INDIA FUND INC
Form N-2
May 29, 2009

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As filed with the Securities and Exchange Commission on May 29, 2009

Securities Act Registration No. 333-[ ]
Investment Company Act File No. 811-8266

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form N-2

(Check appropriate box or boxes)

þ REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
o Pre-Effective Amendment No.
o Post-Effective Amendment No.
and/or
þ REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
þ Amendment No. 11

The India Fund, Inc.
(Exact name of Registrant as Specified in Charter)

345 Park Avenue, New York, New York 10154
(Address of Principal Executive Offices)

1-866-800-8933
(Registrant s telephone number, including area code)

Prakash A. Melwani
Director and President
The India Fund, Inc.
345 Park Avenue,
New York, New York 10154
(Name and Address of Agent for Service)

Copies to:

Sarah E. Cogan, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. o

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

o when declared effective pursuant to section 8(c).

If appropriate, check the following boxes:

o This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].

o This Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration statement number of the earlier effective registration statement for the same offering is .

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered(1)	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common Stock ($.001 par value per share)	41,271 shares	$ 24.23	$ 1,000,000	$ 55.80

(1) Estimated solely for the purpose of calculating the registration fee.
(2)

The registration fee for the securities offered hereby has been calculated under Rule 457(d) of the Securities Act based on the net asset value per share of the registrant on May 22, 2009.

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, or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The India Fund, Inc.

Cross-Reference Sheet
Parts A and B of Prospectus*

Items in Parts A and B of Form N-2		Location in Prospectus
Item 1.	Outside Front Cover	Cover of Prospectus
Item 2.	Cover Pages; Other Offering Information	Cover of Prospectus
Item 3.	Fee Table and Synopsis	Summary of Expenses
Item 4.	Financial Highlights	Financial Highlights
Item 5.	Plan of Distribution	Not Applicable
Item 6.	Selling Shareholders	Not Applicable
Item 7.	Use of Proceeds	The Offer; Use of Proceeds; Investment Objective and Policies; Additional Investment Activities
Item 8.	General Description of the Registrant	Cover of Prospectus; The Fund; Investment Objective and Policies; Additional Investment Activities; Semi- Annual Repurchases of Securities; Investment Restrictions; Risk Factors; Description of Capital Stock; Net Asset Value; Financial Statements
Item 9.	Management	Management of the Fund; Investment Management and Other Services; Description of Capital Stock; Enforceability of Civil Liabilities; Custodians, Transfer Agent, Dividend Paying Agent and Registrar
Item 10.	Capital Stock, Long-Term Debt, and Other Securities	Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan; Taxation; Description of Capital Stock; Risk Factors
Item 11.	Defaults and Arrears on Senior Securities	Not Applicable
Item 12.	Legal Proceedings	Not Applicable
Item 13.	Table of Contents of the Statement of Additional Information	Table of Contents of the Statement of Additional Information
Item 14.	Cover Page	Cover Page of the Statement of Additional Information
Item 15.	Table of Contents	Table of Contents of the Statement of Additional Information
Item 16.	General Information and History	Not Applicable
Item 17.	Investment Objective and Policies	Investment Objective and Policies; Additional Investment Activities; Investment Restrictions; Portfolio Transactions
Item 18.	Management	Management of the Fund; Investment Management and Other Services; Custodians, Transfer Agent, Dividend Paying Agent and Registrar; Statement of Additional Information
Item 19.	Control Persons and Principal Holders of Securities	Control Persons and Principal Holders of Securities; Management of the Fund
Item 20.	Investment Advisory and Other Services	Investment Management and Other Services; Custodians, Transfer Agent, Dividend Paying Agent and Registrar; Experts
Item 21.	Portfolio Managers	Portfolio Manager
Item 22.		Portfolio Transactions

	Brokerage Allocation and Other Practices	
Item 23.	Tax Status	Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan; Taxation
Item 24.	Financial Statements	Financial Statements

* All information required to be set forth in Part B: Statement of Additional Information has been included in Part A: The Prospectus, except for the Fund s proxy voting policies and procedures, which are required to be disclosed pursuant to Item 18 of Form N-2 and which are included in the Statement of Additional Information. All items required to be included in Part C: Other Information are set forth in Part C.

(LOGO)

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Asia Advisors L.L.C.

The India Fund, Inc.

Rights Offering
Expires [ ], 2009*

(LOGO)

Important Dates

Record Date: [ ], 2009

Subscription Period: [ ], 2009 to [ ], 2009*

Expiration Date: [ ], 2009*

**unless extended*

Contact your financial advisor for more information

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 29, 2009

PROSPECTUS

THE INDIA FUND, INC.

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

The India Fund, Inc. (the Fund) is offering to its common stockholders of record as of ***[record date]***, 2009 non-transferable rights. These rights will allow you to subscribe for one share of common stock for each [ ] rights held. You will receive one right for each whole share of common stock that you hold of record as of ***[record date]***, 2009. You need [ ] rights to purchase one share at the subscription price. The Fund will not issue fractional shares upon the exercise of less than [ ] rights. The rights will not be listed for trading on the New York Stock Exchange (the NYSE) or any other exchange. The subscription price will be equal to [ ]% of the net asset value per share of the Fund s common stock at the close of business on the date on which the offer expires.

THE OFFER WILL EXPIRE AT [5:00 P.M.], EASTERN DAYLIGHT TIME, ON ***[expiration date]***, 2009, UNLESS EXTENDED TO NOT LATER THAN ***[extend expiration date]***, 2009 OR TERMINATED EARLY AS DESCRIBED HEREIN. The Fund announced the offer after the close of business on May 29, 2009. The last reported sale price of a share of the Fund s common stock on the NYSE on March 31, 2009 and ***[recent date]***, 2009 was $16.93 and $[ ], respectively. The net asset value per share at the close of business on March 31, 2009 and ***[recent date]***, 2009 was $16.55 and $[ ], 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. If the market price of the Fund s common stock is below the subscription price, it may not be in your interest to participate in this offering. *(continued on following page)*

Investment in the Fund involves certain special considerations and risks arising in part from the Fund s investment in securities of Indian companies, which are not associated with investments in securities of U.S. companies or certain other non-U.S. issuers. These risks relate to, among other things, political, social and economic conditions in India, and are described in greater detail elsewhere in this prospectus. The Fund may also invest in debt obligations that may be rated below investment grade or in comparable unrated debt obligations. Debt obligations of below investment grade quality are regarded as having predominately speculative characteristics with respect to capacity to pay interest and repay principal and are commonly referred to as junk bonds. There are special risks and considerations associated with investing in such high yield/high risk debt obligations. In addition, although the Fund s shares of common stock have recently traded on the NYSE at a premium to their net asset value, the issuance of non-transferable rights may reduce or eliminate that premium or the Fund s shares may instead trade at a discount to net asset value. You could lose some or all of your investment and you should carefully consider the risk factors beginning on page 34 of this prospectus before participating in this offer.

Stockholders who do not fully exercise their rights will own a smaller proportional interest in the Fund. In addition, because the subscription price will be less than the net asset value per share, the offer will result in an immediate dilution of the net asset value per share for all stockholders. See Risk Factors on page 34 of this prospectus.

This prospectus sets forth concisely the information about the Fund that a prospective investor ought to know before investing. Investors are advised to read this prospectus and to retain it for future reference.

For information regarding the offer, contact Georgeson Shareholder Communications Inc., the information agent, at 1-866-297-1264.

The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Estimated Price to Public(1)	**Sales Load(2)**	**Estimated Proceeds to the Fund(2)**
Per Share	$ [ ]	None	$ [ ]
Total(3)	$ [ ]	None	$ [ ]

(1) The estimated subscription price to the public is based upon [ ]% of the Fund s net asset value per share on ***[recent date]***, 2009.

(2) After deduction of expenses payable by the Fund, estimated at $[ ].

(3) Assumes all rights are exercised at the estimated subscription price. If the Fund increases the number of shares subject to subscription by 25%, the Estimated Price to the Public, Estimated Sales Load and Estimated Proceeds to the Fund will be $[ ], $[ ] and $[ ], respectively. See The Offer Over-Subscription Privilege.

The Fund may increase the number of shares of common stock subject to subscription by up to 25%, or up to an additional [ ] shares, for an aggregate total of [ ] shares. The shares will be ready for delivery on or about ***[payment date]***, 2009.

The date of this prospectus is [ ].

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

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(continued from previous page)

The Fund is a closed-end investment company whose shares of common stock are listed and traded on the NYSE under the symbol IFN and whose investment goal is long-term capital appreciation by investing primarily in Indian equity securities. Under normal market conditions, at least 80% of the Fund s total assets are invested in the equity securities of Indian companies. These are fundamental policies that may not be changed without the approval of a majority of the Fund s outstanding voting securities. The Fund operates under an interval fund structure pursuant to which it conducts semi-annual repurchase offers for between 5% and 25% of the Fund s outstanding common stock. See Semi-Annual Repurchases of Securities and Risk Factors Risks Related to the Fund s Operations The Fund s interval fund structure involves certain risks and special considerations not typically associated with other closed-end funds in this prospectus.

The information contained herein is not in the form of a prospectus or a statement in lieu of prospectus as per the provisions of the (Indian) Companies Act, 1956 and has not been or will not be registered as a prospectus or a statement in lieu of prospectus. The information set out herein does not constitute, and may not be used for or in connection with, an offer or solicitation to do business or purchase any securities or ownership interests by any person in India or in any other jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

This prospectus contains important information you should know before investing. Please read it before you invest and keep it for future reference. A Statement of Additional Information dated ***[date of prospectus]***, 2009 containing additional information about the Fund has been filed with the Securities and Exchange Commission and legally forms a part of this prospectus. The table of contents of the Statement of Additional Information appears on page 79 of this prospectus. You may obtain a copy of the Statement of Additional Information free of charge by contacting Blackstone Asia Advisors L.L.C., the Fund s investment manager, 345 Park Avenue, New York, New York 10154, by calling 1-866-800-8933 toll free or on the Internet at www.blackstone.com. In addition, the Fund s Annual Report, containing the fund s financial statements for the fiscal year ended December 31, 2008, as filed on Form N-CSR, is available free of charge by contacting Blackstone Asia Advisors L.L.C. as indicated above. The Fund s Statement of Additional Information and Annual Report and other information about the Fund, including material incorporated by reference into this prospectus, are also available free of charge on the SEC s website at www.sec.gov.

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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.

In this prospectus and except as the context otherwise requires or indicates:

The Fund means The India Fund, Inc., a Maryland corporation.

Blackstone Advisors or Investment Manager means Blackstone Asia Advisors L.L.C., a Delaware limited liability company.

Blackstone India or Country Adviser means Blackstone Fund Services India Private Limited, a company organized under the laws of India.

In this prospectus, unless otherwise indicated, all references to U.S. dollars, US$, dollars and $ are to United States dollars, the lawful currency of the United States of America, and all reference to rupees and Rs. are to Indian rupees. On ***[recent date]***, 2009, the U.S. dollar value of the Indian rupee was Rs. [ ] = US$1.00, as reported in *The Wall Street Journal* on ***[recent date]***, 2009.

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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 forward-looking statements, 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, Appendix B: Republic of India, Appendix C: The Indian Securities Market 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 it after the date of this prospectus.

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PROSPECTUS SUMMARY

You should read the entire prospectus, including the Statement of Additional Information that legally forms part of this 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.

THE OFFER AT A GLANCE

The Offer

The India Fund, Inc., or the Fund, is offering to its common stockholders of record as of ***[record date]***, 2009 non-transferable rights. These rights will allow you to subscribe for one share of common stock, par value $.001 per share, for each [ ] rights held. You will receive one right for each whole share of common stock that you hold of record as of ***[record date]***, 2009. You need [ ] rights to purchase one share at the subscription price. The Fund will not issue fractional shares upon the exercise of less than [ ] rights. The rights will not be listed for trading on the NYSE or any other exchange. Rights may be exercised at any time from ***[beginning date]***, 2009 through [5:00 p.m.], Eastern daylight time, on ***[expiration date]***, 2009, unless extended to not later than ***[extended expiration date]***, 2009 or terminated early as described herein. See The Offer- Expiration, Extension and Early Termination of the Offer. Since the expiration date is the same date as the pricing date, stockholders who exercise their rights will not know the subscription price at the time they exercise their rights. If the market price of the Fund s common stock is below the subscription price, it may not be in your interest to participate in this offering. Once you subscribe for shares and the Fund receives payment or a guarantee of payment, you will not be able to change your 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. We refer to any such additional shares as additional shares. See The Offer.

The Fund previously completed rights offerings for approximately 13.2 million shares in August 2006 and 9.4 million shares in January 2005. The net proceeds of each rights offering, approximately $448 million and $250 million, respectively, were fully invested in accordance with the Fund s investment objective and policies within approximately three months of the completion of each respective offering. As a result of the August 2006 offering, the Fund s net asset value was diluted by 1.54%.

Purposes of the Offer

The Board of Directors of the Fund has determined that it would be in the best interests of the Fund and its stockholders to increase the assets of the Fund through this offer because it may provide the following benefits: (i) a greater ability to take advantage of investment opportunities without being required to sell current portfolio positions that the Investment Manager believes should be retained; (ii) additional investment flexibility in a period when increased political stability may drive positive market-oriented reforms over the long-term; (iii) additional opportunity to capitalize on attractive investment opportunities in India, including initial public offerings, privatizations, placements and mid- and small-cap companies with attractive valuations; (iv) improved market visibility for the Fund; (v) improved liquidity of the trading market for the Fund s shares on the NYSE; (vi) additional capital to meet the demand for repurchases and dividend distributions without having to liquidate attractive holdings; and (vii) an opportunity for existing stockholders by providing them with an opportunity to purchase additional shares potentially at a price below the current market price without incurring significant transaction costs. See The Offer Purposes of the Offer.

The increased assets to the Fund as a result of the offer will result in increased fees to all of the Fund s service providers whose fees are based on the Fund s net assets, including fees paid to the Investment Manager, Country Adviser and Administrator. See The Fund At A Glance Investment Manager and Country Adviser , The Fund At A Glance Fund Administrators and Investment Management and Other Services.

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Subscription Price

The subscription price will be equal to [ ]% of the net asset value per share of the Fund s common stock at the close of business on the date on which the offer expires. See The Offer Subscription Price.

Over-Subscription Privilege

Each stockholder as of the record date who fully exercises all rights issued to him or her will be entitled to subscribe for additional shares that were not subscribed for by other stockholders. This is known as the over-subscription privilege. If sufficient shares are available, all record stockholders over-subscription requests will be honored in full. If sufficient shares are not available to honor all requests for over-subscription, the Fund may increase the number of shares available by up to 25%, or [ ] shares, in order to satisfy over-subscription requests. If the requests for additional shares exceed the shares available, the available shares, including any additional shares, will be allocated pro rata among stockholders who over-subscribe based on the number of rights originally issued to them by the Fund. See The Offer Over-Subscription Privilege.

How to Exercise Rights

Rights may be exercised by stockholders who fill in and sign the accompanying subscription certificate and mail it in the envelope provided or deliver the completed and signed subscription certificate to the subscription agent, together with any required payment for the shares as described below under The Offer Payment for Shares. Rights may also be exercised by a stockholder contacting his or her broker, bank or trust company, which can arrange, on the stockholder s behalf, to guarantee delivery, by using a notice of guaranteed delivery, of a properly completed and executed subscription certificate and payment for the shares. The broker, bank or trust company may charge a fee for this service. Stockholders who choose to exercise their rights will not know at the time of exercise the subscription price for shares being acquired and will be required initially to pay for such shares at the estimated subscription price of $[ ] per share. Fractional shares will not be issued. Completed subscription certificates must be received by the subscription agent prior to [5:00 p.m.], Eastern daylight time, on the expiration date, which is ***[expiration date]***, 2009 (unless payment is to be effected by means of a notice of guaranteed delivery). See The Offer Payment for Shares.

Rights May Not Be Purchased or Sold

You may not purchase or sell the rights, and they will not trade on any exchange. If you do not exercise your rights before the conclusion of this offer, your rights will expire without value. However, the shares to be issued pursuant to the offer will be listed on the NYSE, subject to the NYSE being officially notified of the issuance of those shares.

Restrictions on Foreign Stockholders

The Fund will not mail subscription certificates to stockholders whose record addresses are outside the United States. PNC Global Investment Servicing (U.S.) Inc. (formerly known as PFPC Inc.) will hold the rights to which subscription certificates relate for foreign stockholders accounts until instructions are received to exercise the rights. If no instructions are received prior to the expiration date, which is ***[expiration date]***, 2009, the rights will expire. Foreign stockholders holding shares through a U.S. broker-dealer should contact the broker-dealer regarding this offer. See The Offer Restrictions on Foreign Stockholders.

Obtaining Subscription Information

If you have any questions or requests for assistance, please contact Georgeson Shareholder Communications Inc., the information agent, toll-free at 1-866-297-1264. You may also call your broker or nominee for information with respect to this offer. See The Offer Information Agent and The Offer Subscription Agent. Please note that the dates in the table may change if the offer is extended.

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Important Dates to Remember

Event	Date
Record Date	[ ], 2009
Subscription Period*	[ ], 2009 to [ ], 2009
Expiration Date*	[ ], 2009
Pricing Date*	[ ], 2009
Subscription Certificate and Payment for Shares or Notice of Guaranteed Delivery Due*	[ ], 2009
Subscription Certificate and Payment for Shares Due for Those Using Notice of Guaranteed Delivery*	[ ], 2009
Confirmation to Participants*	[ ], 2009
Final Payment for Shares*	[ ], 2009

* Unless extended or terminated early as described herein.

Tax Consequences

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

Use of Proceeds

We estimate the net proceeds of this offer to be approximately $[ ]. If the Fund increases the number of shares subject to subscription by 25%, then the total net proceeds of the offer will be approximately $[ ]. These figures assume (i) all rights are exercised in full, (ii) a subscription price of $[ ] and (iii) payment of offering expenses estimated to be approximately $[ ].

The offering is designed to raise funds to be invested consistent with the Fund s investment objectives and policies. The Fund anticipates that investment of the net proceeds of this offer in accordance with the Fund s investment objective and policies may take up to six months from their receipt by the Fund, depending on market conditions and the availability of appropriate securities. See Use of Proceeds and Risk Factors Risks Related to the Fund s Operations.

THE FUND AT A GLANCE

The Fund

The Fund is a Maryland corporation organized on December 27, 1993 and is a non-diversified, closed-end management investment company. As of April 30, 2009, the net assets of the Fund were $746,684,403. Assuming that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege, the net assets of the Fund would be approximately $[ ] [billion]. For the purposes of the FII Regulations (as defined below), the Fund is a broad based fund.

Investment in India

The Fund s investment objective and policies reflect the Investment Manager s opinion that economic and political developments and changes in the last several years and the recent election have well positioned India to experience a period of continued economic growth. The Investment Manager believes that India should continue to grow as an economic force and that investment in its securities markets will continue to offer significant potential for returns. For a detailed description of India and its securities market, see Appendix B: Republic of India and Appendix C: The Indian Securities Market.

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The Fund invests in India pursuant to the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, which we refer to as the FII Regulations and which were established by the Securities and Exchange Board of India (SEBI) to regulate investment by foreign institutional investors in Indian securities. The FII Regulations allow direct investment in Indian securities by registered foreign institutional investors or their clients, also known as sub-accounts. Under the FII regulations, the Fund invests in India as a sub-account of the Investment Manager, which is registered with SEBI as a foreign institutional investor. The Investment Manager in its capacity as a foreign institutional investor acts on behalf of the Fund and other approved clients. The Fund s investments are held in the Fund s name through the Fund s custodian, Deutsche Bank AG. See Risk Factors Risks Related to the Fund s Operations and Investment in India.

Investment Objective and Policies

The Fund s investment objective is long-term capital appreciation by investing primarily in the equity securities of Indian companies, subject to applicable laws. Under normal market conditions, at least 80% of the Fund s total assets are invested in equity securities of Indian companies. These are fundamental policies that may not be changed without the approval of a majority of the Fund s outstanding voting securities. Equity securities include common and preferred stock (including convertible preferred stock), American, global or other types of depositary receipts, convertible bonds, notes and debentures, equity interests in trusts, partnerships, joint ventures or similar enterprises and common stock purchase warrants and rights. Most of the equity securities purchased by the Fund are traded on an Indian or other foreign stock exchange or over-the-counter market. However, the Fund may invest to a limited extent in securities that are not publicly traded and in investment funds that invest at least 80% of their total assets in the equity securities of Indian companies in which the Fund is authorized to invest. The Fund invests in such investment funds when the Investment Manager believes that such investments may be more advantageous to the Fund than a direct market purchase of such securities. For temporary defensive purposes, the Fund may invest without limitation in temporary investments. No assurance can be given that the Fund s investment objective will be realized. See Investment Objective and Policies and Risk Factors Risks Related to the Fund s Operations.

Indian companies include companies that:

- are organized under the laws of India;
- regardless of where organized, derive at least 50% of their revenues from goods produced or sold, investments made, or services performed, in India, or have at least 50% of their assets in India; or
- have securities which are traded principally on any Indian stock exchange or in the Indian over-the-counter market.

See Investment Objective and Policies Portfolio Structure for other eligible investments.

Up to 20% of the Fund s total assets may be invested, subject to certain restrictions, in:

- equity securities of companies (other than companies meeting the definition of Indian companies), regardless of where organized, which the Investment Manager and the Country Adviser believe derive, or will derive, at least 25% of their revenues from business in or with India, or have at least 25% of their assets in India;
- debt securities denominated in Indian rupees or issued or guaranteed by an Indian company, the Government of India or an Indian governmental entity; and

short-term debt securities of the type described under Investment Objective and Policies Temporary Investments.

Up to 20% of the Fund s total assets may also be utilized to purchase and sell options on securities, financial futures, fixed income indices and other financial futures contracts, enter into interest rate transactions and to enter into currency transactions, sell securities short and loan portfolio securities. The Fund will only invest in such assets in order to hedge against financial risks. The Fund will not be obligated, however, to do any hedging and makes no representation as to the availability of these techniques at this time or at any time in the future. See Risk Factors

Risks Related to the Fund s Operations The Fund s ability to successfully hedge against financial risks may adversely affect the Fund s net asset value and Additional Investment Activities Hedging.

The Fund s assets may be invested in debt securities (other than temporary investments) when the Investment Manager believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such securities offer opportunities for long-term capital appreciation.

See Risk Factors Risks Related to the Fund s Operations.

Listing

The Fund s common stock is listed and traded on the NYSE under the symbol IFN.

Dividends and Distributions

The Fund intends to distribute annually to holders of common stock substantially all of its net investment income and to distribute any net realized capital gains at least annually.

Under the Fund s dividend reinvestment and cash purchase plan, all dividends and distributions are automatically reinvested in additional shares of common stock of the Fund unless a stockholder elects to receive cash. Participants also have the option of making additional cash payments, annually, to be used to acquire additional shares of common stock of the Fund in the open market. Stockholders whose shares are held in the name of a broker or nominee should contact such broker or nominee to confirm that they are able to participate in the plan. See Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan.

Semi-Annual Share Repurchases

The Fund operates as an interval fund structure, pursuant to which the Fund conducts semi-annual repurchase offers for between 5% and 25% of the Fund s outstanding common stock. In accordance with the Fund s fundamental periodic repurchase policy, the Fund s next repurchase offer is expected to occur immediately following the expiration of the Offer. See Semi-Annual Repurchases of Securities.

Investment Manager and Country Adviser

The Investment Manager is Blackstone Advisors, an affiliate of The Blackstone Group (Blackstone). For more information on the Investment Manager, see Investment Management and Other Services Investment Manager.

The Country Adviser is Blackstone India, an affiliate of Blackstone and Blackstone Advisors. For more information on the Country Adviser, see Investment Management and Other Services Country Adviser.

Under the existing management agreement, the Fund pays the Investment Manager a monthly fee at an annual rate of: (i) 1.10% for the first $500,000,000 of the Fund s average weekly net assets; (ii) 0.90% for the next $500,000,000 of the Fund s average weekly net assets; (iii) 0.85% for the next $500,000,000 of the Fund s average weekly net assets; and (iv) 0.75% of the Fund s average weekly net assets in excess of $1,500,000,000 for its services. Under the existing country advisory agreement, the Investment Manager pays the Country Adviser a monthly fee at an annual rate of 0.10% of the Fund s average weekly net assets.

Because the Investment Manager and the Country Adviser receive fees based on net assets, they will benefit from the increase in assets that will result from this offer. It is not possible to state precisely the amount of additional compensation that the Investment Manager and the Country Adviser might receive as a result of this offer because it is not known how many shares will be subscribed for and because the proceeds of this offer will be invested in additional portfolio securities, which will fluctuate in value. However, assuming that the value of the Fund s assets remained constant prior to the offer at $[ ] [billion] (its approximate value as of ***[recent date]***, 2009) and after the offer at $[ ] [billion] (which assumes that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege), the annual compensation received by the Investment Manager and the Country Adviser would be increased by approximately $[ ] million and $[ ], respectively. The Country Adviser s fee is paid by the Investment Manager and not directly by the Fund.

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The advisory fees paid by the Fund may be higher than those paid by most other investment companies that invest predominantly in the securities of U.S. companies, primarily due to the additional time and expense required of the Investment Manager and the Country Adviser in pursuing the Fund s objective, which is long-term capital appreciation by investing primarily in the equity securities of Indian companies.

Fund Administrators

Blackstone Advisors, the Fund s Investment Manager, also serves as the Fund s administrator. The Fund pays Blackstone Advisors a monthly fee at an annual rate of: (i) 0.20% of the value of the Fund s average monthly net assets for the first $1,500,000,000 of the Fund s average monthly net assets and (ii) 0.15% of the value of the Fund s average monthly net assets in excess of $1,500,000,000 of the Fund s average monthly net assets. Because the Fund administrator receives fees based on net assets, it will benefit from the increase in assets that will result from this offer. Blackstone Advisors subcontracts certain of its services to PNC Global Investment Servicing (U.S.) Inc. (formerly known as PFPC Inc.). Assuming that the value of the Fund s assets remained constant prior to the offer at $[ ] [billion] (its approximate value as of ***[recent date]***, 2009) and after the offer at $[ ] [billion] (which assumes that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege), the annual compensation received by the Fund s administrator would be increased by approximately $[ ].

Multiconsult Ltd. serves as the Fund s Mauritius administrator. The Fund pays Multiconsult Ltd. a monthly fee of $1,500 for its services and is reimbursed for certain additional expenses.

See Investment Management and Other Services Administrator and Investment Management and Other Services Mauritian Administrator.

Custodian, Transfer Agent, Dividend Paying Agent and Registrar

Deutsche Bank AG is the domestic custodian of the assets of the Fund. Deutsche Bank (Mauritius) Limited acts as offshore custodian of the Fund. PNC Global Investment Servicing (U.S.) Inc. acts as transfer agent, dividend paying agent and registrar for the Fund.

RISK FACTORS AND SPECIAL CONSIDERATIONS AT A GLANCE

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.

As a result of this offer, you will incur immediate economic dilution, and, if you do not exercise all of your rights, you may incur dilution of ownership, voting rights and your share of any distributions made by the Fund.

You should expect that you will, at the completion of this offer, experience immediate dilution of net asset value per share because the subscription price will be less than the net asset value per share, and the number of shares outstanding after the offer will have increased proportionately more than the increase in the size of the Fund s net assets. This dilution of net asset value will disproportionately affect stockholders who do not exercise their rights. In addition, whether or not you exercise your rights, you will experience a dilution of net asset value because you will indirectly bear the expenses of this offer, which include, among other items, SEC registration fees, state blue sky qualification fees, printing expenses and the fees assessed by service providers (including the cost of the Fund s counsel and accountants). We cannot state precisely the amount of any decrease because we do not know at this time how many shares will be subscribed for or what the net asset value per share will be at the pricing date. For example, assuming (i) a net asset value of $[ ] [million] (the Fund s approximate net asset value on ***[recent date]***, 2009), (ii) a subscription price of $[ ] (which is [ ]% of the Fund s approximate net asset value per share on ***[recent date]***, 2009) and (iii) that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege, the Fund s net asset value per share (after payment of estimated expenses) would be reduced by approximately $[ ] per share. As of ***[recent date]***, 2009, the Fund s net asset value per share was $[ ].

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In addition to the economic dilution described above, if you do not exercise all of your rights, you may incur dilution of ownership and voting rights, as well as dilution of your share of any distributions made by the Fund, as a result of this offer. This dilution may occur because you could own a smaller interest in the Fund after the offer than you owned prior to the offer. If you do not submit a subscription request pursuant to the over-subscription privilege, you may also experience dilution in your Fund ownership if the Fund offers additional shares for subscription.

See The Offer Dilution and Risk Factors Risks Relating to the Offer As a result of this offer, you will incur immediate economic dilution, and, if you do not exercise all of your rights, you may incur dilution of ownership, voting rights and your share of any distributions made by the Fund.

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 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 periods. The Fund may remain substantially fully invested during periods when stock prices generally rise and also during periods when they generally decline. Risks are inherent in investments in equities, and Fund stockholders should be able to tolerate significant fluctuations in the value of their investment in the Fund.

In addition, the Fund may invest up to 20% of its assets in debt securities whose value will tend to decrease as interest rates rise.

The Fund is intended to be a long-term investment vehicle and is not designed to provide investors with a means of speculating on short-term stock market movements. Investors should not consider the Fund a complete investment program. See Risk Factors-Risks Related to the Offer You may lose money by investing in the Fund, including the possibility that you may lose all of your investment.

Investing in India involves certain risks and special considerations not typically associated with investing in U.S. companies.

Investing in an emerging market such as India, involves certain risks and special considerations not typically associated with investing in the securities of established U.S. companies, including: (i) greater political, economic and social uncertainty; (ii) significantly greater price volatility, substantially less liquidity and much smaller market capitalization of securities markets; (iii) less developed corporate disclosure and governance standards; (iv) greater difficulty in enforcing judgments; (v) restrictions on foreign investment and repatriation of capital; (vi) exchange control regulations; (vii) currency devaluations and exchange rate fluctuations, which may increase the costs associated with conversion of investment principal and income from one currency to another; (viii) higher rates of inflation; and (ix) greater governmental involvement in the economy. These risks are described in more detail under Risk Factors Risks Related to the Fund s Operations.

In addition, future actions of the Indian Government or religious and ethnic unrest could have a significant impact on the economy, which could adversely affect private sector companies in which the Fund invests. In addition, accounting, auditing and financial reporting standards in India differ from U.S. standards, meaning that disclosure of certain material information may not be made, and less information may be available to the Fund than would be the case if the Fund invested primarily in U.S. issuers. There is also generally less governmental regulation of the securities industry in India than in the United States, and it may be more difficult to obtain a judgment in a court outside the United States. The Fund will be subject to withholding taxes, including withholding taxes imposed on dividends, interest and realized capital gains by the government of India. See Risk Factors Risks Related to the Fund s Operations and Taxation.

The Fund s investments in illiquid securities may restrict its ability to dispose of its investments in a timely fashion and at a price approximating the value at which the Fund carries the securities on its books.

The Fund may invest up to 20% of its total assets in illiquid securities, for which there may be no or only a limited trading market and for which a low trading volume of a particular security may result in abrupt and erratic price movements. The Fund may encounter substantial delays and could incur losses in attempting to resell illiquid securities. See Additional Investment Activities and Risk Factors Risks Related to the Fund s Operations The Fund s investments in illiquid securities may restrict its ability to dispose of its investments in a timely fashion and at a price approximating the value at which the Fund carries the securities on its books.

The concentration of the Fund s investments in specific economic sectors and related industries may expose it to greater risk of loss with respect to its portfolio securities.

From time to time, the Fund may invest a greater proportion of its assets in the securities of companies that are part of specific sectors and related industries of the Indian economy. For example, at March 31, 2009, the Fund maintained approximately 19.72% of its total assets in the securities of Indian companies in the petroleum sector and related industries. The Fund is therefore subject to greater risk of loss with respect to its portfolio securities as a result of its concentration in such sectors and related industries. See Risk Factors Risks Related to the Fund s Operations The concentration of the Fund s investments in specific economic sectors and related industries may expose it to greater risk of loss with respect to its portfolio securities.

Recent Developments in Financial Markets and Impact on the Fund.

Worldwide economic conditions have recently deteriorated significantly affecting the global financial markets and have caused significant reductions in available capital and liquidity from banks and other providers of credit, substantial reductions in equity and currency values in financial markets and extreme volatility in credit, equity and fixed income markets and general economic uncertainty. Conditions in the debt and equity capital markets in the United States and abroad have caused firms in the financial services sector to take significant losses relating to, among other things, subprime mortgages and the re-pricing of credit risk in the broadly syndicated loan market. While the economic crisis has not, at present, affected the Indian economy to the same extent as in the U.S. or European economies, the Indian economy and the Fund may be impacted in the future. The timing and nature of any recovery in the credit and financial markets remains uncertain, and there can be no assurance that market conditions will improve in the near future or that our results will not be materially and adversely affected.

A change in the Fund s tax status could adversely affect the Fund s return on its investments.

The Fund currently operates through a branch in the Republic of Mauritius to take advantage of favorable tax treatment by the Indian government pursuant to a taxation treaty between India and Mauritius. Recently, the Supreme Court of India upheld the validity of this tax treaty in response to a lower court challenge contesting the treaty s applicability to entities such as the Fund. Any change in the provision of this treaty or in its applicability to the Fund could result in the imposition of withholding and other taxes on the Fund by India, which would reduce the return to the Fund on its investments. See Risk Factors Risks Related to the Fund s Operations A change in the Fund s tax status could adversely affect the Fund s return on its investments, Taxation-U.S. Stockholders and Taxation Mauritian Tax Status.

In addition, prior to Blackstone Advisors assuming management, the Fund may have failed to qualify to be taxed as a regulated investment company (a RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code) for the taxable year ended December 31, 2004. For the year ended December 31, 2005, a provision of $25,507,350 was made for U.S. federal income tax purposes as, at that time, it was unclear whether the

Fund qualified to be taxed as a RIC under Subchapter M of the Code for the taxable year ended December 31, 2004. In order to preserve the Fund s tax status as a RIC under Subchapter M of the Code for the taxable year ended December 31, 2004, on April 20, 2006 the Fund distributed a deficiency dividend (within the meaning of Section 860 of the Internal Revenue Code) to shareholders in the amount of $1.07 per share, of which $0.95 per share was designated as a capital gain dividend. Under the deficiency dividend procedure, the maximum amount that the Fund will be obligated to pay to the Internal Revenue Service in interest and penalties is approximately $4,956,314. Accordingly, a reversal of $20,551,036 was made in 2006 to the prior year s tax provision. There can be no assurance that the Fund will be able to further reduce the liability. See Risk Factors Risks Related to the Fund s Operations A change in the Fund s tax status could adversely affect the Fund s return on its investments and Taxation The Fund.

The Fund s shares have traded and may in the future trade at a discount to net asset value.

Although the Fund s shares of common stock have recently traded on the NYSE at a premium to their net asset value, the Fund s shares have in the past traded at a discount to their net asset value. There can also be no assurance that the Fund s shares will trade at a premium in the future or that the present premium is sustainable. The Fund s shares have traded at discounts of as much as 40%.

In addition, you should note that shares of closed-end investment companies frequently trade at a discount from net asset value. This characteristic is a risk separate and distinct from the risk that the Fund s net asset value will decrease as a result of its investment activities. The Fund cannot predict whether its shares will trade at, above or below net asset value. The Fund is intended primarily for long-term investors and should not be considered as a vehicle for trading purposes. See Risk Factors Risks Related to the Fund s Operations The Fund s shares have traded and may trade in the future at a discount to net asset value.

The Fund s interval fund structure involves certain risks and special considerations not typically associated with other closed-end funds.

The Fund has adopted an interval fund structure whereby the Fund conducts semi-annual repurchase offers for between 5% and 25% of the Fund s outstanding common stock. The Fund s required semi-annual repurchases are likely to continually decrease the overall size of the Fund which could over time: (i) harm investment performance in part by limiting the extent to which the Fund may pursue its investment strategy; (ii) increase the Fund s expense ratio as the Fund s assets decrease; and (iii) jeopardize the Fund s viability and continued existence. Moreover, there are additional risks associated with the Fund s repurchase offers, including the risk that: (i) if the repurchase offer is over-subscribed, stockholders may be unable to liquidate all or a given percentage of their investment at net asset value during the repurchase offer; (ii) because the Fund expects to liquidate portfolio securities in order to fund repurchase offers, the need to sell such securities may in turn affect the market for such securities and accordingly diminish the value of the Fund s investments; (iii) share values may decrease as a result of currency fluctuations between the date of tender and the repurchase pricing date; (iv) the repurchase offer may not eliminate any discount, if any, at which the Fund s shares trade; and (v) due to the potential for proration if the repurchase offer is over-subscribed, some investors may tender more shares than they wish to have repurchased in order to ensure the repurchase of a specific number of shares. See Risk Factors Risks Related to the Fund s Operations The Fund s interval fund structure involves certain risks and special considerations not typically associated with other closed-end funds and Semi-Annual Repurchases of Securities.

The Fund s status as a non-diversified investment company may expose it to greater risk of loss with respect to its portfolio securities.

The Fund is classified as a non-diversified investment company under the U.S. Investment Company Act of 1940, as amended (the 1940 Act), which means that the Fund is not limited in the proportion of its assets that may be invested in the securities of a single issuer. However, the Fund intends to comply with the diversification requirements imposed by the Internal Revenue Code for qualification as a regulated investment company. As a non-diversified investment company, the Fund may invest a greater proportion of its assets in the securities of a smaller number of issuers and, as a result, is subject to greater risk of loss with respect to its portfolio securities. See Risk Factors Risks Related to the Fund s Operations The Fund s status as a non-diversified investment company may expose it to greater risk of loss with respect to its portfolio securities and Taxation The Fund.

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There are no fixed limitations regarding portfolio turnover.

Frequency of portfolio turnover is not a limiting factor if the Fund considers it advantageous to purchase or sell securities. The Fund anticipates that its annual portfolio turnover rate will not exceed 150%. For the year ended December 31, 2008, the Fund s portfolio turnover rate was 49.41%. A high rate of portfolio turnover involves correspondingly greater aggregate payments for brokerage commissions than a lower rate, which expenses must be borne by the Fund and its stockholders, while a lower rate of portfolio turnover involves correspondingly lower aggregate payments and stockholder expenses. See Risk Factors Risks Related to the Fund s Operations There are no fixed limitations regarding portfolio turnover.

The extent to which the Fund invests in high yield/high risk and unrated debt may adversely affect the Fund s performance.

The Fund has not established any rating criteria for the debt securities in which it may invest. Securities rated in medium to low rating categories of nationally recognized statistical rating organizations and unrated securities of comparable credit quality, or high yield/ high risk securities, are speculative with respect to the capacity to pay interest and repay principal in accordance with the terms of the security and generally involve a greater volatility of price than securities in higher-rated categories. These securities are commonly referred to as junk bonds. The value of Indian debt securities held by the Fund may be expected to vary inversely in relation to fluctuations in interest rates in India. See Risk Factors Risks Related to the Fund s Operations The extent to which the Fund invests in high yield/high risk and unrated debt may adversely affect the Fund s performance.

The Fund s ability to successfully hedge against financial risks may adversely affect the Fund s net asset value.

The Fund may purchase and sell options on securities, financial futures, fixed income indices and other financial instruments, enter into financial futures contracts, enter into interest rate transactions, enter into currency transactions, enter into equity swaps and related transactions, enter into securities transactions on a when-issued or delayed delivery basis, enter into repurchase agreements, sell securities short and lend portfolio securities. Hedging involves special risks, including possible default by the other party to the transaction, illiquidity and, to the extent the Investment Manager s view as to certain market movements is incorrect, the risks that the use of hedging could result in losses greater than if they had not been used. The extent to which the Fund can engage in such investment practices in India may be limited. See Additional Investment Activities, Investment Objective and Policies Other Investments Risk Factors Risks Related to the Fund s Operations The Fund s ability to successfully hedge against financial risks may adversely affect the Fund s net asset value and Appendix A: General Characteristics and Risks of Hedging.

The extent to which the Fund utilizes leverage to hedge against financial risks may increase its expenses and adversely affect the Fund s performance.

Although the Fund has no present intention to do so to any significant extent, the Fund may utilize leverage by borrowing or by issuing preferred stock or short-term debt securities in an amount up to 25% of the Fund s total assets. Leverage by the Fund creates an opportunity for increased return but, at the same time, creates special risks. For example, leverage may exaggerate changes in the net asset value of the Fund s common stock and in the return on the Fund s portfolio. Although the principal of any leverage will be fixed, the Fund s assets may change in value during the time the leverage is outstanding. Leverage will create expenses for the Fund that can, during any period, exceed the income from the assets acquired with the proceeds of the leverage. All expenses associated with leverage would be borne by common stockholders. Furthermore, an increase in interest rates could reduce or eliminate the benefits of leverage and could reduce the value of the Fund s securities. The Fund may also borrow by entering into reverse repurchase agreements, which will subject the Fund to additional market risk, as well as credit risk with respect to the buyer of the securities under such an agreement. See Risk Factors Risks Related to the Fund s Operations The extent to which the Fund utilizes leverage to hedge against financial risks may increase its expenses and adversely affect the Fund s performance.

The anti-takeover provisions in the Fund s charter and amended and restated by-laws and certain provisions of Maryland law may limit your ability to sell your shares at a premium.

The Fund s charter and amended and restated by-laws and Maryland law contain certain anti-takeover provisions that, among other things, may have the effect of inhibiting the Fund s possible conversion to open-end status and delaying or limiting the ability of other persons to acquire control of the Fund. In certain circumstances, these provisions may also inhibit the ability of holders of common stock to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. The Fund s Board of Directors has determined that these provisions are in the best interests of the Fund and its stockholders. See Risk Factors-Risks Related to the Fund s Operations The anti-takeover provisions in the Fund s charter and amended and restated by-laws and certain provisions of Maryland law may limit your ability to sell your shares at a premium.

The operating expenses of the Fund may be higher than investment companies that invest primarily in the securities of U.S. companies.

The Fund s estimated annual operating expenses may be higher than those of most other investment companies that invest predominately in the securities of U.S. companies, primarily because of the additional time and expense required of the Investment Manager and the Country Adviser in pursuing the Fund s objective of long-term capital appreciation through investing in equity securities of Indian companies. Investments in Indian equity securities require additional time and expense because the available public information regarding such securities is more limited in comparison to, and not as comprehensive as, the information available for U.S. equity securities. In addition, brokerage commissions, custodial fees and other fees are generally higher for investments in foreign securities markets. As a result of these higher expected operating expenses, the Fund needs to generate higher relative returns to provide investors with an equivalent economic return. See Risk Factors Risks Related to the Fund s Operations The operating expenses of the Fund may be higher than investment companies that invest primarily in the securities of U.S. companies.

Future market disruptions resulting from terrorist attacks in the United States and elsewhere or U.S. military action abroad could negatively and adversely affect the market for the Fund s common stock.

The aftermath of the war with Iraq, instability in the Middle East and terrorist attacks in the United States and around the world may have a substantial impact on the U.S. and world economies and securities markets. The nature, scope and duration of the occupation of Iraq cannot be predicted with any certainty. Terrorist attacks closed some of the U.S. securities markets in 2001, and similar events cannot be ruled out in the future. The war and occupation, terrorism and related geopolitical risks have led, and may in the future lead to, increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. These risks may adversely affect individual issuers and securities markets, interest rates, secondary trading, ratings, investor psychology, credit risk, inflation and other factors relating to the Fund s common shares. High-yield securities tend to be more volatile than higher rated securities so that these events and any actions resulting from them may have a greater impact on the prices and volatility of high yield securities than on higher rated securities. See Risk Factors Risks Related to the Fund s Operations Future market disruptions resulting from terrorist attacks in the United States and elsewhere or U.S. military action abroad could negatively and adversely affect the market for the Fund s common stock.

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SUMMARY OF EXPENSES

Stockholder transaction expenses	
sales load	None
Dividend reinvestment and cash purchase plan fees	*
Repurchase offer fees	[ ]%**
Offering costs(1)	[ ]%
Annual expenses (as a percentage of average net assets attributable to common stock) Management fees(2)	[ ]%
Interest payments in borrowed funds	[ ]
Other expenses(3)	[ ]%
Total annual expenses(3)	[ ]%

Example

The following example demonstrates the projected dollar amount of total cumulative expense that would be incurred over various periods with respect to a hypothetical investment in the Fund. These amounts are based upon payment by the Fund of investment management and advisory fees and other expenses at the levels set forth in the above table.

	1 Year	3 Years	5 Years	10 Years
You will pay the following expenses on a $1,000 investment, assuming a 5% annual return:	$	$	$	$

* Participants in the Fund s dividend reinvestment and cash purchase plan pay only transaction-based charges. Actual costs will vary for each participant depending on the nature and number of transactions made. See Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan.

** Participants in the Fund s repurchase offers pay a repurchase fee of up to 2% of the value of the shares repurchased. See Semi-Annual Repurchases of Securities.

(1) These costs include those incurred in connection with this offer, which are estimated at $[ ] or approximately [ ]% of the total estimated net proceeds of the offer without giving effect to the issuance of additional shares pursuant to the over-subscription privilege.

(2) The percentage shown is based upon the net assets of the Fund at ***[recent date]***, 2009 and after giving effect to this offer (excluding the issuance of additional shares pursuant to the over-subscription privilege) and reflects the effects of breakpoints in the management fee schedule for assets in excess of $[ ] million.

(3) Based upon estimated expenses for the current fiscal year after giving effect to this offer (excluding the issuance of additional shares pursuant to the over-subscription privilege). Total expenses for the fiscal year ended December 31, 2008 before income taxes were 1.28% of average net assets.

This example further assumes that the percentage amounts listed under Annual Expenses in the table above remain the same in the years shown, the reinvestment of all dividends and distributions at net asset value and the full exercise of all the rights. The above tables and the assumption in the example of a 5% annual return and reinvestment at net asset value are required by regulation of the U.S. Securities and Exchange Commission, which we refer to as the SEC, and are applicable to all investment companies, and the assumed 5% annual return is not a prediction of, and does not represent, the projected performance of the Fund s common stock. In addition, although the example assumes reinvestment of all distributions at net asset value, this may not be the case for participants in the dividend reinvestment and cash purchase plan. See Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan.

We have prepared the foregoing table and example to assist you in understanding the various costs and expenses that you will bear, directly or indirectly. You should not consider this example or the foregoing table as a representation of future expenses or rate of return. The Fund s actual expenses may be more or less than those shown.

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FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund s financial performance for the periods presented and reflects financial results for a single Fund share. The information for each of the years presented has been derived from financial statements audited by PricewaterhouseCoopers LLP, the Fund s independent registered public accounting firm, whose report is included in the Fund s financial statements which are incorporated by reference in this prospectus. The following information should be read in conjunction with the financial statements and notes, which legally form a part of this prospectus and are available upon request.

	Years Ended December 31,				
	2008	**2007**	**2006**	**2005***	**2004**
Per Share Operating Performance					
Net asset value, beginning of year	$ 64.78	$ 42.65	$ 34.07	$ 28.47	$ 23.76
Net investment income (loss)	(0.07)(2)	(0.14)(2)	(0.14)(2)	0.04(2)	0.08(2)
Net realized and unrealized gain (loss) on investments, foreign currency holdings, and translation of other assets and liabilities denominated in foreign currency	(40.28)	31.82	13.83	11.35	6.14
Income tax (expense) reversal			0.56(3)	(0.80)(4)	
Net increase (decrease) from investment operations after income taxes	(40.35)	31.68	14.25	10.59	6.22
Less: dividends and distributions:					
Net investment income	(0.26)	(0.13)	(0.14)	(0.06)	(0.01)
Short term capital gains	(0.52)	(0.82)	(0.14)	(0.51)	
Long term capital gains	(6.34)	(8.66)	(4.84)	(3.89)	(1.51)
Total dividends and distributions	(7.12)	(9.61)	(5.12)	(4.46)	(1.52)
Capital Share Transactions Anti-dilutive (dilutive) effect of Share Repurchase Program	0.07	0.06	(5)	(0.01)	0.01

Anti-dilutive effect of Tender Offer					
Dilutive effect of Rights Offer			(0.55)	(0.52)	
Total capital share transactions	0.07	0.06	(0.55)	(0.53)	0.01
Net asset value, end of period	$ 17.38	$ 64.78	$ 42.65	$ 34.07	$ 28.47
Per share market value, end of period	$ 18.30	$ 62.26	$ 45.90	$ 39.73	$ 29.63
Total investment return based on market value(1)	(57.73)%	59.57%	29.05%	49.32%	23.51%
Ratios/Supplemental Data					
Net assets, end of period (in 000s)	$ 671,087	$ 2,754,124	$ 1,913,341	$ 1,083,714	$ 644,672
Ratios of expenses after income taxes to average net assets	1.28%	1.21%	0.00%	4.13%	1.64%
Ratios of expenses before income taxes to average net assets	1.28%	1.21%	1.41%	1.49%	1.64%
Ratios of net investment income (loss) to average net assets	(0.17)%	(0.28)%	(0.34)%	0.12%	0.33%
Portfolio turnover	49.41%	29.39%	35.02%	50.28%	35.90%

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	Years Ended December 31, 2003	2002	2001	2000	1999
Per Share Operating Performance					
Net asset value, beginning of period	$ 12.72	$ 11.93	$ 16.18	$ 23.21	$ 8.85
Net investment income (loss)	0.11(2)	0.09	0.07	(0.16)	(0.10)
Net realized and unrealized gain (loss) on investments, foreign currency holdings, and translation of other assets and liabilities denominated in foreign currency	11.00(2)	0.76	(4.29)	(7.27)	14.36
Income tax expense					
Net increase (decrease) from investment operations	11.11	0.85	(4.22)	(7.43)	14.26
Less: dividends and distributions					
Dividends from net investment income	(0.13)	(0.09)	(0.07)		
Distributions from net realized gains					
Total dividends and distributions					
Capital Share transactions	(0.13)	(0.09)	(0.07)		
Anti-dilutive effect of Share Repurchase Program	0.06	0.01	0.04	0.40	0.10
Anti-dilutive effect of Tender Offer		0.02			
Dilutive effect of Rights Offer					
Total capital share transactions	0.06	0.03	0.04	0.40	0.10
Net asset value, end of year	$ 23.76	$ 12.72	$ 11.93	$ 16.18	$ 23.21
Per share market value, end of year	$ 25.20	$ 10.59	$ 9.50	$ 12.06	$ 16.75
Total investment return based on market value(1)	139.04%	12.36%	(20.69)%	(27.99)%	165.35%
Ratios/Supplemental Data					
Net assets, end of period (in 000s)	$ 556,811	$ 350,838	$ 366,491	$ 504,769	$ 768,948
Ratios of expenses after income taxes to average net assets	1.76%	1.73%	1.70%	1.59%	1.84%
Ratios of expenses before income taxes to average net assets	1.76%	1.73%	1.70%	1.59%	1.84%
Ratios of net investment income (loss) to average net assets	0.72%	0.65%	0.57%	(0.75)%	(0.68)%

Portfolio turnover	33.89%	39.36%	16.06%	19.24%	18.65%

* Advantage Advisers, Inc. (Advantage Advisers), a subsidiary of Oppenheimer Asset Management Inc. and an affiliate of Oppenheimer & Co. Inc. served as the Fund s investment adviser from August 1, 1997 to December 4, 2005.

(1) Total investment return is calculated assuming a purchase of common stock at the market price on the first day and a sale at the market price on the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund s dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges and is not annualized. Past performance is not a guarantee of future results.

(2) Based on average shares outstanding.

(3) A reversal of $20,551,036 was made in 2006 to the prior year s tax provision (see Note B to the Fund s Consolidated Financial Statements for the fiscal year ended December 31, 2008).

(4) A provision of $25,507,350 was made for U.S. federal income tax purposes for the fiscal year ended December 31, 2005. This provision was made as, at that time, it was unclear whether the Fund qualified to be taxed as a RIC under Subchapter M of the Internal Revenue Code for the taxable year ended December 31, 2004 (see Note B to the Fund s Consolidated Financial Statements for the fiscal year ended December 31, 2008).

(5) Less than $0.01 per share.

THE FUND

The Fund, which was incorporated in Maryland on December 27, 1993, is a non-diversified, closed-end management investment company registered under the 1940 Act. The Fund s investment objective is long-term capital appreciation, which it seeks to achieve by investing primarily in the equity securities of Indian companies. Under normal market conditions, at least 80% of the Fund s total assets are invested in the equity securities of Indian companies. These are fundamental policies that may not be changed without the approval of a majority of the Fund s outstanding voting securities. The Fund cannot assure that its investment objective will be realized. Due to the risks inherent in international investments generally, you should consider the Fund as a vehicle for investing a portion of your assets in foreign securities markets and not as a complete investment program.

INVESTMENT IN INDIA

The Fund s investment objective and policies reflect the Investment Manager s opinion that economic and political developments and changes in the last several years and the recent election have well positioned India to experience a period of continued economic growth. The Investment Manager believes that India should continue to grow as an economic force and that investment in its securities markets will continue to offer significant potential for returns. For a description of India and its securities market, see Appendix B: Republic of India and Appendix C: The Indian Securities Market.

Background

Foreign investment in Indian securities is regulated by the Foreign Exchange Management Act, 1999 and the rules, regulations and notifications issued thereunder. This Act is the principal legislation that governs foreign investment and foreign exchange transactions in India.

In 2000, the Reserve Bank of India issued the Indian Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, which we refer to as the FEMA regulations, to regulate the issue of Indian securities to persons who reside outside India and the transfer of Indian securities by or to such persons. As a non-resident of India, the Fund must comply with FEMA Regulations. Under the FEMA regulations, a foreign investor may invest in Indian securities through the foreign direct investment route. Under the foreign direct investment route, investment may be made through the automatic route, which does not require the prior approval of the Reserve Bank of India/Foreign Investment Promotion Board, subject to certain conditions, or through the approval route, which requires the prior permission of the Reserve Bank of India/Foreign Investment Promotion Board but which is nonetheless subject to government-imposed foreign investment restrictions in certain economic sectors. The FEMA regulations also prescribe rules for the transfer of Indian securities between foreign, domestic, Indian and non-Indian security holders. Such transfers often require the approval of either the Indian government or the Reserve Bank of India.

Investments by Foreign Institutional Investors

A foreign investor may also invest in Indian securities through the foreign institutional investment route. Foreign institutional investors and sub-accounts thereof are regulated by the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 which we refer to as the FII Regulations.

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Foreign institutional investors and sub-accounts wishing to invest and trade in Indian securities in India are required to register with SEBI and obtain special permission from the Reserve Bank of India. Once qualified under applicable Indian law, a foreign institutional investor or its sub-account, subject to the restrictions noted below, may:

- buy and sell securities of Indian companies;
- realize capital gains on investments;
- participate in rights offerings for shares;
- appoint a domestic custodian for custody of investments made; and
- repatriate capital, capital gains, dividends, interest income and any proceeds received in connection with the sale of Indian securities.

Under applicable Indian law, a foreign institutional investor or a sub-account may only invest in the following Indian securities:

- securities in the primary and secondary Indian markets including shares, debentures and warrants of Indian companies, unlisted, listed or to be listed on a recognized stock exchange in India;
- securities of Indian mutual funds, including the Unit Trust of India, whether or not listed on a recognized stock exchange, units of a scheme floated by a collective investment scheme;
- dated government securities;
- Indian depositary receipts pursuant to a decision made at the SEBI board meeting held on April 13, 2009;
- derivatives traded on a recognized Indian stock exchange; and
- commercial paper.

FII investments are substantially restricted and controlled. These restrictions, such as the maximum percentage holding of any single equity, are controlled by SEBI, the RBI and are also subject to the Government of India Guidelines issues in this regard. Further, the operational mechanism for purchase, sale, settlement and movement of funds is restricted. For example, FIIs shall, subject to certain exceptions, deliver securities only in dematerialized form for settlement of their transactions undertaken on a recognized stock exchange

Investments by all foreign institutional investors and sub-accounts under the FEMA regulations in the primary and secondary markets are subject to an aggregate ceiling of 24% of the equity capital or the value of each series of convertible debentures of any Indian company, with certain exceptions. This ceiling can be increased to the applicable statutory cap by a board resolution of the Indian company. The ceiling would apply to the total holdings of foreign institutional investors collectively in an Indian company. The FII Regulations prescribe that each broad based foreign institutional investor investing on its own behalf or on the behalf of its sub-account (broad based) can invest up to 10% of the equity capital of an Indian company. A foreign corporate or individual sub-account can invest only up to 5% of the equity capital of an Indian company. Under the FII Regulations a broad based fund is defined as a fund established or incorporated outside of India, which has at least 20 investors, with no single individual investor holding more than 49% of the shares or units of the fund, provided that if the broad based fund has institutional investor(s) it shall not be necessary for the fund to have 20 investors, provided further that if the broad based fund has an institutional investor who holds more than 49% of the shares or units in the fund, then the institutional investor must itself be a broad based fund.

Investments by the foreign institutional investor made in its own behalf would be registered in the name of the foreign institutional investor while investments by the sub-accounts in Indian securities may be registered in the name of either the foreign institutional investor or the sub-account.

Foreign institutional investors are also limited in their ability to invest in certain industries, such as the banking sector, insurance sector, telecom sector etc. In such industries, there is often a ceiling on total foreign holdings, against which holdings of foreign institutional investors are counted. To the extent that the ceiling has been reached in that industry, further investment by foreign institutional investors may not be permitted. Further, pursuant to Press Note 2 of 2009 issued by the Department of Industrial Policy and Promotion (Ministry of Commerce and Industry),

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investments by foreign institutional investors is also included in the computation of indirect foreign investment in Indian companies. This may further restrict the ability of the Fund to invest in companies incorporated in India which operate in sectors that are subject to foreign investment caps.

If a foreign institutional investor or a sub-account wishes to invest in securities through the Indian secondary market, it must, with certain exceptions, conduct its securities transactions through brokers certified by SEBI.

With some exceptions, the total investments in equity and equity-related instruments, such as convertible debentures and tradeable warrants, made by a foreign institutional investor, whether on account of itself or its sub-accounts, cannot be less than 70% of the aggregate of all the investments of the foreign institutional investor in India, made on its own or through its various sub-accounts. Pursuant to SEBI circular dated October 16, 2008, in order to provide flexibility to FIIs to allocate investments across equity and debt, SEBI has decided to do away with the abovementioned restrictions on the ratio of equity and debt investments. Please note that no formal amendments to the FII Regulations have been made in this regard. It may be noted that there are certain industry-wide ceilings for FII investments in debt and accordingly, investment in debt would be subject to available headroom (discussed below). It may be noted that debt securities under the FII Regulations are defined to include government securities, commercial papers and treasury bills. Additionally, applicable Indian law imposes aggregate investment limitations on the dollar amount of certain Indian securities held by a foreign institutional investor. As per SEBI circular dated March 13, 2009, the cumulative debt investment limits for FIIs in corporate debt is $15 billion, of which $8 billion will be allocated on an open bidding platform and the remaining limit will be allocated on a first come first serve basis, subject to a ceiling of Rs. 2.49 billion per registered entity. Pursuant to SEBI circular dated January 31, 2008, investments by FIIs in units of debt oriented mutual funds are considered as investments in corporate debt and are reckoned within the stipulated limit earmarked for FII investments in corporate debt. The applicable investment limit for FIIs and sub-accounts is up to $5 billion in government securities and treasury bills and $500 million for investment in innovative perpetual debt instruments issued by banks. These limits are monitored by SEBI across all FIIs.

Currently, the following types of derivatives contracts are traded on the NSE and BSE: (a) index futures; (b) index options; (c) single stock futures; (d) single stock options; (e) interest rate derivatives (f) mini derivative contract on Index (Sensex and Nifty) and (g) exchange traded currency derivatives. The position limits for FII/sub-accounts are prescribed by SEBI on the basis of the type of derivative contract, the type of underlying i.e. index, single stock, interest rate/fixed income) and entity (i.e. FII or sub-account). The position limits are computed on a gross basis at the FII level and on a net basis at the level of sub-accounts and proprietary positions.

The open position for all derivative contracts is the open interest multiplied with the closing price of the respective underlying in the cash market. Set out below is a summary of the current position limits for derivative contracts:

> Index Futures, Options and Mini Derivative Contracts on Index at Sub-Account Level. Disclosure must be given by any person or persons acting in concert who together own 15% or more of the open interest of all futures and options contracts on a particular underlying index on the exchange.
>
> Stock Futures and Options at Sub-Account Level. The gross open position of a sub-account across all futures and options contracts on a particular underlying security should not exceed the higher of: (i) 1% of the free float market capitalization (in terms of number of shares), or (ii) 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts). These position limits are applicable on the combined position in all futures and options contracts on an underlying security on the exchange.

Interest Rate Derivative at the Sub-Account Level. The position limits for FII sub-accounts are the same as the client level position limits specified for exchange traded interest rate derivatives. Therefore, the position limit for a sub-account in near month exchange traded interest rate derivative contracts is the higher of:
(i) Rs. 1000 million; or (ii) 15% of the total open interest in the market in exchange traded interest rate derivative contracts.

Exchange traded currency derivatives. The gross open position of a client across all contracts shall not exceed 6% of the total open interest or $10 million, whichever is higher. This position limit is specific to an exchange and not to the exchange traded currency derivative market as a whole.

A sub-account is not permitted to issue any off-shore derivative instruments such as participatory notes, equity-linked notes or other similar instruments against securities listed or proposed to be listed on an Indian stock exchange as the underlying. Only an entity registered as a foreign institutional investor is permitted to issue such offshore derivate instruments, only to entities which are regulated by an appropriate foreign regulatory authority and subject to the compliance of know your client requirements. As a person regulated by an appropriate foreign regulatory authority, the Fund may subscribe to offshore derivative instruments issued by foreign institutional investors registered with SEBI. Further, a foreign institutional investor shall ensure that there is no further downstream issue or transfer of any offshore derivative instrument to any person other than a person regulated by an appropriate foreign regulatory authority. Moreover, a foreign institutional investor is required to disclose periodically certain information relating to off-shore derivative instruments entered into by such foreign institutional investor with respect to Indian securities such as the name of the parties involved, and the principal terms of, such off-shore derivative transactions.

Pursuant to applicable laws, there are limits on ownership by (i) persons resident in India, (ii) non-resident Indian, (iii) persons of Indian origin or (iv) overseas corporate bodies of shares of certain foreign institutional investor sub-accounts. See Appendix C: The Indian Securities Market Regulatory Structure Restricted Persons. Such limits could apply to Fund shares.

At present, foreign institutional investor and sub-account registrations are granted on a permanent basis subject to the payment of the prescribed fees every three years.

Registered foreign institutional investors and sub-accounts are generally subject to tax under Section 115AD of the Indian Income Tax Act of 1961. There is uncertainty under Indian law as to the tax regime applicable to foreign institutional investors or sub-accounts that hold and trade in American depositary shares. See Taxation Indian Taxes.

Pricing Regulations in Relation to Acquisition of Shares Through Secondary Purchase

Generally, for transfers of shares between residents and non-residents resulting from purchase or sale transaction, no prior permission of the Foreign Investment Promotion Board or the Reserve Bank of India is required if the transfer of shares is done in compliance with the guidelines issued by the Reserve Bank of India and the price for such transfer is in accordance with the pricing guidelines issued by the Reserve Bank of India. With regard to unlisted securities, the Reserve Bank of India pricing guidelines prescribe a floor price in relation to transfer of shares from a resident to a nonresident, and a cap in relation to the transfer of shares from a non-resident to a resident. As a FII or a sub-account, purchases and sales on the stock exchange are to be effected at the prevailing market price (except if executed through the block deal route).

Exchange Controls

A foreign institutional investor or its sub-account may open both foreign currency denominated accounts and special non-resident rupee accounts with Indian banks, and any amount that the investor or its sub-account transfers between these accounts may occur at the prevailing rate of exchange. However, under rules and policies promulgated by the Reserve Bank of India, a foreign institutional investor or its sub-account may only invest in Indian securities out of its special non-resident rupee account. In addition, it may only repatriate amounts from its foreign currency account after its designated bank or custodian has deducted and paid all withholding taxes relating to any capital gains.

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THE OFFER

Terms of the Offer

The Fund is offering to stockholders of record as of the close of business on ***[record date]***, 2009 non-transferable rights to subscribe for [ ] shares of common stock of the Fund. The Fund may increase the number of shares of common stock subject to subscription by up to 25% of the shares, or up to [ ] additional shares, for an aggregate total of [ ] shares.

Each stockholder is being issued one right for each whole share of common stock owned on the record date. The rights entitle you to acquire at the subscription price one share for each [ ] rights held. You need [ ] rights to purchase one share at the subscription price. The Fund will not issue fractional shares upon the exercise of less than [ ] rights.

Rights may be exercised at any time during the subscription period, which commences on ***[beginning date]***, 2009 and ends at [5:00 p.m.], Eastern daylight time, on ***[expiration date]***, 2009, unless extended by the Fund to not later than ***[extended expiration date]***, 2009 or terminated early as described herein (such date, as it may be extended, is referred to in this prospectus as the expiration date, and such period, as it may be extended, is referred to in this prospectus as the subscription period). See Expiration, Extension and Early Termination of the Offer below. A stockholder s right to acquire one additional share for each [ ] rights held during the subscription period at the subscription price is referred to as the primary subscription. The rights are evidenced by subscription certificates, which will be mailed to subscribing stockholders.

In addition, any stockholder who fully exercises all rights issued to him or her is entitled to subscribe for additional shares, which were not otherwise subscribed for in the primary subscription, at the subscription price, which we refer to as the over-subscription privilege. Shares acquired pursuant to the over-subscription privilege are subject to allotment and may be subject to increase, which is more fully discussed below under Over-Subscription Privilege.

The subscription price will be equal to [ ]% of the net asset value per share of the Fund s common stock at the close of business on the date on which the offer expires.

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. If the market price of the Fund s common stock is below the subscription price, it may not be in your interest to participate in this offering. 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 rights are non-transferable. Therefore, only the underlying shares, and not the rights, will be listed for trading on the NYSE.

Purposes of the Offer

The Board of Directors of the Fund has determined that it would be in the best interests of the Fund and its stockholders to increase the assets of the Fund through this offer.

In consultation with the Investment Manager, the board determined that this offer may provide the following benefits:

a greater ability to take advantage of investment opportunities without being required to sell current portfolio positions that the Investment Manager believes should be retained;

additional investment flexibility in a period when increased political stability may drive positive market-oriented reforms over the long-term;

additional opportunity to capitalize on attractive investment opportunities in India, including initial public offerings, privatizations, placements and mid- and small-cap companies with attractive valuations;

improved market visibility for the Fund;

improved liquidity of the trading market for the Fund s shares on the NYSE;

additional capital to meet the demand for repurchases and dividend distributions without having to liquidate attractive holdings; and

an opportunity for existing stockholders by providing them with an opportunity to purchase additional shares potentially at a price below the current market price without incurring significant transaction costs.

Prior to reaching this conclusion, the Fund s Board of Directors, in consultation with the Investment Manager and others, reviewed the structure, timing and terms of this offer, as well as its dilutive effect on both stockholders who exercise their rights and those who do not and other potentially adverse consequences resulting from this offer. The Board of Directors also considered the fact that the Fund s semi-annual repurchase offers will tend to diminish assets over time and that that diminution in assets will offset in whole or in part the potential benefits discussed above. After careful consideration, the Board of Directors voted unanimously to approve the terms of this offer. However, there can be no assurance that the offer will provide any of the benefits listed above.

Two of the Fund s Directors who voted to authorize this offer are affiliated with the Investment Manager and the Country Adviser, and therefore could benefit indirectly from this offer. The other six Directors are not interested persons of the Fund within the meaning of the 1940 Act. Subject to certain conditions as noted above, the Investment Manager, as well as the Country Adviser, may also benefit from this offer because their fees will be based on the net assets of the Fund. The Fund s Board of Directors considered this in its evaluation of the offer and determined that, in its business judgment, these increased fees were offset by the potential benefits of the offer to the Fund and its stockholders. See Investment Management and Other Services. It is not possible to state precisely the amount of additional compensation the Investment Manager and the Country Adviser might receive as a result of this offer because it is not known how many shares will be subscribed for and because the proceeds of this offer will be invested in additional portfolio securities, which will fluctuate in value. However, assuming that the value of the Fund s assets remained constant prior to the offer at $[ ] [million] (its approximate value as of ***[recent date]***, 2009) and after the offer at $[ ] [billion] (which assumes that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege), the annual compensation received by the Investment Manager and the Country Adviser would increase by approximately $[ ] million (including fees paid to the Investment Manager in its capacity as the Fund s Administrator) and $[ ], respectively. The Country Adviser s fee is paid by the Investment Manager and not directly by the Fund.

The Fund has no current plans to make additional rights offerings. However, the Fund may, in the future, choose to make additional rights offerings if the Fund s Board of Directors determines that a rights offering would be in the best interests of the Fund and its stockholders and would result in a net benefit to the stockholders. Any such future rights offerings, if any, will be made in accordance with the then-applicable requirements of the 1940 Act and the U.S. Securities Act of 1933, as amended (the 1933 Act).

There can be no assurance that the Fund or its stockholders will achieve any of the foregoing objectives or benefits through this offer.

Over-Subscription Privilege

If some stockholders as of the record date do not exercise all of the rights initially issued to them, any shares for which subscriptions have not been received from stockholders will be offered by means of the over-subscription privilege to those stockholders as of the record date who have exercised all of the rights initially issued to them and who wish to acquire additional shares. Stockholders who exercise all of the rights initially issued to them should indicate on the subscription certificate how many shares they are willing to acquire through this over-subscription privilege. If sufficient shares are available, all over-subscription requests will be honored in full. If sufficient shares are not available to honor all requests for over-subscription, the Fund may increase the number of shares available by up to 25%, or [   ] shares in order to satisfy over-subscription requests.

To the extent that there are not sufficient shares to honor all over-subscription requests, the available shares will be allocated among those who over-subscribe based on the number of rights originally issued to them by the Fund, so that the number of shares issued to stockholders who subscribe through the over-subscription privilege will generally be in proportion to the number of shares of the Fund owned by them on the record date. The percentage of remaining shares each over-subscribing stockholder may acquire may be rounded down to the nearest whole share to result in delivery of whole shares. The allocation process may involve a series of allocations in order to ensure that the total number of shares available for over-subscriptions is distributed, as nearly as may be practicable, on a pro rata basis. The Fund will not offer or sell any shares that are not subscribed for through the primary subscription or the over-subscription privilege.

Subscription Price

The subscription price will be equal to [ ]% of the net asset value per share of the Fund s common stock at the close of business on the date on which the offer expires.

The Fund announced the offer after the close of business on May 29, 2009. The last reported sale price of a share of the Fund s common stock on the NYSE on March 31, 2009 and ***[recent date]***, 2009 was $16.93 and $[ ], respectively. The net asset value per share at the close of business on March 31, 2009 and ***[recent date]***, 2009 was $16.55 and $[ ], respectively.

Rights May Not Be Purchased or Sold

The rights are non-transferable. You may not purchase or sell them. The rights will not trade on the NYSE or any other exchange. The shares to be issued upon the exercise of the rights, however, will trade on the NYSE under the symbol IFN. If you do not exercise your rights before the conclusion of this offer, your rights will expire without value.

Expiration, Extension and Early Termination of the Offer

The expiration date is [5:00 p.m.], Eastern daylight time, on ***[expiration date]***, 2009, unless extended by the Fund to not later than ***[extended expiration date]***, 2009 or terminated early as described herein. The Fund may elect to extend the offer in order to, among other things, increase potential stockholder participation in the offer or allow stockholders additional time to evaluate the terms of the offer. Moreover, the Fund may extend the offer upon the occurrence of the events described below under Notice of Net Asset Value Decline-Possible Suspension or Withdrawal of the Offer.

The rights will expire on the expiration date and may not be exercised after that date. 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 except as provided under Notice of Net Asset Value Decline-Possible Suspension or Withdrawal of the Offer.

The Fund may elect to terminate the offer early if, in the judgment of the Fund s Board of Directors, market circumstances significantly change and the Fund s board determines that the offer no longer constitutes a net benefit to the Fund or the Fund s stockholders. In such event, the Fund s board would likely determine that the risks associated with proceeding with the offer would be greater to the Fund and the Fund s stockholders than the risks associated with early termination, which risks could include negative public perception of the Fund and a negative impact on the Fund s performance.

Subscription Agent

The subscription agent for this offer is The Colbent Corporation, which will receive, for its administrative, processing, invoicing and other services as subscription agent, an estimated fee of $[ ] and reimbursement for all out-of-pocket expenses related to this offer. Stockholder inquiries may be directed to Georgeson Shareholder Communications Inc., the information agent, toll-free at 1-866-297-1264.

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THE SIGNED SUBSCRIPTION CERTIFICATES SHOULD BE SENT TO THE COLBENT CORPORATION, by one of the following methods:

By First Class Mail:
The Colbent Corporation
The India Fund, Inc. Rights Offering
Att: Corporate Actions
PO Box 859208
Braintree, MA 02185-9208

By Express Mail or Overnight Courier:
The Colbent Corporation
The India Fund, Inc. Rights Offering
Att: Corporate Actions
161 Bay State Road
Braintree, MA 02184

By Facsimile Transmission:
1-781-930-4939

C*onfirm by Telephone:*
1-781-930-4900

The Fund will only accept subscription certificates actually received on a timely basis. If you deliver the certificates to an address other than as set forth above, that delivery will not be effective.

Information Agent

Any questions or requests for assistance may be directed to the information agent at its telephone number listed below:

Georgeson Shareholder Communications Inc.
Toll Free: 1-866-297-1264

Stockholders may also call their nominees, who hold shares for the account of others, for information with respect to this offer.

The Fund will pay an estimated fee of $[ ] to Georgeson Shareholder Communications Inc. and reimburse it for all out-of-pocket expenses related to its services as information agent.

Method for Exercising Rights

Rights may be exercised by stockholders who fill in and sign the accompanying subscription certificate and mail it in the envelope provided or deliver the completed and signed subscription certificate to the subscription agent, together with any required payment for the shares as described below under Payment for Shares. Rights may also be exercised by a stockholder contacting his or her broker, bank or trust company, which can arrange, on the stockholder s behalf, to guarantee delivery, using a notice of guaranteed delivery, of a properly completed and executed subscription certificate and payment for the shares. The broker, bank or trust company may charge a fee for this service. Fractional shares will not be issued. Completed subscription certificates must be received by the subscription agent prior to [5:00 p.m.], Eastern daylight time, on the expiration date (unless payment is to be effected by means of a notice of guaranteed delivery at the offices of the subscription agent. See Payment for Shares.

Depending on your status, the following methods of delivery should be used:

For stockholders who are record owners. Stockholders who are record owners can choose between either option set forth below under Payment for Shares. If time is of the essence, option (1) set forth below under Payment for Shares will permit delivery of the subscription certificate and payment after the expiration date.

For investors whose shares are held through a nominee. Stockholders whose shares are held by a nominee such as a broker, bank or trust company must contact that nominee to exercise their rights. In that case, the nominee will complete the subscription certificate on behalf of the stockholder and arrange for proper payment by one of the methods set forth below under Payment for Shares.

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For nominees. Nominees, who hold shares for the account of others, should notify the respective beneficial owners of such shares as soon as possible to ascertain the beneficial owners intentions and to obtain instructions with respect to the rights. If the beneficial owner so instructs, the nominee should complete the subscription certificate and submit it to the subscription agent, together with the proper payment described below under Payment for Shares.

Payment for Shares

Stockholders who acquire shares in the primary subscription or pursuant to the over-subscription privilege may choose between the following methods of payment:

(1) If, prior to [5:00 p.m.], Eastern daylight time, on the expiration date, the subscription agent has received a notice of guaranteed delivery by facsimile or otherwise from a bank, trust company or a NYSE member firm guaranteeing delivery of (a) payment of the full subscription price for the shares subscribed for in the primary subscription and any additional shares subscribed for through the over-subscription privilege and (b) a properly completed and executed subscription certificate, the subscription will be accepted by the subscription agent. The bank, trust company or NYSE member firm may charge you a fee for this service. The subscription agent will not honor a notice of guaranteed delivery if a properly completed and executed subscription certificate is not received by the subscription agent by the close of business on [ ], 2009.

(2) Alternatively, a record owner can send payment for the shares acquired in the primary subscription, together with the subscription certificate, to the subscription agent based on an estimated subscription price of $[ ] per share. To be accepted, such payment, together with the subscription certificate, must be received by the subscription agent prior to [5:00 p.m.], Eastern daylight time, on the expiration date.

If the second method described above is used, payment by check must accompany any subscription certificate for the subscription certificate to be accepted.

If the market price of the Fund s common stock is below the subscription price, it may not be in your interest to participate in this offering. You will have no right to rescind your subscription after receipt of your payment for shares by the subscription agent, except as provided below under Notice of Net Asset Value Decline/Possible Suspension or Withdrawal of the Offer.

The subscription agent will deposit all checks received by it prior to the final due date into a segregated interest bearing and insured account at a non-affiliated bank pending distribution of the shares. Interest will accrue to the benefit of the Fund regardless of whether shares are issued by the Fund.

The method of delivery of subscription certificates and payment of the subscription price to the Fund will be at your election and risk, but, if sent by mail, we recommend that you send the subscription certificates and payment by registered mail, properly insured with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the Fund prior to [5:00 p.m.], eastern daylight time, on the expiration date. The Fund reserves the right not to accept your payment if payment is not received in a timely fashion. You are therefore strongly encouraged to pay, or arrange for payment, by means of a certified or bank cashier s check.

A confirmation will be sent by the subscription agent to each stockholder (or, if the Fund s shares on the record date are held by a nominee, to such nominee) by ***[subscription deadline]***, 2009, showing:

- the number of shares acquired pursuant to the primary subscription;
- the number of shares, if any, acquired through the over-subscription privilege;
- the per share and total purchase price for the shares; and
- any additional amount payable by the stockholder to the Fund or any excess to be refunded by the Fund to the stockholder, in each case based on the subscription price as determined on the Pricing Date.

In the case of any stockholder who exercises his or her right to acquire shares pursuant to the over-subscription privilege, any excess payment which would otherwise be refunded to the stockholder will be applied by the Fund toward payment for additional shares acquired pursuant to exercise of the over-subscription privilege. Any additional payment required from a stockholder must be received by the subscription agent by ***[payment date]***, 2009. Any excess payment to be refunded by the Fund to a stockholder will be mailed by the subscription agent to such stockholder as promptly as possible after ***[payment date]***, 2009. All payments by a stockholder must be made in United States dollars by money order or check drawn on a bank located in the United States of America and payable to The India Fund, Inc.

Issuance and delivery of certificates for the shares purchased are subject to collection of checks and actual payment through any notice of guaranteed delivery.

If a stockholder who acquires shares pursuant to the primary subscription or over-subscription privilege does not make payment of all amounts due by ***[payment date]***, 2009, the Fund reserves the right, among other things, to:

- find other purchasers for such subscribed and unpaid shares; and/or
- apply any payment actually received by it toward the purchase of the greatest number of whole shares which could be acquired by such stockholder upon exercise of the primary subscription and/or over-subscription privilege.

All questions concerning the timeliness, validity, form and eligibility of any exercise of rights will be determined by the Fund, whose determinations will be final and binding. The Fund may, in its sole discretion, waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. The Fund will not be under any duty to give notification of any defect or irregularity in connection with the submission of subscription certificates or incur any liability for failure to give such notification.

Notice of Net Asset Value Decline/Possible Suspension or Withdrawal of the Offer

The Fund has, as required by the SEC, undertaken to suspend this offer until it amends this prospectus if, subsequent to the effective date of the Fund s Registration Statement, the Fund s net asset value declines more than 10% from its net asset value as of the effective date. Accordingly, the Fund will notify stockholders of any such decline and thereby permit them to cancel their exercise of rights.

Delivery of Share Certificates

Participants in the Fund s dividend reinvestment and cash purchase plan will have any shares acquired in the primary subscription and pursuant to the over-subscription privilege credited to their accounts in the plan. Stock certificates will not be issued for shares credited to plan accounts. Stockholders whose shares are held of record by a nominee on their behalf will have any shares acquired in the primary subscription and pursuant to the over-subscription privilege credited to the account of such nominee. For all other stockholders, the Fund will issue stock certificates for shares acquired through subscription only upon request made at the time of exercise of the rights. If a request is made, stock certificates will be mailed promptly after ***[payment date]***, 2009 and after full payment for the subscribed shares has been received and cleared. If a stockholder holds shares in more than one account, each account will be treated as a separate holder for purposes of the offer.

Restrictions on Foreign Stockholders

The Fund will not mail subscription certificates to stockholders whose record addresses are outside the United States. PNC Global Investment Servicing (U.S.) Inc. will hold the rights to which subscription certificates relate for foreign stockholders accounts until instructions are received to exercise the rights. If no instructions are received prior to the expiration date, which is ***[expiration date]***, 2009, the rights will expire. Foreign stockholders holding shares through a U.S. broker-dealer should contact the broker-dealer regarding this offer.

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United States Federal Income Tax Consequences of the Offer

Stockholders who receive rights pursuant to this offer will not recognize taxable income for United States federal income tax purposes upon their receipt of the rights. If rights issued to a stockholder expire without being exercised, no basis will be allocated to such rights, and the stockholder will not recognize any gain or loss for U.S. federal income tax purposes upon such expiration.

Provided that the fair market value of the rights distributed pursuant to this offer is less than 15% of the fair market value of the Fund s common stock at the time of distribution, the tax basis of a stockholder s common stock will remain unchanged, and the stockholder s basis in the rights will be zero. A stockholder may, however, elect to allocate his basis in his common stock between his rights and common stock based on their relative fair market values on the date of distribution of the rights; this allocation is mandatory if the fair market value of the rights distributed pursuant to this offer is at least equal to 15% of the fair market value of the Fund s common stock at the time of distribution. A stockholder who exercises rights will not recognize any gain or loss for United States federal income tax purposes upon the exercise. The basis of the newly acquired common stock will equal the subscription price paid for the common stock plus the basis allocated to the rights that are exercised, if any. Upon a sale or exchange of the common stock so acquired, the stockholder will recognize gain or loss measured by the difference between the proceeds of the sale or exchange and the cost basis of such common stock. Assuming the stockholder holds the common stock as a capital asset, any gain or loss realized upon its sale will generally be treated as a capital gain or loss, and the gain or loss will be long-term capital gain or loss if the common stock has a holding period of more than one year at the time of the sale. However, any loss recognized upon the sale of shares of common stock with a tax holding period of six months or less will be treated as a long-term capital loss to the extent of any capital gain distribution previously received or deemed received by the stockholder with respect to such shares, and a loss may be disallowed under wash sale rules to the extent that the stockholder purchases additional common stock (including by reinvestment of distributions) within 30 days before or after the sale date. The holding period for common stock acquired upon the exercise of rights will begin on the date of exercise of the rights.

The foregoing is a summary of certain U.S. federal income tax consequences of this offer under the provisions of the Internal Revenue Code and applicable existing and proposed regulations thereunder, all as currently in effect and all subject to change at any time, perhaps with retroactive effect. It does not include any state, local or foreign tax consequences of this offer. This summary is generally applicable to stockholders that are United States persons as defined in the Internal Revenue Code. Further, this summary is not intended to be, nor should it be, construed as legal or tax advice, and stockholders are urged to consult their own tax advisors to determine the tax consequences to them of this offer and their ownership of rights and common stock.

Dilution

As a result of this offer, you will incur immediate economic dilution, and, if you do not exercise all of your rights, you may incur dilution of ownership, voting rights and your share of any distributions made by the Fund.

You should expect that you will, at the completion of this offer, experience immediate dilution of net asset value per share because the subscription price will be less than the net asset value per share, and the number of shares outstanding after the offer will have increased proportionately more than the increase in the size of the Fund s net assets. This dilution of net asset value will disproportionately affect stockholders who do not exercise their rights. In addition, whether or not you exercise your rights, you will experience a dilution of net asset value because you will indirectly bear the expenses of this offer, which include, among other items, SEC registration fees, state blue sky qualification fees, printing expenses and the fees assessed by service providers (including the cost of the Fund s counsel and accountants). We cannot state precisely the amount of any decrease because we do not know at this time how many shares will be subscribed for or what the net asset value per share will be at the pricing date. For example, assuming (i) a net asset value of $[ ] [million] (the Fund s approximate net asset value on ***[recent date]***, 2009), (ii) a subscription price of $[ ] (which is [ ]% of the Fund s approximate net asset value per share on ***[recent date]***, 2009) and (iii) that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege, the Fund s net asset value per share (after payment of estimated expenses) would be reduced by approximately $[ ] per share. As of ***[recent date]***, 2009, the Fund s net asset value per share was $[ ].

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In addition to the economic dilution described above, if you do not exercise all of your rights, you may incur dilution of ownership and voting rights, as well as dilution of your share of any distributions made by the Fund, as a result of this offer. This dilution may occur because you could own a smaller interest in the Fund after the offer than you owned prior to the offer. If you do not submit a subscription request pursuant to the over-subscription privilege, you may also experience dilution in your Fund ownership if the Fund offers additional shares for subscription.

USE OF PROCEEDS

We estimate the net proceeds of this offer to be approximately $[ ]. If the Fund increases the number of shares subject to subscription by 25%, then the total net proceeds of the offer will be approximately $[ ]. These figures assume all rights are exercised in full, a subscription price of $[ ], and payment of offering expenses of approximately $[ ].

The offering is designed to raise funds to be invested consistent with the Fund s investment objectives and policies. The Investment Manager anticipates that investment of the net proceeds of this offer in accordance with the Fund s investment goal and policies may take up to six months from their receipt by the Fund depending on market conditions and the availability of appropriate securities. See Risk Factors Risks Related to the Fund s Operations. Pending investment, the net proceeds of this offer will be held in the types of short- term debt securities and instruments in which the Fund may invest. See Investment Objective and Policies. As a result of this short-term investment of the proceeds, a lower yield may be realized.

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of the Fund is long-term capital appreciation, which it seeks to achieve by investing primarily in the equity securities of Indian companies. Equity securities include common and preferred stock (including convertible preferred stock), American, global or other types of depositary receipts, or ADRs, convertible bonds, notes and debentures, equity interests in trusts, partnerships, joint ventures or similar enterprises and common stock purchase warrants and rights. Most of the equity securities purchased by the Fund are expected to be traded on an Indian stock exchange or in an Indian over-the-counter market.

The Fund s investment objective and its policy to invest, under normal market conditions, at least 80% of its total assets in equity securities of Indian companies are fundamental policies of the Fund that may not be changed without the approval of a majority of the Fund s outstanding voting securities. See Investment Restrictions.

Portfolio Structure

Under normal market conditions, at least 80% of the Fund s total assets are invested in equity securities of Indian companies. Indian companies include companies that:

- are organized under the laws of India,
- regardless of where organized, derive at least 50% of their revenues or profits from goods produced or sold, investments made, or services performed, in India, or have at least 50% of their assets in India, or
- have securities which are traded principally on any Indian stock exchange or in the Indian over-the-counter market.

Up to 20% of the Fund s total assets may be invested, subject to certain restrictions, in:

equity securities of companies (other than companies considered Indian companies under the above criteria), regardless of where organized, which the Investment Manager believes derive, or will derive, at least 25% of their revenues from business in or with India, or have at least 25% of their assets in India,

debt securities denominated in Indian rupees or issued or guaranteed by an Indian company, the Government of India or an Indian governmental entity, and

debt securities of the type described below under Temporary Investments. We refer to these securities as temporary investments.

Up to 20% of the Fund s assets may also be utilized to purchase and sell options on securities, financial futures, fixed income indices and other financial futures contracts, enter into interest rate transactions and to enter into currency transactions, sell securities short and loan portfolio securities. The Fund will only invest in such assets in order to hedge against financial risks. The Fund will not be obligated, however, to do any hedging and makes no representation as to the availability of these techniques at this time or at any time in the future. See Risk Factors Risks Related to the Fund s Operations The Fund s ability to successfully hedge against financial risks may adversely affect the Fund s net asset value and Additional Investment Activities Hedging.

The Fund s assets may be invested in debt securities, other than temporary investments, when the Investment Manager believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such securities offer opportunities for long-term capital appreciation. The Fund may invest up to 100% of its assets in temporary investments for temporary defensive purposes due to political, market or other factors affecting markets in India.

The Fund may invest in investment funds that invest at least 80% of their total assets in the equity securities of Indian companies in which the Fund is authorized to invest. The Fund may invest in investment funds as a means of investing in other equity securities in which the Fund is authorized to invest when the Investment Manager believes that such investments may be more advantageous to the Fund than a direct market purchase of such securities. Under the 1940 Act, the Fund is restricted in the amount it may invest in such funds. See Additional Investment Activities Investment Funds.

The Fund may invest its assets in a broad spectrum of industries. In selecting industries and companies for investment, the Investment Manager will consider overall growth prospects, financial condition, competitive position, technology, research and development, productivity, labor costs, raw material costs and sources, profit margins, return on investment, structural changes in local economies, capital resources, the degree of government regulation or deregulation, management and other factors. See Investment Restrictions.

While the Fund invests a substantial portion of its assets in the securities of established Indian companies, it also may invest in the securities of less seasoned and smaller and mid-capitalization Indian companies. There are risks associated with investments in securities of small and medium capitalization companies that are not customarily associated with investments in securities of more established and larger capitalized companies. Although the opportunities for growth may be greater with these companies, they also involve greater risks. For example, they are more susceptible to abrupt and erratic price movements and adverse general market and economic developments, and it may be more difficult to obtain information about these companies because they tend to be less well known and followed by fewer securities analysts. See Risk Factors-Risks Related to the Fund s Operations-Investments in unseasoned and small and mid-capitalization Indian companies may expose the Fund to greater investment risk.

Temporary Investments

The Fund may hold and/or invest its assets in cash and/or temporary investments for cash management purposes, pending investment in accordance with the Fund s investment objective and policies and to meet operating expenses. In addition, the Fund may take a temporary defensive posture and invest without limitation in temporary investments. The Fund may assume a temporary defensive posture when, due to political, market or other factors broadly affecting markets, the Investment Manager determines that either opportunities for capital appreciation in those markets may be significantly limited or that significant diminution in value of the securities traded in those markets may occur. To the extent that the Fund invests in temporary investments, it may not achieve its investment objective.

Specifically, temporary investments are debt securities denominated in U.S. dollars or in another freely convertible currency including:

short-term (less than 12 months to maturity) and medium-term (not greater than five years to maturity) obligations issued or guaranteed by:

- the U.S. government or the Indian government or their agencies or instrumentalities, or
- international organizations designated or supported by multiple foreign governmental entities to promote economic reconstruction or development;

finance company obligations, corporate commercial paper and other short-term commercial obligations, in each case rated, or issued by companies with similar securities outstanding that are rated, Prime-1 or A or better by Moody s Investors Service, Inc. or A-1 or A or better by Standard & Poor s Ratings Services, a division of the McGraw Hill Companies, Inc., or, if unrated, of comparable quality as determined by the Investment Manager;

obligations (including certificates of deposit, time deposits, demand deposits and bankers acceptances) of banks, subject to the restriction that the Fund may not invest more than 25% of its total assets in bank securities; and

repurchase agreements with respect to securities in which the Fund may invest. The banks whose obligations may be purchased by the Fund and the banks and broker-dealers with which the Fund may enter into repurchase agreements include any member bank of the U.S. Federal Reserve System and any broker-dealer or any foreign bank that has been determined by the Investment Manager to be creditworthy.

Repurchase agreements are contracts pursuant to which the seller of a security agrees at the time of sale to repurchase the security at an agreed upon price and date. When the Fund enters into a repurchase agreement, the seller will be required to maintain the value of the securities subject to the repurchase agreement, marked to market daily, at not less than their repurchase price. Repurchase agreements may involve risks in the event of insolvency or other default by the seller, including possible delays or restrictions upon the Fund s ability to dispose of the underlying securities.

Other Investments

Illiquid securities. The Fund may invest up to 20% of its total assets in illiquid securities for which there may be no or only a limited trading market and for which a low trading volume of a particular security may result in abrupt and erratic price movements. The Fund does not currently intend to invest in privately placed securities other than those where no term, other than price and payment terms, is negotiated. The Fund may be unable to dispose of its holdings in illiquid securities at then-current market prices and may have to dispose of such securities over extended periods of time. See Risk Factors-Risks Related to the Fund s Operations The Fund s investments in illiquid securities may restrict its ability to dispose of its investments in a timely fashion and at a price approximating the value at which the Fund carries the securities on its books. In some cases, illiquid securities will be subject to contractual or legal restrictions on transfer. In addition, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded.

Rule 144A securities. The Fund may purchase certain restricted securities, or Rule 144A securities, for which there is a secondary market of qualified institutional buyers, as contemplated by Rule 144A under the 1933 Act. Rule 144A provides an exemption from the registration requirements of the 1933 Act for the resale of certain restricted securities to qualified institutional buyers. One effect of Rule 144A is that certain restricted securities may now have liquidity, though there is no assurance that a liquid market for Rule 144A securities will develop or be maintained. To the extent that the number of qualified institutional buyers is reduced, a previously liquid Rule 144A security may be determined to be illiquid, thus increasing the percentage of illiquid assets in the Fund s portfolio. The Board of Directors has adopted policies and procedures for the purpose of determining whether securities that are eligible for resale under Rule 144A are liquid or illiquid securities. Pursuant to those policies and procedures, the Board of Directors has delegated to the Investment Manager the determination as to whether a particular security is liquid or illiquid.

Convertible securities. A convertible security is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest generally paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have several unique investment characteristics such as:

- higher yields than common stocks but lower yields than comparable nonconvertible securities;

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a lesser degree of fluctuation in value than the underlying stock since they have fixed income characteristics; and

the potential for capital appreciation if the market price of the underlying common stock increases.

A convertible security might be subject to redemption at the option of the issuer at a price established in the convertible security s governing instrument. If a convertible security held by the Fund is called for redemption, the Fund may be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party.

In selecting convertible debt securities for the Fund, the following factors, among others, may be considered by the Investment Manager:

the creditworthiness of the issuers of the securities;

the interest income generated by the securities;

the potential for capital appreciation of the securities and the underlying stock;

the conversion prices of the securities relative to the underlying stocks; and

the conversion prices of the securities relative to other comparable securities.

Warrants. The Fund may invest in warrants, which are securities permitting but not obligating their holder to subscribe for other securities. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holder to purchase, and they do not represent any rights in the assets of an issuer. As a result, an investment in warrants may be considered more speculative than certain other types of investments. In addition, the value of a warrant does not necessarily change with the value of the underlying securities, and a warrant ceases to have value if it is not exercised prior to its expiration date.

Equity-linked debt securities. The Fund may invest in equity-linked debt securities. The amount of interest and/or principal payments that an issuer of equity-linked debt securities is obligated to make is linked to the performance of a specified index of equity securities and may be significantly greater or less than payment obligations in respect of other types of debt securities. As a result, an investment in equity-linked debt securities may be considered more speculative than other types of debt securities. In selecting equity-linked debt securities for the Fund, the Investment Manager may consider, among other factors, the creditworthiness of the issuers of the securities and the volatility of the index of equity securities.

ADDITIONAL INVESTMENT ACTIVITIES

In addition to the investment policies discussed above, the Fund may engage in certain additional investment activities. These activities may be limited by Indian law or regulations.

Hedging

The Fund is authorized to use various hedging and investment strategies. From time to time and as permitted by the 1940 Act, the Fund may engage in certain hedging activities described below to hedge various market risks (such as broad or specific market movements and interest rates and currency exchange rates).

In addition, techniques and instruments may change over time as new instruments and strategies are developed or regulatory changes occur. Limitations on the portion of the Fund s assets that may be used in connection with the investment strategies described below are set out in Appendix A: General Characteristics and Risks of Hedging.

Subject to the constraints described above, the Fund may purchase and sell interest rate, currency or stock index futures contracts and enter into currency forward contracts and currency swaps. It may purchase and sell (or write) exchange listed and over-the-counter put and call options on debt and equity securities, currencies, futures contracts, fixed income and stock indices and other financial instruments. And it may enter into interest rate transactions, equity swaps and related transactions and other similar transactions that may be developed to the extent the Investment Manager determines are consistent with the Fund s investment objective and policies and applicable regulatory requirements. The Fund s futures transactions will be entered into for hedging purposes. There is, however, no limit on the Fund s assets that can be put at risk through the use of futures contracts and options thereon, and the value of the Fund s futures contracts and options thereon may equal or exceed 100% of the Fund s total assets. The Fund s interest rate transactions may take the form of swaps, caps, floors and collars, currency forward contracts, currency futures contracts, currency swaps and options on currency or currency futures contracts.

Hedging may be used to attempt to protect against possible changes in the market value of securities held in or to be purchased for the Fund s portfolio resulting from securities markets or currency exchange rate fluctuations, to protect the Fund s unrealized gains in the value of its portfolio securities, to facilitate the sale of those securities for investment purposes, to manage the effective maturity or duration of the Fund s portfolio or to establish a position in the derivatives markets as a temporary substitute for purchasing or selling particular debt or equity securities. The ability of the Fund to utilize hedging successfully will depend on the Investment Manager s ability to predict pertinent market movements, and this ability cannot be assured. These skills are different from those needed to select portfolio securities. The use of hedging in certain circumstances will require that the Fund segregate cash, U.S. government securities or other liquid debt obligations to the extent the Fund s obligations are not otherwise covered through ownership of the underlying security, financial instrument or currency.

A detailed discussion of hedging, including applicable requirements of the U.S. Commodity Futures Trading Commission, the requirement to segregate assets with respect to these transactions and special risks associated with such strategies, appears in this prospectus as Appendix A: General Characteristics and Risks of Hedging. See also Risk Factors Risks Related to the Fund s Operations The Fund s ability to successfully hedge against financial risks may adversely affect the Fund s net asset value.

When-Issued and Delayed Delivery Securities

The Fund may purchase securities on a when-issued or delayed delivery basis. Securities purchased on a when-issued or delayed delivery basis are purchased for delivery beyond the normal settlement date at a stated price. No income accrues to the purchaser of a security on a when-issued or delayed delivery basis prior to delivery. Such securities are recorded as an asset and are subject to changes in value based upon changes in market prices. Purchasing a security on a when-issued or delayed delivery basis can involve a risk that the market price at the time of delivery may be lower than the agreed-upon purchase price, in which case there could be an unrealized loss at the time of delivery. The Fund will only make commitments to purchase securities on a when-issued or delayed delivery basis with the intention of actually acquiring the securities, but it may sell them before the settlement date if it is deemed advisable. The Fund generally will establish a segregated account in which it will maintain liquid assets in an amount at least equal in value to the Fund s commitments to purchase securities on a when-issued or delayed delivery basis. If the value of these assets declines, the Fund will place additional liquid assets in the account on a daily basis so that the value of the assets in the account is equal to the amount of such commitments. As an alternative, the Fund may elect to treat when-issued or delayed delivery securities as senior securities representing indebtedness, which are subject to asset coverage requirements under the 1940 Act. See Investment Restrictions.

Loans of Portfolio Securities

The Fund may lend portfolio securities. By doing so, the Fund attempts to earn income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Fund could experience delays in recovering the securities that it lent. To the extent that, in the meantime, the value of the securities that the Fund has lent has increased, the Fund could experience a loss.

The Fund may lend securities from its portfolio if liquid assets in an amount at least equal to the current market value of the securities lent (including accrued interest thereon) plus the interest payable to the Fund with respect to the loan is maintained by the Fund in a segregated account. Any securities that the Fund may receive as collateral will not become a part of its portfolio at the time of the loan and, in the event of a default by the borrower, the Fund will, if permitted by law, dispose of such collateral except for such part thereof that is a security in which the Fund is permitted to invest. During the time that securities are on loan, the borrower will pay the Fund any accrued income on those securities, and the Fund may invest the cash collateral and earn additional income or receive an agreed-upon fee from a borrower that has delivered cash equivalent collateral. Cash collateral received by the Fund will be invested in securities in which the Fund is permitted to invest. The value of securities lent will be marked to market daily. Portfolio securities purchased with cash collateral are subject to possible depreciation. Loans of securities by the Fund will be subject to termination at the Fund s or the borrower s option. The Fund may pay reasonable negotiated fees in connection with loaned securities, so long as such fees are set forth in a written contract and approved by the Fund s Board of Directors.

SEBI has, in a press release dated October 20, 2008 in respect of offshore stock lending activities by an FII, stated that it disapproves of the overseas lending and borrowing activities of FIIs and the consequent selling pressure in the cash market in India. SEBI has communicated this disapproval to the FIIs. Consequently, the lending and borrowing activities of FIIs are being monitored and if necessary stronger measures may be taken by SEBI as considered appropriate, which may include the imposition of further restrictions or reporting requirements on an FII

Investment Funds

The Fund may invest in investment funds, other than those for which the Investment Manager or Country Adviser serve as investment adviser or sponsor and which invest principally in securities in which the Fund is authorized to invest. Under the 1940 Act, the Fund may invest a maximum of 10% of its total assets in the securities of other investment companies. In addition, the Fund may not invest more than 5% of its total assets in the securities of any one investment company, and it may not invest in any investment company if it would own more than 3% of the outstanding voting stock of that company. To the extent that the Fund invests in other investment funds, the Fund s stockholders will incur certain duplicative fees and expenses, including investment advisory fees.

Short Sales

Although the Fund does not presently do so or intend to do so to any significant extent, the Fund may from time to time sell securities short. A short sale is a transaction in which the Fund would sell securities it does not own but has borrowed. In the event the Fund elects to sell securities short, the Fund s intention would be to seek to take advantage of decreases in the market prices of securities in order to increase the Fund s return on its investments. When the Fund makes a short sale, the proceeds it receives from the sale will be held on behalf of a broker until the Fund replaces the borrowed securities. To deliver the securities to the buyer, the Fund will need to arrange through a broker to borrow the securities, and, in so doing, the Fund will become obligated to replace the securities borrowed at their market price at the time of replacement, whatever that price may be. The Fund may have to pay a premium to borrow the securities and must pay any dividends or interest payable on the securities until they are replaced.

The Fund s obligation to replace the securities borrowed in connection with a short sale will be secured by collateral deposited with the broker that consists of cash, U.S. government securities or other liquid debt obligations. In addition, the Fund will place in a segregated account with its custodian, or designated sub-custodian, an amount of cash, U.S. government securities or other liquid debt obligations equal to the difference, if any, between the market value of the securities sold at the time they were sold short and any cash, U.S. government securities or other liquid obligations deposited as collateral with the broker in connection with the short sale (not including the proceeds of the short sale). Until it replaces the borrowed securities, the Fund will maintain the segregated account daily at a level so that the amount deposited in the account plus the amount deposited with the broker (not including the proceeds from the short sale) will equal the current market value of the securities sold short and the amount deposited in the account plus the amount deposited with the broker (not including the proceeds from the short sale) will not be less than the market value of the securities at the time they were sold short.

Short sales by the Fund involve certain risks and special considerations. Possible losses from short sales differ from losses that could be incurred from a purchase of a security because losses from short sales may be unlimited whereas losses from purchases can equal only the total amount invested.

Further, SEBI issued a circular on December 20, 2007, which permits all classes of investors to engage in short selling of securities subject to the broad framework specified by SEBI. SEBI set April 21, 2008 as the date of implementation of the short selling of securities and securities lending and borrowing scheme. In addition, the stock exchanges have also stipulated certain procedural requirements, including entering into appropriate agreements for this purpose. Further, the RBI has by its circular dated December 31, 2007 permitted FIIs/ sub-accounts to short sell, lend and borrow equity shares of Indian companies subject to certain condition prescribed in the said circular.

The custodian of the Fund in India would be required to separately report all transactions pertaining to short selling of equity shares and lending and borrowing in India of equity shares by the Fund in its daily reporting with a suitable remark (short sold / lent / borrowed equity shares) for the purpose of monitoring by the RBI.

Leverage

Although the Fund does not presently do so or intend to do so to any significant extent, the Fund may utilize leverage by borrowing or by issuing preferred stock or short-term debt securities in an amount up to 25% of the Fund s total assets. Borrowings may be secured by the Fund s assets. Temporary borrowings in an additional amount of up to 5% of the Fund s total assets may be made without regard to the foregoing limitation for temporary or emergency purposes such as clearance of portfolio transactions, share repurchases and payment of dividends.

Leverage by the Fund creates an opportunity for increased return but, at the same time, creates special risks. For example, leverage may exaggerate changes in the net asset value of the common stock and in the return on the Fund s portfolio. Although the principal of any leverage will be fixed, the Fund s assets may change in value during the time the leverage is outstanding. Leverage will create expenses for the Fund that can exceed the income from the assets acquired with the proceeds of the leverage. All expenses associated with leverage would be borne by common stockholders. Furthermore, an increase in interest rates could reduce or eliminate the benefits of leverage and could reduce the value of the Fund s common stock.

The Fund also may enter into reverse repurchase agreements with any member bank of the U.S. Federal Reserve System and any broker-dealer or any foreign bank that has been determined by the Investment Manager to be creditworthy. Under a reverse repurchase agreement, the Fund would sell securities and agree to repurchase them at a mutually agreed upon date and price. At the time the Fund enters into a reverse repurchase agreement, it may establish and maintain a segregated account with its custodian or a designated sub- custodian that contains cash, U.S. government securities or other liquid debt obligations that have a value not less than the repurchase price (including accrued interest). Reverse repurchase agreements involve the risk that the market value of the securities purchased with the proceeds of the sale of securities received by the Fund may decline below the price of the securities that the Fund is obligated to repurchase. In the event that the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund s obligations to repurchase the securities, and the Fund s use of proceeds of the reverse repurchase agreement may effectively be restricted pending the decision. Reverse repurchase agreements will be treated as borrowings for purposes of calculating the Fund s borrowing limitation to the extent the Fund does not establish and maintain a segregated account.

Asset Coverage Requirements

The 1940 Act requires the Fund to satisfy an asset coverage requirement of 300% of its indebtedness, including amounts borrowed, measured at the time that the Fund incurs the indebtedness. This requirement, which we refer to as the asset coverage requirement, means that the value of the Fund s total indebtedness may not exceed one-third of the value of its total assets (including such indebtedness), measured at the time the Fund incurs the indebtedness. The staff at the SEC s Division of Investment Management has taken the position that short sales of securities, reverse repurchase agreements, use of margin, sales of put and call options on specific securities or indices, investments in certain other types of instruments (including certain derivatives, such as swap agreements) and the purchase and sale of securities on a when-issued or forward commitment basis may be deemed to constitute indebtedness subject to the asset coverage requirement.

The SEC s staff has stated, however, that it will not deem a portfolio position involving these instruments to be subject to the asset coverage requirement if an investment company covers its position by segregating liquid securities on its books or in an account with its custodian in an amount sufficient to offset the liability associated with the position. Generally, in conjunction with portfolio positions that are deemed to constitute senior securities, the Fund must:

observe the asset coverage requirement;

maintain daily a segregated account in cash or liquid securities at such a level that the amount segregated plus any amounts pledged to a broker as collateral will equal the current value of the position; or

otherwise cover the portfolio position with offsetting portfolio securities.

Segregation of assets or covering portfolio positions with offsetting portfolio positions may limit the Fund s ability to otherwise invest those assets or dispose of those securities. If the Fund were to issue preferred stock, the asset coverage requirement with respect to such preferred stock would be 200%.

INVESTMENT RESTRICTIONS

The following restrictions, along with the Fund s investment objective, its policy to invest at least 80% of the Fund s total assets in the equity securities of Indian companies under normal market conditions and its interval fund structure, are, subject to the next sentence, the Fund s only fundamental policies, that is, policies that cannot be changed without the approval of the holders of a majority of the Fund s outstanding voting securities. In addition, as a matter of fundamental policy and notwithstanding any other fundamental investment policy or limitation, the Fund may invest all or a portion of its assets invested in India through a subsidiary, trust or other similar arrangement (including a branch) established by the Fund at any such time that the Board of Directors of the Fund determines that it is in the best interests of the Fund s stockholders. As used in here and otherwise in this prospectus, a majority of the Fund s outstanding voting securities means the lesser of (i) 67% of the shares represented at a meeting at which more than 50% of the outstanding shares are represented or (ii) more than 50% of the outstanding shares. The other policies and investment restrictions referred to in this prospectus are not fundamental policies of the Fund and may be changed by the Fund s Board of Directors without stockholder approval. If a percentage restriction set forth below is adhered to at the time a transaction is effected, later changes in any percentage resulting from any cause other than actions by the Fund will not be considered a violation.

Under its fundamental restrictions, the Fund may not:

purchase any securities that would cause 25% or more of the value of its total assets at the time of such purchase to be invested in securities of one or more issuers conducting their principal business activities in the same industry, except that there is no limitation with respect to investment in obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities;

issue senior securities or borrow money, except for (a) senior securities (including borrowing money, margin transactions if the margin securities are owned and entering into reverse repurchase agreements, or any similar transactions) not in excess of 25% of its total assets (including the amount borrowed) and (b) borrowings of up to 5% of its total assets (including the amount borrowed) for temporary or emergency purposes (including for the clearance of transactions, repurchase of its shares or payment of dividends), without regard to the amount of senior securities outstanding under clause (a) above. However, with respect to the above, the Fund s obligations under when-issued and delayed delivery and similar transactions and reverse repurchase agreements are not treated as senior securities if covering assets are appropriately segregated, and the use of hedging shall not be treated as involving the issuance of a senior security or a borrowing. Also, for purposes of clauses (a) and (b) above, the term total assets shall be calculated after giving effect to the net proceeds of senior securities issued by the Fund reduced by any liabilities and indebtedness not constituting senior securities, except for such liabilities and indebtedness as are excluded from treatment as senior securities by this second bullet. The Fund s obligations under interest rate, currency and equity swaps are not treated as senior securities;

purchase or sell commodities or commodity contracts, including futures contracts and options thereon, except that the Fund may engage in hedging, as described in the section titled Additional Investment Activities Hedging ;

make loans, except that: (1) the Fund may (a) purchase and hold debt instruments (including bonds, debentures or other obligations and certificates of deposit, bankers acceptances and fixed time deposits) in accordance with its investment objective and policies, (b) enter into repurchase agreements with respect to portfolio securities and (c) make loans of portfolio securities, as described under Additional Investment Activities Loans of Portfolio Securities in this prospectus; and (2) delays in the settlement of securities transactions will not be considered loans;

underwrite the securities of other issuers, except to the extent that, in connection with the disposition of portfolio securities, it may be deemed to be an underwriter;

purchase real estate, real estate mortgage loans or real estate limited partnership interests (other than securities secured by real estate or interests therein or securities issued by companies that invest in real estate or interests therein);

purchase securities on margin, except (1) as provided in the second bullet above and (2) (a) for delayed delivery or when-issued transactions, (b) such short-term credits as are necessary for the clearance of transactions and (c) margin deposits in connection with transactions in futures contracts, options on futures contracts, options on securities and securities indices and currency transactions); or

invest for the purpose of exercising control over the management of any company.

For purposes of the above restrictions on senior securities and as further described above under Additional Investment Activities Asset Coverage Requirements, the 1940 Act requires the Fund to satisfy an asset coverage requirement of 300% of its indebtedness, including amounts borrowed, measured at the time the Fund incurs the indebtedness. Short sales of securities, reverse repurchase agreements, use of margin, sales of put and call options on specific securities or indices, investments in certain other types of instruments (including certain derivatives, such as swap agreements) and the purchase and sale of securities on a when-issued or forward commitment basis may be deemed to constitute indebtedness subject to this requirement.

For purposes of the above restrictions on loans of portfolio securities and as further described under Additional Investment Activities Loans of Portfolio Securities, the Fund may make loans of portfolio securities if liquid assets in an amount at least equal to the current market value of the securities lent (including accrued interest thereon) plus the interest payable to the Fund with respect to the loan is maintained by the Fund in a segregated account.

RISK FACTORS

You should carefully consider the following risks and the other information in this prospectus before you decide to participate in this offer. The risks and uncertainties described below are not the only ones facing the Fund. Additional risks and uncertainties may also adversely affect and impair the Fund. If any of the following risks actually occur, the Fund s operations, results of operations and financial condition would likely suffer, which in turn could materially adversely affect your investment in the Fund.

Risks Relating to the Offer

As a result of this offer, you will incur immediate economic dilution, and, if you do not exercise all of your rights, you may incur dilution of ownership, voting rights and your share of any distributions made by the Fund.

You should expect that you will, at the completion of this offer, experience immediate dilution of net asset value per share because the subscription price will be less than the net asset value per share, and the number of shares outstanding after the offer will have increased proportionately more than the increase in the size of the Fund s net assets. This dilution of net asset value will disproportionately affect stockholders who do not exercise their rights. In addition, whether or not you exercise your rights, you will experience a dilution of net asset value because you will indirectly bear the expenses of this offer, which include, among other items, SEC registration fees, state blue sky qualification fees, printing expenses and the fees assessed by service providers (including the cost of the Fund s counsel and accountants). We cannot state precisely the amount of any decrease because we do not know at this time how many shares will be subscribed for or what the net asset value per share will be at the pricing date. For example, assuming (i) a net asset value of $[ ] [million] (the Fund s approximate net asset value on ***[recent date]***, 2009), (ii) a subscription price of $[ ] (which is [ ]% of the Fund s approximate net asset value per share on ***[recent date]***, 2009) and (iii) that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege, the Fund s net asset value per share (after payment of estimated expenses) would be reduced by approximately $[ ] per share. As of ***[recent date]***, 2009, the Fund s net asset value per share was $[ ].

In addition to the economic dilution described above, if you do not exercise all of your rights, you may incur dilution of ownership and voting rights, as well as dilution of your share of any distributions made by the Fund, as a result of this offer. This dilution may occur because you could own a smaller interest in the Fund after the offer than you owned prior to the offer. If you do not submit a subscription request pursuant to the over-subscription privilege, you may also experience dilution in your Fund ownership if the Fund offers additional shares for subscription.

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 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 holds primarily common stocks, the Fund s portfolio is subject to the possibility that common stock prices will decline over short or even extended periods. The Fund may remain substantially fully invested during periods when stock prices generally rise and also during periods when they generally decline. Moreover, as a holder of common stock, the Fund s rights to the assets of the companies in which it invests will be subordinated to such companies holders of preferred stock and debt in the event of a bankruptcy, liquidation or similar proceeding. Accordingly, if such an event were to occur to such a company in which the Fund invests, the Fund would be entitled to such a company s assets only after such company s preferred stockholders and debt holders have been paid. Risks are inherent in investments in equities, and Fund stockholders should be able to tolerate significant fluctuations in the value of their investment in the Fund.

In addition, the Fund may invest up to 20% of its assets in debt securities whose value will tend to decrease as interest rates rise.

The Fund is intended to be a long-term investment vehicle and is not designed to provide investors with a means of speculating on short-term stock market movements. Investors should not consider the Fund a complete investment program.

Risks Related to the Fund s Operations

Political, economic, social and other factors in India may adversely affect the Fund s performance.

An emerging market such as India has undergone and may continue to undergo rapid change and lack the social, political and economic stability of more developed countries. The value of the Fund s assets may be adversely affected by political, economic, social and religious factors, changes in Indian law or regulations and the status of India s relations with other countries. In addition, the economy of India may differ favorably or unfavorably from the U.S. economy in such respects as the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Agriculture occupies a more prominent position in the Indian economy than in the United States, and the Indian economy therefore is more susceptible to adverse changes in weather. The Indian government has exercised and continues to exercise significant influence over many aspects of the economy, and the number of public sector enterprises in India is substantial. Accordingly, Indian government actions in the future could have a significant effect on the Indian economy, which could affect private sector companies and the Fund, market conditions, and prices and yields of securities in the Fund s portfolio.

Since mid-1991, the Indian government has committed itself to implementing an economic structural reform program with the objective of liberalizing India s exchange and trade policies, reducing the fiscal deficit, controlling inflation, promoting a sound monetary policy, reforming the financial sector, and placing greater reliance on market mechanisms to direct economic activity. A significant component of the program is the promotion of foreign investment in key areas of the economy and the further development of, and the relaxation of restrictions in, the private sector. These policies have been coupled with the expressed intention to redirect the government s central planning function away from the allocation of resources and toward the issuance of indicative guidelines. While the government s policies have resulted in improved economic performance there can be no assurance that the economic recovery will be sustained. Moreover, there can be no assurance that these economic reforms will persist. There can be no assurance that the government will continue the program of economic liberalization of the last government which may adversely affect Indian laws and policies affecting foreign investment and currency exchange. In addition, economic growth in India is constrained by inadequate infrastructure, a cumbersome bureaucracy, corruption, labor market rigidities, regulatory and foreign investment controls, the reservation of key products for small-scale industries and high fiscal deficits. Such changes in economic policies, or lack of movement toward economic liberalization, could negatively affect the general business and economic conditions in India, which could in turn affect the Fund s investments.

Further, the economies of developing countries such as India generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The Indian economy also has been and may continue to be adversely affected by economic conditions in the countries with which it trades.

There is also the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war or terrorist attacks). All of these factors could adversely affect the economy of India, make the prices of Indian securities generally more volatile than the prices of securities of companies in developed markets and increase the risk of loss to the Fund.

The Indian population is comprised of diverse religious, linguistic and ethnic groups. Religious and border disputes persist in India. The longstanding grievances between the Hindu and Muslim populations resulted in communal violence during 1993 in the aftermath of the destruction of a mosque in Ayodhya by radical elements of the Hindu population. As recently as 2002, there has been communal violence between Hindus and Muslims in the western Indian state of Gujarat. Moreover, India has from time to time experienced civil unrest and hostilities with neighboring countries such as Pakistan. The Indian government has confronted separatist movements in several Indian states. The longstanding dispute with Pakistan over the border Indian state of Jammu and Kashmir, a majority of whose population is Muslim, remains unresolved. Moreover, in late November 2008, terrorists killed at least 164 people in a series of coordinated attacks around Mumbai. If the Indian government is unable to control the violence and disruption associated with these tensions, the results could destabilize the economy and, consequently, adversely affect the Fund s investments.

Since early 2003, there have also been military hostilities and civil unrest in Afghanistan, Iraq and other Asian countries. These events could adversely influence the Indian economy and, as a result, negatively affect the Fund s investments. See Appendix B: Republic of India.

Recent Developments in Financial Markets and Impact on the Fund.

Worldwide economic conditions have recently deteriorated significantly affecting the global financial markets and have caused significant reductions in available capital and liquidity from banks and other providers of credit, substantial reductions in equity and currency values in financial markets and extreme volatility in credit, equity and fixed income markets and general economic uncertainty. Conditions in the debt and equity capital markets in the United States and abroad have caused firms in the financial services sector to take significant losses relating to, among other things, subprime mortgages and the re-pricing of credit risk in the broadly syndicated loan market. While the economic crisis has not, at present, affected the Indian economy to the same extent as in the U.S. or European economies, the Indian economy and the Fund may be impacted in the future. The timing and nature of any recovery in the credit and financial markets remains uncertain, and there can be no assurance that market conditions will improve in the near future or that our results will not be materially and adversely affected.

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Indian securities markets are substantially smaller, less liquid and more volatile than securities markets in the United States.

There are over 20 recognized stock exchanges in India, including The Over the Counter Exchange of India. Most stock exchanges are governed by regulatory boards. The Stock Exchange, Mumbai, which we refer to as the BSE, and the National Stock Exchange of India Limited, which we refer to as the NSE, have nationwide trading terminals and, taken together, are the principal Indian stock exchanges in terms of the number of listed companies, market capitalization and trading volume. The regional exchanges have seen a steady drop in volumes since the introduction of screen based trading and the phase out of lending/borrowing (badla) system. The securities market in India is substantially smaller, less liquid and significantly more volatile than the securities market in the United States. At March 31, 2009, there were approximately 6,349 companies listed on the BSE and the NSE and the aggregate market capitalization of listed equity securities of these companies was approximately $610 billion. By comparison, on March 31, 2009, the global market capitalization of the New York Stock Exchange was approximately $10.0 trillion. The relatively small market capitalizations of, and trading values on, the BSE and NSE may cause the Fund s investments in securities listed on these exchanges to be comparatively less liquid and subject to greater price volatility than comparable U.S. investments.

Under current Indian law, only companies organized under the laws of India may list their securities on the Indian securities exchanges or over-the-counter markets, except for Indian depositary receipts. If we invest in Indian depositary receipts or if Indian law changes in this regard, the Fund would be able to invest in companies that are principally traded in India but which may be organized outside of India, which could subject the Fund to different risks of the country where they are organized. Similarly, Indian companies may have operations outside of India and, accordingly, may be subject to risks in the various countries where they have operations.

A high proportion of the shares of many Indian issuers are held by a limited number of persons, which may limit the number of shares available for investment by the Fund. In addition, further issuances, or the perception that such issuances may occur, of securities by Indian issuers in which the Fund has invested could dilute the earnings per share of the Fund s investment and could adversely affect the market price of such securities. Sales of securities by such issuer s major stockholders, or the perception that such sales may occur, may also significantly and adversely affect the market price of such securities and, in turn, the Fund s investment. A limited number of issuers represent a disproportionately large percentage of market capitalization and trading value. At March 31, 2009, the 10 largest companies by market capitalization accounted for approximately 37% of the aggregate market capitalization of the NSE. The limited liquidity of the Indian securities markets may also affect the Fund s ability to acquire or dispose of securities at the price and time that it desires.

Anticipation of this offering in the Indian securities markets may adversely influence the prices paid by the Fund in purchasing certain securities for its portfolio and may affect the speed with which the Fund can initially invest in Indian securities. In addition, the small trading volume concentrated in a limited number of the largest companies, combined with certain investment diversification requirements and other restrictions applicable to the Fund, also may affect the rate at which the Fund can initially invest. Accordingly, to the extent the Fund purchases securities at present levels, there may be greater risk that the value of such securities may decline.

Indian stock exchanges, including the BSE and the NSE, have in the past experienced substantial fluctuations in the prices of their listed securities. They have also experienced problems such as temporary exchange closures, broker defaults, settlement delays and broker strikes that, if they occur again in the future, could affect the market price and liquidity of the Indian securities in which the Fund invests. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Disputes have also occurred from time to time among listed companies, the stock exchanges and other regulatory bodies, and in some cases those disputes have had a negative effect on overall market sentiment.

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The foregoing factors could impede the ability of the Fund to effect portfolio transactions on a timely basis and could have an adverse effect on the net asset value of the Fund s shares of common stock and the price at which those shares trade.

Volatility of the Indian stock market may affect the value of the Fund s shares.

The stock market in India is volatile. Indian stocks, like those in other emerging markets, have a history of extreme volatility with sharp advances and rapid declines, which can be sudden and unpredictable. For example, Indian share prices declined by 65.1% in 2008, but increased by 54.6% in 2009 up to May 27 (as measured by MSCI India Index in U.S. dollars). As of May 27, 2009, Indian shares traded on a 14.7 times 12-month forward price-earnings ratio (consensus estimates provided by the Institutional Brokers Estimate System). Since November 1992, the historical valuation range is 7.1 times to 29.2 times. Since the value of the Fund s shares is sensitive to stock market volatility, if there is a decline in the value of exchange-listed stocks in India, the value of our common shares would also likely decline.

India has different corporate disclosure, governance and regulatory requirements than you may be familiar with in the United States.

In addition to their smaller size, lesser liquidity and greater volatility, Indian securities markets are less developed than U.S. securities markets. Disclosure and regulatory standards are in many respects less stringent than U.S. standards. Issuers in India are subject to accounting, auditing and financial standards and requirements that differ, in some cases significantly, from those applicable to U.S. issuers. In particular, the assets and profits appearing on the financial statements of an Indian issuer may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with U.S. generally accepted accounting principles. There is substantially less publicly available information about Indian issuers than there is about U.S. issuers.

There is less regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants than in the United States. Moreover, issuers of securities in India are not subject to the same degree of regulation as are U.S. issuers with respect to such matters as insider trading rules, tender offer regulation, stockholder proxy requirements and the timely disclosure of information. There is also less publicly available information about Indian companies than U.S. companies. See Appendix C: The Indian Securities Market.

Legal principles relating to corporate affairs and the validity of corporate procedures, directors fiduciary duties and liabilities and stockholders rights may differ from those that may apply in other jurisdictions. Stockholders rights under Indian law may not be as extensive as those that exist under the laws of the United States. The Fund may therefore have more difficulty asserting its rights as a stockholder of an Indian company in which it invests than it would as a stockholder of a comparable American company.

The Fund may have difficulty enforcing foreign judgments against Indian companies or their management.

The Indian companies in which the Fund invests are primarily limited liability companies incorporated under the laws of India. Generally, the directors, executive officers and a substantial portion of the assets of such companies are located in India. It may be difficult for the Fund to obtain a judgment in a court outside the United States to the extent that there is a default with respect to the security of an Indian issuer or with respect to any other claim that the Fund may have against any such issuer or its directors and officers. As a result, even if the Fund initiates a suit against the issuer in a U.S. court, it may not be possible for the Fund to effect service of process in India. Moreover, if the Fund obtains a judgment in a U.S. court, it may be difficult to enforce such judgment in India since the United States been not declared by the Government of India to be a reciprocating territory. A judgment of a court in a jurisdiction that is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is also required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered and any such amount may be subject to income tax in accordance with applicable laws.

Indian investment restrictions may hinder the Fund s investment program.

The Fund will invest in India as a sub-account of the Investment Manager, which is registered as a foreign institutional investor with SEBI. Generally, under SEBI regulations applicable to foreign institutional investors and subject to certain exceptions, total investments by foreign institutional investors and their sub-accounts, taken together, in the primary and secondary Indian markets may not exceed 24% of the equity capital or the value of each series of convertible debentures of any Indian company in which they invest. The ceiling would apply to the total holdings in any Indian Company of all foreign institutional investors and their sub-accounts collectively in a given Indian company. In addition, to this 24% overall investment limitation, no individual foreign institutional investor, together with its sub- accounts, may generally invest more than 10% of the equity capital of any Indian company. The ceiling would apply to the total holdings of foreign institutional investors collectively in an Indian company. The FII Regulations prescribe that each broad based foreign institutional investor investing on its own behalf or on the behalf of its sub-account (broad based) can invest up to 10% of the equity capital of an Indian company. A foreign corporate or individual sub-account can invest only up to 5% of the equity capital of an Indian company. Investments by the foreign institutional investor made in its own behalf would be registered in the name of the foreign institutional investor while investments by the sub-accounts in Indian securities may be registered in the name of either the foreign institutional investor or the sub-account.

In addition, a foreign institutional investor and its sub-accounts, may not, with certain exceptions, hold more than 30% of their total investments in the debt securities of Indian companies. However, SEBI may permit registration as a 100% debt FII / sub-account, in which the case the said 70% condition would not be applicable. However, pursuant to SEBI circular dated October 16, 2008, in order to provide flexibility to FIIs to allocate investments across equity and debt, SEBI has decided to do away with the abovementioned restrictions on the ratio of equity and debt investments. Please note that no formal amendments to the FII Regulations have been made in this regard. It may be noted that there are certain industry-wide ceilings for FII investments in debt and accordingly, investment in debt would be subject to available headroom (discussed below). It may be noted that debt securities under the FII Regulations are defined to include government securities, commercial papers and treasury bills. As per SEBI circular dated March 13, 2009, the cumulative debt investment limits for FIIs in corporate debt is $15 billion, out of which $8 billion will be allocated on an open bidding platform and the remaining limit will be allocated on a first come first serve basis, subject to a ceiling of Rs. 2.49 billion per registered entity. Pursuant to SEBI circular dated January 31, 2008, investments by FIIs in units of debt oriented mutual funds are considered as investments in corporate debt and are reckoned within the stipulated limit earmarked for FII investments in corporate debt. The applicable investment limit for FIIs and sub-accounts is up to $5 billion in government securities and treasury bills and $500 million for investment in innovative perpetual debt instruments issued by banks. These limits are monitored by SEBI across all FIIs.

Currently, the following types of derivatives contracts are traded on the NSE and BSE: (a) index futures; (b) index options; (c) single stock futures; (d) single stock options; (e) interest rate derivatives and (f) exchange traded currency derivatives. The position limits for FII/sub-accounts are prescribed by SEBI on the basis of the type of derivative contract, the type of underlying i.e. index, single stock, interest rate/fixed income) and entity (i.e. FII or sub-account). The position limits are computed on a gross basis at the FII level and on a net basis at the level of sub-accounts and proprietary positions. The open position for all derivative contracts is the open interest multiplied with the closing price of the respective underlying in the cash market. For a detailed description of the position limits applicable to sub-account investments in derivative contracts, see Investments in India Investments by Foreign Institutional Investors. Such position limits may restrict the ability of the Fund to invest in derivatives in India.

Foreign institutional investors are also limited in their ability to invest in certain industries, such as the banking sector, insurance sector, telecom sector etc. In such industries, there is often a ceiling on total foreign holdings, against which holdings of foreign institutional investors are counted. To the extent that the ceiling has been reached in that industry, further investment by foreign institutional investors may not be permitted. Further, pursuant to Press Note 2 of 2009 issued by the Department of Industrial Policy and Promotion (Ministry of Commerce and Industry),

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investments by foreign institutional investors is also included in the computation of indirect foreign investment in Indian companies. This may further restrict the ability of the Fund to invest in companies incorporated in India which operate in sectors that are subject to foreign investment caps.

Indian takeover regulations contain certain provisions that may delay, deter, or prevent a future takeover or change in control of Indian companies. For example, an acquirer who, along with persons acting in concert, acquires 15% or more of the shares or voting rights in a company is required to make a public announcement offering to acquire a further 20% of the shares of a company. In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the shares of the company. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of a postal ballot by the shareholders of the company. These provisions may discourage or prevent a third party from acquiring control of an Indian company, even if a change in control would result in the purchase of equity shares of such company at a premium to the market price or would otherwise be beneficial to the Fund. Further, certain reportings are required to be made upon crossing the prescribed thresholds under the Indian takeover regulations.

The due diligence that the Fund can conduct be limited by Indian regulations that restrict the ability to conduct inside due diligence on listed companies. Indian insider trading regulations prohibit any dealings in securities on the basis of unpublished price sensitive information. The Fund and others involved in the investments may violate the insider trading regulations if an investment decision is made based on unpublished price sensitive information obtained during the due diligence of a listed company and as result may not be able to make the investment. This restriction will impact the ability of the Fund to receive and analyze such information, which could adversely affect the quality and effectiveness of the due diligence. In addition, any dealings on the basis of unpublished price sensitive information may expose the recipient to insider trading charges.

Accordingly, the ability of the Fund to invest in certain companies may be restricted, and there can be no assurance that additional restrictions on investments permissible for foreign institutional investors will not be imposed in the future. There can be no assurance that the foreign institutional investor guidelines will not be applied or administered by Indian regulatory bodies or authorities or amended, clarified, interpreted by judicial or administrative ruling or superseded in the future in such a way that may adversely affect the Fund. For example, if Indian regulatory authorities determined that limitations on ownership by Restricted Persons are not being followed or the Fund ceasing to be a broad based fund as defined under the FII Regulations, they could take various actions, including among other things prohibiting the Fund from investing in Indian securities through the foreign institutional investor route, which could have a material adverse effect on the Fund. At present, foreign institutional investor and sub-account registrations are granted on a permanent basis subject to the payment of the prescribed fees every three years.

Validity of registration with SEBI.

The registration of the Fund as a sub-account is co-terminus with the Investment Manager s registration as a FII. Any cancellation of such FII registration will result in the cancellation of the sub-account registration. If the sub-account registration of the Fund is cancelled, it will adversely impact the investments made by the Fund and thereby the interests of the investors in the Fund. If the FII s status is lost, the Fund may, subject to compliance, register itself as a sub-account of another FII.

Foreign currency fluctuations could adversely affect the Fund s performance.

The Fund s assets will be invested principally in securities of Indian issuers and substantially all of the income received by the Fund will be in Indian rupees. However, the Fund will compute and distribute its income in U.S. dollars, and the computation of income will be made on the date that the income is earned by the Fund at the foreign exchange rate on that date. Therefore, if the value of the Indian rupee falls relative to the U.S. dollar between the earning of the income and the time at which the Fund converts the Indian rupees to U.S. dollars, the Fund may be required to liquidate securities in order to make distributions if the Fund has insufficient cash in U.S. dollars to meet distribution requirements. The liquidation of investments, if required, may have an adverse impact on the Fund s performance. See Taxation and Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan.

Since the Fund will invest primarily in securities denominated or quoted in Indian rupees, changes in the U.S. dollar-Indian rupee exchange rate will affect the dollar value of securities in the Fund s portfolio and the unrealized appreciation or depreciation of investments. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in the last two decades and may fluctuate substantially in the future. On an annual average basis, the Indian rupee declined against the U.S. dollar from 1980 until 2002. From April 1, 1999 until March 31, 2002, the rupee lost approximately 15% of value relative to the U.S. dollar. From April 1, 2002 until March 31, 2004, the value of the Indian rupee appreciated 12.5% in value relative to the U.S. dollar. Since 2004, the value of the rupee has fluctuated, depreciating approximately 6% against the U.S. dollar between March 31, 2004 and August 31, 2004, appreciating approximately 7% between August 31, 2004 and December 31, 2004, depreciating approximately 6% between December 31, 2004 and November 30, 2005, appreciating approximately 4% between November 30, 2005 and January 31, 2006. From February 1, 2006 until March 31, 2009, the value of the rupee has depreciated by approximately 15%.

Furthermore, the Fund may incur costs in connection with conversions between U.S. dollars and Indian rupees. Foreign exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell a foreign currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. The Fund will conduct its foreign currency exchange transactions either at the spot rate prevailing in the foreign currency exchange market or through entering into forward, futures or options contracts to purchase or sell foreign currencies, if available.

Exchange controls in India may restrict the Fund s ability to repatriate investment.

The ability of the Fund to invest in Indian securities, exchange Indian rupees into U.S. dollars and repatriate investment income, capital and proceeds of sales realized from its investments in Indian securities is subject to the Indian Foreign Exchange Management Act, 1999 and the rules, regulations and notifications issued thereunder. See Investment in India.

Under certain circumstances, such as a change in law or regulation or loss of foreign institutional investor authorization, governmental regulation or approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors may be required. In addition, there can be no assurance that the Indian government in the future, whether for purposes of managing its balance of payments or for other reasons, will not impose restrictions on foreign capital remittances abroad or otherwise modify the exchange control regime applicable to foreign institutional investors in such a way that may adversely affect the ability of the Fund to repatriate its income and capital. If for any reason the Fund is unable, through borrowing or otherwise, to distribute an amount equal to substantially all of its investment company taxable income (as defined for U.S. tax purposes, without regard to the deduction for dividends paid) within the applicable time periods, the Fund would cease to qualify for the favorable tax treatment afforded to regulated investment companies under the Internal Revenue Code.

In addition, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in India may be permitted through investment funds that have been specially authorized. The Fund may invest in these investment funds subject to the provisions of the U.S. Investment Company Act of 1940, as amended, as discussed above under Investment Objective and Policies-Portfolio Structure and Additional Investment Activities Investment Funds. If the Fund invests in investment funds, the Fund s stockholders will bear not only their proportionate share of the expenses of the Fund (including operating expenses and the fees of the Investment Manager), but also will indirectly bear similar expenses of the underlying investment funds.

Investments in unseasoned and small and mid-capitalization Indian companies may expose the Fund to greater investment risk.

While the Fund invests a substantial portion of its assets in the securities of established Indian companies, it also may invest in the securities of less seasoned and smaller and mid-capitalization Indian companies. Investments

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in the securities of these companies may present greater opportunities for growth but also involve greater risks than are customarily associated with investments in securities of more established and larger capitalized companies. The securities of less seasoned and smaller capitalized companies are often traded in the over-the-counter market and have fewer market makers and wider price spreads, which may in turn result in more abrupt and erratic market price movements and make the Fund s investments more vulnerable to adverse general market or economic developments than would investments only in large, more established Indian companies.

The Fund has not established any minimum capitalization or length of operating history for the smaller, less seasoned issuers in whose securities it may invest.

The Fund s investments in illiquid securities may restrict its ability to dispose of its investments in a timely fashion and at a price approximating the value at which the Fund carries the securities on its books.

The Fund may invest up to 20% of its total assets in illiquid securities. Illiquid securities are securities that are not readily marketable. The prices of such securities may change abruptly and erratically, and investment of the Fund s assets in illiquid securities may restrict the ability of the Fund to dispose of its investments in a timely fashion and at a price approximating the value at which the Fund carries the securities on its books, as well as restrict its ability to take advantage of market opportunities. The risks associated with illiquidity will be particularly acute in situations in which the Fund s operations require cash, such as when the Fund repurchases shares or pays dividends or distributions, and could result in the Fund borrowing to meet short-term cash requirements or incurring capital losses on the sale of illiquid investments. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded.

The concentration of the Fund s investments in specific economic sectors and related industries may expose it to greater risk of loss with respect to its portfolio securities.

From time to time, the Fund may invest a greater proportion of its assets in the securities of companies that are part of specific sectors and related industries of the Indian economy. For example, at March 31, 2009, the Fund maintained 19.72% of its total assets in the securities of Indian companies in the petroleum sector and related industries. The Fund is therefore subject to greater risk of loss with respect to its portfolio securities as a result of its concentration in such sectors and related industries.

A change in the Fund s tax status could adversely affect the Fund s return on its investments.

The Fund currently operates through a branch in the Republic of Mauritius to take advantage of favorable tax treatment by the Indian government pursuant to a taxation treaty between India and Mauritius. Recently, the Supreme Court of India upheld the validity of this tax treaty in response to a lower court challenge contesting the treaty s applicability to entities such as the Fund. Any change in the provision of this treaty or in its applicability to the Fund could result in the imposition of withholding and other taxes on the Fund by India, which would reduce the return to the Fund on its investments.

The Fund intends to elect to pass-through to the Fund s stockholders as a deduction or credit the amount of foreign taxes paid by the Fund. The taxes passed through to stockholders are included in each stockholder s income. Certain stockholders, including some non-U.S. stockholders, are not entitled to the benefit of a deduction or credit with respect to foreign taxes paid by the Fund. Other foreign taxes, such as transfer taxes, may be imposed on the

Fund, but would not give rise to a credit, or be eligible to be passed through to stockholders. See Taxation-U.S. Stockholders and Taxation-Mauritian Tax Status.

In addition, prior to Blackstone Advisors assuming management, the Fund may have failed to qualify to be taxed as a regulated investment company under Subchapter M of the Internal Revenue Code for the taxable year ended December 31, 2004. For the year ended December 31, 2005, a provision of $25,507,350 was made for U.S. federal income tax purposes as, at that time, it was unclear whether the Fund qualified to be taxed as a RIC under Subchapter M of the Code for the taxable year ended December 31, 2004. In order to preserve the Fund s tax status as a RIC under Subchapter M of the Code for the taxable year ended December 31, 2004, on April 20, 2006 the Fund distributed a deficiency dividend (within the meaning of Section 860 of the Internal Revenue Code) to shareholders in the amount of $1.07 per share, of which $0.95 per share was designated as a capital gain dividend. Under the deficiency dividend procedure, the maximum amount that the Fund will be obligated to pay to the Internal Revenue Service in interest and penalties is approximately $4,956,314. Accordingly, a reversal of $20,551,036 was made in 2006 to the prior year s tax provision. There can be no assurance that the Fund will be able to further reduce the liability. See Taxation The Fund.

The Fund s shares have traded and may trade in the future at a discount to net asset value.

Although the Fund s shares of common stock have recently traded on the NYSE at a premium to their net asset value, the Fund s shares have traded at a discount to their net asset value in the past. There can also be no assurance that the Fund s shares will trade at a premium in the future or that the present premium is sustainable. The Fund s shares have traded at discounts of as much as 40%.

Shares of closed-end investment companies frequently trade at a discount from their net asset values and initial offering price. This characteristic of shares of a closed-end fund is a risk separate and distinct from the risk that a fund s net asset value will decrease. The Fund cannot predict whether its own shares will trade at, below or above net asset value.

The Fund s interval fund structure involves certain risks and special considerations not typically associated with other closed-end funds.

The Fund has adopted an interval fund structure whereby the Fund conducts semi-annual repurchase offers for between 5% and 25% of the Fund s outstanding common stock. The Fund s required semi-annual repurchases are likely to continually decrease the overall size of the Fund, which could over time:

- harm investment performance in part by limiting the extent to which the Fund may pursue its investment strategies;
- increase the Fund s expense ratio as the Fund s assets decrease; and
- jeopardize the Fund s viability, investment opportunities and continued existence.

Moreover, there are additional risks associated with the Fund s repurchase offers, including that:

- if the repurchase offer is over-subscribed, stockholders may be unable to liquidate all or a given percentage of their investment at net asset value during the repurchase offer;
- because the Fund expects to liquidate portfolio securities in order to fund repurchase offers, the need to sell such securities may in turn affect the market for such securities and accordingly diminish the value of the Fund s investments;

share values may decrease as a result of fluctuations between the date of tender and the repurchase pricing date;

the repurchase offer may not eliminate any discount, if any, at which the Fund s shares trade; and

due to the potential for proration if the repurchase offer is over-subscribed, some investors may tender more shares than they wish to have repurchased in order to ensure the repurchase of a specific number of shares.

The decrease in the Fund s assets resulting from the semi-annual repurchase offers will likely offset in whole or in part the potential benefits to the Fund associated with having increased assets as a result of this offer.

See Semi-Annual Repurchases of Securities and Semi-Annual Repurchases of Securities-Fundamental Policy Regarding Semi-Annual Repurchase Offers.

The Fund s status as a non-diversified investment company may expose it to greater risk of loss with respect to its portfolio securities.

The Fund is classified as a non-diversified investment company under the 1940 Act, which means that the Fund is not limited in the proportion of its assets that may be invested in the obligations of a single issuer. The Fund, however, intends to comply with the diversification requirements imposed by the Internal Revenue Code for qualification as a regulated investment company. Because the Fund is not limited by the 1940 Act for diversification purposes, the Fund may invest a greater proportion of its assets in the securities of a smaller number of issuers and, as a result, will be subject to greater risk of loss with respect to its portfolio securities. See Taxation-The Fund and Investment Restrictions.

There are no fixed limitations regarding portfolio turnover.

Frequency of portfolio turnover is not a limiting factor if the Fund considers it advantageous to purchase or sell securities. The Fund anticipates that its annual portfolio turnover rate will not exceed 150%. For the year ended December 31, 2008, the Fund s portfolio turnover rate was 49.41%. A high rate of portfolio turnover involves correspondingly greater aggregate payments for brokerage commissions than a lower rate, which expenses must be borne by the Fund and its stockholders, while a lower rate of portfolio turnover involves correspondingly lower aggregate payments and stockholder expenses.

The extent to which the Fund invests in high yield/high risk and unrated debt may adversely affect the Fund s performance.

The Fund has not established any rating criteria for the debt securities in which it may invest and such securities may not be rated at all for creditworthiness. Securities rated in medium to low rating categories by nationally recognized statistical rating organizations and unrated securities of comparable quality, or high yield/high risk securities, are speculative with respect to the capacity to pay interest and repay principal in accordance with the terms of the security and generally involve a greater volatility of price than securities in higher rated categories. These securities are commonly referred to as junk bonds, and credit ratings issued with respect to such securities evaluate only the safety of principal and interest in respect of such securities and not the risk of change in market value. In purchasing such securities, the Fund will rely on the Investment Manager s analysis, judgment and experience in evaluating the creditworthiness of an issuer of such securities. The Investment Manager will take into consideration, among other things, the issuer s financial resources, its operating history, its sensitivity to economic conditions and trends, the quality of the issuer s management and regulatory matters.

The market values of high yield/high risk securities tend to reflect individual issuer developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates. Issuers of high yield/high risk securities may be highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risks associated with acquiring the securities of such issuers generally are greater than is the case with higher rated securities. For example, during a sustained period of rising interest rates or an economic downturn, issuers of high yield/high risk securities may be more likely to experience financial stress, especially if such issuers are highly leveraged. During such periods, service of debt obligations also may be adversely affected by the issuer s inability to meet specific projected business forecasts, specific issuer developments or the unavailability of additional financing. The risk of loss due to default by the issuer is significantly greater for the holders of high yield/high risk securities because such securities may be unsecured and may be subordinated to other creditors of the issuer.

High yield/high risk securities may have redemption or call features that would permit an issuer to repurchase the securities from the Fund. If a call were exercised by the issuer during a period of declining interest rates, the

Fund in all likelihood would have to replace the called securities with lower yielding securities, thus decreasing the net investment income to the Fund and dividends to stockholders.

The Fund may have difficulty disposing of certain high yield/high risk securities, as there may be a thin trading market for such securities. To the extent that a secondary trading market for high yield/high risk securities does exist, it is generally not as liquid as the secondary market for higher rated securities. Reduced secondary market liquidity may have an adverse impact on market price and the Fund s ability to dispose of particular issues when necessary to meet the Fund s liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for certain high yield/high risk securities may also make it more difficult for the Fund to obtain accurate market quotations for purposes of valuing the Fund s portfolio. Market quotations are generally available on many high yield/high risk securities only from a limited number of dealers and may not necessarily represent firm bids of such dealers of prices for actual sales. The Fund s Board of Directors or the Investment Manager will carefully consider the factors affecting the market for high yield/high risk securities in determining whether any particular security is liquid or illiquid and whether current market quotations are readily available. Adverse publicity and investor perceptions, which may not be based on fundamental analysis, also may decrease the value and liquidity of high yield/high risk securities, particularly in a thinly traded market. Factors adversely affecting the market value of high yield/high risk securities are likely to adversely affect the Fund s net asset value. In addition, the Fund may incur additional expenses to the extent it is required to seek recovery upon a default on a portfolio holding or to participate in the restructuring of the obligations.

The Fund s ability to successfully hedge against financial risks may adversely affect the Fund s net asset value.

The risks and special considerations of certain of the investment practices in which the Fund may engage are described under Investment Objective and Policies and Additional Investment Activities. Hedging involves special risks, including possible default by the other party to the transaction, illiquidity and, to the extent the Investment Manager s view as to certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if they had not been used. Use of put and call options could result in losses to the Fund, force the sale or purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, or cause the Fund to hold a security that it might otherwise sell. The use of currency transactions could result in the Fund s incurring losses as a result of the imposition of exchange controls, suspension of settlements or the inability to deliver or receive a specified currency. The use of options and futures transactions entails certain special risks. In particular, the variable degree of correlation between price movements of futures contracts and price movements in the related portfolio position of the Fund could create the possibility that losses on the hedging instrument will be greater than gains in the value of the Fund s position. In addition, futures and options markets could be illiquid in some circumstances, and certain over-the-counter options could have no markets. As a result, in certain markets, the Fund might not be able to close out a position without incurring substantial losses. To the extent that the Fund utilizes futures and options transactions for hedging, such transactions should tend to minimize the risk of loss due to a decline in the value of the hedged position and, at the same time, limit any potential gain to the Fund that might result from an increase in value of the position. There is, however, no limit on the amount of the Fund s assets that can be put at risk through the use of futures contracts and options thereon, and the value of the Fund s futures contracts and options thereon may equal or exceed 100% of the Fund s total assets. Finally, the daily variation margin requirements for futures contracts create a greater ongoing potential financial risk than would purchases of options, in which case the exposure is limited to the cost of the initial premium and transaction costs. Losses resulting from the use of hedging will reduce the Fund s net asset value, and possibly income, and the losses can be greater than if hedging had not been used. See Appendix A: General Characteristics and Risks of Hedging.

The extent to which the Fund utilizes leverage to hedge against financial risks may increase its expenses and adversely affect the Fund s performance.

Although the Fund has no present intention to do so to any significant extent, the Fund may utilize leverage by borrowing or by issuing preferred stock or short-term debt securities in an amount up to 25% of the Fund s total assets. Leverage by the Fund creates an opportunity for increased return but, at the same time, creates special risks.

For example, leverage may exaggerate changes in the net asset value of the common stock and in the return on the Fund s portfolio. Although the principal of any leverage will be fixed, the Fund s assets may change in value during the time the leverage is outstanding. Leverage will create expenses for the Fund that can, during any period, exceed the income from the assets acquired with the proceeds of the leverage. All expenses associated with leverage would be borne by common stockholders. Furthermore, an increase in interest rates could reduce or eliminate the benefits of leverage and could reduce the value of the Fund s securities. The Fund may also borrow by entering into reverse repurchase agreements, which will subject the Fund to additional market risk as well as credit risks with respect to the buyer of the securities under the agreement.

The anti-takeover provisions in the Fund s charter and amended and restated by-laws and certain provisions of Maryland law may limit your ability to sell your shares at a premium.

The Fund s charter and amended and restated by-laws and Maryland law contain certain anti-takeover provisions that, among other things, may have the effect of inhibiting the Fund s possible conversion to open-end status and delaying or limiting the ability of other persons to acquire control of the Fund. In certain circumstances, these provisions might also inhibit the ability of holders of common stock to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. The Fund s Board of Directors has determined that these provisions are in the best interests of the Fund and its stockholders.

The operating expenses of the Fund may be higher than investment companies that invest primarily in the securities of U.S. companies.

The Fund s estimated annual operating expenses may be higher than those of most other investment companies that invest predominately in the securities of U.S. companies, primarily because of the additional time and expense required of the Investment Manager and the Country Adviser in pursuing the Fund s objective of long-term capital appreciation through investing in equity securities of Indian companies. Investments in Indian equity securities require additional time and expense because the available public information regarding such securities is more limited in comparison to, and not as comprehensive as, the information available for U.S. equity securities. In addition, brokerage commissions, custodial fees and other fees are generally higher for investments in foreign securities markets. As a result of these higher expected operating expenses, the Fund needs to generate higher relative returns to provide investors with an equivalent economic return.

Future market disruptions resulting from terrorist attacks in the United States and elsewhere or U.S. military action abroad could negatively and adversely affect the market for the Fund s common stock.

The aftermath of the war with Iraq, instability in the Middle East and terrorist attacks in the United States and around the world may have a substantial impact on the U.S. and world economies and securities markets. The nature, scope and duration of the occupation of Iraq cannot be predicted with any certainty. Terrorist attacks closed some of the U.S. securities markets in 2001, and similar events cannot be ruled out in the future. The war and occupation, terrorism and related geopolitical risks have led, and may in the future lead to, increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. These risks may adversely affect individual issuers and securities markets, interest rates, secondary trading, ratings, investor psychology, credit risk, inflation and other factors relating to Fund s common shares. High-yield securities tend to be more volatile than higher rated securities so that these events and any actions resulting from them may have a greater impact on the prices and volatility of high yield securities than on higher rated securities.

MANAGEMENT OF THE FUND

The names of the Directors and principal officers of the Fund are set forth below, together with their positions with the Fund and their principal occupations during the past five years. None of the Fund s nonresident Directors has authorized an agent in the United States to receive notice.

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Directors considered by the Fund to be interested persons (as defined in the 1940 Act) of the Fund or of the Investment Manager:

Name, Address and Age	Position(s) Held with Fund	Length of Time Served; Term of Office	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Director (including the Fund)	Other Directorships Held by Nominee
Robert L. Friedman* The Blackstone Group 345 Park Avenue New York, N.Y. 10154 Birth Year: 1943	Director Chief Legal Officer and Vice President	Since 2009	Chief Legal Officer, The Blackstone Group L.P. (2003-Present); Senior Managing Director, The Blackstone Group L.P. (1999 Present)	2	TRW Automotive Holdings Corp., Axis Capital Holdings Ltd. and FGIC Corporation.
Prakash A. Melwani** The Blackstone Group 345 Park Avenue New York, NY 10154 Birth Year: 1958	Director and President	Since 2005	Senior Managing Director, Private Equity Group, The Blackstone Group L.P. (May 2003 Present); Founder and Chief Executive Officer, Vestar Capital Partners (1988 2003)	2	Pinnacle Foods Group L.L.C., Performance Foods Group LLC, RGIS Holdings L.L.C., Kosmos Energy L.L.C. and Ariel Holdings.

* Mr. Friedman is an interested person, as defined in the 1940 Act, because he serves as Chief Legal Officer of The Blackstone Group L.P., the parent of Blackstone Advisors.

** Mr. Melwani is an interested person , as defined in the 1940 Act, because he serves as President of the Fund.

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Directors considered by the Fund not to be interested persons (as defined in the 1940 Act) of the Fund or the Investment Manager:

Name, Address and Age	Position(s) Held with Fund	Length of Time Served; Term of Office	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen By Director (including the Fund)	Other Directorships Held by Nominee
Lawrence K. Becker c/o Blackstone Asia Advisors L.L.C. 345 Park Avenue New York, NY 10154 Birth Year: 1955	Director and Member of the Audit Committee and Nominating Committee	Since 2003	Private Investor, Real Estate Investment Management (July 2003 Present); Treasurer, France Growth Fund (2004 2008); Vice President, Controller/Treasurer , National Financial Partners (2000 2003); Managing Director, Controller/Treasurer, Oppenheimer Capital-PIMCO (1981 2000)	2	Member of Board of Trustees or Board of Managers of four registered investment companies advised by Advantage Advisers L.L.C. or its affiliates.
Leslie H. Gelb c/o Blackstone Asia Advisors L.L.C. 345 Park Avenue New York, NY 10154 Birth Year: 1937	Director and Member of the Audit Committee and Nominating Committee	Since 1994	President Emeritus, The Council on Foreign Relations (2003 Present); President, The Council on Foreign Relations (1993 2003); formerly Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, *The New York Times*	2	Director of 22 registered investment companies advised by Legg Mason Partners Fund Advisor, LLC and its affiliates.
J. Marc Hardy c/o Multiconsult Limited Rogers House 5, President John Kennedy Street P.O. Box 60 Port Louis, Mauritius	Director and Member of the Audit Committee and Nominating	Since 2002	Independent Financial Adviser, ACMS Fund Management Ltd. (November 2003-Present)	1	Director of Mauritius Development Investment Trust Co. Ltd and Hanover Reinsurance Ltd. Mauritius Ltd.

Birth Year: 1954	Committee				
Stephane R. F. Henry c/o Investment Professionals Limited 6th Floor Harbour Front John F. Kennedy Street Port Louis, Mauritius Birth Year: 1967	Director and Member of the Audit Committee and Nominating Committee	Since 2004	Managing Director, Investment Professionals Ltd., (1998 Present)	1	Director of Boyer Allan Asia Pacific Fund, Arisaig (Partners) Ltd. and Foreign Colonial India Ltd.
Luis F. Rubio c/o Blackstone Asia Advisors L.L.C. 345 Park Avenue New York, New York 10154 Birth Year: 1955	Director and Member of the Audit Committee and Nominating Committee	Since 1999	President, Centro de Investigacion para el Desarrollo, A.C. (Center of Research for Development) (2002 Present); frequent contributor of op-ed pieces to *The Wall Street Journal*	2	Member of Board of Trustees or Board of Managers of four registered investment companies advised by Advantage Advisers L.L.C. or its affiliates.
Jeswald W. Salacuse c/o Blackstone Asia Advisors L.L.C. 345 Park Avenue New York, N.Y. 10154 Birth Year: 1938	Director and Member of the Audit and Nominating Committees	Since 1993	Henry J. Braker Professor of Commercial Law, The Fletcher School of Law & Diplomacy, Tufts University (1986 Present); President, Arbitration Tribunal, ICSID, World Bank (2003-Present).	2	Director of 22 registered investment companies advised by Legg Mason Partners Fund Advisor, LLC and its affiliates.

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The following table provides information concerning the number and dollar range of equity securities owned beneficially by each Director as of December 31, 2008:

Name of Director	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director and Advised by Blackstone Advisors
Non-Interested Directors		
Lawrence K. Becker	None	None
Leslie H. Gelb	None	None
J. Marc Hardy	None	None
Stephane R.F. Henry	None	None
Luis F. Rubio	None	None
Jeswald W. Salacuse	$10,001 - $50,000	$10,001 - $50,000
Interested Directors		
Robert L. Friedman*	None	None
Prakash A. Melwani**	None	None

* Mr. Friedman is an interested person, as defined in the 1940 Act, because he serves as Chief Legal Officer of The Blackstone Group L.P., the parent of Blackstone Advisors.

** Mr. Melwani is an interested person , as defined in the 1940 Act, because he serves as President of the Fund.

As of December 31, 2008, the holdings of no Director or executive officer, nor the Directors and executive officers of the Fund as a group, represented more than 1% of the outstanding shares of the Fund s common stock. During calendar years 2007 and 2008, no Director who is not an interested person of the Fund (as defined in the 1940 Act) nor any immediate family member of such persons, had any interest in Blackstone Advisors, Blackstone India or person or entity (other than the Fund) directly or indirectly controlling, controlled by or under common control with Blackstone Advisors or Blackstone India.

Responsibilities of the Board of Directors

The Board of Directors is responsible for directing the management of the business and affairs of the Fund. In performing his duties, each Director is required to act in good faith, in a manner he reasonably believes to be in the best interests of the Fund and its stockholders and with the care of an ordinarily prudent person in a like position under similar circumstances. The Directors oversee the Fund s business by, among other things, meeting with the Fund s management and evaluating the performance of the Fund s service providers including Blackstone Advisors, Blackstone India, the custodian, the transfer agent and the sub-administrator. As part of this process, the Directors consult with the Fund s independent registered public accounting firm and with their own separate independent counsel.

The Board of Directors has four regularly scheduled meetings each year and additional meetings are scheduled as needed. In addition, the Board has an audit committee and a nominating committee that meet periodically during the year and whose responsibilities are described below.

The Directors regularly review the Fund s financial statements, performance and market price as well as the quality of the services being provided to the Fund. As part of this process, the Directors review the Fund s fees and expenses to determine if they are reasonable and competitive in light of the services being received, while also ensuring that the Fund continues to have access to high quality services in the future. Based on these reviews, the Directors periodically make suggestions to the Fund s management and monitor to ensure that responsive action is taken. The Directors also monitor potential conflicts of interest among the Fund, Blackstone Advisors, Blackstone India and their affiliates and other funds and clients managed by Blackstone Advisors to ensure that the Fund is managed in a manner which is in the best interest of the Fund s stockholders.

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Officers

The executive officers of the Fund are chosen each year at the first meeting of the Board of Directors of the Fund following the Annual Meeting of Stockholders, to hold office until the meeting of the Board following the next Annual Meeting of Stockholders and until their successors are chosen and qualified. The current executive officers of the Fund are:

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation During Past 5 Years
Prakash A. Melwani The Blackstone Group 345 Park Avenue New York, N.Y. 10154 Birth Year: 1958	President	Since 2005	Senior Managing Director, Private Equity Group, The Blackstone Group L.P. (May 2003 Present); Founder and Chief Executive Officer, Vestar Capital Partners (1988 2003).
Robert L. Friedman The Blackstone Group 345 Park Avenue New York, N.Y. 10154 Birth Year: 1943	Chief Legal Officer and Vice President	Since 2005	Chief Legal Officer, The Blackstone Group L.P. (2003 Present); Senior Managing Director, The Blackstone Group L.P. (1999 Present).
Joshua B. Rovine The Blackstone Group 345 Park Avenue New York, N.Y. 10154 Birth Year: 1965	Secretary	Since 2005	Managing Director, Legal and Compliance Group, The Blackstone Group L.P. (2003 Present); Partner, Sidley Austin Brown & Wood LLP (1994 2003).
Joseph M. Malangoni Blackstone Asia Advisors, L.L.C. 345 Park Avenue New York, N.Y. 10154 Birth Year: 1976	Treasurer and Vice President	Since 2007	Chief Financial Officer and Vice President, Blackstone Asia Advisors L.L.C. (2007 Present); Controller and Chief Compliance Officer, Steadfast Financial L.L.C. (2002 2007).
Barbara F. Pires Blackstone Asia Advisors L.L.C. 345 Park Avenue New York, N.Y. 10154 Birth Year: 1952	Chief Compliance Officer and Vice President	Since 2005	Chief Compliance Officer and Principal, Blackstone Asia Advisors L.L.C. (2006 Present); Managing Member, BFP Consulting, L.L.C. (2005 2006); Chief Compliance Officer, The Asia Tigers Fund, Inc. (2005 Present); Chief Compliance Officer, Oppenheimer Asset Management, Inc. (formerly CIBC World Markets) (1996 2005).

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Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation During Past 5 Years
Punita Kumar-Sinha Blackstone Asia Advisors L.L.C. 345 Park Avenue New York, N.Y. 10154 Birth Year: 1962	Chief Investment Officer and Portfolio Manager	Since 1997	Senior Managing Director, The Blackstone Group L.P. (2006 Present); Chief Investment Officer, Blackstone Asia Advisors L.L.C. (2005 present); Managing Director and Senior Portfolio Manager, Advantage Advisers, Inc., an affiliate of Oppenheimer & Co., Inc. (1997 2005); Portfolio Manager, The Asia Tigers Fund, Inc. (1999 Present); Senior Portfolio Manager and Chief Investment Officer to an unregistered pooled investment vehicle (2007 Present).

Audit Committee

The Fund s Audit Committee is composed entirely of Directors who are not interested persons of the Fund, Blackstone Advisors or its affiliates within the meaning of the 1940 Act, and who are independent as defined in the New York Stock Exchange listing standards. Currently, Messrs. Becker, Gelb, Hardy, Henry, Rubio and Salacuse are members of the Audit Committee. The Audit Committee convened two times during the fiscal year ended December 31, 2008. The principal functions of the Audit Committee are to appoint and retain the Fund s independent registered public accounting firm, to review with the independent registered public accounting firm the scope, performance and anticipated cost of their audit and to receive and consider a report from the independent registered public accounting firm concerning their conduct of the audit, including the form of the opinion proposed to be rendered and any comments or recommendations the independent registered public accounting firm might want to make in that connection. The Board has determined that Mr. Becker is an audit committee financial expert, as defined in Section 401(h) of Regulation S-K. The Fund adopted an Audit Committee Charter in February 2000, which was most recently amended and restated in November 2005. The Fund s amended and restated Audit Committee Charter was filed as an exhibit to the Proxy Statement filed by the Fund on March 25, 2009. The Audit Committee Charter states that no member of the Committee may serve on the audit committees of more than three public companies, including the Fund, unless the Board of Directors determines that such simultaneous service would not impair the ability of such member to serve on the Committee effectively. The Board of Directors has determined that the service by Messrs. Becker, Gelb and Salacuse on the audit committees of more than two other public companies does not impair each of their ability to serve effectively on the Fund s Audit Committee.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not employed by the Fund for accounting, financial management or internal control. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or the independent registered public accounting firm. Accordingly, the Audit Committee s oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles and policies, or internal controls and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee s considerations and discussions referred to above do not provide assurance that the audit of the Fund s financial statements has been

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carried out in accordance with generally accepted auditing standards or that the financial statements are presented in accordance with generally accepted accounting principles.

Nominating Committee

The Nominating Committee is composed entirely of Directors who are not interested persons of the Fund, Blackstone Advisors or its affiliates within the meaning of the 1940 Act, and who are independent as defined in the NYSE listing standards. Currently Messrs. Becker, Gelb, Hardy, Henry, Rubio and Salacuse are members of the Nominating Committee. This Committee met once during the fiscal year ended December 31, 2008. The principal function of the Nominating Committee is to select and nominate persons for election as Directors of the Fund. The Fund adopted a Nominating Committee Charter on December 18, 2003, which was filed as Exhibit A to the Proxy Statement filed by the Fund on March 20, 2007.

The Nominating Committee identifies potential nominees through its network of contacts. While the Nominating Committee meets to discuss and consider such candidates qualifications and then chooses a candidate by majority vote, the Nominating Committee does not have specific, minimum qualifications for nominees and has not established specific qualities or skills that it regards as necessary for one or more of the Fund s Directors to possess (other than any qualities or skills that may be required by applicable law, regulation or listing standard).

In identifying and evaluating nominees, the Nominating Committee considers factors it deems relevant which include: whether or not the person is an interested person as defined in the 1940 Act and whether the person is otherwise qualified under applicable laws and regulations to serve on the Board of Directors of the Fund; whether or not the person has any relationship that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment manager of the Fund, Fund service providers or their affiliates; whether or not the person serves on boards of, or is otherwise affiliated with, competing organizations or funds; and the character and integrity of the person and the contribution which the person can make to the Board. The Nominating Committee will accept nominations for the office of Director made by Fund Stockholders. Stockholders who wish to recommend a nominee should send nominations to the Secretary of the Fund which include biographical information and set forth the qualifications of the proposed nominee. There are no differences in the manner in which the Nominating Committee evaluates nominees based on whether such nominees are recommended by a Stockholder.

Stockholders who wish to recommend a nominee should send nominations to the Secretary of the Fund which include biographical information and set forth the qualifications of the proposed nominee. There are no differences in the manner in which the Nominating Committee evaluates nominees based on whether such nominees are recommended by a Stockholder.

The Fund does not pay a fee to any third party or parties to identify or evaluate or assist in identifying or evaluating potential nominees. The Nominating Committee did not receive a recommended nominee from a Stockholder who beneficially owned, or a group of Stockholders who beneficially owned, more than 5% of the Fund s shares for at least one year as of the date the recommendation was made.

Board Meetings

During the fiscal year ended December 31, 2008, the Board of Directors held four regular meetings and two special meetings. Each Director attended at least 75% of the meetings of the Board or the committee(s) of the Board on which he served.

Director Compensation

Under the federal securities laws, the Fund is required to provide to Stockholders in connection with the Meeting information regarding compensation paid to Directors by the Fund as well as by the various other U.S. registered investment companies advised by the investment manager or an affiliate of the investment manager during the Fund s prior fiscal year. The following table provides information concerning the approximate compensation paid during the fiscal year ended December 31, 2008 to the Directors of the Fund and the aggregate compensation paid to them from all registered funds in the Fund Complex for the fiscal year ended December 31,

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2008. The Fund does not provide any pension or retirement benefits to Directors. Robert L. Friedman is not included in the table because he was appointed by the Fund s Board of Directors to serve as a Class I director of the Fund effective January 7, 2009 to fill the vacancy created by Peter G. Peterson s resignation. Mr. Peterson retired from The Blackstone Group L.P. and resigned from the Board of Directors of the Fund effective December 31, 2008.
Mr. Friedman will not receive compensation for his service on the Fund s Board of Directors.

A Fund Complex means two or more registered investment companies that hold themselves out to investors as related companies for purposes of investment and investor services, or that have a common investment manager or that have an investment manager that is an affiliated person of the investment manager of any of the other registered investment companies. Investment companies are considered to be in the same family if they share the same investment manager or principal underwriter and hold themselves out to investors as related companies for purposes of investment and investor services

Name of Director	Aggregate Compensation from Fund	Total Compensation from Other Funds Advised by Adviser	Compensation from Fund and Fund Complex
Lawrence K. Becker	$ 45,000	$ 11,500	$ 56,500
Leslie H. Gelb	30,000	9,750	39,750
J. Marc Hardy	29,000	0	29,000
Stephane R. F. Henry	30,000	0	30,000
Prakash A. Melwani	0	0	0
Luis F. Rubio	34,000	9,750	43,750
Jeswald W. Salacuse	55,000	14,000	69,000

Code of Ethics

The Fund s Board of Directors approved a code of ethics under Rule 17j-1 under the 1940 Act. Subject to certain conditions and restrictions, the code of ethics permits Directors, officers and other personnel subject to its provisions to invest in securities, including securities that may be purchased or held by the Fund.

The code of ethics can be reviewed and copied at the SEC s Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling the SEC at 202-551-8090. The code of ethics is available on the EDGAR database on the SEC s website at http://www.sec.gov. Copies may also be obtained, after paying a duplicating fee, by electronic request to publicinfo@sec.gov or by writing to the SEC s Public Reference Section, Washington, D.C. 20549.

Proxy Voting Policies and Procedures

The Fund has adopted the Investment Manager s policies and procedures with respect to the voting of proxies related to portfolio securities. These proxy voting policies and procedures delegate to the Investment Manager the responsibility for voting proxy securities, subject to the Board of Directors continuing oversight. A copy of the Fund s proxy voting policies and procedures is included in the Statement of Additional Information which is available without charge by calling the Fund at 1-866-800-8933.

Information regarding how the Fund voted proxies relating to portfolio securities for the 12-month period ended June 30, 2008 is available, without charge, by calling 1-866-800-8933 or on the SEC s website at http://www.sec.gov.

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CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

The following table sets forth the beneficial ownership of shares of the Fund, as of [***recent date***], 2009, by each person (including any group) known to the Fund to be deemed to be the beneficial owner of more than 5% of the outstanding shares of the Fund:

	Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent Ownership
None			

[At ***[recent date]***, 2009, to the knowledge of the Fund, no person owned of record or owned beneficially more than 5% of the outstanding shares of the Fund, except that Cede & Co., a nominee for participants in The Depository Trust Company, held of record [   ] shares, equal to approximately [   ]% of the outstanding shares of the Fund.]

PORTFOLIO TRANSACTIONS

The Fund has no obligation to deal with any brokers or dealers in the execution of transactions in portfolio securities. Subject to policy established by the Fund s Board of Directors, the Investment Manager is primarily responsible for the Fund s portfolio decisions and the initiation of the Fund s portfolio transactions.

In placing orders, it is the policy of the Fund to obtain the best results taking into account the general execution and operational facilities of the broker or dealer, the type of transaction involved and other factors such as the risk of the broker or dealer in positioning the securities involved. While generally the best price is sought in placing orders, the Fund may not necessarily be paying the lowest price available. Securities firms that provide supplemental research to the Investment Manager or the Country Adviser may receive orders for transactions by the Fund. In these circumstances, as contemplated by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the 1934 Act), the Fund may pay commissions that are higher than those that the Fund might otherwise have paid to another broker if those services had not been provided. Information so received will be in addition to and not in lieu of the services that the Investment Manager and the Country Adviser must perform under their respective agreements, and the expenses of the Investment Manager or the Country Adviser will not necessarily be reduced as a result of the receipt of such supplemental information. The Investment Manager and the Country Adviser may use the research services furnished to them by brokers who effect securities transactions for the Fund in servicing other investment companies and accounts that they manage. Similarly, the Investment Manager and the Country Adviser may use the research services furnished to them by those brokers in servicing the Fund. The Investment Manager and the Country Adviser do not use all of these research services in managing any particular account, including the Fund. To the extent that any services are provided by other NYSE members, the Fund will consider whether the commissions and fees with respect to those transactions are fair and reasonable.

In connection with the execution of portfolio transactions on its behalf, affiliated persons (as such term is defined in the 1940 Act) of the Fund, or affiliated persons of such persons, may from time to time be selected to perform brokerage services for the Fund, subject to the considerations discussed above. The 1940 Act prohibits such affiliated persons from dealing with the Fund as principal in the purchase or sale of securities. In order for such an affiliated person to be permitted to effect any portfolio transactions for the Fund, the commissions, fees or other remuneration received by such affiliated person must be reasonable and fair compared to the commissions, fees or other remuneration received by other brokers in connection with comparable transactions involving similar securities being purchased or sold on a securities exchange during a comparable period of time. This standard would allow such an affiliated person to receive no more than the remuneration that an unaffiliated broker would expect to receive in a commensurate arm s-length transaction.

The Investment Manager makes investment decisions or recommendations for the Fund independently from those rendered for other funds that it manages, which may also invest in the same securities as the Fund. If another fund is prepared to invest in, or desires to dispose of, the same security at the same time as the Fund, however, transactions in such securities will be made, insofar as feasible, for the respective funds in a manner deemed equitable to all. In some cases, this procedure may adversely affect the size of the position obtained for or disposed of by the Fund or the price paid or received by the Fund. In addition, because of different investment objectives, a particular security may be purchased for one fund when another fund is selling the same security. In the future, the Investment Manager may advise or manage other funds or accounts, in which case similar issues may arise. See Portfolio Manager-Potential Conflicts of Interest.

Although the management agreement does not contain any restrictions on portfolio turnover, the Fund s policy is not to engage in transactions with the objective of seeking profits from short-term trading. It is expected that the annual portfolio turnover rate of the Fund will not exceed 150%. The portfolio turnover rate is calculated by dividing the lesser of sales or purchases of portfolio securities by the average monthly value of the Fund s portfolio securities. For purposes of this calculation, portfolio securities exclude all securities having a maturity when purchased of one year or less. Higher portfolio turnover involves correspondingly higher transaction costs and may result in greater amounts of short-term capital gains, which are taxed to stockholders as ordinary income when distributed. See Taxation U.S. Stockholders.

For the fiscal years ended December 31, 2006, 2007 and 2008, the Fund paid commissions for the execution of its portfolio transactions amounting in the aggregate to $4,580,359, $6,197,781 and $5,609,104, respectively.

SEMI-ANNUAL REPURCHASES OF SECURITIES

General

Under the 1940 Act, the Fund may repurchase its securities:

- on a securities exchange or such other open market designated by the SEC (so long as the Fund has, in the case of purchases of its stock, informed holders of the class of stock involved within the preceding six months of its intention to repurchase such stock);
- by a tender offer open to all holders of the class of securities involved; or
- as otherwise permitted by the SEC, including, for example, by electing for an interval fund structure.

The Fund has adopted an interval fund structure, pursuant to which the Fund conducts semi-annual repurchase offers for between 5% and 25% of the Fund s outstanding common stock. The Fund currently intends to fund repurchase offers by using cash on hand and liquidating portfolio securities and does not intend to make additional discretionary repurchase offers. In accordance with the Fund s fundamental periodic repurchase policy, the Fund s next repurchase offer is expected to occur immediately following the expiration of the Offer.

If the Fund repurchases its shares of common stock for a price below their net asset value, the net asset value of those shares of common stock that remain outstanding would be enhanced, but this does not necessarily mean that the market price of those outstanding shares would be affected, either positively or negatively. Repurchases of shares of common stock by the Fund would also decrease its total assets and accordingly may increase its expenses as a percentage of average net assets. Further, interest on any borrowings to finance any such share repurchase transactions would reduce the Fund s net income.

Fundamental Policy Regarding Semi-Annual Repurchase Offers

The Fund s fundamental policy with respect to repurchase offers is as follows:

> The Fund will make offers to repurchase its shares at semi-annual intervals pursuant to Rule 23c-3 under the 1940 Act, and the Fund s Board of Directors may place such conditions and limitations on the repurchase offers

as may be permitted under Rule 23c-3;

14 days prior to the last Friday of each of the Fund s first and third fiscal quarters (or the next business day if such Friday is not a business day) will be the deadline, which we refer to as the repurchase request deadline, by which the Fund must receive repurchase requests submitted by stockholders in response to the repurchase offer;

The date on which the repurchase price for shares is to be determined shall occur no later than the last Friday of each of the Fund s first and third fiscal quarters, or the next business day if such Friday is not a business day; and

Repurchase offers may be suspended or postponed only under certain circumstances as provided for in Rule 23c-3 under the 1940 Act.

The foregoing policy cannot be changed without stockholder approval.

From the date that notice is sent to stockholders announcing the repurchase offer until the repurchase pricing date, the Fund maintains a percentage of its portfolio assets in liquid securities at least equal to the value of the percentage of the Fund s shares that the Fund has offered to purchase.

Procedures Relating to Semi-Annual Repurchase Offers

Prior to each repurchase offer, the Board of Directors, in the exercise of its fiduciary duties, will determine the number of shares subject to the repurchase offer based upon such considerations as market demand and the Fund s net asset value per share. If a repurchase offer is oversubscribed, the Fund may, but is not obligated to, either:

repurchase all additional shares tendered if the additional shares do not exceed 2% of the Fund s outstanding common stock; or

purchase all shares tendered on a pro rata basis.

All shares tendered may be withdrawn at any time prior to the repurchase request deadline in accordance with certain procedures.

Repurchase prices are set at a price equal to the net asset value of the Fund as of a specified date that occurs after the repurchase request deadline. The Fund charges a repurchase fee of up to 2% of the value of the shares that are repurchased. Payment for tendered shares is distributed within one week thereafter. All repurchase offer materials are mailed to stockholders of record before commencement of the repurchase offer. Stockholders whose shares are held in the name of a broker, dealer, commercial bank, trust company or other nominee should contact such firm if they desire to tender their shares in the repurchase offer.

During repurchase offers, net asset value per share is calculated as of the close of regular trading on the NYSE each Friday and each of the five business days preceding the repurchase request deadline. Stockholders who wish to obtain the net asset value during this period should contact the Fund s information agent for the repurchase offer.

See Taxation-U.S. Stockholders Dispositions and repurchases.

DIVIDENDS AND DISTRIBUTIONS; DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The Fund intends to distribute annually to stockholders substantially all of its net investment income and to distribute any net realized capital gains at least annually. Net investment income for this purpose is income other than net realized long-and short-term capital gains net of expenses.

Pursuant to the Fund s dividend reinvestment and cash purchase plan, which we refer to as the plan, stockholders whose shares of common stock are registered in their own names will be deemed to have elected to have all distributions automatically reinvested by PNC Global Investment Servicing (U.S.) Inc., which serves as the plan agent, in Fund shares pursuant to the plan, unless such stockholders elect to receive distributions in cash. Stockholders who elect to receive distributions in cash will receive all distributions in cash paid by check in dollars mailed directly to the stockholders by the dividend paying agent. In the case of stockholders, such as banks, brokers or nominees, that hold shares for others who are beneficial owners, the plan agent will administer the plan on the basis of the number of shares certified from time to time by the stockholders as representing the total amount registered in such stockholders names and held for the account of beneficial owners that have not elected to receive distributions in cash. Investors that own shares registered in the name of a bank, broker or other nominee should consult with such nominee as to participation in the plan through such nominee, and may be required to have their shares registered in their own names in order to participate in the plan.

The plan agent serves as agent for the stockholders in administering the plan. If the Directors of the Fund declare an income dividend or a capital gains distribution payable either in the Fund s common stock or in cash, nonparticipants in the plan will receive cash and participants in the plan will receive common stock, to be issued by the Fund or purchased by the plan agent in the open market. If the market price per share on the valuation date equals or exceeds net asset value per share on that date, the Fund will issue new shares to participants at net asset value, except if the net asset value is less than 95% of the market price on the valuation date, in which case such shares will then be issued at 95% of the market price. The valuation date will be the dividend or distribution payment date or, if that date is not a NYSE trading day, the next preceding trading day. If the net asset value exceeds the market price of Fund shares at such time, or if the Fund should declare an income dividend or capital gains distribution payable only in cash, the plan agent will, as agent for the participants, buy Fund shares in the open market, on the NYSE or elsewhere, for the participants accounts on, or shortly after, the payment date. If, before the plan agent has completed its purchases, the market price exceeds the net asset value of a Fund share, the average per-share purchase price paid by the plan agent may exceed the net asset value of the Fund s shares, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, the plan provides that if the plan agent is unable to invest the full dividend amount in open- market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the plan agent will cease making open-market purchases and will receive the uninvested portion of the dividend amount in newly issued shares at the close of business on the last purchase date.

Participants have the option of making additional cash payments to the plan agent annually in any amount from $100 to $3,000 for investment in the Fund s common stock. The plan agent will use all such funds received from participants to purchase Fund shares in the open market on or about February 15 of each year. Any voluntary cash payment received more than 30 days prior to this date will be returned by the plan agent, and interest will not be paid on any uninvested cash payment. To avoid unnecessary cash accumulations and also to allow ample time for receipt and processing by the plan agent, it is suggested that participants send in voluntary cash payments to be received by the plan agent approximately 10 days before an applicable purchase date specified above. A participant may withdraw a voluntary cash payment by written notice if the notice is received by the plan agent not less than 48 hours before such payment is to be invested.

The plan agent maintains all stockholder accounts in the plan and furnishes written confirmations of all transactions in an account, including information needed by stockholders for personal and tax records. Shares in the account of each plan participant will be held by the plan agent in the name of the participant, and each stockholder s proxy will include those shares purchased pursuant to the plan.

There is no charge to participants for reinvesting dividends or capital gains distributions or voluntary cash payments. The Fund will pay the plan agent s fees for the reinvestment of dividends and capital gains distributions and voluntary cash payments. There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gains distributions payable either in stock or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the plan agent s open market purchases in connection with the reinvestment of dividends and capital gains distributions and voluntary cash payments made by the participant. Brokerage charges for purchasing small amounts of stock for individual accounts through the plan are expected to be less than the usual brokerage charges for such transactions, because the plan agent will be purchasing stock for all participants in blocks and prorating the lower commission thus attainable.

The receipt of dividends and distributions under the plan will not relieve participants of any income tax which may be payable on such dividends or distributions. See Taxation.

Experience under the plan may later indicate that changes in the plan are desirable. Accordingly, the Fund and the plan agent reserve the right to terminate the plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to notice of the termination sent to members of the plan at least 30 days before the record date for such dividend or distribution. The plan also may be amended by the Fund or the plan agent, but (except when necessary or appropriate to comply with applicable law, rules or policies of a regulatory authority) only by at least 30 days written notice to participants in the plan. All correspondence concerning the plan should be directed to the plan agent at P.O. Box 43027, Westborough, Massachusetts 01581 (telephone: 1-508-871-8500).

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TAXATION

The following is a general summary of certain United States federal income tax considerations affecting the Fund and its stockholders. It is not expected that stockholders will be subject to the alternative minimum tax as a result of their investment in the Fund. No attempt is made to present a detailed explanation of all federal, state, local and foreign income tax considerations, and this discussion is not intended as a substitute for careful tax planning. Accordingly, potential investors are urged to consult their own tax advisors regarding an investment in the Fund. This summary reflects applicable tax laws as of the date of this prospectus, which tax laws may be changed or subject to new interpretations by the courts of the U.S. Internal Revenue Service (the IRS), retroactively or prospectively.

The Fund

The Fund has qualified and intends to continue to qualify as a regulated investment company for federal income tax purposes under the Internal Revenue Code, except as noted below. In order to so qualify, the Fund must, among other things, (a) derive in each taxable year at least 90% of its gross income from (i) dividends, interest, payments with respect to loans of securities, gains from the sale or other disposition of stock or securities or foreign currencies, or other income derived with respect to its business of investing in such stock, securities or currencies (including, but not limited to, gains from options, futures or forward contracts) and (ii) net income derived from interests in certain publicly traded partnerships that are treated as partnerships for U.S. federal income tax purposes and that derive less than 90% of their gross income from the items described in (i) above (each, a Qualified Publicly Traded Partnership) and (b) diversify its holdings so that, at the end of each quarter of each taxable year, (i) at least 50% of the value of the Fund s assets is represented by cash, cash items, U.S. government securities, securities of other regulated investment companies, and other securities which, with respect to any one issuer, do not represent more than 5% of the value of the Fund s assets nor more than 10% of the voting securities of such issuer, and (ii) not more than 25% of the value of the Fund s assets is invested in the securities (other than U.S. government securities or the securities of other regulated investment companies) of any one issuer, any two or more issuers that the Fund controls and that are engaged in the same, similar or related trades or businesses or any one or more Qualified Publicly Traded Partnerships.

The Fund may not have qualified to be taxed as a regulated investment company for the taxable year ended December 31, 2004. Section 855(a) of the Internal Revenue Code provides that, in order to eliminate taxable income for a taxable year, a regulated investment company may elect to treat dividends distributed during the twelve months following the taxable year as having been paid during such taxable year. In order to make this election, a fund must (1) declare such dividend prior to the due date of filing its tax return for the taxable year (including any extensions granted), and (2) distribute the dividend during the twelve months following the taxable year. For the taxable year ended December 31, 2004, the Fund distributed the appropriate dividend within the twelve month timeframe; however, the declaration was made on December 19, 2005, which was subsequent to the filing deadline for the 2004 tax return (i.e., September 15, 2005). As such, the Fund may have failed to qualify to be taxed as a regulated investment company under Subchapter M of the Internal Revenue Code for the taxable year ended December 31, 2004. A provision of $25,507,350 was made for U.S. federal income tax purposes in the Fund s 2005 financial statements. However, on April 6, 2006, the Fund declared a deficiency dividend (within the meaning of Section 860 of the Internal Revenue Code) of $1.07 per share with respect to its income for the taxable year ending December 31, 2004. As a result of this deficiency dividend, the Fund has reduced its recorded tax liability to approximately $4,956,314. There can be no assurance that the Fund will be able to further reduce the liability.

If the Fund qualifies as a regulated investment company and distributes to its stockholders at least 90% of its investment company taxable income (as that term is defined in the Internal Revenue Code, without regard to the deduction for dividends paid), then the Fund will not be subject to federal income tax on the income so distributed.

However, the Fund would be subject to corporate income tax at a rate of 35% on any undistributed income. Investment company taxable income includes dividends, interest, and net short-term capital gains in excess of net long-term capital losses, but does not include net capital gain, which is net long-term capital gains in excess of net short-term capital losses. If in any year the Fund should fail to qualify as a regulated investment company, the Fund would be subject to federal income tax in the same manner as an ordinary corporation, and distributions to stockholders would be taxable to such holders as ordinary dividend income to the extent of the earnings and profits of the Fund. Such distributions generally would be eligible (i) to be treated as qualified dividend income (as discussed below) in the case of individual stockholders and (ii) for the dividends-received deduction in the case of corporate stockholders. Distributions in excess of earnings and profits will be treated as a tax-free return of capital, to the extent of a holder s basis in its shares, and any excess, as a long- or short-term capital gain. In addition, the Fund will be subject to a nondeductible 4% excise tax on the amount by which the aggregate income it distributes in any calendar year is less than the s