covered securities, which includes affiliated and sub-advised mutual funds. MSIM Co's employees are prohibited from acquiring any security in an initial public offering or any other public underwriting. Investments in private placements or an employee's participation in an outside business activity must be pre-approved by Compliance and the employee's manager. Certain employees of MSIM Co who, in connection with job functions, make or participate in making recommendations regarding the purchase or sale of securities or who have real-time knowledge of such recommendations, are held to more stringent standards when placing trades in personal accounts. Violations of the Code are subject to sanction, including reprimand, demotion, suspension or termination of employment.

Upon request, MSIM Co will provide a copy of the Code to any client or prospective client.

Participation or Interest in Client Transactions

The following section addresses trading activities of MSIM Co and its affiliates and various conflicts of interest that can arise and how such conflicts have been addressed.

Broker-Dealer Affiliations

MSIM Co does not act as principal or broker in connection with client transactions. MSIM Co may, however, in the exercise of its discretion under its investment management agreement with a client, effect transactions in securities or other instruments for the client through affiliate ("Affiliated Broker-Dealers") which perform all of the activities set forth below of this Item 11.

In connection with transactions in which Affiliated Broker-Dealers will act as principal, MSIM Co will disclose to the client that the trade will be conducted on a principal basis and obtain the client's consent in accordance with the provisions of and rules under the Advisers Act. MSIM Co will recommend that a client engage in such a transaction only when it believes that the net price for the security is at least as favorable as could have been obtained from another established dealer in such security.

MSIM Co's recommendations to clients may involve securities in which its Affiliated Broker-Dealers, or their officers, employees or other affiliates, have a financial interest. Affiliated Broker-Dealers and their officers, employees and other affiliates, may purchase or sell for their own accounts securities that MSIM Co recommends to its clients.

If permitted by a client's investment objectives and guidelines, applicable law, and MSIM Co's policies and procedures concerning conflicts of interest, MSIM Co may recommend that such client purchase, or use its discretion to effect a client purchase of, securities during the existence of an underwriting or other

public or private offering of such securities involving an Affiliated Broker-Dealer as a manager, underwriter, initial purchaser, or placement agent. Generally, purchases directly from an Affiliated Broker-Dealer during an underwriting must comply with the provisions of the Advisers Act, other applicable laws and MSIM Co's policies and procedures relating to principal transactions. Among other things, MSIM Co must disclose to the client that the transaction involves an affiliate and obtain the client's consent prior to settlement of each such transaction. Purchases may be from underwriters or placement agents other than an Affiliated Broker-Dealer in distributions in which an Affiliated Broker-Dealer is a manager and/or member of a syndicate or selling group, as a result of which an Affiliated Broker-Dealer may benefit from the purchase through receipt of a fee or otherwise. Purchases from an Affiliated Broker-Dealer acting as placement agent must meet the requirements of applicable law. In situations in which a client has not permitted, or where it is prohibited by law, rule, regulation, MSIM Co may be unable to purchase securities for a client's account in an initial or other public or private offering of securities involving an Affiliated Broker-Dealer.

From time to time, MSIM Co or its affiliates may pursue the acquisition of investment managers who will manage private investment funds that would otherwise qualify as investments for the fund of funds clients. Due to the conflicts of interest involved and in accordance with applicable law, MSIM Co will not make any long-term investment for the fund of fund clients in any investment fund that is managed by an affiliate of MSIM Co, unless MSIM Co determines that (a) the investment is in accordance with the applicable fund of funds' relevant investment objectives, strategies and policies; and (b) such investment would not otherwise be prohibited by law or regulation. Accordingly, there may be investments that are unavailable to certain fund of fund clients due to the manager's affiliation with MSIM Co or its affiliates. Further, in the event that MSIM Co or its affiliates acquires a business or investment manager that is a manager of any investment fund, MSIM Co may need to liquidate any investment by a fund of funds client in an investment fund managed by such affiliated investment manager.

With client consent, and subject to the restrictions imposed on such transactions by Section 11(a) of the 1934 Act, as amended, and the rules thereunder, and other applicable law, MSIM Co will effect portfolio transactions through an Affiliated Broker-Dealer on an agency basis, including over-the-counter ("OTC") securities, where the Affiliated Broker will act as agent in connection with the purchase and sale of OTC securities from market participants and will charge MSIM Co's clients a commission on the transactions. Since these are agency transactions, there is no mark up or mark down on the price of the security.

MSIM Co will effect client transactions through an Affiliated Broker-Dealer when, in MSIM Co's judgment, the client may thereby obtain the best execution of the transaction. Subject to MSIM Co's duty to seek best execution, MSIM Co may effect such transactions through an Affiliated Broker Dealer even though the total brokerage commission for the transaction may be higher than that which might have been charged by another broker for the same transaction.

MSIM Co may effect "agency cross transactions" in which an Affiliated Broker-Dealer acts as agent for both the buyer or seller in the transaction. MSIM Co will only trade with an Affiliated Broker-Dealer on behalf of a client on an agency cross basis when the client has consented to MSIM Co's effecting such transactions or when no commission is charged on either side of the transaction. Any agency cross transaction will be effected in compliance with Rule 206(3)-2 under the Act and any other applicable law, as well as MSIM Co's policies and procedures designed to prevent and disclose potential conflicts of interest. The Affiliated Broker-Dealer can receive a commission from the seller and the buyer when it executes transactions on an agency cross basis under certain conditions.

On occasion, MSIM Co may effect internal "cross" transactions between client accounts in which one client will purchase securities held by another client. Such transactions are entered into generally only when MSIM Co deems the transaction to be in the best interests of both clients and at a price MSIM Co

has determined by reference to independent market indicators and which MSIM Co believes to constitute "best execution" for both parties. Neither MSIM Co nor any related party receives any compensation in connection with such "cross" transactions.

MSIM Co and related persons of MSIM Co will effect portfolio transactions through an Affiliated Broker-Dealer on behalf of clients in respect of which MSIM Co is a "fiduciary" as defined in ERISA only on an agency basis and with prior written approval from an independent fiduciary in accordance with the terms of exemptions available from the Department of Labor, as well as in accordance with the restrictions imposed on such transactions by Section 11(a) of the 1934 Act, and the rules thereunder, and other applicable law.

MSIM Co may purchase securities on behalf of its ERISA clients from an underwriting or selling syndicate where an Affiliated Broker-Dealer participates as manager, or syndicate members with prior written approval from an independent fiduciary in accordance with the terms of exemptions available from the Department of Labor.

MSIM Co and its affiliated investment advisers may execute client transactions with broker/dealers that do not have their own clearing facilities and who may clear such transactions through an Affiliated Broker- Dealer. The affiliated Broker-Dealer will receive a clearing fee for these transactions.

ECN and ATS Activities

MSIM Co's affiliates have ownership interests in and/or Board seats on electronic communication networks ("ECNs") or other alternative trading systems ("ATSs"). In certain instances, MSIM Co's affiliates may be deemed to control one or more of such ECNs or ATSs based on the level of such ownership interests and whether such affiliates are represented on the Board of such ECNs or ATSs. Registrant, consistent with its fiduciary obligation to seek best execution, may from time to time, directly or indirectly, effect client trades through ECNs or other ATSs in which MSIM Co's affiliates have or may acquire an interest or Board seat. These affiliates may receive an indirect economic benefit based upon their ownership in the ECNs or other ATSs. MSIM Co will, directly or indirectly, execute through an ECN or other ATSs in which an affiliate has an interest only in situations where MSIM Co or the broker dealer through whom MSIM Co is accessing the ECN or ATS reasonably believes such transaction will be in the best interest of its clients and the requirements of applicable law have been satisfied. Currently, affiliates of MSIM Co own over 5% of the outstanding voting securities and/or have a member on the Board of (i) BATS Trading, Inc., operator of BATS Electronic Trading Network (commonly referred to as "BATS") (ii) the entities that own and control the Block Interest Discovery Service (commonly referred to as "BIDS") (iii) the entity that owns and controls Pure Trading, (iv) Liquidity Hub Limited, (v) Turquoise, (vi) TradeWeb Newco, (vii) OTC Derivnet, (viii) Municenter, (ix) Markit, (x) FxAll; (xi) ICE US Holding Company, LP; and (xii) Olivetree. MSIM Co's affiliates may acquire interests in and/or take Board seats on other ECNs or other ATSs (or increase ownership in the ATS's listed above) in the future.

MSIM Co's affiliates receive cash credits from certain ECNs and ATSs for orders that provide liquidity to their books such ECNs and ATSs also charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that MSIM Co's affiliates receive from one or more ECN or ATS may exceed the amount that is charged. Under these limited circumstances, such payments would constitute payment for order flow.

Services to Issuers Activities

MSIM Co and its affiliates provide a variety of services for, and render advice to, various clients, including issuers of securities that MSIM Co may recommend for purchase or sale by clients. In the course of providing these services, MSIM Co and its affiliates may come into possession of material, nonpublic information which might affect MSIM Co's ability to buy, sell, or hold a security for a client account. Investment research materials disclose that related persons of MSIM Co may own, and may effect transactions in, securities of companies mentioned in such materials and also may perform or seek to perform investment banking services for those companies.

In addition, directors, officers and employees of MSIM Co's affiliates may have Board seats and/or have Board observer rights with private and/or publicly traded companies in which MSIM Co invests on behalf of its client accounts. MSIM Co (and its affiliates) have adopted policies and procedures and created information barriers that are reasonably designed to prevent the flow of any material nonpublic information regarding these companies between MSIM Co and its affiliates. Directors, officers and employees of MSIM Co itself may also take Board seats or have Board observer rights with companies in which MSIM Co invests on behalf of its clients. Generally MSIM Co only does so with respect to private (not publicly traded) companies. To the extent a director, officer or employee of MSIM Co were to take a Board seat or have Board observer rights in a public company, MSIM Co (or certain investment teams within MSIM Co) would be limited and/or restricted in its ability to trade in the securities of the company to the extent MSIM Co (or certain investment teams within MSIM Co) possessed or were deemed to possess material nonpublic information regarding the company.

Investment Banking Activities

MSIM Co believes that the nature and range of clients to whom its Affiliated Broker-Dealers render investment banking and other services is such that it would be inadvisable to exclude these companies from a client's portfolio. Accordingly, unless client advises MSIM Co to the contrary, it is likely that client holdings will include the securities of corporations for whom its Affiliated Broker-Dealers perform investment banking and other services. Moreover, client portfolios may include the securities of companies in which its Affiliated Broker-Dealers make a market or in which MSIM Co, its officers and employees and its Affiliated Broker-Dealers or other related persons and their officers or employees have positions.

To meet applicable regulatory requirements, there are periods when MSIM Co will not initiate or recommend certain types of transactions in the securities of companies for which an Affiliated Broker Dealer is performing investment banking services. Clients will not be advised of that fact. In particular, when an Affiliated Broker-Dealer is engaged in an underwriting or other distribution of securities of a company, MSIM Co may be prohibited from purchasing or recommending the purchase of certain securities of that company for its clients. Notwithstanding the circumstances described above, a client, on its own initiative, may direct MSIM Co to place orders for specific securities transactions in a client account. In addition, MSIM Co generally will not initiate or recommend transactions in the securities of companies with respect to which affiliates of MSIM Co may have controlling interests or are affiliated.

Investment Limits

Various federal, state or foreign laws, rules and regulations, as well as certain corporate charters adopted by issuers in which MSIM Co may invest, limit the percentage of an issuer's securities that may be owned by MSIM Co and its affiliates. MSIM Co is more likely to run into these limitations than investment advisers with fewer assets under management and/or that are not affiliated with a large financial institution or Financial Holding Company. In certain instances, for purposes of these ownership

limitations, MSIM Co's holdings will be aggregated with the holdings of its affiliates. These ownership limitations may be in the form of, among others: (i) a strict prohibition against owning more than a certain percentage of an issuer's securities (the "threshold"); (ii) a "poison pill" that would have a material dilutive impact on MSIM Co's holdings in that issuer should MSIM Co and its affiliates exceed the threshold; (iii) provisions that would cause MSIM Co and its affiliates to be considered "interested stockholders" of an issuer if MSIM Co and its affiliates exceed the threshold; and (iv) provisions that may cause MSIM Co and its affiliates to be considered an "affiliate" or "control person" of the issuer. MSIM Co will generally avoid exceeding the threshold in these situations. With respect to situations in which MSIM Co and its affiliates may be considered "interested stockholders" (or a similar term), MSIM Co will generally avoid exceeding the threshold because if MSIM Co were considered an interested stockholder, MSIM Co and its affiliates would be prohibited (in some cases absent Board and/or shareholder approval) from entering into certain transactions or performing certain services (including investment banking, financial advisory and securities lending) with or for the issuer. MSIM Co will also generally avoid exceeding a threshold in situations in which MSIM Co may be considered an affiliate of the issuer for the reasons set forth above, as well as the fact that should MSIM Co be considered an affiliate of an issuer, MSIM Co's ability to trade in the issuer's securities would become limited.

Investments in Other MSIM Co Investment Funds

When permitted by applicable law and the investment guidelines applicable to individual client accounts, and considered by MSIM Co to be in the best interests of a client, MSIM Co may recommend to clients, and invest the assets of client accounts in various closed-end and open-end investment companies and other pooled investment vehicles with respect to which MSIM Co or its affiliates receive compensation for advisory, administration, or other services.

In certain circumstances, when required by applicable law or by agreement with the client, MSIM Co may waive its investment management fee with respect to assets invested in pooled investment vehicles to the extent of some or all of the compensation received by MSIM Co and its affiliates for services rendered with respect to such pooled investment vehicles.

Investment Management Activities

It is possible that officers or employees of MSIM Co may buy or sell securities or other instruments that MSIM Co has recommended to clients. Moreover, MSIM Co may recommend to clients the purchase or sale of securities in which it or its officers, employees or related persons have a financial interest. These transactions are subject to MSIM Co's policies and procedures regarding personal securities trading, as well as to the requirements of the Advisers Act, the 1940 Act and other applicable laws. MSIM Co's policies and procedures, the Advisers Act and the 1940 Act require that MSIM Co puts its clients' interests first.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of MSIM Co, its affiliates, and personnel (each, an "Advisory Affiliate" and, collectively, the "Advisory Affiliates").

The Adviser and other Advisory Affiliates may manage long and short portfolios. The simultaneous management of long and short portfolios creates potential conflicts of interest in portfolio management and trading in that opposite directional positions may be taken in client accounts managed by the same investment team, and creates potential risks such as (i) the risk that short sale activity could adversely affect the market value of long positions in one or more portfolios (and vice versa) and (ii) the risks associated with the trading desk receiving opposing orders in the same security simultaneously. The Adviser and the other Advisory Affiliates have adopted policies and procedures that are reasonably

designed to mitigate these potential conflicts. The Adviser and each Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the mutual funds and/or managed accounts managed by them (collectively, the "Advisory Clients"). The Advisory Affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for any of the Advisory Clients.

Potential conflicts also may arise due to the fact that certain securities or instruments may be held in some Advisory Clients but not in others, or the Advisory Clients may have different levels of holdings in certain securities or instruments, and because the Advisory Clients may pay different levels of fees to MSIM Co. In addition, an Advisory Affiliate may give advice or take action with respect to the investments of one or more Advisory Clients that may not be given or taken with respect to other Advisory Clients with similar investment programs, objectives, and strategies. Accordingly, Advisory Clients with similar strategies may not hold the same securities or instruments or achieve the same performance. The Adviser or any other Advisory Affiliate also may advise Advisory Clients with conflicting programs, objectives or strategies.

Any of the foregoing activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Advisory Clients. Finally, the Advisory Affiliates may have conflicts in allocating their time and services among their Advisory Clients. MSIM Co will devote as much time to each of its Advisory Clients as it deems appropriate to perform its duties in accordance with its respective management agreements.

Different clients of MSIM Co, including funds advised by MSIM Co or an affiliate, may invest in different classes of securities of the same issuer, depending on their respective client's investment objectives and policies. As a result, MSIM Co may at times seek to satisfy its fiduciary obligations to certain clients owning one class of securities of a particular issuer by pursuing or enforcing rights on behalf of those clients with respect to such class of securities, and those activities may have an adverse effect on another client, which owns a different class of securities of such issuer. For example, if one client holds debt securities of an issuer and another client holds equity securities of the same issuer, if the issuer experiences financial or operational challenges, MSIM Co may seek a liquidation of the issuer on behalf of the client that holds the debt securities, whereas the client holding the equity securities may benefit from a reorganization of the issuer. Thus, the actions taken on behalf of one client may negatively impact securities held by another client. MSIM Co has adopted procedures pursuant to which conflicts of interest, including those resulting from the receipt of material nonpublic information about an issuer, are managed by MSIM Co's employees through information barriers and other practices.

General Process with Potential Conflicts

All of the transactions described above involve the potential for conflicts of interest between MSIM Co or related persons of a MSIM Co and its clients. The Advisers Act, the 1940 Act and ERISA impose certain requirements designed to decrease the possibility of conflicts of interest between an investment adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of certain conditions. Certain other transactions may be prohibited. MSIM Co has instituted policies and procedures designed to prevent conflicts of interest from arising and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. MSIM Co seeks to ensure that potential or actual conflicts of interest are appropriately resolved taking into consideration the overriding best interest of the client.

Certain employees of MSIM Co and related persons of MSIM Co have been designated to review transactions where conflicts of interest may exist, including those described above of this Item 11, to ensure that the applicable policies and legal or regulatory requirements are duly followed.

MSIM Co recommends transactions to clients based solely on investment considerations, including whether the investments are reasonably believed to be suitable for the client and meet the client's investment guidelines.

ITEM 12 **BROKERAGE PRACTICES**

In selecting a broker-dealer to execute trades on behalf of clients, MSIM Co generally seeks to obtain "best execution" for client transactions (i.e., the most favorable price and execution). In seeking best execution, MSIM Co is not obligated to choose the broker-dealer offering the lowest available commission rate if, in MSIM Co's reasonable judgment, (i) there is material risk that the overall cost to purchase securities will be higher or the proceeds from the sale of securities will be lower; (ii) a higher commission is justified by the trading or research services provided by the broker-dealer that fall within the safe harbor of Section 28(e) of the 1934 Act, or (iii) other considerations, such as the order size, the time required for execution, the depth and breadth of the market for the security, minimum credit quality requirements to transact business with a particular broker-dealer, or the quality of the broker-dealer's back office dictate utilizing a different broker-dealer.

The commission rates paid by client accounts which prohibit the generation of soft dollars ("Execution Only Accounts") are not reduced below the rates paid by client accounts which generate soft dollars. Typically, Execution Only Accounts are included in "bunched" trades effected on behalf of all client accounts buying the same security on the same day. Accordingly, notwithstanding the fact that soft dollars are not generated from the trades effected for Execution Only Accounts, clients prohibiting soft dollars will be paying the same commission rate paid by other clients included in the bunched trade which, as explained above, may be a higher commission rate than another broker would have charged.

Soft Dollars - Commission Management Program

MSIM Co and its Affiliated Advisers have established commission sharing arrangements under a commission management program (the "Commission Management Program" or "CMP") implemented July 1, 2007, pursuant to which execution and research costs or a portion of those costs are decoupled in accordance with applicable laws, rules and regulations. Under the CMP, MSIM Co and its Affiliated Advisers select approved equity brokers (which include MSIM Co's affiliates) for execution services and after accumulation of commissions at the broker then instruct these approved equity brokers to pay for eligible research provided by executing brokers or third-party research providers, which are selected independently by a Research Services Committee of MSIM Co and its Affiliated Advisers. Generally, MSIM Co and its Affiliated Advisers will direct the approved equity broker to record research credits based upon a previously agreed allocation and will periodically instruct the approved equity broker to direct specified dollar amounts from that pool to pay for eligible research services provided by third-party research providers and executing brokers. The research credits are pooled among MSIM Co and its Affiliated Advisers and allocated on behalf of both MSIM Co and its Affiliated Advisers. Likewise, the research services obtained under the CMP are shared among MSIM Co and its Affiliated Advisers.

Selection of approved equity brokers for execution is based on three main criteria: access to liquidity, provision of capital and quality of execution. Under the CMP, the approved equity broker is responsible for the payment of fees for research services and obtains the research services pursuant to written agreements between the approved equity broker and the third-party research provider.

For those costs not decoupled, but retained by broker-dealer, MSIM Co also effects transactions with brokers which directly pay for research services provided by third parties in accordance with Section 28(e) of the 1934 Act. Such transactions include equity and may include fixed-income transactions effected on an agency basis.

To the extent that personnel employed by MSIM Co are also employed by one or more Affiliated Advisers and they are authorized to exercise investment discretion on behalf of another Affiliated Adviser, transactions involving client accounts managed by two or more Affiliated Advisers may be

aggregated and executed using the services of broker-dealers that provide third party benefits/research so long as: (i) all client accounts involved in the transaction benefit from one or more of the services offered by such broker-dealer; (ii) each Affiliated Adviser has approved the use of such broker-dealer and the services provided thereby.

The research services received include those of the nature described above and other services which aid MSIM Co in fulfilling its investment decision making responsibilities, including (a) furnishing advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; and (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. Where a particular item (such as proxy services) has both research and non-research related uses, MSIM Co will make a reasonable allocation of the cost of the item between research and non-research uses and will only pay for the portion of the cost allocated to research uses with client brokerage transactions. Research services furnished or paid for by brokers through whom MSIM Co effects transactions for a particular account may be used by MSIM Co or its Affiliated Advisers in servicing their other accounts, and not all such services may be used for the benefit of the client which pays the brokerage commission which results in the receipt of such research services. Commissions paid to brokers providing research services may be higher than those charged by brokers not providing services.

MSIM Co and its Affiliated Advisers make a good faith determination of the value of research services in accordance with Section 28(e) of the 1934 Act, UK Financial Services Authority Rules that also may apply and other relevant regulatory requirements.

Certain investment professionals and other employees of MSIM Co are also officers of Affiliated Advisers and may provide investment advisory services to clients of such Affiliated Advisers. MSIM Co's personnel also provide research and trading support to personnel of certain Affiliated Advisers. Research related costs may be shared by Affiliated Advisers and may benefit the clients of such Affiliated Advisers. Research services that benefit MSIM Co may be received in connection with commissions generated by clients of its Affiliated Advisers. Similarly, research services received in connection with commissions generated by MSIM Co's clients may benefit Affiliated Advisers and their clients. Moreover, research services provided by broker-dealers through which MSIM Co effects transactions for a particular account may be used by MSIM Co and/or an Affiliated Adviser in servicing its other accounts and not all such research services may be used for the benefit of the particular client, which pays the brokerage commission giving rise to the receipt of such research services.

Trade Allocations

Investment decisions for each client are made based on the individual investment mandate for each client, and in each client's best interest. MSIM Co may, however, purchase or sell the same securities or instruments for a number of client accounts, including clients of its affiliates, simultaneously. These accounts may include pooled vehicles, including partnerships and investment companies for which MSIM Co and related persons of MSIM Co act as general partner, investment manager and/or administrator. They may also include accounts in which MSIM Co, its officers, employees or its related persons have a financial interest, and accounts of deferred compensation and/or retirement plans covering employees of MSIM Co and its affiliates ("Proprietary Accounts"). As a general rule, contemporaneous orders placed on behalf of eligible clients in the same security will be blocked in a single order if the terms of the order are the same (e.g., orders at market price), to facilitate best execution and to reduce brokerage commissions or other costs.

MSIM Co effects block transactions in a manner designed to ensure that no participating client, including any Proprietary Account, is favored over any other client. Specifically, all eligible accounts participating in a block trade receive the average price for transactions executed for that order.

Block trades are allocated to eligible client accounts in a fair and equitable manner. In general, accounts that participate in a block transaction will participate on a pro rata or other objective basis. Pro rata allocation of equity securities will generally consist of allocation based on the order size of a participating client account in proportion to the size of the orders placed for other accounts participating in the block trade.

Notwithstanding the foregoing, MSIM Co may increase or decrease the amount of securities allocated to each account participating in a block trade if necessary to avoid holding odd-lot or small numbers of shares for particular clients. Additionally, if MSIM Co is unable to fully execute a block transaction and MSIM Co determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro rata basis, MSIM Co may allocate such securities in a manner determined in good faith to be a fair allocation.

Directed Brokerage

Limitations on MSIM Co's authority may vary depending upon the desires of each individual client. MSIM Co, from time to time, has both Discretionary Clients (clients who have authorized MSIM Co to execute transactions for their accounts without prior approval), as well as Non-Discretionary clients (clients who require that each securities transaction be authorized by them in advance). In either group, clients may limit MSIM Co's authority by: (1) requiring that certain securities transactions be authorized by them in advance, or (2) prohibiting or limiting the purchasing of certain securities or industry groups. In addition, a client may further limit MSIM Co's authority by (i) requiring that all or a portion of the client's transactions be executed through the client's designated broker-dealer ("Designated Broker") and/or (ii) restricting MSIM Co from executing the client's transactions through a particular broker-dealer.

In situations where a client directs or restricts brokerage for their accounts ("Directed/Restricted Trades"), because the client has placed limitations on the selection of broker-dealers to execute Directed/Restricted Trades, MSIM Co may be unable to obtain best execution for such trades. MSIM Co will direct to the designated brokers only agency transactions for the account that involve securities listed or quoted on a national securities exchange; a client direction may restrict MSIM Co's ability to obtain as favorable a transaction price or commission rate as MSIM Co might otherwise be able to obtain; the account may forego benefits from savings on execution costs that may otherwise be obtained, most notably by aggregating brokerage orders for various client accounts; if a designated broker is not on MSIM Co's approved list of brokers, there may be additional credit and/or settlement risk for such trades; the MSIM Co will not be obligated to, and in most cases will not, negotiate with a Designated Broker to obtain commission rates more favorable or otherwise different than those to which the client has agreed; a Directed/Restricted Trade may result in a client account paying higher or otherwise different commissions than other clients of MSIM Co for transactions in the same security; and where MSIM Co effects a transaction through a designated broker pursuant to a Directed/Restricted Trade, MSIM Co may effect such transaction after it has effected transactions in the same security for client accounts for which MSIM Co has discretion to select the broker. Where a client has directed brokerage for its account and maintains that the MSIM Co remains subject to best execution, MSIM Co may aggregate those directed trades along with trades executed for other client accounts through the broker-dealer that MSIM Co believes will offer the best execution for such transaction and, thereafter, instruct such broker-dealer to "step-out" or allocate a portion of the trades to the client's Designated Broker for billing and settlement. In other instances, where (i) the client has waived MSIM Co's best execution obligation and has been informed of the

consequences of doing so; (ii) the client has represented to the MSIM Co that the client has independently determined best execution; or (iii) MSIM Co has determined that the trade is consistent with its best execution obligation, Directed/Restricted Trades may not be aggregated or "blocked" for execution with transactions in the same securities for other clients and may be traded after the order for the other client accounts has been completed. As a result, such clients may pay higher commissions or receive less favorable net prices than would be the case if MSIM Co were authorized to choose the broker through which to execute transactions for the client's account.

In situations in which a client has restricted or prohibited trading by MSIM Co through its affiliated broker-dealer (or other broker-dealers) and MSIM Co determines, subject to its obligation to seek best execution, to place a trade through that affiliated (or other) broker-dealer on behalf of its other client accounts, the restricted or prohibited trades may not be aggregated or "blocked" for execution with transactions in the same securities for other clients and may be traded after the order for the other client accounts has been completed. As a result, such clients may pay higher commissions or receive less favorable net prices than would be the case if MSIM Co were authorized to execute such trades through its affiliated (or other) broker for the client's account.

If MSIM Co agrees to satisfy a client's directions to execute transactions for its account through Designated Brokers, the client will generally be required to confirm that: (i) any client direction is suitable and appropriate in respect of the account and the client has not relied on investment advice from MSIM Co (or any affiliate of MSIM Co) in connection with any client direction; (ii) all services provided by any designated broker will inure solely to the benefit of the account and any beneficiaries of the account, are proper and permissible expenses of the account, and may properly be provided in consideration for brokerage commissions or other remuneration paid to such designated broker in connection with securities transactions effected for the account; (iii) any client direction to use a designated broker will be in the best interests of the account and any beneficiaries of the account, taking into consideration the services provided to the account by such designated broker; (iv) no client direction will conflict with any obligations that persons acting for the account may have to the account, its beneficiaries or any third parties, including any fiduciary obligations that persons acting for the account may have to obtain best price and execution for the account and its beneficiaries; and (v) persons acting for the account have the requisite power and authority to provide the client directions set forth therein on behalf of the account and have obtained all consents, approvals or authorizations from any beneficiaries of the account and third parties that may be required under applicable law or any of the client's governing documents.

MSIM Co has adopted a Directed Brokerage Policy designed to balance the needs and requests of clients that have Directed/Restricted trades with those clients who do not partake in directed or restricted brokerage programs. Under MSIM Co's Directed Brokerage Policy: (i) only certain types of orders qualify for directed brokerage; (ii) directed brokerage is effectuated through electronic channels only; (iii) designated brokers must qualify as Electronic Trading Partners; and (iv) Designated Brokers may only charge (or recapture) that part of the bundled commission that is consistent with the services being provided to MSIM Co. In certain instances clients of MSIM Co may negotiate directed brokerage arrangements that differ from MSIM Co's Directed Brokerage Policy. Requests for such arrangements are addressed by MSIM Co on a case by case basis.

ITEM 13 REVIEW OF ACCOUNTS

The portfolio managers of MSIM Co regularly review all accounts. Accounts are reviewed for a number of factors, including but not limited to, performance, sector and asset allocation, adherence to MSIM Co's investment policies and strategies and specific security ownership, all within the context of client guidelines and objectives.

Clients for whom MSIM Co manages separate accounts are provided reports of transactions as they are effected (if requested by the client), portfolio valuations or as otherwise negotiated with the client and summaries of portfolio changes quarterly (or at other intervals as negotiated with the client). Additionally, MSIM Co meets with clients as frequently as quarterly or as infrequently as annually (as agreed with the client) to discuss the performance of the client's account, MSIM Co's management of the client's account, and any other issues of concern to the client. MSIM Co may, if requested by client, provide additional reports or information at these meetings or otherwise.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

MSIM Co may compensate affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-3 of the Advisers Act's. The compensation paid to any such entity will typically consist of a cash payment stated as a percentage of MSIM Co's advisory fee, but may include cash payments determined in other ways.

ITEM 15 CUSTODY

Not applicable. Adviser does not take custody of any client assets/funds.

ITEM 16 INVESTMENT DISCRETION

MSIM Co usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account. As discussed under Item 12 of this Brochure, clients may impose certain limitations on MSIM Co's use of broker-dealers. Other limitations may be negotiated between MSIM Co and its clients on a case-by-case basis.

When selecting securities and determining amounts MSIM Co observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, MSIM Co's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

ITEM 17 VOTING CLIENT SECURITIES

MSIM's policy and procedures for voting proxies ("Policy") with respect to securities held in the accounts of clients applies to those MSIM entities that provide discretionary investment management services and for which an MSIM entity has authority to vote proxies. The Policy is reviewed and updated as necessary to address new and evolving proxy voting issues and standards.

MSIM uses its best efforts to vote proxies as part of its authority to manage, acquire and dispose of account assets. With respect to the MSIM registered management investment companies ("MSIM Funds"), MSIM votes proxies under the Policy pursuant to authority granted under its applicable investment advisory agreement or, in the absence of such authority, as authorized by the Board of Directors/Trustees of the MSIM Funds. MSIM will not vote proxies unless the investment management or investment advisory agreement explicitly authorizes MSIM to vote proxies.

MSIM and its affiliates will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which MSIM and its affiliates manage assets, consistent with the objective of maximizing long-term investment returns ("Client Proxy Standard"). In certain situations, a client or its fiduciary may provide MSIM with a proxy voting policy. In these situations, MSIM will comply with the client's policy.

The Policy addresses a broad range of issues, and provides general voting parameters on proposals that arise most frequently. However, details of specific proposals vary, and those details affect particular voting decisions, as do factors specific to a given company. MSIM endeavors to integrate governance and proxy voting policy with investment goals, using the vote to encourage portfolio companies to enhance long-term shareholder value and to provide a high standard of transparency such that equity markets can value corporate assets appropriately.

MSIM seeks to follow the Client Proxy Standard for each client. At times, this may result in split votes, for example when different clients have varying economic interests in the outcome of a particular voting matter (such as a case in which varied ownership interests in two companies involved in a merger result in different stakes in the outcome). MSIM also may split votes at times based on differing views of portfolio managers.

MSIM may abstain on matters for which disclosure is inadequate. MSIM usually supports routine management proposals except for certain "other business" and "meeting adjournment" proposals.

Votes on director nominees can involve balancing a variety of consideration, including those related to board and board committee independence, term length, whether nominees may be overcommitted, director attendance and diligence, director skills and the balance of expertise on the board, financial knowledge and experience, executive and director remuneration practices, and board responsiveness. MSIM considers withholding support from or voting against a nominee if it believes a direct conflict exists between the interests of the nominee and the public shareholders, including failure to meet fiduciary standards of care and/or loyalty. MSIM may oppose directors where it concludes that actions of directors are unlawful, unethical or negligent. MSIM considers opposing individual board members or an entire slate if it believes the board is entrenched and/or dealing inadequately with performance problems; if it believes the board is acting with insufficient independence between the board and management; or if it believes the board has not been sufficiently forthcoming with information on key governance or other material matters.

MSIM examines a range of issues—including proxy contests and proposals relating to mergers, acquisitions and other special corporate transactions--on a case-by-case basis in the interests of each client. MSIM supports substantial management/board discretion on capital structure, but within limits that take into consideration articulated uses of capital, existence of preemptive rights, and certain shareholder protections provided by market rules and practices. MSIM is generally supportive of reasonable shareholder rights.

MSIM votes on advisory votes on executive pay on a case-by-case basis. MSIM generally supports equity compensation plans if MSIM views potential dilution/cost and burn rates as reasonable, and if plan provisions sufficiently protect shareholder interests. MSIM also supports appropriately structured bonus and employee stock purchase plans.

MSIM considers social and environmental shareholder proposals on a case-by-case basis.

Process: An MSIM Proxy Review Committee (the “Committee”) has overall responsibility for the Policy. Because proxy voting is an investment responsibility and impacts shareholder value, and because of their knowledge of companies and markets, portfolio managers and other members of investment staff play a key role in proxy voting, although the Committee has final authority over proxy votes.

The Committee meets at least quarterly, and reviews and considers changes to the Policy at least annually. If the Director of Corporate Governance determines that an issue raises a material conflict of interest, the Director may request a special committee to review, and recommend a course of action with respect to, the conflict(s) in question.

Further Information: Clients may contact their Client Representative or Financial Advisor for information on how to obtain a copy of the Policy or proxy voting records. In the case of registered investment companies advised by the Adviser, the fund’s proxy voting records filed with the SEC is available (i) without charge by accessing the Mutual Fund Center on the Adviser’s web site at www.morganstanley.com/funds and (ii) on the SEC’s web site at www.sec.gov.

ITEM 18 FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about MSIM Co's financial condition. MSIM Co is not aware of any financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.