

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

**MORGAN STANLEY DEAN WITTER SPECIAL VALUE FUND**

CIK: **1017382** | Fiscal Year End: **1231**

Type: **485APOS** | Act: **33** | File No.: **333-06935** | Film No.: **99671049**

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NEW YORK NY 10048

Business Address

2 WORLD TRADE CENTER  
72ND FLOOR  
NEW YORK NY 10048

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM N-1A  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933 [X]  
PRE-EFFECTIVE AMENDMENT NO. [ ]  
POST-EFFECTIVE AMENDMENT NO. 5 [X]  
AND/OR  
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY  
ACT OF 1940 [X]  
AMENDMENT NO. 6 [X]

-----

MORGAN STANLEY DEAN WITTER SPECIAL VALUE FUND  
(A MASSACHUSETTS BUSINESS TRUST)  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

TWO WORLD TRADE CENTER  
NEW YORK, NEW YORK 10048  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (212) 392-1600

BARRY FINK, ESQ.  
TWO WORLD TRADE CENTER  
NEW YORK, NEW YORK 10048  
(NAME AND ADDRESS OF AGENT FOR SERVICE)

Copy to:  
DAVID M. BUTOWSKY, ESQ.  
MAYER, BROWN & PLATT  
1675 BROADWAY  
NEW YORK, NEW YORK 10019

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APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:

As soon as practicable after this Post-Effective Amendment becomes effective.

IT IS PROPOSED THAT THIS FILING WILL BECOME EFFECTIVE (CHECK APPROPRIATE BOX)

-----  
immediately upon filing pursuant to paragraph (b)  
-----  
on (date) pursuant to paragraph (b)  
-----  
60 days after filing pursuant to paragraph (a)  
-----  
X on September 27, 1999 pursuant to paragraph (a) of rule 485.  
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AMENDING THE PROSPECTUS

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PROSPECTUS - SEPTEMBER 27, 1999

Morgan Stanley Dean Witter

SPECIAL VALUE FUND

A MUTUAL FUND THAT SEEKS LONG-TERM CAPITAL APPRECIATION

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.

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This Prospectus contains important information about the Fund. Please read it carefully and keep it for future reference.

THE FUND

[GRAPHIC OMITTED]

INVESTMENT OBJECTIVE

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Morgan Stanley Dean Witter Special Value Fund seeks long-term capital appreciation.

[GRAPHIC OMITTED]

PRINCIPAL INVESTMENT STRATEGIES

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(side bar)  
CAPITAL APPRECIATION

An investment objective having the goal of selecting securities with the potential to rise in price rather than pay out income.  
(end side bar)

The Fund will normally invest at least 65% of its total assets in common stocks of small companies that the Fund's "Investment Manager," Morgan Stanley Dean Witter Advisors Inc., believes are undervalued relative to the marketplace or similar companies. Companies within a capitalization range of \$100 million to \$1 billion are considered small companies. In deciding which securities to buy, hold or sell, the Investment Manager will pursue a value oriented approach that seeks to identify securities whose market value is less than their intrinsic value. The Investment Manager will focus on securities with market-to-book ratios and price-earnings ratios that are lower than those of the general market averages or similar companies. The Investment Manager also may consider a company's dividend yield, growth in sales, balance sheet, management capabilities, earnings and cash flow, as well as other factors.

As part of the value-oriented approach, the Investment Manager may also seek to identify companies with growth opportunities that are not fairly valued in the marketplace. These growth opportunities may include valuable franchises or other intangibles, ownership of trademarks or trade names, control of distribution networks, ownership of undervalued real estate, and other factors that would identify the company as a potential takeover target or turnaround candidate. In addition, the Investment Manager may select securities because it believes there is some potential catalyst to cause a stock's price to rise. A catalyst might include increased investor attention, asset sales, corporate reorganizations, a cyclical turnaround of a depressed business or industry, a new product/innovation, significant changes in management, or regulatory shifts.

In addition, the Fund may invest in common stocks of medium-sized and large companies, convertible and non-convertible fixed-income securities, and foreign securities (including depository receipts).

Common stock is a share ownership or equity interest in a corporation. It may or may not pay dividends, as some companies reinvest all of their profits back into their businesses, while others pay out some of their profits to shareholders as dividends. A depository receipt is generally issued by a bank or financial institution and represents an ownership interest in the common stock or other equity securities of a foreign company.

In pursuing the Fund's investment objective, the Investment Manager has considerable leeway in deciding which investments it buys, holds or sells on a day-to-day basis -- and which trading strategies it uses. For example, the Investment Manager in its discretion may determine to use some permitted trading strategies while not using others.

[GRAPHIC OMITTED]

PRINCIPAL RISKS

-----  
There is no assurance that the Fund will achieve its investment objective. The Fund's share price will fluctuate with changes in the market value of the Fund's portfolio securities. When you sell Fund shares, they may be worth less than what you paid for them and, accordingly, you can lose money investing in this Fund.

A principal risk of investing in the Fund is associated with its investments in common stocks. In general, stock values fluctuate in response to activities

specific to the company as well as general market, economic and political conditions. These prices can fluctuate widely.

Investing in securities of small companies may involve greater risk than is customarily associated with investing in more established companies. Often, small companies and the industries in which they are focused are still evolving, and they are more sensitive to changing market conditions than larger companies in more established industries. Small companies often have limited product lines, financial resources and less experienced management. As a consequence, their securities may be more volatile and have returns that vary, sometimes significantly, from the overall stock market. Securities of small companies also may be less liquid than established companies.

OTHER RISKS. The performance of the Fund also will depend on whether the Investment Manager is successful in pursuing the Fund's investment strategy. The Fund is also subject to other risks from its permissible investments including the risks associated with the common stocks of medium-sized and large companies, convertible and non-convertible fixed-income securities, and foreign securities.

Shares of the Fund are not bank deposits and are not guaranteed or insured by the FDIC or any other government agency.

[GRAPHIC OMITTED]

PAST PERFORMANCE

The bar chart and table below provide some indication of the risks of investing in the Fund. The Fund's past performance does not indicate how the Fund will perform in the future.

(side bar)

ANNUAL TOTAL RETURNS

This chart shows how the performance of the Fund's Class B shares has varied from year to year over the past 2 calendar years.

(end side bar)

ANNUAL TOTAL RETURNS -- CALENDAR YEARS

1997	0
'98	0

The bar chart reflects the performance of Class B shares; the performance of the other Classes will differ because the Classes have different ongoing fees. The performance information in the bar chart does not reflect the deduction of sales charges; if these amounts were reflected, returns would be less than shown. Year-to-date total return as of June 30, 1999 was %.

During the periods shown in the bar chart, the highest return for a calendar quarter was % (quarter ended ) and the lowest return for a calendar quarter was % (quarter ended ).

2

(side bar)

AVERAGE ANNUAL TOTAL RETURNS

This table compares the Fund's average annual returns with those of a broad measure of market performance over time as well as with an index of funds with similar investment objectives. The Fund's returns include the maximum applicable sales charge for each Class and assume you sold your shares at the end of each period.

(end side bar)

<TABLE>  
<CAPTION>

AVERAGE ANNUAL TOTAL RETURNS (AS OF DECEMBER 31, 1998)

	LIFE OF THE FUND (SINCE OCTOBER 29, 1996)	
<S>	PAST 1 YEAR <C>	<C>

Class A(1)	%	--
Class B	%	%
Class C(1)	%	--
Class D(1)	%	--
S&P 500 Index(2)	%	%
Lipper Small Cap Funds Index(3)	%	%

</TABLE>

1 Classes A, C and D commenced operations on July 28, 1997.

2 The Standard & Poor's (Registered Trademark) 500 Stock Price Index is a broad-based index, the performance of which is based on the average performance of 500 widely held common stocks. The performance of the Index does not include any expenses, fees or charges. The Index is unmanaged and should not be considered an investment.

3 The Lipper Small Cap Funds Index is an equally-weighted performance index of the largest qualifying funds (based on net assets) in the small cap funds objective. The index, which is adjusted for capital gains distributions and income dividends, is unmanaged and should not be considered an investment. There are currently [30] funds represented in this index.

[GRAPHIC OMITTED]

FEES AND EXPENSES

The table below briefly describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund offers four Classes of shares: Classes A, B, C and D. Each Class has a different combination of fees, expenses and other features. The Fund does not charge account or exchange fees. See the "Share Class Arrangements" section for further fee and expense information.

(side bar)  
SHAREHOLDER FEES

These fees are paid directly from your investment.

ANNUAL FUND OPERATING EXPENSES

These expenses are deducted from the Fund's assets and are based on expenses paid for the fiscal year ended July 31, 1999.  
(end side bar)

<TABLE>  
<CAPTION>

<S>	CLASS A <C>	CLASS B <C>	CLASS C <C>	CLASS D <C>
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SHAREHOLDER FEES

Maximum sales charge (load) imposed on purchases (as a percentage of offering price)	5.25%(1)	None	None	None
Maximum deferred sales charge (load) (as a percentage based on the lesser of the offering price or net asset value at redemption)	None (2)	5.00% (3)	1.00% (4)	None

ANNUAL FUND OPERATING EXPENSES

Management fee	%	%	%	%
Distribution and service (12b-1) fees	0.25%	1.00%	1.00%	None
Other expenses	%	%	%	%
Total annual Fund operating expenses	%	%	%	%

</TABLE>

- 1 Reduced for purchases of \$25,000 and over.
- 2 Investments that are not subject to any sales charge at the time of purchase are subject to a CDSC of 1.00% that will be imposed if you sell your shares within one year after purchase, except for certain specific circumstances.
- 3 The CDSC is scaled down to 1.00% during the sixth year, reaching zero thereafter. See "Share Class Arrangements" for a complete discussion of the CDSC.
- 4 Only applicable if you sell your shares within one year after purchase.

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EXAMPLE

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund, your investment has a 5% return each year, and the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, the tables below show your costs at the end of each period based on these assumptions depending upon whether or not you sell your shares at the end of each period.

<TABLE>

<CAPTION>

<S>	<C> 1 Year	IF YOU SOLD YOUR SHARES:				IF YOU HELD YOUR SHARES:			
		<C> 3 Years	<C> 5 Years	<C> 10 Years	<C> 1 Year	<C> 3 Years	<C> 5 Years	<C> 10 Years	
CLASS A	\$	\$	\$	\$	\$	\$	\$	\$	
CLASS B	\$	\$	\$	\$	\$	\$	\$	\$	
CLASS C	\$	\$	\$	\$	\$	\$	\$	\$	
CLASS D	\$	\$	\$	\$	\$	\$	\$	\$	

</TABLE>

Long-term shareholders of Class B and Class C may pay more in sales charges, including distribution fees, than the economic equivalent of the maximum front-end sales charges permitted by the National Association of Securities Dealers.

[GRAPHIC OMITTED]

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 ADDITIONAL INVESTMENT STRATEGY INFORMATION  
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This section provides additional information relating to the Fund's principal strategies.

**OTHER COMMON STOCKS AND FIXED-INCOME SECURITIES.** The Fund may invest up to 35% of its total assets in common stocks of medium-sized and large companies, convertible securities, and fixed-income securities. The fixed-income securities in which the Fund may invest include U.S. government securities and corporate debt securities.

**JUNK BONDS.** The Fund may invest up to 20% of its assets in convertible securities rated below investment grade or, if unrated, of comparable quality as determined by the Investment Manager. In addition, the Fund may invest up to 5% of its assets in fixed-income securities rated below investment grade or, if unrated, of comparable quality as determined by the Investment Manager. Securities below investment grade are commonly known as "junk bonds."

**FOREIGN SECURITIES.** The Fund may invest in foreign securities (including depository receipts) that are listed in the U.S. on a national securities exchange.

**DEFENSIVE INVESTING.** The Fund may take temporary "defensive" positions in attempting to respond to adverse market conditions. The Fund may invest any amount of its assets in cash or money market instruments in a defensive posture

when the Investment Manager believes it is advisable to do so. Although taking a defensive posture is designed to protect the Fund from an anticipated market downturn, it could have the effect of reducing the benefit from any upswing in the market. When the Fund takes a defensive position, it may not achieve its investment objective.

**PORTFOLIO TURNOVER.** The Fund may engage in active and frequent trading of portfolio securities to achieve its principal investment strategies. The portfolio turnover rate is not expected to exceed 150% annually under normal circumstances. A high turnover

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rate, such as 150%, will increase Fund brokerage costs. It also may increase the Fund's capital gains, which are passed along to Fund shareholders as distributions. This, in turn may increase your tax liability as a Fund shareholder. See the sections on "Distributions" and "Tax Consequences."

The percentage limitations relating to the composition of the Fund's portfolio apply at the time the Fund acquires an investment and refer to the Fund's net assets unless otherwise noted. Subsequent percentage changes that result from market fluctuations will not require the Fund to sell any portfolio security. The Fund may change its principal investment strategies without shareholder approval; however, you would be notified of any changes.

[GRAPHIC OMITTED]

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ADDITIONAL RISK INFORMATION  
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This section provides additional information relating to the principal risks of investing in the Fund.

**FIXED-INCOME SECURITIES.** Principal risks of investing in the Fund are also associated with its fixed-income securities. All fixed-income securities are subject to two types of risk: credit risk and interest rate risk.

Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. While the Fund invests in investment grade securities, certain of these securities have speculative characteristics.

Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up.

**CONVERTIBLE SECURITIES.** The Fund's investments in convertible securities subject the Fund to the risks associated with both fixed-income securities and common stocks. To the extent that a convertible security's investment value is greater than its conversion value, its price will likely increase when interest rates fall and decrease when interest rates rise, as with a fixed-income security. If the conversion value exceeds the investment value, the price of the convertible security will tend to fluctuate directly with the price of the underlying equity security.

**JUNK BONDS.** Any "junk bond" investments of the Fund pose significant risks. The prices of these securities are likely to be more sensitive to adverse economic changes or individual corporate developments than higher rated securities. During an economic downturn or substantial period of rising interest rates, junk bond issuers and, in particular, highly leveraged issuers may experience financial stress that would adversely affect their ability to service their principal and interest payment obligations, to meet their projected business goals or to obtain additional financing. In the event of a default, the Fund may incur additional expenses to seek recovery. In addition, periods of economic uncertainty and change probably would result in an increased volatility of market prices of junk bond securities and a corresponding volatility in the Fund's net asset value.

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**FOREIGN SECURITIES.** The Fund's investments in foreign securities (including depository receipts) involve risks that are in addition to the risks associated

with domestic securities. One additional risk is currency risk. While the price of Fund shares is quoted in U.S. dollars, the Fund generally converts U.S. dollars to a foreign market's local currency to purchase a security in that market. If the value of that local currency falls relative to the U.S. dollar, the U.S. dollar value of the foreign security will decrease. This is true even if the foreign security's local price remains unchanged.

Foreign securities also have risks related to economic and political developments abroad, including expropriations, confiscatory taxation, exchange control regulation, limitations on the use or transfer of Fund assets and any effects of foreign social, economic or political instability. Foreign companies, in general, are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about these companies. Moreover, foreign accounting, auditing and financial reporting standards generally are different from those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for the Fund to obtain or enforce a judgment against the issuers of the securities.

YEAR 2000. The Fund could be adversely affected if the computer systems necessary for the efficient operation of the Investment Manager, the Fund's other service providers and the markets and corporate and governmental issuers in which the Fund invests do not properly process and calculate date-related information from and after January 1, 2000. While year 2000-related computer problems could have a negative effect on the Fund, the Investment Manager and its affiliates are working hard to avoid any problems and to obtain assurances from their service providers that they are taking similar steps.

In addition, it is possible that the markets for securities in which the Fund invests may be detrimentally affected by computer failures throughout the financial services industry beginning January 1, 2000. Improperly functioning trading systems may result in settlement problems and liquidity issues. Corporate and governmental data processing errors also may result in production problems for individual companies and overall economic uncertainties. Earnings of individual issuers will be affected by remediation costs, which may be substantial and may be reported inconsistently in U.S. and foreign financial statements. Accordingly, the Fund's investments may be adversely affected.

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[GRAPHIC OMITTED]

FUND MANAGEMENT

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(side bar)

MORGAN STANLEY DEAN WITTER ADVISORS INC.

The Investment Manager is widely recognized as a leader in the mutual fund industry and together with Morgan Stanley Dean Witter Services Company Inc., its wholly-owned subsidiary, has more than \$ billion in assets under management or administration as of August 31, 1999.

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The Fund has retained the Investment Manager -- Morgan Stanley Dean Witter Advisors Inc. -- to provide administrative services, manage its business affairs and invest its assets, including the placing of orders for the purchase and sale of portfolio securities. The Investment Manager is a wholly-owned subsidiary of Morgan Stanley Dean Witter & Co., a preeminent global financial services firm that maintains leading market positions in each of its three primary businesses: securities, asset management and credit services. Its main business office is located at Two World Trade Center, New York, NY 10048.

The Fund's portfolio is managed within the Investment Manager's Growth Group. Jenny Beth Jones, Senior Vice President of the Investment Manager, has been the Fund's primary portfolio manager of the Fund since its inception in October 1996; she has been assisted by John S. Roscoe, Vice President of the Investment Manager, since April 1998. Prior to joining the Investment Manager in August 1996, Ms. Jones was a portfolio manager with Oppenheimer Capital. Prior to joining the Investment Manager in December 1997, Mr. Roscoe was an equity analyst with Rockefeller & Co., Inc.

The Fund pays the Investment Manager a monthly management fee as full compensation for the services and facilities furnished to the Fund, and for

Fund expenses assumed by the Investment Manager. The fee is based on the Fund's average daily net assets. For the fiscal year ended July 31, 1999 the Fund accrued total compensation to the Investment Manager amounting to % of the Fund's average daily net assets.

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## SHAREHOLDER INFORMATION

[GRAPHIC OMITTED]

### PRICING FUND SHARES

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The price of Fund shares (excluding sales charges), called "net asset value," is based on the value of the Fund's portfolio securities. While the assets of each Class are invested in a single portfolio of securities, the net asset value of each Class will differ because the Classes have different ongoing distribution fees.

The net asset value per share of the Fund is determined once daily at 4:00 p.m. Eastern time, on each day that the New York Stock Exchange is open (or, on days when the New York Stock Exchange closes prior to 4:00 p.m., at such earlier time). Shares will not be priced on days that the New York Stock Exchange is closed.

The value of the Fund's portfolio securities is based on the securities' market price when available. When a market price is not readily available, including circumstances under which the Investment Manager determines that a security's market price is not accurate, a portfolio security is valued at its fair value, as determined under procedures established by the Fund's Board of Trustees. In these cases, the Fund's net asset value will reflect certain portfolio securities' fair value rather than their market price.

An exception to the Fund's general policy of using market prices concerns its short-term debt portfolio securities. Debt securities with remaining maturities of sixty days or less at the time of purchase are valued at amortized cost. However, if the cost does not reflect the securities' market value, these securities will be valued at their fair value.

[GRAPHIC OMITTED]

### HOW TO BUY SHARES

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(side bar)

#### CONTACTING A FINANCIAL ADVISOR

If you are new to the Morgan Stanley Dean Witter Family of Funds and would like to contact a Financial Advisor, call (800) THE-DEAN for the telephone number of the Morgan Stanley Dean Witter office nearest you. You may also access our office locator on our Internet site at: [www.deanwitter.com/funds](http://www.deanwitter.com/funds)  
(end side bar)

You may open a new account to buy Fund shares or buy additional Fund shares for an existing account by contacting your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative. Your Financial Advisor will assist you, step-by-step, with the procedures to invest in the Fund. You may also purchase shares directly by calling the Fund's transfer agent and requesting an application.

Because every investor has different immediate financial needs and long-term investment goals, the Fund offers investors four Classes of shares: Classes A, B, C and D. Class D shares are only offered to a limited group of investors. Each Class of shares offers a distinct structure of sales charges, distribution and service fees, and other features that are designed to address a variety of needs. Your Financial Advisor or other authorized financial representative can help you decide which Class may be most appropriate for you. When purchasing Fund shares, you must specify which Class of shares you wish to purchase.

When you buy Fund shares, the shares are purchased at the next share price calculated (less any applicable front-end sales charge for Class A shares) after we receive your purchase order. Your payment is due on the third business day after you place your purchase order. We reserve the right to reject any order for the purchase of Fund Shares.

<TABLE>  
<CAPTION>

MINIMUM INVESTMENT AMOUNTS

INVESTMENT OPTIONS	MINIMUM INVESTMENT	
	INITIAL	ADDITIONAL
<S> Regular Accounts	<C> \$5,000	<C> \$100
Individual Retirement Accounts:		
Regular IRAs	\$5,000	\$100
Education IRAs	\$500	\$100
EasyInvest (SM)	(Automatically from your checking or savings account or Money Market Fund)	\$500*

\* Provided your schedule of investments totals \$5,000 in twelve months.

</TABLE>  
(side bar)  
EASYINVEST (SM)

A purchase plan that allows you to transfer money automatically from your checking or savings account or from a Money Market Fund on a semi-monthly, monthly or quarterly basis. Contact your Morgan Stanley Dean Witter Financial Advisor for further information about this service.  
(end side bar)

There is no minimum investment amount if you purchase Fund shares through: (1) the Investment Manager's mutual fund asset allocation plan, (2) a program, approved by the Fund's distributor, in which you pay an asset-based fee for advisory, administrative and/or brokerage services, or (3) employer-sponsored employee benefit plan accounts.

INVESTMENT OPTIONS FOR CERTAIN INSTITUTIONAL AND OTHER INVESTORS/CLASS D SHARES. To be eligible to purchase Class D shares, you must qualify under one of the investor categories specified in the "Share Class Arrangements" section of this Prospectus.

SUBSEQUENT INVESTMENTS SENT DIRECTLY TO THE FUND. In addition to buying additional Fund shares for an existing account by contacting your Morgan Stanley Dean Witter Financial Advisor, you may send a check directly to the Fund. To buy additional shares in this manner:

- o Write a "letter of instruction" to the Fund specifying the name(s) on the account, the account number, the social security or tax identification number, the Class of shares you wish to purchase and the investment amount (which would include any applicable front-end sales charge). The letter must be signed by the account owner(s).
- o Make out a check for the total amount payable to: Morgan Stanley Dean Witter Special Value Fund.
- o Mail the letter and check to Morgan Stanley Dean Witter Trust FSB at P.O. Box 1040, Jersey City, NJ 07303.

[GRAPHIC OMITTED]

HOW TO EXCHANGE SHARES

PERMISSIBLE FUND EXCHANGES. You may exchange shares of any Class of the Fund for the same Class of any other continuously offered Multi-Class Fund, or for shares of a No-Load Fund, a Money Market Fund, North American Government Income Trust or Short-Term U.S. Treasury Trust, without the imposition of an exchange fee. See the inside back cover of this Prospectus for each Morgan Stanley Dean Witter Fund's designation as a Multi-Class Fund, No-Load Fund or Money Market Fund. If a Morgan Stanley Dean Witter Fund is not listed, consult the inside back cover of that fund's Prospectus for its designation. For purposes of exchanges, shares of FSC Funds (subject to a front-end sales charge) are treated as Class A shares of a Multi-Class Fund.

Exchanges may be made after shares of the Fund acquired by purchase have been held for thirty days. There is no waiting period for exchanges of shares acquired by exchange or dividend reinvestment. The current Prospectus for each Fund describes its investment objective(s), policies and investment minimums, and should be read before investment.

**EXCHANGE PROCEDURES.** You can process an exchange by contacting your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative. Otherwise, you must forward an exchange privilege authorization form to the Fund's transfer agent -- Morgan Stanley Dean Witter Trust FSB -- and then write the transfer agent or call (800) 869-NEWS to place an exchange order. You can obtain an exchange privilege authorization form by contacting your Financial Advisor or other authorized financial representative or by calling (800) 869-NEWS. If you hold share certificates, no exchanges may be processed until we have received all applicable share certificates.

An exchange to any Morgan Stanley Dean Witter Fund (except a Money Market Fund) is made on the basis of the next calculated net asset values of the Funds involved after the exchange instructions are accepted. When exchanging into a Money Market Fund, the Fund's shares are sold at their next calculated net asset value and the Money Market Fund's shares are purchased at their net asset value on the following business day.

The Fund may terminate or revise the exchange privilege upon required notice. The check writing privilege is not available for Money Market Fund shares you acquire in an exchange.

**TELEPHONE EXCHANGES.** For your protection when calling Morgan Stanley Dean Witter Trust FSB, we will employ reasonable procedures to confirm that exchange instructions communicated over the telephone are genuine. These procedures may include requiring various forms of personal identification such as name, mailing address, social security or other tax identification number. Telephone instructions also may be recorded.

Telephone instructions will be accepted if received by the Fund's transfer agent between 9:00 a.m. and 4:00 p.m. Eastern time, on any day the New York Stock Exchange is open for business. During periods of drastic economic or market changes, it is possible that the telephone exchange procedures may be difficult to implement, although this has not been the case with the Fund in the past.

**MARGIN ACCOUNTS.** If you have pledged your Fund shares in a margin account, contact your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative regarding restrictions on the exchange of such shares.

**TAX CONSIDERATIONS OF EXCHANGES.** If you exchange shares of the Fund for shares of another Morgan Stanley Dean Witter Fund there are important tax considerations. For tax purposes, the exchange out of the Fund is considered a sale of Fund shares -- and the exchange into the other Fund is considered a purchase. As a result, you may realize a capital gain or loss.

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You should review the "Tax Consequences" section and consult your own tax professional about the tax consequences of an exchange.

**FREQUENT EXCHANGES.** A pattern of frequent exchanges may result in the Fund limiting or prohibiting, at its discretion, additional purchases and/or exchanges. The Fund will notify you in advance of limiting your exchange privileges.

**CDSC CALCULATIONS ON EXCHANGES.** See the "Share Class Arrangements" section of this Prospectus for a further discussion of how applicable contingent deferred sales charges (CDSCs) are calculated for shares of one Morgan Stanley Dean Witter Fund that are exchanged for shares of another.

For further information regarding exchange privileges, you should contact your

[GRAPHIC OMITTED]

HOW TO SELL SHARES

You can sell some or all of your Fund shares at any time. If you sell Class A, Class B or Class C shares, your net sale proceeds are reduced by the amount of any applicable CDSC. Your shares will be sold at the next price calculated after we receive your order to sell as described below.

<TABLE>

<S> OPTIONS	<C> PROCEDURES
----------------	-------------------

Contact Your Financial Advisor	To sell your shares, simply call your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative.
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[GRAPHIC OMITTED]	Payment will be sent to the address to which the account is registered or deposited in your brokerage account.
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By Letter [GRAPHIC OMITTED]	<p>You can also sell your shares by writing a "letter of instruction" that includes:</p> <ul style="list-style-type: none"> <li>o your account number;</li> <li>o the dollar amount or the number of shares you wish to sell;</li> <li>o the Class of shares you wish to sell; and</li> <li>o the signature of each owner as it appears on the account.</li> </ul>
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If you are requesting payment to anyone other than the registered owner(s) or that payment be sent to any address other than the address of the registered owner(s) or pre-designated bank account, you will need a signature guarantee. You can obtain a signature guarantee from an eligible guarantor acceptable to Morgan Stanley Dean Witter Trust FSB. (You should contact Morgan Stanley Dean Witter Trust FSB at (800) 869-NEWS for a determination as to whether a particular institution is an eligible guarantor.) A notary public cannot provide a signature guarantee. Additional documentation may be required for shares held by a corporation, partnership, trustee or executor.

Mail the letter to Morgan Stanley Dean Witter Trust FSB at P.O. Box 983, Jersey City, NJ 07303. If you hold share certificates, you must return the certificates, along with the letter and any required additional documentation.

A check will be mailed to the name(s) and address in which the account is registered, or otherwise according to your instructions.

</TABLE>

<TABLE>

<S> OPTIONS	<C> PROCEDURES
----------------	-------------------

Systematic Withdrawal Plan [GRAPHIC OMITTED]	If your investment in all of the Morgan Stanley Dean Witter Family of Funds has a total market value of at least \$10,000, you may elect to withdraw amounts of \$25 or more, or in any whole percentage of a Fund's balance (provided the amount is at least \$25), on a monthly, quarterly, semi-annual or annual basis, from any Fund with a balance of at least \$1,000. Each time you add a Fund to the plan, you must meet the plan requirements.
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Amounts withdrawn are subject to any applicable CDSC. A CDSC may be waived under certain circumstances. See the Class B waiver categories listed in the "Share Class Arrangements" section of this Prospectus.

To sign up for the Systematic Withdrawal Plan, contact your Morgan Stanley Dean Witter Financial Advisor or call (800) 869-NEWS. You may terminate or suspend your plan at any time. Please remember that withdrawals from the plan are sales of shares, not Fund "distributions," and ultimately may exhaust your account balance. The Fund may terminate or revise the plan at any time.

</TABLE>

PAYMENT FOR SOLD SHARES. After we receive your complete instructions to sell as described above, a check will be mailed to you within seven days, although we will attempt to make payment within one business day. Payment may also be sent to your brokerage account.

Payment may be postponed or the right to sell your shares suspended under unusual circumstances. If you request to sell shares that were recently purchased by check, payment of the sale proceeds may be delayed for the minimum time needed to verify that the check has been honored (not more than fifteen days from the time we receive the check).

**TAX CONSIDERATIONS.** Normally, your sale of Fund shares is subject to federal and state income tax. You should review the "Tax Consequences" section of this Prospectus and consult your own tax professional about the tax consequences of a sale.

**REINSTATEMENT PRIVILEGE.** If you sell Fund shares and have not previously exercised the reinstatement privilege, you may, within 35 days after the date of sale, invest any portion of the proceeds in the same Class of Fund shares at their net asset value and receive a pro rata credit for any CDSC paid in connection with the sale.

**INVOLUNTARY SALES.** The Fund reserves the right, on sixty days' notice, to sell the shares of any shareholder (other than shares held in an IRA or 403(b) Custodial Account) whose shares, due to sales by the shareholder, have a value below \$100, or in the case of an account opened through EasyInvestSM, if after 12 months the shareholder has invested less than \$1,000 in the account.

However, before the Fund sells your shares in this manner, we will notify you and allow you sixty days to make an additional investment in an amount that will increase the value of your account to at least the required amount before the sale is processed. No CDSC will be imposed on any involuntary sale.

**MARGIN ACCOUNTS.** If you have pledged your Fund shares in a margin account, contact your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative regarding restrictions on the sale of such securities.

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[GRAPHIC OMITTED]

DISTRIBUTIONS

-----

(side bar)

TARGETED DIVIDENDS (SM)

You may select to have your Fund distributions automatically invested in other Classes of Fund shares or Classes of another Morgan Stanley Dean Witter Fund that you own. Contact your Morgan Stanley Dean Witter Financial Advisor for further information about this service.  
(end side bar)

The Fund passes substantially all of its earnings from income and capital gains along to its investors as "distributions." The Fund earns income from stocks and interest from fixed-income investments. These amounts are passed along to Fund shareholders as "income dividend distributions." The Fund realizes capital gains whenever it sells securities for a higher price than it paid for them. These amounts may be passed along as "capital gain distributions."

The Fund declares income dividends separately for each Class. Distributions paid on Class A and Class D shares usually will be higher than for Class B and Class C because distribution fees that Class B and Class C pay are higher. Normally, income dividends are distributed to shareholders annually. Capital gains, if any, are distributed in December. The Fund, however, may retain and reinvest any long-term capital gains. The Fund may at times make payments from sources other than income or capital gains that represent a return of a portion of your investment.

Distributions are reinvested automatically in additional shares of the same Class and automatically credited to your account, unless you request in writing that all distributions be paid in cash. If you elect the cash option, the Fund will mail a check to you no later than seven business days after the distribution is declared. No interest will accrue on uncashed checks. If you wish to change how your distributions are paid, your request should be received by the Fund's transfer agent, Morgan Stanley Dean Witter Trust FSB, at least five business days prior to the record date of the distributions.

[GRAPHIC OMITTED]

TAX CONSEQUENCES

As with any investment, you should consider how your Fund investment will be taxed. The tax information in this Prospectus is provided as general information. You should consult your own tax professional about the tax consequences of an investment in the Fund.

Unless your investment in the Fund is through a tax-deferred retirement account, such as a 401(k) plan or IRA, you need to be aware of the possible tax consequences when:

- o The Fund makes distributions; and
- o You sell Fund shares, including an exchange to another Morgan Stanley Dean Witter Fund.

TAXES ON DISTRIBUTIONS. Your distributions are normally subject to federal and state income tax when they are paid, whether you take them in cash or reinvest them in Fund shares. A distribution also may be subject to local income tax. Any income dividend distributions and any short-term capital gain distributions are taxable to you as ordinary income. Any long-term capital gain distributions are taxable as long-term capital gains, no matter how long you have owned shares in the Fund.

Every January, you will be sent a statement (IRS Form 1099-DIV) showing the taxable distributions paid to you in the previous year. The statement provides full information on your dividends and capital gains for tax purposes.

TAXES ON SALES. Your sale of Fund shares normally is subject to federal and state income tax and may result in a taxable gain or loss to you. A sale also may be subject to local income tax. Your exchange of Fund shares for shares of another Morgan Stanley Dean Witter Fund is treated for tax purposes like a sale of your original shares and a purchase of your new shares. Thus, the exchange may, like a sale, result in a taxable gain or loss to you and will give you a new tax basis for your new shares.

When you open your Fund account, you should provide your social security or tax identification number on your investment application. By providing this information, you will avoid being subject to a federal backup withholding tax of 31% on taxable distributions and redemption proceeds. Any withheld amount would be sent to the IRS as an advance tax payment.

[GRAPHIC OMITTED]

SHARE CLASS ARRANGEMENTS

The Fund offers several Classes of shares having different distribution arrangements designed to provide you with different purchase options according to your investment needs. Your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative can help you decide which Class may be appropriate for you.

The general public is offered three Classes: Class A shares, Class B shares and Class C shares, which differ principally in terms of sales charges and ongoing expenses. A fourth Class, Class D shares, is offered only to a limited category of investors. Shares that you acquire through reinvested distributions will not be subject to any front-end sales charge or CDSC -- contingent deferred sales charge. Sales personnel may receive different compensation for selling each Class of shares. The sales charges applicable to each Class provide for the distribution financing of shares of that Class.

The chart below compares the sales charge and maximum annual 12b-1 fee applicable to each Class:

<TABLE>  
<CAPTION>

CLASS	SALES CHARGE	MAXIMUM ANNUAL 12B-1 FEE
<S> A	<C> Maximum 5.25% initial sales charge reduced for purchase of	<C>

	\$25,000 or more; shares sold without an initial sales charge are generally subject to a 1.0% CDSC during the first year	0.25%
B	Maximum 5.0% CDSC during the first year decreasing to 0% after six years	1.0%
C	1.0% CDSC during the first year	1.0%
D	None	None

</TABLE>

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CLASS A SHARES Class A shares are sold at net asset value plus an initial sales charge of up to 5.25%. The initial sales charge is reduced for purchases of \$25,000 or more according to the schedule below. Investments of \$1 million or more are not subject to an initial sales charge, but are generally subject to a contingent deferred sales charge, or CDSC, of 1.0% on sales made within one year after the last day of the month of purchase. The CDSC will be assessed in the same manner and with the same CDSC waivers as with Class B shares. Class A shares are also subject to a distribution (12b-1) fee of up to 0.25% of the average daily net assets of the Class.

The offering price of Class A shares includes a sales charge (expressed as a percentage of the offering price) on a single transaction as shown in the following table:

(side bar)

FRONT-END SALES CHARGE OR FSC

An initial sales charge you pay when purchasing Class A shares that is based on a percentage of the offering price. The percentage declines based upon the dollar value of Class A shares you purchase. We offer three ways to reduce your Class A sales charges -- the Combined Purchase Privilege, Right of Accumulation and Letter of Intent.

(end side bar)

<TABLE>  
<CAPTION>

AMOUNT OF SINGLE TRANSACTION	FRONT-END SALES CHARGE	
	PERCENTAGE OF PUBLIC OFFERING PRICE	APPROXIMATE PERCENTAGE OF NET AMOUNT INVESTED
<S>	<C>	<C>
Less than \$25,000	5.25%	5.54%
\$25,000 but less than \$50,000	4.75%	4.99%
\$50,000 but less than \$100,000	4.00%	4.17%
\$100,000 but less than \$250,000	3.00%	3.09%
\$250,000 but less than \$1 million	2.00%	2.04%
\$1 million and over	0	0

</TABLE>

The reduced sales charge schedule is applicable to purchases of Class A shares in a single transaction by:

- o A single account (including an individual, trust or fiduciary account).
- o Family member accounts (limited to husband, wife and children under the age of 21).
- o Pension, profit sharing or other employee benefit plans of companies and their affiliates.
- o Tax-exempt organizations.
- o Groups organized for a purpose other than to buy mutual fund shares.

COMBINED PURCHASE PRIVILEGE. You also will have the benefit of reduced sales charges by combining purchases of Class A shares of the Fund in a single transaction with purchases of Class A shares of other Multi-Class Funds and shares of FSC Funds.

RIGHT OF ACCUMULATION. You also may benefit from a reduction of sales charges if the cumulative net asset value of Class A shares of the Fund purchased in a single transaction, together with shares of other Funds you currently own which were previously purchased at a price including a front-end sales charge (including shares acquired through reinvestment of distributions), amounts to \$25,000 or more. Also, if you have a cumulative net asset value of all your Class A and Class D shares equal to at least \$5 million (or \$25 million for certain employee benefit plans), you are eligible to purchase Class D shares of any Fund subject to the Fund's minimum initial investment requirement.

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You must notify your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative (or Morgan Stanley Dean Witter Trust FSB if you purchase directly through the Fund), at the time a purchase order is placed, that the purchase qualifies for the reduced charge under the Right of Accumulation. Similar notification must be made in writing when an order is placed by mail. The reduced sales charge will not be granted if: (i) notification is not furnished at the time of the order; or (ii) a review of the records of Dean Witter Reynolds or other authorized dealer of Fund shares or the Fund's transfer agent does not confirm your represented holdings.

LETTER OF INTENT. The schedule of reduced sales charges for larger purchases also will be available to you if you enter into a written "letter of intent." A letter of intent provides for the purchase of Class A shares of the Fund or other Multi-Class Funds or shares of FSC Funds within a thirteen-month period. The initial purchase under a letter of intent must be at least 5% of the stated investment goal. To determine the applicable sales charge reduction, you may also include: (1) the cost of shares of other Morgan Stanley Dean Witter Funds which were previously purchased at a price including a front-end sales charge during the 90-day period prior to the distributor receiving the letter of intent, and (2) the cost of shares of other Funds you currently own acquired in exchange for shares of Funds purchased during that period at a price including a front-end sales charge. You can obtain a letter of intent by contacting your Morgan Stanley Dean Witter Financial Advisor or other authorized financial representative, or by calling (800) 869-NEWS. If you do not achieve the stated investment goal within the thirteen-month period, you are required to pay the difference between the sales charges otherwise applicable and sales charges actually paid, which may be deducted from your investment.

OTHER SALES CHARGE WAIVERS. In addition to investments of \$1 million or more, your purchase of Class A shares is not subject to a front-end sales charge (or a CDSC upon sale) if your account qualifies under one of the following categories:

- o A trust for which Morgan Stanley Dean Witter Trust FSB provides discretionary trustee services.
- o Persons participating in a fee-based investment program (subject to all of its terms and conditions, including mandatory sale or transfer restrictions on termination) approved by the Fund's distributor pursuant to which they pay an asset-based fee for investment advisory, administrative and/or brokerage services.
- o Employer-sponsored employee benefit plans, whether or not qualified under the Internal Revenue Code, for which Morgan Stanley Dean Witter Trust FSB serves as trustee or Dean Witter Reynolds' Retirement Plan Services serves as recordkeeper under a written Recordkeeping Services Agreement ("MSDW Eligible Plans") which have at least 200 eligible employees.
- o An MSDW Eligible Plan whose Class B shares have converted to Class A shares, regardless of the plan's asset size or number of eligible employees.
- o A client of a Morgan Stanley Dean Witter Financial Advisor who joined us from another investment firm within six months prior to the date of purchase of Fund shares, and you used the proceeds from the sale of shares of a proprietary mutual

fund of that Financial Advisor's previous firm that imposed either a front-end or deferred sales charge to purchase Class A shares, provided that: (1) you sold the shares not more than 60 days prior to the purchase of Fund shares, and (2) the sale proceeds were maintained in the interim in cash or a money market fund.

- o Current or retired Directors/Trustees of the Morgan Stanley Dean Witter Funds, such persons' spouses and children under the age of 21, and trust accounts for which any of such persons is a beneficiary.
- o Current or retired directors, officers and employees of Morgan Stanley Dean Witter & Co. and any of its subsidiaries, such persons' spouses and children under the age of 21, and trust accounts for which any of such persons is a beneficiary.

CLASS B SHARES Class B shares are offered at net asset value with no initial sales charge but are subject to a contingent deferred sales charge, or CDSC, as set forth in the table below. For the purpose of calculating the CDSC, shares are deemed to have been purchased on the last day of the month during which they were purchased.

(side bar)

CONTINGENT DEFERRED SALES CHARGE OR CDSC

A fee you pay when you sell shares of certain Morgan Stanley Dean Witter Funds purchased without an initial sales charge. This fee declines the longer you hold your shares as set forth in the table.

(end side bar)

<TABLE>

<CAPTION>

YEAR SINCE PURCHASE PAYMENT MADE CDSC AS A PERCENTAGE OF AMOUNT REDEEMED

<S>	<C>
First	5.0%
Second	4.0%
Third	3.0%
Fourth	2.0%
Fifth	2.0%
Sixth	1.0%
Seventh and thereafter	None

</TABLE>

Each time you place an order to sell or exchange shares, shares with no CDSC will be sold or exchanged first, then shares with the lowest CDSC will be sold or exchanged next. For any shares subject to a CDSC, the CDSC will be assessed on an amount equal to the lesser of the current market value or the cost of the shares being sold.

CDSC WAIVERS. A CDSC, if otherwise applicable, will be waived in the case of:

- o Sales of shares held at the time you die or become disabled (within the definition in Section 72(m)(7) of the Internal Revenue Code which relates to the ability to engage in gainful employment), if the shares are: (i) registered either in your name (not a trust) or in the names of you and your spouse as joint tenants with right of survivorship; or (ii) held in a qualified corporate or self-employed retirement plan, IRA or 403(b) Custodial Account, provided in either case that the sale is requested within one year of your death or initial determination of disability.
- o Sales in connection with the following retirement plan "distributions": (i) lump-sum or other distributions from a qualified corporate or self-employed retirement plan following retirement (or, in the case of a "key employee" of a "top heavy" plan, following attainment of age 59 1/2); (ii) distributions from an IRA or 403(b) Custodial Account following attainment of age 59 1/2;

or (iii) a tax-free return of an excess IRA contribution (a "distribution" does not include a direct transfer of IRA, 403(b) Custodial Account or retirement plan assets to a successor custodian or trustee).

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- o Sales of shares held for you as a participant in an MSDW Eligible Plan.
- o Sales of shares in connection with the Systematic Withdrawal Plan of up to 12% annually of the value of each Fund from which plan sales are made. The percentage is determined on the date you establish the Systematic Withdrawal Plan and based on the next calculated share price. You may have this CDSC waiver applied in amounts up to 1% per month, 3% per quarter, 6% semi-annually or 12% annually. Shares with no CDSC will be sold first, followed by those with the lowest CDSC. As such, the waiver benefit will be reduced by the amount of your shares that are not subject to a CDSC. If you suspend your participation in the plan, you may later resume plan payments without requiring a new determination of the account value for the 12% CDSC waiver.
- o Sales of shares that (i) certain unit investment trusts purchased (on which a sales charge has been paid) or (ii) are attributable to reinvested distributions from, or the proceeds of, certain unit investment trusts.

All waivers will be granted only following the Fund's distributor receiving confirmation of your entitlement. If you believe you are eligible for a CDSC waiver, please contact your Financial Advisor or call (800) 869-NEWS.

DISTRIBUTION FEE. Class B shares are subject to an annual distribution (12b-1) fee of 1.0% of the average daily net assets of Class B.

CONVERSION FEATURE. After ten (10) years, Class B shares will convert automatically to Class A shares of the Fund with no initial sales charge. The ten year period runs from the last day of the month in which the shares were purchased, or in the case of Class B shares acquired through an exchange, from the last day of the month in which the original Class B shares were purchased; the shares will convert to Class A shares based on their relative net asset values in the month following the ten year period. At the same time, an equal proportion of Class B shares acquired through automatically reinvested distributions will convert to Class A shares on the same basis. (Class B shares held before May 1, 1997, however, will convert to Class A shares in May 2007.)

In the case of Class B shares held in an MSDW Eligible Plan, the plan is treated as a single investor and all Class B shares will convert to Class A shares on the conversion date of the Class B shares of a Morgan Stanley Dean Witter Fund purchased by that plan.

Currently, the Class B share conversion is not a taxable event; the conversion feature may be cancelled if it is deemed a taxable event in the future by the Internal Revenue Service.

If you exchange your Class B shares for shares of a Money Market Fund, a No-Load Fund, North American Government Income Trust or Short-Term U.S. Treasury Trust, the holding period for conversion is frozen as of the last day of the month of the exchange and resumes on the last day of the month you exchange back into Class B shares.

EXCHANGING SHARES SUBJECT TO A CDSC. There are special considerations when you exchange Fund shares that are subject to a CDSC. When determining the length of time you held the shares and the corresponding CDSC rate, any period (starting at the

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end of the month) during which you held shares of a fund that does not charge a CDSC will not be counted. Thus, in effect the "holding period" for purposes of calculating the CDSC is frozen upon exchanging into a fund that does not charge a CDSC.

For example, if you held Class B shares of the Fund in a regular account for one year, exchanged to Class B of another Morgan Stanley Dean Witter Multi-Class Fund for another year, then sold your shares, a CDSC rate of 4%

would be imposed on the shares based on a two year holding period -- one year for each Fund. However, if you had exchanged the shares of the Fund for a Money Market Fund (which does not charge a CDSC) instead of the Multi-Class Fund, then sold your shares, a CDSC rate of 5% would be imposed on the shares based on a one year holding period. The one year in the Money Market Fund would not be counted. Nevertheless, if shares subject to a CDSC are exchanged for a Fund that does not charge a CDSC, you will receive a credit when you sell the shares equal to the distribution (12b-1) fees, if any, you paid on those shares while in that Fund up to the amount of any applicable CDSC.

In addition, shares that are exchanged into or from a Morgan Stanley Dean Witter Fund subject to a higher CDSC rate will be subject to the higher rate, even if the shares are re-exchanged into a Fund with a lower CDSC rate.

**CLASS C SHARES** Class C shares are sold at net asset value with no initial sales charge but are subject to a CDSC of 1.0% on sales made within one year after the last day of the month of purchase. The CDSC will be assessed in the same manner and with the same CDSC waivers as with Class B shares.

**DISTRIBUTION FEE.** Class C shares are subject to an annual distribution (12b-1) fee of up to 1.0% of the average daily net assets of that Class. The Class C shares' distribution fee may cause that Class to have higher expenses and pay lower dividends than Class A or Class D shares. Unlike Class B shares, Class C shares have no conversion feature and, accordingly, an investor that purchases Class C shares may be subject to distribution (12b-1) fees applicable to Class C shares for an indefinite period.

**CLASS D SHARES** Class D shares are offered without any sales charge on purchases or sales and without any distribution (12b-1) fee. Class D shares are offered only to investors meeting an initial investment minimum of \$5 million (\$25 million for MSDW Eligible Plans) and the following investor categories:

- o Investors participating in the Investment Manager's mutual fund asset allocation program (subject to all of its terms and conditions, including mandatory sale or transfer restrictions on termination) pursuant to which they pay an asset-based fee.
- o Persons participating in a fee-based investment program (subject to all of its terms and conditions, including mandatory sale or transfer restrictions on termination) approved by the Fund's distributor pursuant to which they pay an asset-based fee for investment advisory, administrative and/or brokerage services.
- o Employee benefit plans maintained by Morgan Stanley Dean Witter & Co. or any of its subsidiaries for the benefit of certain employees of Morgan Stanley Dean Witter & Co. and its subsidiaries.
- o Certain unit investment trusts sponsored by Dean Witter Reynolds.

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- o Certain other open-end investment companies whose shares are distributed by the Fund's distributor.
- o Investors who were shareholders of the Dean Witter Retirement Series on September 11, 1998 for additional purchases for their former Dean Witter Retirement Series accounts.

**MEETING CLASS D ELIGIBILITY MINIMUMS.** To meet the \$5 million (\$25 million for MSDW Eligible Plans) initial investment to qualify to purchase Class D shares you may combine: (1) purchases in a single transaction of Class D shares of the Fund and other Morgan Stanley Dean Witter Multi-Class Funds and/or (2) previous purchases of Class A and Class D shares of Multi-Class Funds and shares of FSC Funds you currently own, along with shares of Morgan Stanley Dean Witter Funds you currently own that you acquired in exchange for those shares.

**NO SALES CHARGES FOR REINVESTED CASH DISTRIBUTIONS** If you receive a cash payment representing an income dividend or capital gain and you reinvest that amount in the applicable Class of shares by returning the check within 30 days of the payment date, the purchased shares would not be subject to an initial sales charge or CDSC.

**PLAN OF DISTRIBUTION (RULE 12b-1 FEES)** The Fund has adopted a Plan of Distribution in accordance with Rule 12b-1 under the Investment Company Act of 1940 with respect to the distribution of Class A, Class B and Class C shares.

The Plan allows the Fund to pay distribution fees for the sale and distribution of these shares. It also allows the Fund to pay for services to shareholders of Class A, Class B and Class C shares. Because these fees are paid out of the Fund's assets on an ongoing basis, over time these fees will increase the cost of your investment in these Classes and may cost you more than paying other types of sales charges.

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FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the life of the Fund. Certain information reflects financial results for a single Fund share throughout each year. The total returns in the table represent the rate an investor would have earned or lost on an investment in the Fund (assuming reinvestment of all dividends and distributions).

This information has been audited by \_\_\_\_\_, independent accountants, whose report, along with the Fund's financial statements, is included in the annual report, which is available upon request.

<TABLE>  
<CAPTION>

FOR THE YEAR ENDED JULY 31,	1999	1998	FOR THE PERIOD OCTOBER 29, 1996* THROUGH JULY 31, 1997
<S>	<C>	<C>	<C>
CLASS B SHARES			
-----			
SELECTED PER SHARE DATA:			
-----			
Net asset value, beginning of period	\$	\$	\$
-----			
Income (loss) from investment operations:			
Net investment loss			
Net realized and unrealized gain (loss)			
Total income (loss) from investment operations	-----	-----	-----
-----			
Less dividends and distributions:			
In excess of net investment income			
From net realized gain			
Total dividends and distributions	-----	-----	-----
-----			
Net asset value, end of period			
-----			
TOTAL RETURN+			
-----			
RATIOS TO AVERAGE NET ASSETS:			
-----			
Expenses			
-----			
Net investment loss			
-----			
SUPPLEMENTAL DATA:			
-----			
Net assets, end of period, in thousands			
-----			
Portfolio turnover rate			
-----			

\* Commencement of operations.

</TABLE>

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<TABLE>  
<CAPTION>

FOR THE PERIOD  
OCTOBER 29,

FOR THE YEAR ENDED JULY 31,	1999	1998	1996* THROUGH JULY 31, 1997
<S>	<C>	<C>	<C>
CLASS A SHARES			
-----			
SELECTED PER SHARE DATA:			
-----			
Net asset value, beginning of period			
-----			
Income (loss) from investment operations:			
Net investment loss			
Net realized and unrealized gain			
Total income from investment operations	-----	-----	-----
-----			
Less distributions from			
Net realized gain			
Net asset value, end of period	-----	-----	-----
-----			
TOTAL RETURN			
-----			
RATIOS TO AVERAGE NET ASSETS:			
-----			
Expenses			
-----			
Net investment loss			
-----			
SUPPLEMENTAL DATA:			
-----			
Net assets, end of period, in thousands			
-----			
Portfolio turnover rate			
-----			
CLASS C SHARES			
-----			
SELECTED PER SHARE DATA:			
-----			
Net asset value, beginning of period			
-----			
Income (loss) from Investment operations:			
Net investment loss			
Net realized and unrealized gain			
Total income from investment operations	-----	-----	-----
-----			
Less distributions from			
Net realized gain			
Net asset value, end of period	-----	-----	-----
-----			
TOTAL RETURN+			
-----			
RATIOS TO AVERAGE NET ASSETS			
-----			
Expenses			
-----			
Net investment loss			
-----			
SUPPLEMENTAL DATA:			
-----			
Net assets, end of period, in thousands			
-----			
Portfolio turnover rate			
-----			
* The date shares were first issued.			

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<TABLE>  
<CAPTION>

FOR THE PERIOD  
OCTOBER 29,  
1996\*

FOR THE YEAR ENDED JULY 31,	1999	1998	THROUGH JULY 31, 1997
<S>	<C>	<C>	<C>
CLASS D SHARES			
-----			
SELECTED PER SHARE DATA:			
-----			
Net asset value, beginning of period			
-----			
Income (loss) from investment operations:			
Net investment loss			
Net realized and unrealized gain			
Total income from investment operations			
-----			
Less distributions from			
Net realized gain			
Net asset value, end of period			
-----			
TOTAL RETURN+			
-----			
RATIOS TO AVERAGE NET ASSETS:			
-----			
Expenses			
-----			
Net investment loss			
-----			
SUPPLEMENTAL DATA:			
-----			
Net assets, end of period, in thousands			
-----			
Portfolio turnover rate			
-----			
* The date shares were first issued.			

</TABLE>

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MORGAN STANLEY DEAN WITTER  
FAMILY OF FUNDS

The Morgan Stanley Dean Witter Family of Funds  
offers investors a wide range of investment choices.  
Come on in and meet the family!

<TABLE>  
<CAPTION>

<S>	<C>	<C>
GROWTH FUNDS	GROWTH FUNDS	Health Sciences Trust
	Aggressive Equity Fund	Information Fund
	American Opportunities Fund	Natural Resource Development Securities
	Capital Growth Securities	Precious Metals and Minerals Trust
	Developing Growth Securities	GLOBAL/INTERNATIONAL FUNDS
	Equity Fund	Competitive Edge Fund - "Best Ideas" Portfolio
	Growth Fund	European Growth Fund
	Market Leader Trust	Fund of Funds - International Portfolio
	Mid-Cap Equity Trust	International Fund
	Small Cap Growth Fund	International SmallCap Fund
	Special Value Fund	Japan Fund
	Value Fund	Latin American Growth Fund
	THEME FUNDS	Pacific Growth Fund
	Financial Services Trust	

GROWTH & INCOME FUNDS	Balanced Growth Fund	Strategist Fund
	Balanced Income Fund	Total Return Trust
	Convertible Securities Trust	Value/Added Market Series/Equity Portfolio
	Dividend Growth Securities	THEME FUNDS
	Fund of Funds - Domestic Portfolio	Global Utilities Fund
	Income Builder Fund	Real Estate Fund
	Mid-Cap Dividend Growth Securities	Utilities Fund
	S&P 500 Index Fund	GLOBAL FUNDS
	S&P 500 Select Fund	Global Dividend Growth Securities
-----		
INCOME FUNDS	GOVERNMENT INCOME FUNDS	GLOBAL INCOME FUNDS
	Federal Securities Trust	North American Government Income Trust
	Short-Term U.S. Treasury Trust	World Wide Income Trust
	U.S. Government Securities Trust	TAX-FREE INCOME FUNDS
	DIVERSIFIED INCOME FUNDS	California Tax-Free Income Fund
	Diversified Income Trust	Hawaii Municipal Trust(FSC)
	CORPORATE INCOME FUNDS	Limited Term Municipal Trust(NL)
	High Yield Securities	Multi-State Municipal Series Trust(FSC)
	Intermediate Income Securities	New York Tax-Free Income Fund
	Short-Term Bond Fund(NL)	Tax-Exempt Securities Trust
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MONEY MARKET FUNDS	TAXABLE MONEY MARKET FUNDS	TAX-FREE MONEY MARKET FUNDS
	Liquid Asset Fund(MM)	California Tax-Free Daily Income Trust(MM)
	U.S. Government Money Market Trust(MM)	New York Municipal Money Market Trust(MM)
		Tax-Free Daily Income Trust(MM)

</TABLE>

There may be Funds created after this Prospectus was published. Please consult the inside back cover of a new Fund's prospectus for its designations, e.g., Multi-Class Fund or Money Market Fund.

Each listed Morgan Stanley Dean Witter Fund except for North American Government Income Trust and Short-Term U.S. Treasury Trust is a Multi-Class Fund, which is a mutual fund offering multiple Classes of shares. The other types of Funds are: NL -- No-Load (Mutual) Fund; MM -- Money Market Fund; FSC -- A mutual fund sold with a front-end sales charge and a distribution (12b-1) fee.

MORGAN STANLEY DEAN WITTER  
SPECIAL VALUE FUND

Additional information about the Fund's investments is available in the Fund's Annual and Semi-Annual Reports to Shareholders. In the Fund's Annual Report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year. The Fund's Statement of Additional Information also provides additional information about the Fund. The Statement of Additional Information is incorporated herein by reference (legally is part of this Prospectus). For a free copy of any of these documents, to request other information about the Fund, or to make shareholder inquiries, please call:

(800) 869-NEWS

You also may obtain information about the Fund by calling your Morgan Stanley Dean Witter Financial Advisor or by visiting our Internet site at:

WWW.DEANWITTER.COM/FUNDS

Information about the Fund (including the Statement of Additional Information) can be viewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, DC. Information about the Reference Room's operations may be obtained by calling the SEC at (800) SEC-0330. Reports and other information about the Fund are available on the SEC's Internet site ([www.sec.gov](http://www.sec.gov)), and copies of this information may be obtained, upon payment of a duplicating fee, by writing to the Public Reference Section of the SEC, Washington, DC 20549-6009.

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TICKER SYMBOLS:

Class A:	SVFAX
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Class B:	SVFBX
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Class C:	SVFCX
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Class D:	SVFDX
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(THE FUND'S INVESTMENT COMPANY ACT FILE NO. IS 811-7683)

STATEMENT OF ADDITIONAL INFORMATION

MORGAN STANLEY DEAN WITTER  
SPECIAL VALUE FUND

SEPTEMBER 27, 1999

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This Statement of Additional Information is not a Prospectus. The Prospectus (dated September 27, 1999) for the Morgan Stanley Dean Witter Special Value Fund may be obtained without charge from the Fund at its address or telephone number listed below or from Dean Witter Reynolds at any of its branch offices.

Morgan Stanley Dean Witter Special Value Fund  
Two World Trade Center  
New York, New York 10048  
(800) 869-NEWS

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GLOSSARY OF SELECTED DEFINED TERMS

The terms defined in this glossary are frequently used in this Statement of Additional Information (other terms used occasionally are defined in the text of the document).

"Custodian" -- The Bank of New York.

"Dean Witter Reynolds" -- Dean Witter Reynolds Inc., a wholly-owned broker-dealer subsidiary of MSDW.

"Distributor" -- Morgan Stanley Dean Witter Distributors Inc., a wholly-owned broker-dealer subsidiary of MSDW.

"Financial Advisors" -- Morgan Stanley Dean Witter authorized financial services representatives.

"Fund" -- Morgan Stanley Dean Witter Special Value Fund, a registered open-end investment company.

"Investment Manager" -- Morgan Stanley Dean Witter Advisors Inc., a wholly-owned investment advisor subsidiary of MSDW.

"Independent Trustees" -- Trustees who are not "interested persons" (as defined by the Investment Company Act) of the Fund.

"Morgan Stanley & Co." -- Morgan Stanley & Co. Incorporated, a wholly-owned broker-dealer subsidiary of MSDW.

"Morgan Stanley Dean Witter Funds" -- Registered investment companies (i) for which the Investment Manager serves as the investment advisor and (ii) that hold themselves out to investors as related MSDW companies for investment and investor services.

"MSDW" -- Morgan Stanley Dean Witter & Co., a preeminent global financial services firm.

"MSDW Services Company" -- Morgan Stanley Dean Witter Services Company Inc., a wholly-owned fund services subsidiary of the Investment Manager.

"Transfer Agent" -- Morgan Stanley Dean Witter Trust FSB, a wholly-owned transfer agent subsidiary of MSDW.

"Trustees" -- The Board of Trustees of the Fund.

## I. FUND HISTORY

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The Fund was organized as a Massachusetts business trust, under a Declaration of Trust, on June 21, 1996, with the name Dean Witter Special Value Fund. Effective June 22, 1998, the Fund's name was changed to Morgan Stanley Dean Witter Special Value Fund.

## II. DESCRIPTION OF THE FUND AND ITS INVESTMENTS AND RISKS

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### A. CLASSIFICATION

The Fund is an open-end, diversified management investment company whose investment objective is to seek long-term capital appreciation.

### B. INVESTMENT STRATEGIES AND RISKS

The following discussion of the Fund's investment strategies and risks should be read with the sections of the Fund's Prospectus titled "Principal Investment Strategies," "Principal Risks," "Additional Investment Strategy Information," and "Additional Risk Information."

**STOCK INDEX FUTURES CONTRACTS.** The Fund may invest in stock index futures contracts. Futures contracts on indexes do not require the physical delivery of securities, but provide for a final cash settlement on the expiration date which reflects accumulated profits and losses credited or debited to each party's account. An index futures contract sale creates an obligation by the Fund, as seller, to deliver cash at a specified future time. An index futures contract purchase would create an obligation by the Fund, as purchaser, to take delivery of cash at a specified future time.

The Fund will purchase or sell stock index futures contracts for the purpose of hedging its equity portfolio (or anticipated portfolio) securities against changes in their prices. If the Investment Manager anticipates that the prices of stock held by the Fund may fall, the Fund may sell a stock index futures contract. Conversely, if the Investment Manager wishes to hedge against anticipated price rises in those stocks which the Fund intends to purchase, the Fund may purchase stock index futures contracts. In addition, stock index futures contracts will be bought or sold in order to close out a short or long position in a corresponding futures contract.

A futures contract sale is closed out by effecting a futures contract purchase for the same aggregate amount of the specific type of security and the same delivery date. If the sale price exceeds the offsetting purchase price, the seller would be paid the difference and would realize a gain. If the offsetting purchase price exceeds the sale price, the seller would pay the difference and would realize a loss. Similarly, a futures contract purchase is closed out by effecting a futures contract sale for the same aggregate amount of the specific type of security and the same delivery date. If the offsetting sale price exceeds the purchase price, the purchaser would realize a gain, whereas if the purchase price exceeds the offsetting sale price, the purchaser would realize a loss. There is no assurance that the Fund will be able to enter into a closing transaction.

**Margin.** If the Fund enters into a futures contract, it is initially required to deposit an "initial margin" of cash or U.S. Government securities or other liquid portfolio securities ranging from approximately 2% to 5% of the contract amount. Initial margin requirements are established by the exchanges on which futures contracts trade and may, from time to time, change. In addition, brokers may establish margin deposit requirements in excess of those required by the exchanges.

Initial margin in futures transactions is different from margin in securities transactions in that initial margin does not involve the borrowing of funds by a broker's client but is, rather, a good faith deposit on the futures contract which will be returned to the Fund upon the proper termination of the futures contract. The margin deposits made are marked to market daily and the Fund may be required to make subsequent deposits of cash or U.S.

Government securities, called "variation margin," which are reflective of price fluctuations in the futures contract.

Limitations on Futures Contracts. The Fund may enter into futures contracts provided that not more than 5% of its total assets, after taking into account unrealized gains and unrealized losses on such contracts it has entered into. However, there is no overall limitation on the percentage of the Fund's net assets which may be subject to a hedge position.

Risks of Transactions in Futures Contracts. The prices of indexes subject to futures contracts (and thereby the futures contract prices) may correlate imperfectly with the behavior of the cash prices of the Fund's portfolio securities. Also, prices of futures contracts may not move in tandem with the changes in prevailing interest rates and market movements against which the Fund seeks a hedge. A correlation may also be distorted (a) temporarily, by short-term traders' seeking to profit from the difference between a contract or security price objective and their cost of borrowed funds; (b) by investors in futures contracts electing to close out their contracts through offsetting transactions rather than meet margin deposit requirements; (c) by investors in futures contracts opting to make or take delivery of underlying securities rather than engage in closing transactions, thereby reducing liquidity of the futures market; and (d) temporarily, by speculators who view the deposit requirements in the futures markets as less onerous than margin requirements in the cash market. Due to the possibility of price distortion in the futures market and because of the possible imperfect correlation between movements in the prices of securities and movements in the prices of futures contracts, a correct forecast of interest rate and/or market movement trends by the Investment Manager may still not result in a successful hedging transaction.

There is no assurance that a liquid secondary market will exist for futures contracts in which the Fund may invest. In the event a liquid market does not exist, it may not be possible to close out a futures position and, in the event of adverse price movements, the Fund would continue to be required to make daily cash payments of variation margin. The absence of a liquid market in futures contracts might cause the Fund to make or take delivery of the underlying securities at a time when it may be disadvantageous to do so.

Exchanges also limit the amount by which the price of a futures contract may move on any day. If the price moves equal the daily limit on successive days, then it may prove impossible to liquidate a futures position until the daily limit moves have ceased. In the event of adverse price movements, the Fund would continue to be required to make daily cash payments of variation margin on open futures positions. In these situations, if the Fund has insufficient cash, it may have to sell portfolio securities to meet daily variation margin requirements at a time when it may be disadvantageous to do so. The inability to close out options and futures positions could also have an adverse impact on the Fund's ability to effectively hedge its portfolio.

If the Fund maintains a short position in a futures contract or has sold a call option in a futures contract, it will cover this position by holding, in a segregated account maintained on the books of the Fund, cash, U.S. government securities or other liquid portfolio securities equal in value (when added to any initial or variation margin on deposit) to the market value of the securities underlying the futures contract or the exercise price of the option. Such a position may also be covered by owning the securities underlying the futures contract (in the case of a stock index futures contract a portfolio of securities substantially replicating the relevant index), or by holding a call option permitting the Fund to purchase the same contract at a price no higher than the price at which the short position was established.

In addition, if the Fund holds a long position in a futures contract or has sold a put option on a futures contract, it will hold cash, U.S. government securities or other liquid portfolio securities equal to the purchase price of the contract or the exercise price of the put option (less the amount of initial or variation margin on deposit) in a segregated account maintained on the books of the Fund. Alternatively, the Fund could cover its long position by purchasing a put option on the same futures contract with an exercise price as high or higher than the price of the contract held by the Fund.

MONEY MARKET SECURITIES. The Fund may invest in various money market securities for cash management purposes or when assuming a temporary defensive position, which among others may include commercial paper, bank acceptances,

bank obligations, corporate debt securities, certificates of deposit, U.S. Government securities, obligations of savings institutions and repurchase agreements. Such securities are limited to:

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U.S. Government Securities. Obligations issued or guaranteed as to principal and interest by the United States or its agencies (such as the Export-Import Bank of the United States, Federal Housing Administration and Government National Mortgage Association) or its instrumentalities (such as the Federal Home Loan Bank), including Treasury bills, notes and bonds;

Bank Obligations. Obligations (including certificates of deposit, time deposits and bankers' acceptances) of banks subject to regulation by the U.S. Government and having total assets of \$1 billion or more, and instruments secured by such obligations, not including obligations of foreign branches of domestic banks except to the extent below;

Eurodollar Certificates of Deposit. Eurodollar certificates of deposit issued by foreign branches of domestic banks having total assets of \$1 billion or more;

Obligations of Savings Institutions. Certificates of deposit of savings banks and savings and loan associations, having total assets of \$1 billion or more;

Fully Insured Certificates of Deposit. Certificates of deposit of banks and savings institutions, having total assets of less than \$1 billion, if the principal amount of the obligation is federally insured by the Bank Insurance Fund or the Savings Association Insurance Fund (each of which is administered by the FDIC), limited to \$100,000 principal amount per certificate and to 10% or less of the Fund's total assets in all such obligations and in all illiquid assets, in the aggregate; and

Commercial Paper. Commercial paper rated within the two highest grades by Standard & Poor's Corporation ("S&P") or the two highest grade by Moody's Investors Service, Inc. ("Moody's") or, if not rated, issued by a company having an outstanding debt issue rated at least AA by S&P or Aa by Moody's; and

Repurchase Agreements. The Fund may invest in repurchase agreements. When cash may be available for only a few days, it may be invested by the Fund in repurchase agreements until such time as it may otherwise be invested or used for payments of obligations of the Fund. These agreements, which may be viewed as a type of secured lending by the Fund, typically involve the acquisition by the Fund of debt securities from a selling financial institution such as a bank, savings and loan association or broker-dealer. The agreement provides that the Fund will sell back to the institution, and that the institution will repurchase, the underlying security serving as collateral at a specified price and at a fixed time in the future, usually not more than seven days from the date of purchase. The collateral will be marked-to-market daily to determine that the value of the collateral, as specified in the agreement, does not decrease below the purchase price plus accrued interest. If such decrease occurs, additional collateral will be requested and, when received, added to the account to maintain full collateralization. The Fund will accrue interest from the institution until the time when the repurchase is to occur. Although this date is deemed by the Fund to be the maturity date of a repurchase agreement, the maturities of securities subject to repurchase agreements are not subject to any limits.

While repurchase agreements involve certain risks not associated with direct investments in debt securities, the Fund follows procedures designed to minimize such risks. These procedures include effecting repurchase transactions only with large, well-capitalized and well-established financial institutions whose financial condition will be continually monitored by the Investment Manager subject to procedures established by the Trustees. In addition, as described above, the value of the collateral underlying the repurchase agreement will be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement. In the event of a default or bankruptcy by a selling financial institution, the Fund will seek to liquidate such collateral. However, the exercising of the Fund's right to liquidate such collateral could involve certain costs or delays and, to the extent that proceeds from any sale upon a default of the obligation to repurchase were less than the repurchase price, the Fund could suffer a loss.

LENDING PORTFOLIO SECURITIES. The Fund may lend its portfolio securities to brokers, dealers and other financial institutions, provided that the loans are callable at any time by the Fund, and are at all times secured by cash or cash equivalents, which are maintained in a segregated account pursuant to applicable regulations and that are equal to at least 100% of the market value, determined daily, of the

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loaned securities. The advantage of these loans is that the Fund continues to receive the income on the loaned securities while at the same time earning interest on the cash amounts deposited as collateral, which will be invested in short-term obligations. The Fund will not lend more than 25% of the value of its total assets.

As with any extensions of credit, there are risks of delay in recovery and, in some cases, even loss of rights in the collateral should the borrower of the securities fail financially. However, these loans of portfolio securities will only be made to firms deemed by the Fund's management to be creditworthy and when the income which can be earned from such loans justifies the attendant risks. Upon termination of the loan, the borrower is required to return the securities to the Fund. Any gain or loss in the market price during the loan period would inure to the Fund.

When voting or consent rights which accompany loaned securities pass to the borrower, the Fund will follow the policy of calling the loaned securities, to be delivered within one day after notice, to permit the exercise of the rights if the matters involved would have a material effect on the Fund's investment in the loaned securities. The Fund will pay reasonable finder's, administrative and custodial fees in connection with a loan of its securities.

WHEN-ISSUED AND DELAYED DELIVERY SECURITIES AND FORWARD COMMITMENTS. From time to time the Fund may purchase securities on a when-issued or delayed delivery basis or may purchase or sell securities on a forward commitment basis. When these transactions are negotiated, the price is fixed at the time of the commitment, but delivery and payment can take place a month or more after the date of commitment. While the Fund will only purchase securities on a when-issued, delayed delivery or forward commitment basis with the intention of acquiring the securities, the Fund may sell the securities before the settlement date, if it is deemed advisable. The securities so purchased or sold are subject to market fluctuation and no interest or dividends accrue to the purchaser prior to the settlement date.

At the time the Fund makes the commitment to purchase or sell securities on a when-issued, delayed delivery or forward commitment basis, it will record the transaction and thereafter reflect the value, each day, of such security purchased, or if a sale, the proceeds to be received, in determining its net asset value. At the time of delivery of the securities, their value may be more or less than the purchase or sale price. An increase in the percentage of the Fund's assets committed to the purchase of securities on a when-issued, delayed delivery or forward commitment basis may increase the volatility of its net asset value. The Fund will also establish a segregated account on the Fund's books in which it will continually maintain cash or cash equivalents or other liquid portfolio securities equal in value to commitments to purchase securities on a when-issued, delayed delivery or forward commitment basis.

WHEN, AS AND IF ISSUED SECURITIES. The Fund may purchase securities on a "when, as and if issued" basis under which the issuance of the security depends upon the occurrence of a subsequent event, such as approval of a merger, corporate reorganization or debt restructuring. The commitment for the purchase of any such security will not be recognized in the portfolio of the Fund until the Investment Manager determines that issuance of the security is probable. At that time, the Fund will record the transaction and, in determining its net asset value, will reflect the value of the security daily. At that time, the Fund will also establish a segregated account on the Fund's books in which it will maintain cash or cash equivalents or other liquid portfolio securities equal in value to recognized commitments for such securities.

An increase in the percentage of the Fund's assets committed to the purchase of securities on a "when, as and if issued" basis may increase the volatility of its net asset value. The Fund may also sell securities on a "when, as and if issued" basis provided that the issuance of the security will result automatically from the exchange or conversion of a security owned by the Fund at the time of sale.

PRIVATE PLACEMENTS. The Fund may invest up to 15% of its net assets in securities which are subject to restrictions on resale because they have not been registered under the Securities Act of 1933 (the "Securities Act"), or which are otherwise not readily marketable. (Securities eligible for resale pursuant to Rule 144A under the Securities Act, and determined to be liquid pursuant to the procedures discussed in the following paragraph, are not subject to the foregoing restriction.) These securities are

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generally referred to as private placements or restricted securities. Limitations on the resale of these securities may have an adverse effect on their marketability, and may prevent the Fund from disposing of them promptly at reasonable prices. The Fund may have to bear the expense of registering the securities for resale and the risk of substantial delays in effecting the registration.

Rule 144A permits the Fund to sell restricted securities to qualified institutional buyers without limitation. The Investment Manager, pursuant to procedures adopted by the Trustees, will make a determination as to the liquidity of each restricted security purchased by the Fund. If a restricted security is determined to be "liquid," the security will not be included within the category "illiquid securities," which may not exceed 15% of the Fund's net assets. However, investing in Rule 144A securities could have the effect of increasing the level of Fund illiquidity to the extent the Fund, at a particular point in time, may be unable to find qualified institutional buyers interested in purchasing such securities.

WARRANTS AND SUBSCRIPTION RIGHTS. The Fund may acquire warrants and/or rights which are attached to other securities. A warrant is, in effect, an option to purchase equity securities at a specific price, generally valid for a specific period of time, and has no voting rights, pays no dividends and has no rights with respect to the corporation issuing it.

A subscription right is a privilege granted to existing shareholders of a corporation to subscribe to shares of a new issue of common stock before it is offered to the public. A subscription right normally has a life of two to four weeks and a subscription price lower than the current market value of the common stock. A subscription right is freely transferable.

INVESTMENT IN REAL ESTATE INVESTMENT TRUSTS. The Fund may invest in real estate investment trusts, which pool investors' funds for investments primarily in commercial real estate properties. Investment in real estate investment trusts may be the most practical available means for the Fund to invest in the real estate industry (the Fund is prohibited from investing in real estate directly). As a shareholder in a real estate investment trust, the Fund would bear its ratable share of the real estate investment trust's expenses, including its advisory and administration fees. At the same time the Fund would continue to pay its own investment management fees and other expenses, as a result of which the Fund and its shareholders in effect will be absorbing duplicate levels of fees with respect to investments in real estate investment trusts.

ZERO COUPON SECURITIES. A portion of the fixed-income securities purchased by the Fund may be zero coupon securities. Such securities are purchased at a discount from their face amount, giving the purchaser the right to receive their full value at maturity. The interest earned on such securities is, implicitly, automatically compounded and paid out at maturity. While such compounding at a constant rate eliminates the risk of receiving lower yields upon reinvestment of interest if prevailing interest rates decline, the owner of a zero coupon security will be unable to participate in higher yields upon reinvestment of interest received on interest-paying securities if prevailing interest rates rise.

A zero coupon security pays no interest to its holder during its life. Therefore, to the extent the Fund invests in zero coupon securities, it will not receive current cash available for distribution to shareholders. In addition, zero coupon securities are subject to substantially greater price fluctuations during periods of changing prevailing interest rates than are comparable securities which pay interest on a current basis. Current federal tax law requires that a holder (such as the Fund) of a zero coupon security accrue a portion of the discount at which the security was purchased as income each year even though the Fund receives no interest payments in cash on the

security during the year.

ENHANCED AND SYNTHETIC CONVERTIBLES. The Fund may invest up to 25% of its total assets in "enhanced" convertible securities. Enhanced convertible securities offer holders the opportunity to obtain higher current income than would be available from a traditional equity security issued by the same company, in return for reduced participation or a cap on appreciation in the underlying common stock of the issuer which the holder can realize. In addition, in many cases, enhanced convertible securities are convertible into the underlying common stock of the issuer automatically at maturity, unlike traditional convertible securities which are convertible only at the option of the security holder. Enhanced convertible securities may be more volatile than traditional convertible securities due to the mandatory conversion feature.

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The Fund also may invest up to 10% in "synthetic" convertible securities. Unlike traditional convertible securities whose conversion values are based on the common stock of the issuer of the convertible security, "synthetic" convertible securities are preferred stocks or debt obligations of an issuer which are combined with an equity component whose conversion value is based on the value of the common stock of a different issuer or a particular benchmark (which may include a foreign issuer or basket of foreign stocks, or a company whose stock is not yet publicly traded). In many cases, "synthetic" convertible securities are not convertible prior to maturity, at which time the value of the security is paid in cash by the issuer.

"Synthetic" convertible securities may be less liquid than traditional convertible securities and their price changes may be more volatile. Reduced liquidity may have an adverse impact on the Fund's ability to sell particular synthetic securities promptly at favorable prices and may also make it more difficult for the Fund to obtain market quotations based on actual trades, for purposes of valuing the Fund's portfolio securities.

The Fund may invest without limitation in "exchangeable" convertible bonds and convertible preferred stock which are issued by one company, but convertible into the common stock of a different publicly traded company. These securities generally have liquidity trading and risk characteristics similar to traditional convertible securities.

YEAR 2000. The investment management services provided to the Fund by the Investment Manager and the services provided to shareholders by the Distributor and the Transfer Agent depend on the smooth functioning of their computer systems. Many computer software systems in use today cannot recognize the year 2000, but revert to 1900 or some other date, due to the manner in which dates were encoded and calculated. That failure could have a negative impact on the handling of securities trades, pricing and account services. The Investment Manager, the Distributor and the Transfer Agent have been actively working on necessary changes to their own computer systems to prepare for the year 2000 and expect that their systems will be adapted before that date, but there can be no assurance that they will be successful, or that interaction with other non-complying computer systems will not impair their services at that time.

In addition, it is possible that the markets for securities in which the Fund invests may be detrimentally affected by computer failures throughout the financial services industry beginning January 1, 2000. Improperly functioning trading systems may result in settlement problems and liquidity issues. Corporate and governmental data processing errors also may result in production problems for individual companies and overall economic uncertainties. Earnings of individual issuers will be affected by remediation costs, which may be substantial and may be reported inconsistently in U.S. and foreign financial statements. Accordingly, the Fund's investments may be adversely affected.

#### C. FUND POLICIES/INVESTMENT RESTRICTIONS

The investment objective, policies and restrictions listed below have been adopted by the Fund as fundamental policies. Under the Investment Company Act of 1940 (the "Investment Company Act"), a fundamental policy may not be changed without the vote of a majority of the outstanding voting securities of the Fund. The Investment Company Act defines a majority as the lesser of (a) 67% or more of the shares present at a meeting of shareholders, if the holders of 50% of the outstanding shares of the Fund are present or represented by proxy; or (b) more than 50% of the outstanding shares of the Fund. For purposes of the following restrictions: (i) all percentage limitations apply immediately after

a purchase or initial investment; and (ii) any subsequent change in any applicable percentage resulting from market fluctuations or other changes in total or net assets does not require elimination of any security from the portfolio.

The Fund will:

1. Seek long-term capital appreciation.

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The Fund may not:

1. Invest more than 5% of the value of its total assets in the securities of one issuer (other than obligations issued or guaranteed by the United States government, its agencies or instrumentalities), except that the Fund may invest all or substantially all of its assets in another registered investment company having the same investment objective and policies and substantially the same investment restrictions (a "Qualifying Portfolio").
2. Invest 25% or more of the value of its total assets in securities of issuers in any one industry. This restriction does not apply to obligations issued or guaranteed by the United States government, its agencies or instrumentalities.
3. Invest more than 5% of the value of its total assets in securities of issuers having a record, together with predecessors, of less than 3 years of continuous operation. This restriction shall not apply to any investment in a Qualifying Portfolio or any obligation of the United States government, its agencies or instrumentalities.
4. Purchase more than 10% of all outstanding voting securities of any issuer, except that the Fund may invest all or substantially all of its assets in a Qualifying Portfolio.
5. Purchase or sell real estate or interests therein (including limited partnership interests), although the Fund may purchase securities of issuers which engage in real estate operations and securities secured by real estate or interests therein.
6. Purchase or sell commodities or commodities contracts, except that the Fund may purchase or sell financial or index futures contracts and related options thereon.
7. Purchase oil, gas or other mineral leases, rights or royalty contracts or exploration or development programs, except that the Fund may invest in the securities of companies which operate, invest in, or sponsor these programs.
8. Purchase securities of other investment companies, except in connection with a merger, consolidation, reorganization or acquisition of assets. This restriction does not apply to an investment by the Fund in a Qualifying Portfolio.
9. Borrow money, except that the Fund may borrow from a bank for temporary or emergency purposes in amounts not exceeding 5% (taken at the lower of cost or current value) of its total assets (not including the amount borrowed).
10. Pledge its assets or assign or otherwise encumber them, except to secure permitted borrowings.
11. Issue senior securities as defined in the Investment Company Act, except insofar as the Fund may be deemed to have issued a senior security by reason of (a) entering into any repurchase agreement; (b) purchasing or selling any futures contracts or options; (c) borrowing money; (d) purchasing any securities on a when-issued or delayed delivery basis; or (e) lending portfolio securities.
12. Make loans of money or securities, except: (a) by the purchase of debt obligations; (b) by investment in repurchase agreements; or (c) by lending its portfolio securities.

13. Make short sales of securities.
14. Purchase securities on margin, except for short-term loans as are necessary for the clearance of portfolio securities. The deposit or payment by the Fund of initial or variation margin in connection with futures contracts or related options thereon is not considered the purchase of a security on margin.
15. Engage in the underwriting of securities, except insofar as the Fund may be deemed an underwriter under the Securities Act in disposing of a portfolio security.
16. Invest for the purpose of exercising control or management of any other issuer.

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17. Invest in securities of any issuer if in the exercise of reasonable diligence, the Fund has determined that any officer or trustee/director of the Fund or of the Investment Manager owns more than 1/2 of 1% of the outstanding securities of such issuer, and such officers and trustees/directors who own more than 1/2 of 1% own in the aggregate more than 5% of the outstanding securities of such issuer.

In addition, the Fund, as a non-fundamental policy, will not invest more than 5% of the value of its net assets in warrants, including not more than 2% of such assets in warrants not listed on the New York or American Stock Exchange. However, the acquisition of warrants attached to other securities is not subject to this restriction.

### III. MANAGEMENT OF THE FUND

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#### A. BOARD OF TRUSTEES

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

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

#### B. MANAGEMENT INFORMATION

TRUSTEES AND OFFICERS. The Board of the Fund consists of eight (8) Trustees. These same individuals also serve as directors or trustees for all of the Morgan Stanley Dean Witter Funds. Six Trustees (75% of the total number) have no affiliation or business connection with the Investment Manager or any of its affiliated persons and do not own any stock or other securities issued by the Investment Manager's parent company, MSDW. These are the "non-interested" or "independent" Trustees. The other two Trustees (the "management Trustees") are affiliated with the Investment Manager. All of the Trustees also serve as Trustees of "Discover Brokerage Index Series," a mutual fund for which the Investment Manager is the investment advisor.

The Trustees and executive officers of the Fund, their principal business occupations during the last five years and their affiliations, if any, with the Investment Manager, and with the 90 Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series, are shown below.

<TABLE>

<CAPTION>

NAME, AGE, POSITION WITH FUND AND ADDRESS	PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS
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<S>  
Michael Bozic (58) .....  
Trustee  
c/o Kmart Corporation  
3100 West Big Beaver Road  
Troy, Michigan

<C>  
Vice Chairman of Kmart Corporation (since  
December, 1998); Director or Trustee of the Morgan  
Stanley Dean Witter Funds and Discover Brokerage  
Index Series; formerly Chairman and Chief  
Executive Officer of Levitz Furniture Corporation  
(November, 1995-November, 1998) and President  
and Chief Executive Officer of Hills Department  
Stores (May, 1991-July, 1995); formerly variously  
Chairman, Chief Executive Officer, President and  
Chief Operating Officer (1987-1991) of the Sears  
Merchandise Group of Sears, Roebuck and Co.;  
Director of Eaglemark Financial Services, Inc. and  
Weirton Steel Corporation.

</TABLE>

<TABLE>  
<CAPTION>

NAME, AGE, POSITION WITH FUND AND ADDRESS

PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS

<S>  
Charles A. Fiumefreddo\* (66) .....  
Chairman of the Board,  
Chief Executive Officer and Trustee  
Two World Trade Center  
New York, New York

<C>  
Chairman, Director or Trustee and Chief Executive  
Officer of the Morgan Stanley Dean Witter Funds  
and Discover Brokerage Index Series; formerly  
Chairman, Chief Executive Officer and Director of  
the Investment Manager, the Distributor and MSDW  
Services Company; Executive Vice President and  
Director of Dean Witter Reynolds; Chairman and  
Director of the Transfer Agent; formerly Director  
and/or officer of various MSDW subsidiaries (until  
June 1998).

Edwin J. Garn (66) .....  
Trustee  
c/o Huntsman Corporation  
500 Huntsman Way  
Salt Lake City, Utah

Director or Trustee of the Morgan Stanley Dean  
Witter Funds and Discover Brokerage Index Series;  
formerly United States Senator (R-Utah)  
(1974-1992) and Chairman, Senate Banking  
Committee (1980-1986); formerly Mayor of Salt  
Lake City, Utah (1971-1974); formerly Astronaut,  
Space Shuttle Discovery (April 12-19, 1985); Vice  
Chairman, Huntsman Corporation (chemical  
company); Director of Franklin Covey (time  
management systems), BMW Bank of North  
America, Inc. (industrial loan corporation), United  
Space Alliance (joint venture between Lockheed  
Martin and the Boeing Company) and Nuskin Asia  
Pacific (multilevel marketing); member of the board  
of various civic and charitable organizations.

Wayne E. Hedien (65) .....  
Trustee  
c/o Mayer, Brown & Platt  
Counsel to the Independent Trustees  
1675 Broadway  
New York, New York

Retired; Director or Trustee of the Morgan Stanley  
Dean Witter Funds and Discover Brokerage Index  
Series; Director of The PMI Group, Inc. (private  
mortgage insurance); Trustee and Vice Chairman of  
The Field Museum of Natural History; formerly  
associated with the Allstate Companies (1966-1994),  
most recently as Chairman of The Allstate Corporation  
(March, 1993-December, 1994) and Chairman and  
Chief Executive Officer of its wholly-owned subsidiary,  
Allstate Insurance Company (July, 1989-December,  
1994); director of various other business and  
charitable organizations.

Dr. Manuel H. Johnson (50) .....  
Trustee  
c/o Johnson Smick International, Inc.  
1133 Connecticut Avenue, N.W.  
Washington, D.C.

Senior Partner, Johnson Smick International, Inc.,  
a consulting firm; Co-Chairman and a founder of  
the Group of Seven Council (G7C), an international  
economic commission; Chairman of the Audit  
Committee and Director or Trustee of the Morgan  
Stanley Dean Witter Funds and Discover Brokerage  
Index Series; Director of Greenwich Capital  
Markets, Inc. (broker-dealer) and NVR, Inc. (home  
construction); Chairman and Trustee of the  
Financial Accounting Foundation (oversight

organization of the Financial Accounting Standards Board); formerly Vice Chairman of the Board of Governors of the Federal Reserve System (1986-1990) and Assistant Secretary of the U.S. Treasury.

</TABLE>

<TABLE>

<CAPTION>

NAME, AGE, POSITION WITH FUND AND ADDRESS

PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS

<S>

Michael E. Nugent (63) .....  
Trustee  
c/o Triumph Capital, L.P.  
237 Park Avenue  
New York, New York

<C>

General Partner, Triumph Capital, L.P., a private investment partnership; Chairman of the Insurance Committee and Director or Trustee of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series; formerly Vice President, Bankers Trust Company and BT Capital Corporation (1984-1988); director of various business organizations.

Philip J. Purcell\* (56) .....  
Trustee  
1585 Broadway  
New York, New York

Chairman of the Board of Directors and Chief Executive Officer of MSDW, Dean Witter Reynolds and Novus Credit Services Inc.; Director of the Distributor; Director or Trustee of the Morgan Stanley Dean Witter Funds; Trustee of Discover Brokerage Index Series; Director and/or officer of various MSDW subsidiaries.

John L. Schroeder (66) .....  
Trustee  
c/o Mayer, Brown & Platt  
Counsel to the Independent Trustees  
1675 Broadway  
New York, New York

Retired; Chairman of the Derivatives Committee and Director or Trustee of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series; Director of Citizens Utilities Company (telecommunications, gas, electric and water utilities company); formerly Executive Vice President and Chief Investment Officer of the Home Insurance Company (August, 1991-September, 1995).

Mitchell M. Merin (45) .....  
President  
Two World Trade Center  
New York, New York

President and Chief Operating Officer of Asset Management of MSDW (since December, 1998); President and Director (since April, 1997) and Chief Executive Officer (since June, 1998) of the Investment Manager and MSDW Services Company; Chairman, Chief Executive Officer and Director of the Distributor (since June, 1998); Chairman and Chief Executive Officer (since June, 1998) and Director (since January, 1998) of the Transfer Agent; Director of various MSDW subsidiaries; President of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series (since May, 1999); previously Chief Strategic Officer of the Investment Manager and MSDW Services Company and Executive Vice President of the Distributor (April, 1997-June, 1998), Vice President of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series (May, 1997-April, 1999), and Executive Vice President of Dean Witter, Discover & Co.

</TABLE>

<TABLE>

<CAPTION>

NAME, AGE, POSITION WITH FUND AND ADDRESS

PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS

<S>

Barry Fink (44) .....  
Vice President, Secretary  
and General Counsel

<C>

Senior Vice President (since March, 1997) and Secretary and General Counsel (since February, 1997) and Director (since July, 1998) of the

Two World Trade Center  
New York, New York

Investment Manager and MSDW Services Company; Senior Vice President (since March, 1997) and Assistant Secretary and Assistant General Counsel (since February, 1997) of the Distributor; Assistant Secretary of Dean Witter Reynolds (since August, 1996); Vice President, Secretary and General Counsel of the Morgan Stanley Dean Witter Funds (since February, 1997); Vice President, Secretary and General Counsel of Discover Brokerage Index Series; previously First Vice President (June, 1993-February, 1997), Vice President and Assistant Secretary and Assistant General Counsel of the Investment Manager and MSDW Services Company and Assistant Secretary of the Morgan Stanley Dean Witter Funds.

Jenny Beth Jones (41) .....  
Vice President  
Two World Trade Center  
New York, New York

Senior Vice President of the Investment Manager (since August, 1996); formerly Senior Vice President and Manager of the Small Cap Department of Oppenheimer Capital.

Thomas F. Caloia (53) .....  
Treasurer  
Two World Trade Center  
New York, New York

First Vice President and Assistant Treasurer of the Investment Manager, the Distributor and MSDW Services Company; Treasurer of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series.

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\* Denotes Trustees who are "interested persons" of the Fund as defined by the Investment Company Act.

In addition, Ronald E. Robison, Executive Vice President, Chief Administrative Officer and Director of the Investment Manager and MSDW Services Company, Robert S. Giambrone, Senior Vice President of the Investment Manager, MSDW Services Company, the Distributor and the Transfer Agent and Director of the Transfer Agent, and Joseph J. McAlinden, Executive Vice President and Chief Investment Officer of the Investment Manager and Director of the Transfer Agent, and Peter Hermann, Vice President of the Investment Manager, are Vice Presidents of the Fund. John S. Roscoe, Vice President of the Investment Manager, is an Assistant Vice President of the Fund.

In addition, Frank Bruttomesso, Marilyn K. Cranney, Lou Anne D. McInnis, Carsten Otto and Ruth Rossi, First Vice Presidents and Assistant General Counsels of the Investment Manager and MSDW Services Company, Todd Lebo, Vice President and Assistant General Counsel of the Investment Manager and MSDW Services Company, and Natasha Kassian, a Staff Attorney with the Investment Manager, are Assistant Secretaries of the Fund.

INDEPENDENT DIRECTORS/TRUSTEES AND THE COMMITTEES. Law and regulation establish both general guidelines and specific duties for the independent directors/trustees. The Morgan Stanley Dean Witter Funds seek as independent directors/trustees individuals of distinction and experience in business and finance, government service or academia; these are people whose advice and counsel are in demand by others and for whom there is often competition. To accept a position on the Funds' boards, such individuals may reject other attractive assignments because the Funds make substantial demands on their time. All of the independent directors/trustees serve as members of the Audit Committee. In addition, three of the directors/trustees, including two independent directors/trustees, serve as members of the Derivatives Committee and the Insurance Committee.

The independent directors/trustees are charged with recommending to the full board approval of management, advisory and administration contracts, Rule 12b-1 plans and distribution and underwriting agreements; continually reviewing Fund performance; checking on the pricing of portfolio securities, brokerage commissions, transfer agent costs and performance, and trading among Funds in the same complex; and approving fidelity bond and related insurance coverage and allocations, as well as other matters that arise from time to time. The independent directors/trustees are required to select and nominate individuals to fill any independent director/trustee vacancy on the board of any Fund that

has a Rule 12b-1 plan of distribution. Most of the Morgan Stanley Dean Witter Funds have a Rule 12b-1 plan.

The Audit Committee is charged with recommending to the full board the engagement or discharge of the Fund's independent accountants; directing investigations into matters within the scope of the independent accountants' duties, including the power to retain outside specialists; reviewing with the independent accountants the audit plan and results of the auditing engagement; approving professional services provided by the independent accountants and other accounting firms prior to the performance of the services; reviewing the independence of the independent accountants; considering the range of audit and non-audit fees; reviewing the adequacy of the Fund's system of internal controls; and preparing and submitting Committee meeting minutes to the full board.

The board of each Fund has a Derivatives Committee to approve parameters for and monitor the activities of the Fund with respect to derivative investments, if any, made by the Fund.

Finally, the board of each Fund has formed an Insurance Committee to review and monitor the insurance coverage maintained by the Fund.

ADVANTAGES OF HAVING SAME INDIVIDUALS AS INDEPENDENT DIRECTORS/TRUSTEES FOR ALL MORGAN STANLEY DEAN WITTER FUNDS. The independent directors/trustees and the Funds' management believe that having the same independent directors/trustees for each of the Morgan Stanley Dean Witter Funds avoids the duplication of effort that would arise from having different groups of individuals serving as independent directors/trustees for each of the Funds or even of sub-groups of Funds. They believe that having the same individuals serve as independent directors/trustees of all the Funds tends to increase their knowledge and expertise regarding matters which affect the Fund complex generally and enhances their ability to negotiate on behalf of each Fund with the Fund's service providers. This arrangement also precludes the possibility of separate groups of independent directors/trustees arriving at conflicting decisions regarding operations and management of the Funds and avoids the cost and confusion that would likely ensue. Finally, having the same Independent Trustees serve on all Fund boards enhances the ability of each Fund to obtain, at modest cost to each separate Fund, the services of independent directors/trustees, of the caliber, experience and business acumen of the individuals who serve as independent directors/trustees of the Morgan Stanley Dean Witter Funds.

TRUSTEE AND OFFICER INDEMNIFICATION. The Fund's Declaration of Trust provides that no Trustee, officer, employee or agent of the Fund is liable to the Fund or to a shareholder, nor is any Trustee, officer, employee or agent liable to any third persons in connection with the affairs of the Fund, except as such liability may arise from his/her or its own bad faith, willful misfeasance, gross negligence or reckless disregard of his/her or its duties. It also provides that all third persons shall look solely to the Fund property for satisfaction of claims arising in connection with the affairs of the Fund. With the exceptions stated, the Declaration of Trust provides that a Trustee, officer, employee or agent is entitled to be indemnified against all liability in connection with the affairs of the Fund.

#### C. COMPENSATION

The Fund pays each Independent Trustee an annual fee of \$800 plus a per meeting fee of \$50 for meetings of the Board of Trustees, the Independent Trustees or Committees of the Board of Trustees attended by the Trustee (the Fund pays the Chairman of the Audit Committee an additional annual fee of \$750 and the Chairmen of the Derivatives and Insurance Committees additional annual fees of \$500). If a Board meeting and a meeting of the Independent Trustees or a Committee meeting, or a meeting of the Independent Trustees and/or more than one Committee meeting, take place on a single day, the Trustees are paid a single meeting fee by the Fund. The Fund also reimburses such Trustees for travel and other out-of-pocket expenses incurred by them in connection with attending such meetings. Trustees and officers of the Fund who are or have been employed by the Investment Manager or an affiliated company receive no compensation or expense reimbursement from the Fund for their services as Trustee.

The following table illustrates the compensation that the Fund paid to its

FUND COMPENSATION

<TABLE>  
<CAPTION>

NAME OF INDEPENDENT TRUSTEE	AGGREGATE COMPENSATION FROM THE FUND
<S>	<C>
Michael Bozic .....	\$
Edwin J. Garn .....	
Wayne E. Hedien .....	
Dr. Manuel H. Johnson .....	
Michael E. Nugent .....	
John L. Schroeder .....	

The following table illustrates the compensation paid to the Fund's Independent Trustees for the calendar year ended December 31, 1998 for services to the 90 Morgan Stanley Dean Witter Funds that were in operation at December 31, 1998. No compensation was paid to the Fund's Independent Trustees by Discover Brokerage Index Series for the calendar year ended December 31, 1998.

CASH COMPENSATION FROM MORGAN STANLEY DEAN WITTER FUNDS

<TABLE>  
<CAPTION>

NAME OF INDEPENDENT TRUSTEE	TOTAL CASH COMPENSATION FOR SERVICES TO 90 MORGAN STANLEY DEAN WITTER FUNDS
<S>	<C>
Michael Bozic .....	\$120,150
Edwin J. Garn .....	132,450
Wayne E. Hedien .....	132,350
Dr. Manuel H. Johnson .....	155,681
Michael E. Nugent .....	159,731
John L. Schroeder .....	160,731

As of the date of this Statement of Additional Information, 55 of the Morgan Stanley Dean Witter Funds, not including the Fund, have adopted a retirement program under which an independent director/trustee who retires after serving for at least five years (or such lesser period as may be determined by the Board) as an independent director/trustee of any Morgan Stanley Dean Witter Fund that has adopted the retirement program (each such Fund referred to as an "Adopting Fund" and each such director/trustee referred to as an "Eligible Trustee") is entitled to retirement payments upon reaching the eligible retirement age (normally, after attaining age 72). Annual payments are based upon length of service.

Currently, upon retirement, each Eligible Trustee is entitled to receive from the Adopting Fund, commencing as of his or her retirement date and continuing for the remainder of his or her life, an annual retirement benefit (the "Regular Benefit") equal to 30.22% of his or her Eligible Compensation plus 0.5036667% of such Eligible Compensation for each full month of service as an Independent Director or Trustee of any Adopting Fund in excess of five years up to a maximum of 60.44% after ten years of service. The foregoing percentages may be changed by the Board. (1) "Eligible Compensation" is one-fifth of the total compensation earned by such Eligible Trustee for service to the Adopting Fund in the five year period prior to the date of the Eligible Trustee's retirement. Benefits under the retirement program are accrued as expenses on the books of the Adopting Funds. Such benefits are not secured or funded by the Adopting Funds.

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(1) An Eligible Trustee may elect alternative payments of his or her retirement benefits based upon the combined life expectancy of the

Eligible Trustee and his or her spouse on the date of such Eligible Trustee's retirement. In addition, the Eligible Trustee may elect that the surviving spouse's periodic payment of benefits will be equal to a lower percentage of the periodic amount when both spouses were alive. The amount estimated to be payable under this method, through the remainder of the later of the lives of the Eligible Trustee and spouse, will be the actuarial equivalent of the Regular Benefit.

The following table illustrates the retirement benefits accrued to the Fund's Independent Trustees by the 55 Morgan Stanley Dean Witter Funds (not including the Fund) for the year ended December 31, 1998, and the estimated retirement benefits for the Independent Trustees, to commence upon their retirement, from the 55 Morgan Stanley Dean Witter Funds as of December 31, 1998.

RETIREMENT BENEFITS FROM ALL MORGAN STANLEY DEAN WITTER FUNDS

<TABLE>  
<CAPTION>

NAME OF INDEPENDENT TRUSTEE	FOR ALL ADOPTING FUNDS		RETIREMENT BENEFITS ACCRUED AS EXPENSES BY ALL ADOPTING FUNDS	ESTIMATED ANNUAL BENEFITS UPON RETIREMENT FROM ALL ADOPTING FUNDS (2)
	ESTIMATED CREDITED YEARS OF SERVICE AT RETIREMENT (MAXIMUM 10)	ESTIMATED PERCENTAGE OF ELIGIBLE COMPENSATION		
<S>	<C>	<C>	<C>	<C>
Michael Bozic .....	10	60.44%	\$22,377	\$52,250
Edwin J. Garn .....	10	60.44	35,225	52,250
Wayne E. Hedien .....	9	51.37	41,979	44,413
Dr. Manuel H. Johnson .....	10	60.44	14,047	52,250
Michael E. Nugent .....	10	60.44	25,336	52,250
John L. Schroeder .....	8	50.37	45,117	44,343

(2) Based on current levels of compensation. Amount of annual benefits also varies depending on the Trustee's elections described in Footnote (1) above.

IV. CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

The following owned 5% or more [to come].

As of the date of this Statement of Additional Information, the aggregate number of shares of beneficial interest of the Fund owned by the Fund's officers and Trustees as a group was less than 1% of the Fund's shares of beneficial interest outstanding.

V. INVESTMENT MANAGEMENT AND OTHER SERVICES

A. INVESTMENT MANAGER

The Investment Manager to the Fund is Morgan Stanley Dean Witter Advisors Inc., a Delaware corporation, whose address is Two World Trade Center, New York, New York 10048. The Investment Manager is a wholly-owned subsidiary of MSDW, a Delaware corporation. MSDW is a preeminent global financial services firm that maintains leading market positions in each of its three primary businesses: securities, asset management and credit services.

Pursuant to an Investment Management Agreement (the "Management Agreement") with the Investment Manager, the Fund has retained the Investment Manager to provide administrative services and manage the investment of the Fund's assets, including the placing of orders for the purchase and sale of portfolio securities. The Fund pays the Investment Manager monthly compensation calculated daily at the following annual rates: 0.75% of the Fund's average net assets not exceeding \$500 million and 0.725% of the Fund's average net assets exceeding \$500 million. The management fee is allocated among the Classes pro rata based on the net assets of the Fund attributable to each Class. For the

period October 29, 1996 (commencement of operations) through July 31, 1997 and for the fiscal years ended July 31, 1998 and 1999, the Investment Manager accrued total compensation under the Management Agreement in the amounts of \$1,295,177, \$2,761,954 and \$ , respectively.

The Investment Manager has retained its wholly-owned subsidiary, MSDW Services Company, to perform administrative services for the Fund.

#### B. PRINCIPAL UNDERWRITER

The Fund's principal underwriter is the Distributor (which has the same address as the Investment Manager). In this capacity, the Fund's shares are distributed by the Distributor. The Distributor has

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entered into a selected dealer agreement with Dean Witter Reynolds, which through its own sales organization sells shares of the Fund. In addition, the Distributor may enter into similar agreements with other selected broker-dealers. The Distributor, a Delaware corporation, is a wholly-owned subsidiary of MSDW.

The Distributor bears all expenses it may incur in providing services under the Distribution Agreement. These expenses include the payment of commissions for sales of the Fund's shares and incentive compensation to Financial Advisors. The Distributor also pays certain expenses in connection with the distribution of the Fund's shares, including the costs of preparing, printing and distributing advertising or promotional materials, and the costs of printing and distributing prospectuses and supplements thereto used in connection with the offering and sale of the Fund's shares. The Fund bears the costs of initial typesetting, printing and distribution of prospectuses and supplements thereto to shareholders. The Fund also bears the costs of registering the Fund and its shares under federal and state securities laws and pays filing fees in accordance with state securities laws.

The Fund and the Distributor have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. Under the Distribution Agreement, the Distributor uses its best efforts in rendering services to the Fund, but in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations, the Distributor is not liable to the Fund or any of its shareholders for any error of judgment or mistake of law or for any act or omission or for any losses sustained by the Fund or its shareholders.

#### C. SERVICES PROVIDED BY THE INVESTMENT MANAGER AND FUND EXPENSES PAID BY THIRD PARTIES

The Investment Manager manages the investment of the Fund's assets, including the placing of orders for the purchase and sale of portfolio securities. The Investment Manager obtains and evaluates the information and advice relating to the economy, securities markets, and specific securities as it considers necessary or useful to continuously manage the assets of the Fund in a manner consistent with its investment objective.

Under the terms of the Management Agreement, in addition to managing the Fund's investments, the Investment Manager maintains certain of the Fund's books and records and furnishes, at its own expense, the office space, facilities, equipment, clerical help, bookkeeping and certain legal services as the Fund may reasonably require in the conduct of its business, including the preparation of prospectuses, proxy statements and reports required to be filed with federal and state securities commissions (except insofar as the participation or assistance of independent accountants and attorneys is, in the opinion of the Investment Manager, necessary or desirable). In addition, the Investment Manager pays the salaries of all personnel, including officers of the Fund, who are employees of the Investment Manager. The Investment Manager also bears the cost of telephone service, heat, light, power and other utilities provided to the Fund.

Expenses not expressly assumed by the Investment Manager under the Management Agreement or by the Distributor, will be paid by the Fund. These expenses will be allocated among the four Classes of shares pro rata based on the net assets of the Fund attributable to each Class, except as described below. Such expenses include, but are not limited to: expenses of the Plan of Distribution pursuant to Rule 12b-1; charges and expenses of any registrar,

custodian, stock transfer and dividend disbursing agent; brokerage commissions; taxes; engraving and printing share certificates; registration costs of the Fund and its shares under federal and state securities laws; the cost and expense of printing, including typesetting, and distributing prospectuses of the Fund and supplements thereto to the Fund's shareholders; all expenses of shareholders' and Trustees' meetings and of preparing, printing and mailing of proxy statements and reports to shareholders; fees and travel expenses of Trustees or members of any advisory board or committee who are not employees of the Investment Manager or any corporate affiliate of the Investment Manager; all expenses incident to any dividend, withdrawal or redemption options; charges and expenses of any outside service used for pricing of the Fund's shares; fees and expenses of legal counsel, including counsel to the Trustees who are not interested persons of the Fund or of the Investment Manager (not including compensation or expenses of attorneys who are employees of the Investment Manager); fees and expenses of the Fund's independent accountants;

membership dues of industry associations; interest on Fund borrowings; postage; insurance premiums on property or personnel (including officers and Trustees) of the Fund which inure to its benefit; extraordinary expenses (including, but not limited to, legal claims and liabilities and litigation costs and any indemnification relating thereto); and all other costs of the Fund's operation. The 12b-1 fees relating to a particular Class will be allocated directly to that Class. In addition, other expenses associated with a particular Class (except advisory or custodial fees) may be allocated directly to that Class, provided that such expenses are reasonably identified as specifically attributable to that Class and the direct allocation to that Class is approved by the Trustees.

The Management Agreement provides that in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations thereunder, the Investment Manager is not liable to the Fund or any of its investors for any act or omission by the Investment Manager or for any losses sustained by the Fund or its investors.

The Management Agreement will remain in effect from year to year, provided continuance of the Management Agreement is approved at least annually by the vote of the holders of a majority, as defined in the Investment Company Act, of the outstanding shares of the Fund, or by the Trustees; provided that in either event such continuance is approved annually by the vote of a majority of the Trustees.

D. DEALER REALLOWANCES

Upon notice to selected broker-dealers, the Distributor may reallocate up to the full applicable front-end sales charge during periods specified in such notice. During periods when 90% or more of the sales charge is reallocated, such selected broker-dealers may be deemed to be underwriters as that term is defined in the Securities Act.

E. RULE 12B-1 PLAN

The Fund has adopted a Plan of Distribution pursuant to Rule 12b-1 under the Investment Company Act (the "Plan") pursuant to which each Class, other than Class D, pays the Distributor compensation accrued daily and payable monthly at the following annual rates: 0.25%, 1.0% and 1.0% of the average daily net assets of Class A, Class B and Class C, respectively.

The Distributor also receives the proceeds of front-end sales charges ("FSCs") and of contingent deferred sales charges ("CDSCs") imposed on certain redemptions of shares, which are separate and apart from payments made pursuant to the Plan. The Distributor has informed the Fund that it and/or Dean Witter Reynolds received the proceeds of CDSCs and FSCs, for the last three fiscal years ended July 31, in approximate amounts as provided in the table below (the Distributor did not retain any of these amounts).

<TABLE>  
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Class A .....	FSCs: (1) \$	FSCs: \$176,211	FSCs: \$ 0 (2)

	CDSCs:	\$	CDSCs:	\$	0	CDSCs:	\$	0 (2)
Class B .....	CDSCs:	\$	CDSCs:	\$768,105		CDSCs:	\$342,000	
Class C .....	CDSCs:	\$	CDSCs:	\$ 2,492		CDSCs:	\$	0 (2)

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- (1) FSCs apply to Class A only.
- (2) This Class commenced operations on July 28, 1997.

The Distributor has informed the Fund that the entire fee payable by Class A and a portion of the fees payable by each of Class B and Class C each year pursuant to the Plan equal to 0.25% of such Class' average daily net assets are currently each characterized as a "service fee" under the Rules of the National Association of Securities Dealers, Inc. (of which the Distributor is a member). The "service fee" is a payment made for personal service and/or the maintenance of shareholder accounts. The remaining portion of the Plan fees payable by a Class, if any, is characterized as an "asset-based sales charge" as such is defined by the Rules of the Association.

Under the Plan and as required by Rule 12b-1, the Trustees receive and review promptly after the end of each calendar quarter a written report provided by the Distributor of the amounts expended under the Plan and the purpose for which such expenditures were made. For the fiscal year ended July 31, 1999, Class B shares of the Fund accrued amounts payable to the Distributor under the Plan of \$ . This amount is equal to 1.00% of the average daily net assets of Class B. For the fiscal year ended July 31, 1999, Class A and Class C shares of the Fund accrued payments under the Plan amounting to \$ and \$ , respectively, which amounts are equal to 0.25% and 1.00% of the average daily net assets of Class A and Class C, respectively, for the fiscal year.

The Plan was adopted in order to permit the implementation of the Fund's method of distribution. Under this distribution method the Fund offers four Classes, each with a different distribution arrangement.

With respect to Class A shares, Dean Witter Reynolds compensates its Financial Advisors by paying them, from proceeds of the FSC, commissions for the sale of Class A shares, currently a gross sales credit of up to 5.0% of the amount sold (except as provided in the following sentence) and an annual residual commission, currently a residual of up to 0.25% of the current value of the respective accounts for which they are the Financial Advisors or dealers of record in all cases. On orders of \$1 million or more (for which no sales charge was paid) or net asset value purchases by employer-sponsored employee benefit plans, whether or not qualified under the Internal Revenue Code, for which the Transfer Agent serves as Trustee or Dean Witter Reynolds Retirement Plan Services serves as recordkeeper pursuant to a written Recordkeeping Services Agreement ("MSDW Eligible Plans"), the Investment Manager compensates Financial Advisors by paying them, from its own funds, a gross sales credit of 1.0% of the amount sold.

With respect to Class B shares, Dean Witter Reynolds compensates its Financial Advisors by paying them, from its own funds, commissions for the sale of Class B shares, currently a gross sales credit of up to 5.0% of the amount sold (except as provided in the following sentence) and an annual residual commission, currently a residual of up to 0.25% of the current value (not including reinvested dividends or distributions) of the amount sold in all cases. In the case of Class B shares purchased by MSDW Eligible Plans, Dean Witter Reynolds compensates its Financial Advisors by paying them, from its own funds, a gross sales credit of 3.0% of the amount sold.

With respect to Class C shares, Dean Witter Reynolds compensates its Financial Advisors by paying them, from its own funds, commissions for the sale of Class C shares, currently a gross sales credit of up to 1.0% of the amount sold and an annual residual commission, currently up to 1.0% of the current value of the respective accounts for which they are the Financial Advisors of record.

With respect to Class D shares other than shares held by participants in the Investment Manager's mutual fund asset allocation program, the Investment Manager compensates Dean Witter Reynolds's Financial Advisors by paying them, from its own funds, commissions for the sale of Class D shares, currently a

gross sales credit of up to 1.0% of the amount sold. There is a chargeback of 100% of the amount paid if the Class D shares are redeemed in the first year and a chargeback of 50% of the amount paid if the Class D shares are redeemed in the second year after purchase. The Investment Manager also compensates Dean Witter Reynolds's Financial Advisors by paying them, from its own funds, an annual residual commission, currently up to 0.10% of the current value of the respective accounts for which they are the Financial Advisors of record (not including accounts of participants in the Investment Manager's mutual fund asset allocation program).

The gross sales credit is a charge which reflects commissions paid by Dean Witter Reynolds to its Financial Advisors and Dean Witter Reynolds's Fund-associated distribution-related expenses, including sales compensation, and overhead and other branch office distribution-related expenses including (a) the expenses of operating Dean Witter Reynolds's branch offices in connection with the sale of Fund shares, including lease costs, the salaries and employee benefits of operations and sales support personnel, utility costs, communications costs and the costs of stationery and supplies, (b) the costs of client sales seminars, (c) travel expenses of mutual fund sales coordinators to promote the sale of Fund shares and (d) other expenses relating to branch promotion of Fund sales.

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The distribution fee that the Distributor receives from the Fund under the Plan, in effect, offsets distribution expenses incurred under the Plan on behalf of the Fund and, in the case of Class B shares, opportunity costs, such as the gross sales credit and an assumed interest charge thereon ("carrying charge"). In the Distributor's reporting of the distribution expenses to the Fund, in the case of Class B shares, such assumed interest (computed at the "broker's call rate") has been calculated on the gross credit as it is reduced by amounts received by the Distributor under the Plan and any contingent deferred sales charges received by the Distributor upon redemption of shares of the Fund. No other interest charge is included as a distribution expense in the Distributor's calculation of its distribution costs for this purpose. The broker's call rate is the interest rate charged to securities brokers on loans secured by exchange-listed securities.

The Fund is authorized to reimburse expenses incurred or to be incurred in promoting the distribution of the Fund's Class A and Class C shares and in servicing shareholder accounts. Reimbursement will be made through payments at the end of each month. The amount of each monthly payment may in no event exceed an amount equal to a payment at the annual rate of 0.25%, in the case of Class A, and 1.0%, in the case of Class C, of the average net assets of the respective Class during the month. No interest or other financing charges, if any, incurred on any distribution expenses on behalf of Class A and Class C will be reimbursable under the Plan. With respect to Class A, in the case of all expenses other than expenses representing the service fee, and, with respect to Class C, in the case of all expenses other than expenses representing a gross sales credit or a residual to Financial Advisors and other authorized financial representatives, such amounts shall be determined at the beginning of each calendar quarter by the Trustees, including, a majority of the Independent Trustees. Expenses representing the service fee (for Class A) or a gross sales credit or a residual to Financial Advisors and other authorized financial representatives (for Class C) may be reimbursed without prior determination. In the event that the Distributor proposes that monies shall be reimbursed for other than such expenses, then in making quarterly determinations of the amounts that may be reimbursed by the Fund, the Distributor will provide and the Trustees will review a quarterly budget of projected distribution expenses to be incurred on behalf of the Fund, together with a report explaining the purposes and anticipated benefits of incurring such expenses. The Trustees will determine which particular expenses, and the portions thereof, that may be borne by the Fund, and in making such a determination shall consider the scope of the Distributor's commitment to promoting the distribution of the Fund's Class A and Class C shares.

Each Class paid 100% of the amounts accrued under the Plan with respect to that Class for the fiscal year ended July 31, 1999 to the Distributor. The Distributor and Dean Witter Reynolds estimate that they have spent, pursuant to the Plan, \$            on behalf of Class B since the inception of the Plan. It is estimated that this amount was spent in approximately the following ways: (i)   % (\$   ) -- advertising and promotional expenses; (ii)   % (\$   ) -- printing of prospectuses for distribution to other than current shareholders; and (iii)   % (\$   ) -- other expenses, including the gross sales credit and

the carrying charge, of which % (\$ ) represents carrying charges, % (\$ ) represents commission credits to Dean Witter Reynolds branch offices and other selected broker-dealers for payments of commissions to Financial Advisors and other authorized financial representatives, and % (\$ ) represents overhead and other branch office distribution-related expenses. The amounts accrued by Class A and a portion of the amounts accrued by Class C under the Plan during the fiscal year ended July 31, 1999 were service fees. The remainder of the amounts accrued by Class C were for expenses which relate to compensation of sales personnel and associated overhead expenses.

In the case of Class B shares, at any given time, the expenses of distributing shares of the Fund may be more or less than the total of (i) the payments made by the Fund pursuant to the Plan; and (ii) the proceeds of CDSCs paid by investors upon redemption of shares. For example, if \$1 million in expenses in distributing Class B shares of the Fund had been incurred and \$750,000 had been received as described in (i) and (ii) above, the excess expense would amount to \$250,000. The Distributor has advised the Fund that in the case of Class B shares the excess distribution expenses, including the carrying charge designed to approximate the opportunity costs incurred by Dean Witter Reynolds which

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arise from it having advanced monies without having received the amount of any sales charges imposed at the time of sale of the Fund's Class B shares, totaled \$ as of July 31, 1999 (the end of the Fund's fiscal year), which was equal to % of the net assets of Class B on such date. Because there is no requirement under the Plan that the Distributor be reimbursed for all distribution expenses with respect to Class B shares or any requirement that the Plan be continued from year to year, this excess amount does not constitute a liability of the Fund. Although there is no legal obligation for the Fund to pay expenses incurred in excess of payments made to the Distributor under the Plan and the proceeds of CDSCs paid by investors upon redemption of shares, if for any reason the Plan is terminated, the Trustees will consider at that time the manner in which to treat such expenses. Any cumulative expenses incurred, but not yet recovered through distribution fees or CDSCs, may or may not be recovered through future distribution fees or CDSCs.

In the case of Class A and Class C shares, expenses incurred pursuant to the Plan in any calendar year in excess of 0.25% or 1.0% of the average daily net assets of Class A or Class C, respectively, will not be reimbursed by the Fund through payments in any subsequent year, except that expenses representing a gross sales commission credited to Morgan Stanley Dean Witter Financial Advisors and other authorized financial representatives at the time of sale may be reimbursed in the subsequent calendar year. The Distributor has advised the Fund that unreimbursed expenses representing a gross sales commission credited to Morgan Stanley Dean Witter Financial Advisors and other authorized financial representatives at the time of sale totaled \$ in the case of Class C at December 31, 1998 (the end of the calendar year), which amount was equal to % of the net assets of Class C on such date, and that there were no such expenses that may be reimbursed in the subsequent year in the case of Class A on such date. No interest or other financing charges will be incurred on any Class A or Class C distribution expenses incurred by the Distributor under the Plan or on any unreimbursed expenses due to the Distributor pursuant to the Plan.

No interested person of the Fund nor any Independent Trustee has any direct financial interest in the operation of the Plan except to the extent that the Distributor, the Investment Manager, Dean Witter Reynolds, MSDW Services Company or certain of their employees may be deemed to have such an interest as a result of benefits derived from the successful operation of the Plan or as a result of receiving a portion of the amounts expended thereunder by the Fund.

On an annual basis, the Trustees, including a majority of the Independent Trustees, consider whether the Plan should be continued. Prior to approving the last continuation of the Plan, the Trustees requested and received from the Distributor and reviewed all the information which they deemed necessary to arrive at an informed determination. In making their determination to continue the Plan, the Trustees considered: (1) the Fund's experience under the Plan and whether such experience indicates that the Plan is operating as anticipated; (2) the benefits the Fund had obtained, was obtaining and would be likely to obtain under the Plan, including that: (a) the Plan is essential in order to give Fund investors a choice of alternatives for payment of distribution and service charges and to enable the Fund to continue to grow and avoid a pattern

of net redemptions which, in turn, are essential for effective investment management; and (b) without the compensation to individual brokers and the reimbursement of distribution and account maintenance expenses of Dean Witter Reynolds's branch offices made possible by the 12b-1 fees, Dean Witter Reynolds could not establish and maintain an effective system for distribution, servicing of Fund shareholders and maintenance of shareholder accounts; and (3) what services had been provided and were continuing to be provided under the Plan to the Fund and its shareholders. Based upon their review, the Trustees, including each of the Independent Trustees, determined that continuation of the Plan would be in the best interest of the Fund and would have a reasonable likelihood of continuing to benefit the Fund and its shareholders. In the Trustees' quarterly review of the Plan, they will consider its continued appropriateness and the level of compensation provided therein.

The Plan may not be amended to increase materially the amount to be spent for the services described therein without approval by the shareholders of the affected Class or Classes of the Fund, and all material amendments to the Plan must also be approved by the Trustees in the manner described above. The Plan may be terminated at any time, without payment of any penalty, by vote of a majority

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of the Independent Trustees or by a vote of a majority of the outstanding voting securities of the Fund (as defined in the Investment Company Act) on not more than thirty days' written notice to any other party to the Plan. So long as the Plan is in effect, the election and nomination of Independent Trustees shall be committed to the discretion of the Independent Trustees.

#### F. OTHER SERVICE PROVIDERS

##### (1) TRANSFER AGENT/DIVIDEND-PAYING AGENT

Morgan Stanley Dean Witter Trust FSB is the Transfer Agent for the Fund's shares and the Dividend Disbursing Agent for payment of dividends and distributions on Fund shares and Agent for shareholders under various investment plans. The principal business address of the Transfer Agent is Harborside Financial Center, Plaza Two, Jersey City, New Jersey 07311.

##### (2) CUSTODIAN AND INDEPENDENT ACCOUNTANTS

The Bank of New York, 110 Washington Street, New York, New York 10286 is the Custodian of the Fund's assets. Any of the Fund's cash balances with the Custodian in excess of \$100,000 are unprotected by federal deposit insurance. These balances may, at times, be substantial.

, serves as the independent accountants of the Fund. The independent accountants are responsible for auditing the annual financial statements of the Fund.

##### (3) AFFILIATED PERSONS

The Transfer Agent is an affiliate of the Investment Manager, and of the Distributor. As Transfer Agent and Dividend Disbursing Agent, the Transfer Agent's responsibilities include maintaining shareholder accounts, disbursing cash dividends and reinvesting dividends, processing account registration changes, handling purchase and redemption transactions, mailing prospectuses and reports, mailing and tabulating proxies, processing share certificate transactions, and maintaining shareholder records and lists. For these services, the Transfer Agent receives a per shareholder account fee from the Fund and is reimbursed for its out-of-pocket expenses in connection with such services.

#### VI. BROKERAGE ALLOCATION AND OTHER PRACTICES

##### A. BROKERAGE TRANSACTIONS

Subject to the general supervision of the Trustees, the Investment Manager is responsible for decisions to buy and sell securities for the Fund, the selection of brokers and dealers to effect the transactions, and the negotiation of brokerage commissions, if any. Purchases and sales of securities on a stock exchange are effected through brokers who charge a commission for their services. In the over-the-counter market, securities are generally traded on a "net" basis with dealers acting as principal for their own accounts

without a stated commission, although the price of the security usually includes a profit to the dealer. The Fund also expects that securities will be purchased at times in underwritten offerings where the price includes a fixed amount of compensation, generally referred to as the underwriter's concession or discount. Futures transactions will usually be effected through a broker and a commission will be charged. On occasion, the Fund may also purchase certain money market instruments directly from an issuer, in which case no commissions or discounts are paid.

For the period October 29, 1996 (commencement of operations) through July 31, 1997, and for the fiscal years ended July 31, 1998 and 1999, the Fund paid a total of \$635,153, \$1,686,749 and \$ , respectively, in brokerage commissions.

#### B. COMMISSIONS

Pursuant to an order of the SEC, the Fund may effect principal transactions in certain money market instruments with Dean Witter Reynolds. The Fund will limit its transactions with Dean Witter Reynolds to

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U.S. Government and government agency securities, bank money instruments (i.e., certificates of deposit and bankers' acceptances) and commercial paper. The transactions will be effected with Dean Witter Reynolds only when the price available from Dean Witter Reynolds is better than that available from other dealers.

During the fiscal years ended July 31, 1997, 1998 and 1999, the Fund did not effect any principal transactions with Dean Witter Reynolds.

Brokerage transactions in securities listed on exchanges or admitted to unlisted trading privileges may be effected through Dean Witter Reynolds, Morgan Stanley & Co. and other affiliated brokers and dealers. In order for an affiliated broker or dealer to effect any portfolio transactions on an exchange for the Fund, the commissions, fees or other remuneration received by the affiliated broker or dealer must be reasonable and fair compared to the commissions, fees or other remuneration paid to other brokers in connection with comparable transactions involving similar securities being purchased or sold on an exchange during a comparable period of time. This standard would allow the affiliated broker or dealer to receive no more than the remuneration which would be expected to be received by an unaffiliated broker in a commensurate arm's-length transaction. Furthermore, the Trustees, including the Independent Trustees, have adopted procedures which are reasonably designed to provide that any commissions, fees or other remuneration paid to an affiliated broker or dealer are consistent with the foregoing standard. The Fund does not reduce the management fee it pays to the Investment Manager by any amount of the brokerage commissions it may pay to an affiliated broker or dealer.

During the period October 29, 1996 (commencement of operations) through July 31, 1997 and for the fiscal years ended July 31, 1998 and 1999, the Fund paid a total of \$51,805, \$109,942 and \$ , respectively, in brokerage commissions to Dean Witter Reynolds. During the fiscal year ended July 31, 1999, the brokerage commissions paid to Dean Witter Reynolds represented approximately % of the total brokerage commissions paid by the Fund during the year and were paid on account of transactions having an aggregate dollar value equal to approximately % of the aggregate dollar value of all portfolio transactions of the Fund during the year for which commissions were paid.

During the period June 1, 1997 through July 31, 1997 and during the fiscal years ended July 31, 1998 and 1999, the Fund paid a total of \$0, \$48,620 and \$ , respectively, in brokerage commissions to Morgan Stanley & Co., which broker-dealer became an affiliate of the Investment Manager on May 31, 1997 upon consummation of the merger of Dean Witter, Discover & Co. with Morgan Stanley Group Inc. During the fiscal year ended July 31, 1999, the brokerage commissions paid to Morgan Stanley & Co. represented approximately % of the total brokerage commissions paid by the Fund for this period and were paid on account of transactions having an aggregate dollar value equal to approximately % of the aggregate dollar value of all portfolio transactions of the Fund during the year for which commissions were paid.

#### C. BROKERAGE SELECTION

The policy of the Fund regarding purchases and sales of securities for its portfolio is that primary consideration will be given to obtaining the most favorable prices and efficient executions of transactions. Consistent with this policy, when securities transactions are effected on a stock exchange, the Fund's policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. The Fund believes that a requirement always to seek the lowest possible commission cost could impede effective portfolio management and preclude the Fund and the Investment Manager from obtaining a high quality of brokerage and research services. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Investment Manager relies upon its experience and knowledge regarding commissions generally charged by various brokers and on its judgment in evaluating the brokerage and research services received from the broker effecting the transaction. These determinations are necessarily subjective and imprecise, as in most cases an exact dollar value for those services is not ascertainable.

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The Fund anticipates that certain of its transactions involving foreign securities will be effected on foreign securities exchanges. Fixed commissions on such transactions are generally higher than negotiated commissions on domestic transactions. There is also generally less government supervision and regulation of foreign securities exchanges and brokers than in the United States.

In seeking to implement the Fund's policies, the Investment Manager effects transactions with those brokers and dealers who the Investment Manager believes provide the most favorable prices and are capable of providing efficient executions. If the Investment Manager believes the prices and executions are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish research and other services to the Fund or the Investment Manager. The services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information or opinions pertaining to investment; wire services; and appraisals or evaluations of portfolio securities. The information and services received by the Investment Manager from brokers and dealers may be of benefit to the Investment Manager in the management of accounts of some of its other clients and may not in all cases benefit the Fund directly.

The Investment Manager currently serves as investment manager to a number of clients, including other investment companies, and may in the future act as investment manager or advisor to others. It is the practice of the Investment Manager to cause purchase and sale transactions to be allocated among the Fund and others whose assets it manages in such manner as it deems equitable. In making such allocations among the Fund and other client accounts, various factors may be considered, including the respective investment objectives, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment, the size of investment commitments generally held and the opinions of the persons responsible for managing the portfolios of the Fund and other client accounts. In the case of certain initial and secondary public offerings, the Investment Manager may utilize a pro rata allocation process based on the size of the Morgan Stanley Dean Witter Funds involved and the number of shares available from the public offering.

#### D. DIRECTED BROKERAGE

During the fiscal year ended July 31, 1999, the Fund paid \$        in brokerage commissions in connection with transactions in the aggregate amount of \$        to brokers because of research services provided.

#### E. REGULAR BROKER-DEALERS

During the fiscal year ended July 31, 1999, the Fund did not purchase securities issued by brokers or dealers that were among the ten brokers or ten dealers which executed transactions for or with the Fund in the largest dollar amounts during the period. At July 31, 1999, the Fund did not own any securities issued by any such issuers.

#### VII. CAPITAL STOCK AND OTHER SECURITIES

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The shareholders of the Fund are entitled to a full vote for each full

share of beneficial interest held. The Fund is authorized to issue an unlimited number of shares of beneficial interest. All shares of beneficial interest of the Fund are of \$0.01 par value and are equal as to earnings, assets and voting privileges except that each Class will have exclusive voting privileges with respect to matters relating to distribution expenses borne solely by such Class or any other matter in which the interests of one Class differ from the interests of any other Class. In addition, Class B shareholders will have the right to vote on any proposed material increase in Class A's expenses, if such proposal is submitted separately to Class A shareholders. Also, Class A, Class B and Class C bear expenses related to the distribution of their respective shares.

The Fund's Declaration of Trust permits the Trustees to authorize the creation of additional series of shares (the proceeds of which would be invested in separate, independently managed portfolios) and additional Classes of shares within any series. The Trustees have not presently authorized any such additional series or Classes of shares other than as set forth in the Prospectus.

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The Fund is not required to hold annual meetings of shareholders and in ordinary circumstances the Fund does not intend to hold such meetings. The Trustees may call special meetings of shareholders for action by shareholder vote as may be required by the Investment Company Act or the Declaration of Trust. Under certain circumstances, the Trustees may be removed by action of the Trustees. In addition, under certain circumstances, the shareholders may call a meeting to remove Trustees and the Fund is required to provide assistance in communicating with shareholders about such a meeting. The voting rights of shareholders are not cumulative, so that holders of more than 50 percent of the shares voting can, if they choose, elect all Trustees being selected, while the holders of the remaining shares would be unable to elect any Trustees.

Under Massachusetts law, shareholders of a business trust may, under certain limited circumstances, be held personally liable as partners for the obligations of the Fund. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Fund, requires that notice of such Fund obligations include such disclaimer, and provides for indemnification out of the Fund's property for any shareholder held personally liable for the obligations of the Fund. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund itself would be unable to meet its obligations. Given the above limitations on shareholder personal liability, and the nature of the Fund's assets and operations, the possibility of the Fund being unable to meet its obligations is remote and thus, in the opinion of Massachusetts counsel to the Fund, the risk to Fund shareholders of personal liability is remote.

All of the Trustees have been elected by the shareholders of the Fund, most recently at a Special Meeting of Shareholders held on May 21, 1997. The Trustees themselves have the power to alter the number and the terms of office of the Trustees (as provided for in the Declaration of Trust), and they may at any time lengthen or shorten their own terms or make their terms of unlimited duration and appoint their own successors, provided that always at least a majority of the Trustees has been elected by the shareholders of the Fund.

#### VIII. PURCHASE, REDEMPTION AND PRICING OF SHARES

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##### A. PURCHASE/REDEMPTION OF SHARES

Information concerning how Fund shares are offered to the public (and how they are redeemed and exchanged) is provided in the Fund's Prospectus.

TRANSFER AGENT AS AGENT. With respect to the redemption or repurchase of Fund shares, the application of proceeds to the purchase of new shares in the Fund or any other Morgan Stanley Dean Witter Funds and the general administration of the exchange privilege, the Transfer Agent acts as agent for the Distributor and for the shareholder's authorized broker-dealer, if any, in the performance of such functions. With respect to exchanges, redemptions or repurchases, the Transfer Agent shall be liable for its own negligence and not for the default or negligence of its correspondents or for losses in transit. The Fund shall not be liable for any default or negligence of the Transfer Agent, the Distributor or any authorized broker-dealer.

The Distributor and any authorized broker-dealer have appointed the Transfer Agent to act as their agent in connection with the application of proceeds of any redemption of Fund shares to the purchase of shares of any other Morgan Stanley Dean Witter Fund and the general administration of the exchange privilege. No commission or discounts will be paid to the Distributor or any authorized broker-dealer for any transaction pursuant to the exchange privilege.

TRANSFERS OF SHARES. In the event a shareholder requests a transfer of Fund shares to a new registration, the shares will be transferred without sales charge at the time of transfer. With regard to the status of shares which are either subject to the CDSC or free of such charge (and with regard to the length of time shares subject to the charge have been held), any transfer involving less than all of the shares in an account will be made on a pro rata basis (that is, by transferring shares in the same proportion that the transferred shares bear to the total shares in the account immediately prior to the transfer). The transferred shares will continue to be subject to any applicable CDSC as if they had not been so transferred.

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#### B. OFFERING PRICE

The Fund's Class B, Class C and Class D shares are offered at net asset value per share and the Class A shares are offered at net asset value per share plus any applicable FSC which is distributed among the Fund's Distributor, Dean Witter Reynolds and other authorized dealers as described in Section "V. Investment Management and Other Services -- E. Rule 12b-1 Plan." The price of Fund shares, called "net asset value," is based on the value of the Fund's portfolio securities. Net asset value per share of each Class is calculated by dividing the value of the portion of the Fund's securities and other assets attributable to that Class, less the liabilities attributable to that Class, by the number of shares of that Class outstanding. The assets of each Class of shares are invested in a single portfolio. The net asset value of each Class, however, will differ because the Classes have different ongoing fees.

In the calculation of the Fund's net asset value: (1) an equity portfolio security listed or traded on the New York or American Stock Exchange or other stock exchange is valued at its latest sale price on that exchange, prior to the time when assets are valued; if there were no sales that day, the security is valued at the latest bid price (in cases where a security is traded on more than one exchange, the security is valued on the exchange designated as the primary market pursuant to procedures adopted by the Trustees); and (2) all other portfolio securities for which over-the-counter market quotations are readily available are valued at the latest bid price. When market quotations are not readily available, including circumstances under which it is determined by the Investment Manager that sale or bid prices are not reflective of a security's market value, portfolio securities are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund's Trustees. For valuation purposes, quotations of foreign portfolio securities, other assets and liabilities and forward contracts stated in foreign currency are translated into U.S. dollar equivalents at the prevailing market rates prior to the close of the New York Stock Exchange.

Short-term debt securities with remaining maturities of sixty days or less at the time of purchase are valued at amortized cost, unless the Trustees determine such does not reflect the securities' market value, in which case these securities will be valued at their fair value as determined by the Trustees.

Certain of the Fund's portfolio securities may be valued by an outside pricing service approved by the Fund's Trustees. The pricing service may utilize a matrix system incorporating security quality, maturity and coupon as the evaluation model parameters, and/or research evaluations by its staff, including review of broker-dealer market price quotations in determining what it believes is the fair valuation of the portfolio securities valued by such pricing service.

Futures are valued at the latest sale price on the commodities exchange on which they trade unless the Trustees determine such price does not reflect their market value, in which case they will be valued at their fair value as determined in good faith under procedures established by and under the

supervision of the Trustees.

#### IX. TAXATION OF THE FUND AND SHAREHOLDERS

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The Fund generally will make two basic types of distributions: ordinary dividends and long-term capital gain distributions. These two types of distributions are reported differently on a shareholder's income tax return and they are also subject to different rates of tax. The tax treatment of the investment activities of the Fund will affect the amount and timing and character of the distributions made by the Fund. Tax issues relating to the Fund are not generally a consideration for shareholders such as tax exempt entities and tax-advantaged retirement vehicles such as an IRA or 401(k) plan. Shareholders are urged to consult their own tax professionals regarding specific questions as to federal, state or local taxes.

**INVESTMENT COMPANY TAXATION.** The Fund intends to remain qualified as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986. As such, the Fund will not be subject to federal income tax on its net investment income and capital gains, if any, to the extent that it distributes such income and capital gains to its shareholders.

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The Fund generally intends to distribute sufficient income and gains so that the Fund will not pay corporate income tax on its earnings. The Fund also generally intends to distribute to its shareholders in each calendar year a sufficient amount of ordinary income and capital gains to avoid the imposition of a 4% excise tax. However, the Fund may instead determine to retain all or part of any net long-term capital gains in any year for reinvestment. In such event, the Fund will pay federal income tax (and possibly excise tax) on such retained gains.

Gains or losses on sales of securities by the Fund will be long-term capital gains or losses if the securities have a tax holding period of more than one year. Gains or losses on the sale of securities with a tax holding period of one year or less will be short-term gains or losses.

Gains or losses on the Fund's transactions in listed non-equity options, futures and options on futures generally are treated as 60% long-term and 40% short-term. When the Fund engages in options and futures transactions, various tax rules may accelerate or defer recognition of certain gains and losses, change the character of certain gains or losses, or alter the holding period of other investments held by the Fund. The application of these rules would therefore also affect the amount, timing and character of distributions made by the Fund.

Under certain tax rules, the Fund may be required to accrue a portion of any discount at which certain securities are purchased as income each year even though the Fund receives no payments in cash on the security during the year. To the extent that the Fund invests in such securities, it would be required to pay out such accrued discount as an income distribution in each year in order to avoid taxation at the Fund level. Such distributions will be made from the available cash of the Fund or by liquidation of portfolio securities if necessary. If a distribution of cash necessitates the liquidation of portfolio securities, the Investment Manager will select which securities to sell. The Fund may realize a gain or loss from such sales. In the event the Fund realizes net capital gains from such transactions, its shareholders may receive a larger capital gain distribution, if any, than they would in the absence of such transactions.

**TAXATION OF DIVIDENDS AND DISTRIBUTIONS.** Shareholders normally will have to pay federal income taxes, and any state and/or local income taxes, on the dividends and other distributions they receive from the Fund. Such dividends and distributions, to the extent that they are derived from net investment income or short-term capital gains, are taxable to the shareholder as ordinary income regardless of whether the shareholder receives such payments in additional shares or in cash.

Distributions of net long-term capital gains, if any, are taxable to shareholders as long-term capital gains regardless of how long a shareholder has held the Fund's shares and regardless of whether the distribution is received in additional shares or in cash. The Taxpayer Relief Act of 1997 reduced the maximum tax on long-term capital gains applicable to individuals from 28% to 20%.

Shareholders are generally taxed on any ordinary dividend or capital gain distributions from the Fund in the year they are actually distributed. However, if any such dividends or distributions are declared in October, November or December and paid in January then such amounts will be treated for tax purposes as received by the shareholders on December 31, to shareholders of record of such month.

Subject to certain exceptions, a corporate shareholder may be eligible for a 70% dividends received deduction to the extent that the Fund earns and distributes qualifying dividends from its investments. Distributions of net capital gains by the Fund will not be eligible for the dividends received deduction.

Shareholders who are not citizens or residents of the United States and certain foreign entities may be subject to withholding of United States tax on distributions made by the Fund of investment income and short term capital gains.

After the end of each calendar year, shareholders will be sent full information on their dividends and capital gain distributions for tax purposes, including the portion taxable as ordinary income, and the portion taxable as long-term capital gains.

PURCHASES AND REDEMPTIONS AND EXCHANGES OF FUND SHARES. Any dividend or capital gains distribution received by a shareholder from any investment company will have the effect of reducing the

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net asset value of the shareholder's stock in that company by the exact amount of the dividend or capital gains distribution. Furthermore, such dividends and capital gains distributions are subject to federal income taxes. If the net asset value of the shares should be reduced below a shareholder's cost as a result of the payment of dividends or the distribution of realized long-term capital gains, such payment or distribution would be in part a return of the shareholder's investment but nonetheless would be taxable to the shareholder. Therefore, an investor should consider the tax implications of purchasing Fund shares immediately prior to a distribution record date.

In general, a sale of shares results in capital gain or loss, and for individual shareholders, is taxable at a federal rate dependent upon the length of time the shares were held. A redemption of a shareholder's Fund shares is normally treated as a sale for tax purposes. Fund shares held for a period of one year or less will, for tax purposes, generally result in short-term gains or losses and those held for more than one year generally result in long-term gain or loss. Any loss realized by shareholders upon a redemption of shares within six months of the date of their purchase will be treated as a long-term capital loss to the extent of any distributions of net long-term capital gains with respect to such shares during the six-month period.

Gain or loss on the sale or redemption of shares in the Fund is measured by the difference between the amount received and the tax basis of the shares. Shareholders should keep records of investments made (including shares acquired through reinvestment of dividends and distributions) so they can compute the tax basis of their shares. Under certain circumstances a shareholder may compute and use an average cost basis in determining the gain or loss on the sale or redemption of shares.

Exchanges of Fund shares for shares of another fund, including shares of other Morgan Stanley Dean Witter Funds, are also subject to similar tax treatment. Such an exchange is treated for tax purposes as a sale of the original shares in the first fund, followed by the purchase of shares in the second fund.

If a shareholder realizes a loss on the redemption or exchange of a fund's shares and reinvests in that fund's shares within 30 days before or after the redemption or exchange, the transactions may be subject to the "wash sale" rules, resulting in a postponement of the recognition of such loss for tax purposes.

#### X. UNDERWRITERS

-----  
The Fund's shares are offered to the public on a continuous basis. The

Distributor, as the principal underwriter of the shares, has certain obligations under the Distribution Agreement concerning the distribution of the shares. These obligations and the compensation the Distributor receives are described above in the sections titled "Principal Underwriter" and "Rule 12b-1 Plans."

#### XI. CALCULATION OF PERFORMANCE DATA

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From time to time, the Fund may quote its "total return" in advertisements and sales literature. These figures are computed separately for Class A, Class B, Class C and Class D shares. The Fund's "average annual total return" represents an annualization of the Fund's total return over a particular period and is computed by finding the annual percentage rate which will result in the ending redeemable value of a hypothetical \$1,000 investment made at the beginning of a one, five or ten year period, or for the period from the date of commencement of operations, if shorter than any of the foregoing. The ending redeemable value is reduced by any contingent deferred sales charge ("CDSC") at the end of the one, five, ten year or other period. For the purpose of this calculation, it is assumed that all dividends and distributions are reinvested. The formula for computing the average annual total return involves a percentage obtained by dividing the ending redeemable value by the amount of the initial investment (which in the case of Class A shares is reduced by the Class A initial sales charge), taking a root of the quotient (where the root is equivalent to the number of years in the period) and subtracting 1 from the result. Based on this calculation, the average annual total returns for Class B for the one year period

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ended July 31, 1999 and for the period October 29, 1996 (commencement of operations) through July 31, 1999 were % and %, respectively. The average annual total returns of Class A for the fiscal year ended July 31, 1999 and for the period July 28, 1997 (inception of the Class) through July 31, 1999 were % and %, respectively. The average annual total returns of Class C for the fiscal year ended July 31, 1999 and for the period July 28, 1997 through July 31, 1999 were % and %, respectively. The average annual total returns of Class D for the fiscal year ended July 31, 1999 and for the period July 28, 1997 through July 31, 1999 were % and %, respectively.

In addition, the Fund may advertise its total return for each Class over different periods of time by means of aggregate, average, year-by-year or other types of total return figures. These calculations may or may not reflect the imposition of the maximum front-end sales charge for Class A or the deduction of the CDSC for each of Class B and Class C which, if reflected, would reduce the performance quoted. For example, the average annual total return of the Fund may be calculated in the manner described above, but without deduction for any applicable sales charge. Based on this calculation, the average annual total returns of Class B for the one year period ended July 31, 1999 and for the period October 29, 1996 (commencement of operations) through July 31, 1999 were % and %, respectively. The average annual total returns of Class A for the fiscal year ended July 31, 1999 and for the period July 28, 1997 (inception of the Class) through July 31, 1999 were % and %, respectively. The average annual total returns of Class C for the fiscal year ended July 31, 1999 and for the period July 28, 1997 through July 31, 1999 were % and %, respectively. The average annual total returns of Class D for the fiscal year ended July 31, 1999 and for the period July 28, 1997 through July 31, 1999 were % and %, respectively.

In addition, the Fund may compute its aggregate total return for each Class for specified periods by determining the aggregate percentage rate which will result in the ending value of a hypothetical \$1,000 investment made at the beginning of the period. For the purpose of this calculation, it is assumed that all dividends and distributions are reinvested. The formula for computing aggregate total return involves a percentage obtained by dividing the ending value (without reduction for any sales charge) by the initial \$1,000 investment and subtracting 1 from the result. Based on this calculation, the total returns of Class B for the one year period ended July 31, 1999 and for the period October 29, 1996 (commencement of operations) through July 31, 1999 were % and %, respectively. The total returns of Class A for the fiscal year ended July 31, 1999 and for the period July 28, 1997 (inception of the Class) through July 31, 1999 were % and %, respectively. The total returns of Class C for the fiscal year ended July 31, 1999 and for the period July 28, 1997 through July 31, 1999 were % and %, respectively. The total returns of

Class D for the fiscal year ended July 31, 1999 and for the period July 28, 1997 through July 31, 1999 were % and %, respectively.

The Fund may also advertise the growth of hypothetical investments of \$10,000, \$50,000 and \$100,000 in each Class of shares of the Fund by adding 1 to the Fund's aggregate total return to date (expressed as a decimal and without taking into account the effect of any applicable CDSC) and multiplying by \$9,475, \$48,000 and \$97,000 in the case of Class A (investments of \$10,000, \$50,000 and \$100,000 adjusted for the initial sales charge) or by \$10,000, \$50,000 and \$100,000 in the case of each of Class B, Class C and Class D, as the case may be. Investments of \$10,000, \$50,000 and \$100,000 in each Class at inception of the Class would have grown to the following amounts at July 31, 1999:

<TABLE>  
<CAPTION>

CLASS	INCEPTION DATE:	INVESTMENT AT INCEPTION OF:		
		\$10,000	\$50,000	\$100,000
<S>	<C>	<C>	<C>	<C>
Class A .....	07/28/97	\$	\$	\$
Class B .....	10/29/96			
Class C .....	07/28/97			
Class D .....	07/28/97			

</TABLE>

The Fund from time to time may also advertise its performance relative to certain performance rankings and indexes compiled by recognized organizations.

XII. FINANCIAL STATEMENTS

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 EXPERTS. The financial statements of the Fund for the fiscal year ended July 31, 1999 included in this Statement of Additional Information and incorporated by reference in the Prospectus have been so included and incorporated in reliance on the report of , independent accountants, given on the authority of said firm as experts in auditing and accounting.

\* \* \* \* \*

This Statement of Additional Information and the Prospectus do not contain all of the information set forth in the Registration Statement the Fund has filed with the SEC. The complete Registration Statement may be obtained from the SEC.

MORGAN STANLEY DEAN WITTER SPECIAL VALUE FUND  
 PART C OTHER INFORMATION

Item 23. Exhibits

- 1(a). Declaration of Trust of the Registrant, dated June 21, 1996, is incorporated by reference to Exhibit 1(a) to the Registration Statement on Form N-1A, filed on June 27, 1996.
- 1(b). Instrument Establishing and Designating Additional Classes is incorporated by reference to Exhibit 1 of Post-Effective Amendment No. 2 to the Registration Statement on Form N-1A, filed on July 22, 1997.
- 1(c). Amendment to the Declaration of Trust of the Registrant, dated June 22, 1998, is incorporated by reference to Exhibit 1 of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on September 29, 1998.

2. Amended and Restated By-Laws of the Registrant, dated May 1, 1999, filed herein.
3. Not applicable.
4. Amended Investment Management Agreement dated May 1, 1999 between the Registrant and Morgan Stanley Dean Witter Advisors Inc., filed herein.
- 5(a). Amended Distribution Agreement between the Registrant and Morgan Stanley Dean Witter Distributors Inc., dated June 22, 1998, is incorporated by reference to Exhibit 6 of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on September 29, 1998.
- 5(b). Selected Dealer Agreement between Dean Witter Distributors Inc. and Dean Witter Reynolds Inc. is incorporated by reference to Exhibit 5(b) of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on September 29, 1998.
- 5(c). Omnibus Selected Dealer Agreement between Morgan Stanley Dean Witter Distributors Inc. and National Financial Services Corporation, dated October 17, 1998, filed herein.
6. Not applicable.
7. Custody Agreement between the Registrant and The Bank of New York is incorporated by reference to Exhibit 8(a) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on August 21, 1996.
- 8(a). Amended and Restated Transfer Agency and Services Agreement between the Registrant and Morgan Stanley Dean Witter Trust FSB, dated June 22, 1998, is incorporated by reference to Exhibit 8 of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on September 29, 1998.
- 8(b). Amended Services Agreement, dated June 22, 1998 between Morgan Stanley Dean Witter Advisors Inc. and Morgan Stanley Dean Witter Services Company Inc., filed herein.
- 9(a). Opinion of Sheldon Curtis, Esq., dated August 19, 1996, is incorporated by reference to Exhibit 10(a) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on August 21, 1996.
- 9(b). Opinion of Lane, Altman & Owens LLP, dated August 16, 1996, is incorporated by reference to Exhibit 10(b) of Post-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on August 21, 1996.
10. Not applicable.
11. Not applicable.
12. Not applicable.
13. Amended Plan of Distribution pursuant to Rule 12b-1, dated July 28, 1997 between the Registrant and Morgan Stanley Dean Witter Distributors Inc., is incorporated by reference to Exhibit 15 of Post-Effective Amendment No. 2 to the Registration Statement on Form N-1A, filed on July 22, 1997.
14. Multiple Class Plan pursuant to Rule 18f-3 between the Registrant and Dean Witter Distributors Inc., dated July 28, 1997, is incorporated by reference to Exhibit (Other) of Post-Effective Amendment No. 2 to the Registration Statement on Form N-1A, filed on July 22, 1997.
- Other. Powers of Attorney of Trustees is incorporated by reference to Exhibit (Other) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on August 21, 1996 and of Post-Effective Amendment No. 3 filed on September 29, 1997.

Item 24. Persons Controlled by or Under Common Control with the Fund.

None

Item 25. Indemnification.

Pursuant to Section 5.3 of the Registrant's Declaration of Trust and under Section 4.8 of the Registrant's By-Laws, the indemnification of the Registrant's trustees, officers, employees and agents is permitted if it is determined that they acted under the belief that their actions were in or not opposed to the best interest of the Registrant, and, with respect to any criminal proceeding, they had reasonable cause to believe their conduct was not unlawful. In addition, indemnification is permitted only if it is determined that the actions in question did not render them liable by reason of willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of reckless disregard of their obligations and duties to the Registrant. Trustees, officers, employees and agents will be indemnified for the expense of litigation if it is determined that they are entitled to indemnification against any liability established in such litigation. The Registrant may also advance money for these expenses provided that they give their undertakings to repay the Registrant unless their conduct is later determined to permit indemnification.

Pursuant to Section 5.2 of the Registrant's Declaration of Trust and paragraph 8 of the Registrant's Investment Management Agreement, neither the Investment Manager nor any trustee, officer, employee or agent of the Registrant shall be liable for any action or failure to act, except in the case of bad faith, willful misfeasance, gross negligence or reckless disregard of duties to the Registrant.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to trustees, officers and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer, or controlling person of the Registrant in connection with the successful defense of any action, suit or proceeding) is asserted against the Registrant by such trustee, officer or controlling person in connection with the shares being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act, and will be governed by the final adjudication of such issue.

The Registrant hereby undertakes that it will apply the indemnification provision of its by-laws in a manner consistent with Release 11330 of the Securities and Exchange Commission under the Investment Company Act of 1940, so long as the interpretation of Sections 17(h) and 17(i) of such Act remains in effect.

Registrant, in conjunction with the Investment Manager, Registrant's Trustees, and other registered investment management companies managed by the Investment Manager, maintains insurance on behalf of any person who is or was a Trustee, officer, employee, or agent of Registrant, or who is or was serving at the request of Registrant as a trustee, director, officer, employee or agent of another trust or corporation, against any liability asserted against

him and incurred by him or arising out of his position. However, in no event will Registrant maintain insurance to indemnify any such person for any act for which Registrant itself is not permitted to indemnify him.

Item 26. Business and Other Connections of Investment Advisor

See "The Fund and Its Management" in the Prospectus regarding the business of the investment advisor. The following information is given regarding officers of Morgan Stanley Dean Witter Advisors Inc. ("MSDW Advisors"). MSDW Advisors is a wholly-owned subsidiary of Morgan Stanley Dean Witter & Co.

The term "Morgan Stanley Dean Witter Funds" refers to the following

registered investment companies:

Closed-End Investment Companies

-----  
(1) Morgan Stanley Dean Witter California Insured Municipal Income Trust  
(2) Morgan Stanley Dean Witter California Quality Municipal Securities  
(3) Morgan Stanley Dean Witter Government Income Trust  
(4) Morgan Stanley Dean Witter High Income Advantage Trust  
(5) Morgan Stanley Dean Witter High Income Advantage Trust II  
(6) Morgan Stanley Dean Witter High Income Advantage Trust III  
(7) Morgan Stanley Dean Witter Income Securities Inc.  
(8) Morgan Stanley Dean Witter Insured California Municipal Securities  
(9) Morgan Stanley Dean Witter Insured Municipal Bond Trust  
(10) Morgan Stanley Dean Witter Insured Municipal Income Trust  
(11) Morgan Stanley Dean Witter Insured Municipal Securities  
(12) Morgan Stanley Dean Witter Insured Municipal Trust  
(13) Morgan Stanley Dean Witter Municipal Income Opportunities Trust  
(14) Morgan Stanley Dean Witter Municipal Income Opportunities Trust II  
(15) Morgan Stanley Dean Witter Municipal Income Opportunities Trust III  
(16) Morgan Stanley Dean Witter Municipal Income Trust  
(17) Morgan Stanley Dean Witter Municipal Income Trust II  
(18) Morgan Stanley Dean Witter Municipal Income Trust III  
(19) Morgan Stanley Dean Witter Municipal Premium Income Trust  
(20) Morgan Stanley Dean Witter New York Quality Municipal Securities  
(21) Morgan Stanley Dean Witter Prime Income Trust  
(22) Morgan Stanley Dean Witter Quality Municipal Income Trust  
(23) Morgan Stanley Dean Witter Quality Municipal Investment Trust  
(24) Morgan Stanley Dean Witter Quality Municipal Securities

Open-end Investment Companies

-----  
(1) Active Assets California Tax-Free Trust  
(2) Active Assets Government Securities Trust  
(3) Active Assets Money Trust  
(4) Active Assets Tax-Free Trust  
(5) Morgan Stanley Dean Witter Aggressive Equity Fund  
(6) Morgan Stanley Dean Witter American Opportunities Fund  
(7) Morgan Stanley Dean Witter Balanced Growth Fund  
(8) Morgan Stanley Dean Witter Balanced Income Fund  
(9) Morgan Stanley Dean Witter California Tax-Free Daily Income Trust  
(10) Morgan Stanley Dean Witter California Tax-Free Income Fund  
  
(11) Morgan Stanley Dean Witter Capital Growth Securities  
(12) Morgan Stanley Dean Witter Competitive Edge Fund, "Best Ideas Portfolio"  
(13) Morgan Stanley Dean Witter Convertible Securities Trust  
(14) Morgan Stanley Dean Witter Developing Growth Securities Trust  
(15) Morgan Stanley Dean Witter Diversified Income Trust  
(16) Morgan Stanley Dean Witter Dividend Growth Securities Inc.  
(17) Morgan Stanley Dean Witter Equity Fund  
(18) Morgan Stanley Dean Witter European Growth Fund Inc.  
(19) Morgan Stanley Dean Witter Federal Securities Trust  
(20) Morgan Stanley Dean Witter Financial Services Trust  
(21) Morgan Stanley Dean Witter Fund of Funds  
(22) Morgan Stanley Dean Witter Global Dividend Growth Securities  
(23) Morgan Stanley Dean Witter Global Utilities Fund  
(24) Morgan Stanley Dean Witter Growth Fund  
(25) Morgan Stanley Dean Witter Hawaii Municipal Trust  
(26) Morgan Stanley Dean Witter Health Sciences Trust  
(27) Morgan Stanley Dean Witter High Yield Securities Inc.  
(28) Morgan Stanley Dean Witter Income Builder Fund  
(29) Morgan Stanley Dean Witter Information Fund  
(30) Morgan Stanley Dean Witter Intermediate Income Securities  
(31) Morgan Stanley Dean Witter International Fund  
(32) Morgan Stanley Dean Witter International SmallCap Fund  
(33) Morgan Stanley Dean Witter Japan Fund  
(34) Morgan Stanley Dean Witter Latin American Growth Fund  
(35) Morgan Stanley Dean Witter Limited Term Municipal Trust  
(36) Morgan Stanley Dean Witter Liquid Asset Fund Inc.  
(37) Morgan Stanley Dean Witter Market Leader Trust  
(38) Morgan Stanley Dean Witter Mid-Cap Dividend Growth Securities  
(39) Morgan Stanley Dean Witter Mid-Cap Equity Trust  
(40) Morgan Stanley Dean Witter Multi-State Municipal Series Trust  
(41) Morgan Stanley Dean Witter Natural Resource Development Securities Inc.

- (42) Morgan Stanley Dean Witter New York Municipal Money Market Trust
- (43) Morgan Stanley Dean Witter New York Tax-Free Income Fund
- (44) Morgan Stanley Dean Witter North American Government Income Trust
- (45) Morgan Stanley Dean Witter Pacific Growth Fund Inc.
- (46) Morgan Stanley Dean Witter Precious Metals and Minerals Trust
- (47) Morgan Stanley Dean Witter Real Estate Fund
- (48) Morgan Stanley Dean Witter S&P 500 Index Fund
- (49) Morgan Stanley Dean Witter S&P 500 Select Fund
- (50) Morgan Stanley Dean Witter Select Dimensions Investment Series
- (51) Morgan Stanley Dean Witter Select Municipal Reinvestment Fund
- (52) Morgan Stanley Dean Witter Short-Term Bond Fund
- (53) Morgan Stanley Dean Witter Short-Term U.S. Treasury Trust
- (54) Morgan Stanley Dean Witter Small Cap Growth Fund
- (55) Morgan Stanley Dean Witter Special Value Fund
- (56) Morgan Stanley Dean Witter Strategist Fund
- (57) Morgan Stanley Dean Witter Tax-Exempt Securities Trust
- (58) Morgan Stanley Dean Witter Tax-Free Daily Income Trust
- (59) Morgan Stanley Dean Witter Total Return Trust
- (60) Morgan Stanley Dean Witter U.S. Government Money Market Trust
- (61) Morgan Stanley Dean Witter U.S. Government Securities Trust

- (62) Morgan Stanley Dean Witter Utilities Fund
- (63) Morgan Stanley Dean Witter Value-Added Market Series
- (64) Morgan Stanley Dean Witter Value Fund
- (65) Morgan Stanley Dean Witter Variable Investment Series
- (66) Morgan Stanley Dean Witter World Wide Income Trust

NAME AND POSITION WITH MORGAN STANLEY DEAN WITTER ADVISORS INC.	OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS AND NATURE OF CONNECTION
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<p>Mitchell M. Merin President, Chief Executive Officer and Director</p>	<p>President and Chief Operating Officer of Asset Management of Morgan Stanley Dean Witter &amp; Co. ("MSDW"); Chairman, Chief Executive Officer and Director of Morgan Stanley Dean Witter Distributors Inc. ("MSDW Distributors") and Morgan Stanley Dean Witter Trust FSB ("MSDW Trust"); President, Chief Executive Officer and Director of Morgan Stanley Dean Witter Services Company Inc. ("MSDW Services"); President of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series; Executive Vice President and Director of Dean Witter Reynolds Inc. ("DWR"); Director of various MSDW subsidiaries.</p>
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<p>Joseph J. McAlinden Executive Vice President and Chief Investment Officer</p>	<p>Vice President of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series; Director of MSDW Trust.</p>
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<p>Ronald E. Robison Executive Vice President, Chief Administrative Officer and Director</p>	<p>President MSDW Trust; Executive Vice President, Chief Administrative Officer and Director of MSDW Services; Vice President of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series.</p>
--	--

<p>Edward C. Oelsner, III Executive Vice President</p>	
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<p>Barry Fink Senior Vice President, Secretary, General Counsel and Director</p>	<p>Assistant Secretary of DWR; Senior Vice President, Secretary, General Counsel and Director of MSDW Services; Senior Vice President, Assistant Secretary and Assistant General Counsel of MSDW Distributors; Vice President, Secretary and General Counsel of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series.</p>
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<p>Peter M. Avelar Senior Vice President and Director of the High Yield Group</p>	<p>Vice President of various Morgan Stanley Dean Witter Funds.</p>
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Mark Bavoso  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

NAME AND POSITION WITH  
MORGAN STANLEY DEAN  
WITTER ADVISORS INC.  
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OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION  
OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS  
AND NATURE OF CONNECTION  
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Douglas Brown  
Senior Vice President

Rosalie Clough  
Senior Vice President  
and Director of Marketing

Richard Felegy  
Senior Vice President

Edward F. Gaylor  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Robert S. Giambrone  
Senior Vice President

Senior Vice President of MSDW Services, MSDW  
Distributors and MSDW Trust and Director of MSDW  
Trust; Vice President of the Morgan Stanley Dean  
Witter Funds and Discover Brokerage Index Series.

Rajesh K. Gupta  
Senior Vice President,  
Director of the Taxable  
Fixed Income Group and  
Chief Administrative  
Officer - Investments

Vice President of various Morgan Stanley Dean  
Witter Funds.

Kenton J. Hinchliffe  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds and Discover Brokerage Index Series.

Kevin Hurley  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Jenny Beth Jones  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Michelle Kaufman  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

John B. Kemp, III  
Senior Vice President

President of MSDW Distributors.

Anita H. Kolleeny  
Senior Vice President  
and Director of Sector  
Rotation

Vice President of various Morgan Stanley Dean  
Witter Funds.

NAME AND POSITION WITH  
MORGAN STANLEY DEAN  
WITTER ADVISORS INC.  
-----

OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION  
OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS  
AND NATURE OF CONNECTION  
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Jonathan R. Page  
Senior Vice President  
and Director of the  
Money Market Group

Vice President of various Morgan Stanley Dean  
Witter Funds.

Ira N. Ross  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Guy G. Rutherford, Jr.  
Senior Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

and Director of the Growth Group

Rochelle G. Siegel  
Senior Vice President

Vice President of various Morgan Stanley Dean Witter Funds.

James Solloway  
Senior Vice President

Paul D. Vance  
Senior Vice President  
and Director of the Growth  
and Income Group

Vice President of various Morgan Stanley Dean Witter Funds.

Elizabeth A. Vetell  
Senior Vice President  
and Director of Shareholder  
Communication

James F. Willison  
Senior Vice President  
and Director of the  
Tax-Exempt Fixed  
Income Group

Vice President of various Morgan Stanley Dean Witter Funds.

Frank Bruttomesso  
First Vice President and  
Assistant Secretary

First Vice President and Assistant Secretary of MSDW Services; Assistant Secretary of MSDW Distributors, the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series.

Thomas F. Caloia  
First Vice President  
and Assistant  
Treasurer

First Vice President and Assistant Treasurer of MSDW Services; Assistant Treasurer of MSDW Distributors; Treasurer and Chief Financial and Accounting Officer of the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series.

NAME AND POSITION WITH  
MORGAN STANLEY DEAN  
WITTER ADVISORS INC.  
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OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION  
OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS  
AND NATURE OF CONNECTION  
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Thomas Chronert  
First Vice President

Marilyn K. Cranney  
First Vice President  
and Assistant Secretary

Assistant Secretary of DWR; First Vice President and Assistant Secretary of MSDW Services; Assistant Secretary of MSDW Distributors, the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series.

Salvatore DeSteno  
First Vice President

First Vice President of MSDW Services.

Peter W. Gurman  
First Vice President

Michael Interrante  
First Vice President  
and Controller

First Vice President and Controller of MSDW Services; Assistant Treasurer of MSDW Distributors; First Vice President and Treasurer of MSDW Trust.

David Johnson  
First Vice President

Stanley Kapica  
First Vice President

Lou Anne D. McInnis  
First Vice President and  
Assistant Secretary

First Vice President and Assistant Secretary of MSDW Services; Assistant Secretary of MSDW Distributors, the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series.

Carsten Otto  
First Vice President  
and Assistant Secretary

First Vice President and Assistant Secretary of  
MSDW Services; Assistant Secretary of MSDW  
Distributors, the Morgan Stanley Dean Witter Funds  
and Discover Brokerage Index Series.

Ruth Rossi  
First Vice President and  
Assistant Secretary

First Vice President and Assistant Secretary of  
MSDW Services; Assistant Secretary of MSDW  
Distributors, the Morgan Stanley Dean Witter Funds  
and Discover Brokerage Index Series.

James P. Wallin  
First Vice President

Robert Abreu  
Vice President

NAME AND POSITION WITH  
MORGAN STANLEY DEAN  
WITTER ADVISORS INC.  
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OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION  
OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS  
AND NATURE OF CONNECTION  
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Dale Albright  
Vice President

Joan G. Allman  
Vice President

Andrew Arbenz  
Vice President

Joseph Arcieri  
Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Armon Bar-Tur  
Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Raymond Basile  
Vice President

Nancy Belza  
Vice President

Maurice Bendrihem  
Vice President and  
Assistant Controller

Dale Boettcher  
Vice President

Ronald Caldwell  
Vice President

Joseph Cardwell  
Vice President

Liam Carroll  
Vice President

Philip Casparius  
Vice President

Aaron Clark  
Vice President

William Connerly  
Vice President

NAME AND POSITION WITH  
MORGAN STANLEY DEAN

OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION  
OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS

WITTER ADVISORS INC.

AND NATURE OF CONNECTION

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David Dineen  
Vice President

Vice President of Morgan Stanley Dean Witter Prime  
Income Trust

Sheila Finnerty  
Vice President

Jeffrey D. Geffen  
Vice President

Sandra Gelpieryn  
Vice President

Charmaine George  
Vice President

Michael Geringer  
Vice President

Gail Gerrity  
Vice President

Ellen Gold  
Vice President

Stephen Greenhut  
Vice President

Trey Hancock  
Vice President

Matthew Haynes  
Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Peter Hermann  
Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

David T. Hoffman  
Vice President

Kevin Jung  
Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Carol Espejo-Kane  
Vice President

Nancy Karole-Kennedy  
Vice President

NAME AND POSITION WITH  
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WITTER ADVISORS INC.

OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION  
OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS  
AND NATURE OF CONNECTION

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Doug Ketterer  
Vice President

Paula LaCosta  
Vice President

Vice President of various Morgan Stanley Dean  
Witter Funds.

Kimberly LaHart  
Vice President

Thomas Lawlor  
Vice President

Todd Lebo  
Vice President and  
Assistant Secretary

Vice President and Assistant Secretary of MSDW  
Services; Assistant Secretary of MSDW  
Distributors, the Morgan Stanley Dean Witter Funds  
and Discover Brokerage Index Series.

Gerard J. Lian Vice President of various Morgan Stanley Dean  
Vice President Witter Funds.

Nancy Login  
Vice President

Sharon Loguercio  
Vice President

Steven MacNamara  
Vice President

Catherine Maniscalco Vice President of Morgan Stanley Dean Witter  
Vice President Natural Resource Development Securities Inc.

Albert McGarity  
Vice President

Teresa McRoberts Vice President of Morgan Stanley Dean Witter  
Vice President S&P 500 Select Fund.

Mark Mitchell  
Vice President

Julie Morrone  
Vice President

Mary Beth Mueller  
Vice President

NAME AND POSITION WITH OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION  
MORGAN STANLEY DEAN OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS  
WITTER ADVISORS INC. AND NATURE OF CONNECTION  
-----

David Myers Vice President of Morgan Stanley Dean Witter  
Vice President Natural Resource Development Securities Inc.

James Nash  
Vice President

Richard Norris  
Vice President

Anne Pickrell Vice President of various Morgan Stanley Dean  
Vice President Witter Funds.

Dawn Rorke  
Vice President

John Roscoe Vice President of Morgan Stanley Dean Witter  
Vice President Real Estate Fund

Hugh Rose  
Vice President

Robert Rossetti Vice President of various Morgan Stanley Dean  
Vice President Witter Funds.

Carl F. Sadler  
Vice President

Deborah Santaniello  
Vice President

Patrice Saunders  
Vice President

Howard A. Schloss Vice President of Morgan Stanley Dean Witter  
Vice President Federal Securities Trust.

Peter J. Seeley Vice President of various Morgan Stanley Dean  
Vice President Witter Funds.

Robert Stearns  
Vice President

Naomi Stein  
Vice President

NAME AND POSITION WITH MORGAN STANLEY DEAN WITTER ADVISORS INC. -----	OTHER SUBSTANTIAL BUSINESS, PROFESSION, VOCATION OR EMPLOYMENT, INCLUDING NAME, PRINCIPAL ADDRESS AND NATURE OF CONNECTION -----
--	---

Michael Strayhorn Vice President	
-------------------------------------	--

Kathleen H. Stromberg Vice President	Vice President of various Morgan Stanley Dean Witter Funds
---	---

Marybeth Swisher Vice President	
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Michael Thayer Vice President	
----------------------------------	--

Robert Vanden Assem Vice President	
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David Walsh Vice President	
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Alice Weiss Vice President	Vice President of various Morgan Stanley Dean Witter Funds.
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John Wong Vice President	
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The principal address of MSDW Advisors, MSDW Services, MSDW Distributors, DWR, the Morgan Stanley Dean Witter Funds and Discover Brokerage Index Series is Two World Trade Center, New York, New York 10048. The principal address of MSDW is 1585 Broadway, New York, New York 10036. The principal address of MSDW Trust is 2 Harborside Financial Center, Jersey City, New Jersey 07311.

Item 27. Principal Underwriters

(a) Morgan Stanley Dean Witter Distributors Inc. ("MSDW Distributors"), a Delaware corporation, is the principal underwriter of the Registrant. MSDW Distributors is also the principal underwriter of the following investment companies:

- (1) Active Assets California Tax-Free Trust
- (2) Active Assets Government Securities Trust
- (3) Active Assets Money Trust
- (4) Active Assets Tax-Free Trust
- (5) Morgan Stanley Dean Witter Aggressive Equity Fund
- (6) Morgan Stanley Dean Witter American Opportunities Fund
- (7) Morgan Stanley Dean Witter Balanced Growth Fund
- (8) Morgan Stanley Dean Witter Balanced Income Fund
- (9) Morgan Stanley Dean Witter California Tax-Free Daily Income Trust
- (10) Morgan Stanley Dean Witter California Tax-Free Income Fund
- (11) Morgan Stanley Dean Witter Capital Growth Securities
  
- (12) Morgan Stanley Dean Witter Competitive Edge Fund, "Best Ideas Portfolio"
- (13) Morgan Stanley Dean Witter Convertible Securities Trust
- (14) Morgan Stanley Dean Witter Developing Growth Securities Trust
- (15) Morgan Stanley Dean Witter Diversified Income Trust
- (16) Morgan Stanley Dean Witter Dividend Growth Securities Inc.
- (17) Morgan Stanley Dean Witter Equity Fund
- (18) Morgan Stanley Dean Witter European Growth Fund Inc.
- (19) Morgan Stanley Dean Witter Federal Securities Trust

- (20) Morgan Stanley Dean Witter Financial Services Trust
- (21) Morgan Stanley Dean Witter Fund of Funds
- (22) Morgan Stanley Dean Witter Global Dividend Growth Securities
- (23) Morgan Stanley Dean Witter Global Utilities Fund
- (24) Morgan Stanley Dean Witter Growth Fund
- (25) Morgan Stanley Dean Witter Hawaii Municipal Trust
- (26) Morgan Stanley Dean Witter Health Sciences Trust
- (27) Morgan Stanley Dean Witter High Yield Securities Inc.
- (28) Morgan Stanley Dean Witter Income Builder Fund
- (29) Morgan Stanley Dean Witter Information Fund
- (30) Morgan Stanley Dean Witter Intermediate Income Securities
- (31) Morgan Stanley Dean Witter International Fund
- (32) Morgan Stanley Dean Witter International SmallCap Fund
- (33) Morgan Stanley Dean Witter Japan Fund
- (34) Morgan Stanley Dean Witter Latin American Growth Fund
- (35) Morgan Stanley Dean Witter Limited Term Municipal Trust
- (36) Morgan Stanley Dean Witter Liquid Asset Fund Inc.
- (37) Morgan Stanley Dean Witter Market Leader Trust
- (38) Morgan Stanley Dean Witter Mid-Cap Dividend Growth Securities
- (39) Morgan Stanley Dean Witter Mid-Cap Equity Trust
- (40) Morgan Stanley Dean Witter Multi-State Municipal Series Trust
- (41) Morgan Stanley Dean Witter Natural Resource Development Securities Inc.
- (42) Morgan Stanley Dean Witter New York Municipal Money Market Trust
- (43) Morgan Stanley Dean Witter New York Tax-Free Income Fund
- (44) Morgan Stanley Dean Witter North American Government Income Trust
- (45) Morgan Stanley Dean Witter Pacific Growth Fund Inc.
- (46) Morgan Stanley Dean Witter Precious Metals and Minerals Trust
- (47) Morgan Stanley Dean Witter Prime Income Trust
- (48) Morgan Stanley Dean Witter Real Estate Fund
- (49) Morgan Stanley Dean Witter S&P 500 Index Fund
- (50) Morgan Stanley Dean Witter S&P 500 Select Fund
- (51) Morgan Stanley Dean Witter Short-Term Bond Fund
- (52) Morgan Stanley Dean Witter Short-Term U.S. Treasury Trust
- (53) Morgan Stanley Dean Witter Small Cap Growth Fund
- (54) Morgan Stanley Dean Witter Special Value Fund
- (55) Morgan Stanley Dean Witter Strategist Fund
- (56) Morgan Stanley Dean Witter Tax-Exempt Securities Trust
- (57) Morgan Stanley Dean Witter Tax-Free Daily Income Trust
- (58) Morgan Stanley Dean Witter Total Return Trust
- (59) Morgan Stanley Dean Witter U.S. Government Money Market Trust
- (60) Morgan Stanley Dean Witter U.S. Government Securities Trust
- (61) Morgan Stanley Dean Witter Utilities Fund
- (62) Morgan Stanley Dean Witter Value-Added Market Series

- (63) Morgan Stanley Dean Witter Value Fund
- (64) Morgan Stanley Dean Witter Variable Investment Series
- (65) Morgan Stanley Dean Witter World Wide Income Trust

(b) The following information is given regarding directors and officers of MSDW Distributors not listed in Item 26 above. The principal address of MSDW Distributors is Two World Trade Center, New York, New York 10048. Other than Mr. Purcell, who is a Trustee of the Registrant, none of the following persons has any position or office with the Registrant.

Name	Positions and Office with MSDW Distributors
----	-----
Michael T. Gregg	Vice President and Assistant Secretary.
James F. Higgins	Director
Fredrick K. Kubler	Senior Vice President, Assistant Secretary and Chief Compliance Officer.
Philip J. Purcell	Director
John Schaeffer	Director
Charles Vadala	Senior Vice President and Financial Principal.

Item 28. Location of Accounts and Records

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the Rules thereunder are

maintained by the Investment Manager at its offices, except records relating to holders of shares issued by the Registrant, which are maintained by the Registrant's Transfer Agent, at its place of business as shown in the prospectus.

Item 29. Management Services

Registrant is not a party to any such management-related service contract.

Item 30. Undertakings

Registrant hereby undertakes to furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it has duly caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York on the 27th day of July, 1999.

MORGAN STANLEY DEAN WITTER SPECIAL VALUE FUND

By /s/Barry Fink  
-----  
Barry Fink  
Vice President and Secretary

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 5 has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

Signatures -----	Title -----	Date -----
<S>	<C>	<C>
(1) Principal Executive Officer	Chief Executive Officer, Trustee and Chairman	
By /s/Charles A. Fiumefreddo ----- Charles A. Fiumefreddo		07/27/99
(2) Principal Financial Officer	Treasurer and Principal Accounting Officer	
By /s/Thomas F. Caloia ----- Thomas F. Caloia		07/27/99
(3) Majority of the Trustees		
Charles A. Fiumefreddo (Chairman) Philip J. Purcell		
By /s/Barry Fink ----- Barry Fink Attorney-in-Fact		07/27/99
Michael Bozic           Manuel H. Johnson Edwin J. Garn         Michael E. Nugent Wayne E. Hedien       John L. Schroeder		
By /s/David M. Butowsky ----- David M. Butowsky Attorney-in-Fact		07/27/99

</TABLE>

MORGAN STANLEY DEAN WITTER SPECIAL VALUE FUND  
EXHIBIT INDEX

2. Amended and Restated By-Laws of the Registrant, dated May 1, 1999.
4. Amended Investment Management Agreement dated May 1, 1999, between the Registrant and Morgan Stanley Dean Witter Advisors Inc.
- 5(c). Omnibus Selected Dealer Agreement between Morgan Stanley Dean Witter Distributors and National Financial Services Corporation, dated October 17, 1998.
- 8(b). Amended Services Agreement, dated June 22, 1998, between Morgan Stanley Dean Witter Advisors Inc. and Morgan Stanley Dean Witter Services Company Inc.

BY-LAWS

OF

MORGAN STANLEY DEAN WITTER SPECIAL VALUE FUND

AMENDED AND RESTATED AS OF MAY 1, 1999

ARTICLE I

DEFINITIONS

The terms "Commission," "Declaration," "Distributor," "Investment Adviser," "Majority Shareholder Vote," "1940 Act," "Shareholder," "Shares," "Transfer Agent," "Trust," "Trust Property" and "Trustees" have the respective meanings given them in the Declaration of Trust of Morgan Stanley Dean Witter Special Value Fund dated June 21, 1996, as amended from time to time.

ARTICLE II

OFFICES

SECTION 2.1. Principal Office. Until changed by the Trustees, the principal office of the Trust in the Commonwealth of Massachusetts shall be in the City of Boston, County of Suffolk.

SECTION 2.2. Other Offices. In addition to its principal office in the Commonwealth of Massachusetts, the Trust may have an office or offices in the City of New York, State of New York, and at such other places within and without the Commonwealth as the Trustees may from time to time designate or the business of the Trust may require.

ARTICLE III

SHAREHOLDERS' MEETINGS

SECTION 3.1. Place of Meetings. Meetings of Shareholders shall be held at such place, within or without the Commonwealth of Massachusetts, as may be designated from time to time by the Trustees.

SECTION 3.2. Meetings. Meetings of Shareholders of the Trust shall be held whenever called by the Trustees or the President of the Trust and whenever election of a Trustee or Trustees by Shareholders is required by the provisions

of Section 16(a) of the 1940 Act, for that purpose. Meetings of Shareholders shall also be called by the Secretary upon the written request of the holders of Shares entitled to vote as otherwise required by Section 16(c) of the 1940 Act and to the extent required by the corporate or business statute of any state in which the Shares of the Trust are sold, as made applicable to the Trust by the provisions of Section 2.3 of the Declaration. Such request shall state the purpose or purposes of such meeting and the matters proposed to be acted on thereat. Except to the extent otherwise required by Section 16(c) of the 1940 Act, as made applicable to the Trust by the provisions of Section 2.3 of the Declaration, the Secretary shall inform such Shareholders of the reasonable estimated cost of preparing and mailing such notice of the meeting, and upon payment to the Trust of such costs, the Secretary shall give notice stating the purpose or purposes of the meeting to all entitled to vote at such meeting. No meeting need be called upon the request of the holders of Shares entitled to cast less than a majority of all votes entitled to be cast at such meeting, to consider any matter which is substantially the same as a matter voted upon at any meeting of Shareholders held during the preceding twelve months.

SECTION 3.3. Notice of Meetings. Written or printed notice of every Shareholders' meeting stating the place, date, and purpose or purposes thereof, shall be given by the Secretary not less than ten (10) nor more than ninety (90) days before such meeting to each Shareholder entitled to vote at such meeting. Such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the Shareholder at his address as it appears on the records of the Trust.

SECTION 3.4. Quorum and Adjournment of Meetings. Except as otherwise provided by law, by the Declaration or by these By-Laws, at all meetings of Shareholders, the holders of a majority of the Shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum for the transaction of business. In the absence of a quorum, the Shareholders present or represented by proxy and entitled to vote thereat shall have the power to adjourn the meeting from time to time. The Shareholders present in person or represented by proxy at any meeting and entitled to vote thereat also shall have the power to adjourn the meeting from time to time if the vote required to approve or reject any proposal described in the original notice of such meeting is not obtained (with proxies being voted for or against adjournment consistent with the votes for and against the proposal for which the required vote has not been obtained). The affirmative vote of the holders of a majority of the Shares then present in person or represented by proxy shall be required to adjourn any meeting. Any adjourned meeting may be reconvened without further notice or change in record date. At any reconvened meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally called.

SECTION 3.5. Voting Rights, Proxies. At each meeting of Shareholders,

each holder of record of Shares entitled to vote thereat shall be entitled to one vote in person or by proxy for each Share of beneficial interest of the Trust and for the fractional portion of one vote for each fractional Share entitled to vote so registered in his or her name on the records of the Trust on the date fixed as the record date for the determination of Shareholders entitled to vote at such meeting. Without limiting the manner in which a Shareholder may authorize another person or persons to act for such Shareholder as proxy pursuant hereto, the following shall constitute a valid means by which a Shareholder may grant such authority:

(i) A Shareholder may execute a writing authorizing another person or persons to act for such Shareholder as proxy. Execution may be accomplished by the Shareholder or such Shareholder's authorized officer, director, employee, attorney-in-fact or another agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile or telecopy signature. No written evidence of authority of a Shareholder's authorized officer, director, employee, attorney-in-fact or other agent shall be required; and

(ii) A Shareholder may authorize another person or persons to act for such Shareholder as proxy by transmitting or authorizing the transmission of a telegram or cablegram or by other means of telephonic, electronic or computer transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram or cablegram or other means of telephonic, electronic or computer transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other transmission was authorized by the Shareholder.

No proxy shall be valid after eleven months from its date, unless otherwise provided in the proxy. At all meetings of Shareholders, unless the voting is conducted by inspectors, all questions relating to the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting. In determining whether a telegram, cablegram or other electronic transmission is valid, the chairman or inspector, as the case may be, shall specify the information upon which he or she relied. Pursuant to a resolution of a majority of the Trustees, proxies may be solicited in the name of one or more Trustees or Officers of the Trust. Proxy solicitations may be made in writing or by using telephonic or other electronic solicitation procedures that include appropriate methods of verifying the identity of the Shareholder and confirming any instructions given thereby.

SECTION 3.6. Vote Required. Except as otherwise provided by law, by the Declaration of Trust, or by these By-Laws, at each meeting of Shareholders at which a quorum is present, all matters shall be decided by Majority Shareholder Vote.

SECTION 3.7. Inspectors of Election. In advance of any meeting of Shareholders, the Trustees may appoint Inspectors of Election to act at the

meeting or any adjournment thereof. If Inspectors of Election are not so appointed, the chairman of any meeting of Shareholders may, and on the request of any

Shareholder or his proxy shall, appoint Inspectors of Election of the meeting. In case any person appointed as Inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Trustees in advance of the convening of the meeting or at the meeting by the person acting as chairman. The Inspectors of Election shall determine the number of Shares outstanding, the Shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, shall receive votes, ballots or consents, shall hear and determine all challenges and questions in any way arising in connection with the right to vote, shall count and tabulate all votes or consents, determine the results, and do such other acts as may be proper to conduct the election or vote with fairness to all Shareholders. On request of the chairman of the meeting, or of any Shareholder or his proxy, the Inspectors of Election shall make a report in writing of any challenge or question or matter determined by them and shall execute a certificate of any facts found by them.

SECTION 3.8. Inspection of Books and Records. Shareholders shall have such rights and procedures of inspection of the books and records of the Trust as are granted to Shareholders under Section 32 of the Business Corporation Law of the Commonwealth of Massachusetts.

SECTION 3.9. Action by Shareholders Without Meeting. Except as otherwise provided by law, the provisions of these By-Laws relating to notices and meetings to the contrary notwithstanding, any action required or permitted to be taken at any meeting of Shareholders may be taken without a meeting if a majority of the Shareholders entitled to vote upon the action consent to the action in writing and such consents are filed with the records of the Trust. Such consent shall be treated for all purposes as a vote taken at a meeting of Shareholders.

SECTION 3.10 Presence at Meetings. Presence at meetings of shareholders requires physical attendance by the shareholder or his or her proxy at the meeting site and does not encompass attendance by telephonic or other electronic means.

## ARTICLE IV

### TRUSTEES

SECTION 4.1. Meetings of the Trustees. The Trustees may in their discretion provide for regular or special meetings of the Trustees. Regular meetings of the Trustees may be held at such time and place as shall be

determined from time to time by the Trustees without further notice. Special meetings of the Trustees may be called at any time by the Chairman and shall be called by the Chairman or the Secretary upon the written request of any two (2) Trustees.

SECTION 4.2. Notice of Special Meetings. Written notice of special meetings of the Trustees, stating the place, date and time thereof, shall be given not less than two (2) days before such meeting to each Trustee, personally, by telegram, by mail, or by leaving such notice at his place of residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the Trustee at his address as it appears on the records of the Trust. Subject to the provisions of the 1940 Act, notice or waiver of notice need not specify the purpose of any special meeting.

SECTION 4.3. Telephone Meetings. Subject to the provisions of the 1940 Act, any Trustee, or any member or members of any committee designated by the Trustees, may participate in a meeting of the Trustees, or any such committee, as the case may be, by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

SECTION 4.4. Quorum, Voting and Adjournment of Meetings. At all meetings of the Trustees, a majority of the Trustees shall be requisite to and shall constitute a quorum for the transaction of business. If a quorum is present, the affirmative vote of a majority of the Trustees present shall be the act of the Trustees, unless the concurrence of a greater proportion is expressly required for such action by law, the Declaration or these By- Laws. If at any meeting of the Trustees there be less than a quorum present, the Trustees present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall have been obtained.

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SECTION 4.5. Action by Trustees Without Meeting. The provisions of these By-Laws covering notices and meetings to the contrary notwithstanding, and except as required by law, any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting if a consent in writing setting forth the action shall be signed by all of the Trustees entitled to vote upon the action and such written consent is filed with the minutes of proceedings of the Trustees.

SECTION 4.6. Expenses and Fees. Each Trustee may be allowed expenses, if any, for attendance at each regular or special meeting of the Trustees, and each Trustee who is not an officer or employee of the Trust or of its investment manager or underwriter or of any corporate affiliate of any of said persons shall receive for services rendered as a Trustee of the Trust such compensation as may be fixed by the Trustees. Nothing herein contained shall be

construed to preclude any Trustee from serving the Trust in any other capacity and receiving compensation therefor.

SECTION 4.7. Execution of Instruments and Documents and Signing of Checks and Other Obligations and Transfers. All instruments, documents and other papers shall be executed in the name and on behalf of the Trust and all checks, notes, drafts and other obligations for the payment of money by the Trust shall be signed, and all transfer of securities standing in the name of the Trust shall be executed, by the Chairman, the President, any Vice President or the Treasurer or by any one or more officers or agents of the Trust as shall be designated for that purpose by vote of the Trustees; notwithstanding the above, nothing in this Section 4.7 shall be deemed to preclude the electronic authorization, by designated persons, of the Trust's Custodian (as described herein in Section 9.1) to transfer assets of the Trust, as provided for herein in Section 9.1.

SECTION 4.8. Indemnification of Trustees, Officers, Employees and Agents. (a) The Trust shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Trust) by reason of the fact that he is or was a Trustee, officer, employee, or agent of the Trust. The indemnification shall be against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him in connection with the action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Trust, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Trust, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Trust shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or on behalf of the Trust to obtain a judgment or decree in its favor by reason of the fact that he is or was a Trustee, officer, employee, or agent of the Trust. The indemnification shall be against expenses, including attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Trust; except that no indemnification shall be made in respect of any claim, issue, or matter as to which the person has been adjudged to be liable for negligence or misconduct in the performance of his duty to the Trust, except to the extent that the court in which the action or suit was brought, or a court of equity in the county in which the Trust has its principal office, determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnity for those expenses which the court shall deem proper,

provided such Trustee, officer, employee or agent is not adjudged to be liable by reason of his willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

(c) To the extent that a Trustee, officer, employee, or agent of the Trust has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (a) or (b) or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

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(d) (1) Unless a court orders otherwise, any indemnification under subsections (a) or (b) of this section may be made by the Trust only as authorized in the specific case after a determination that indemnification of the Trustee, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) or (b).

(2) The determination shall be made:

(i) By the Trustees, by a majority vote of a quorum which consists of Trustees who were not parties to the action, suit or proceeding; or

(ii) If the required quorum is not obtainable, or if a quorum of disinterested Trustees so directs, by independent legal counsel in a written opinion; or

(iii) By the Shareholders.

(3) Notwithstanding any provision of this Section 4.8, no person shall be entitled to indemnification for any liability, whether or not there is an adjudication of liability, arising by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of duties as described in Section 17(h) and (i) of the Investment Company Act of 1940 ("disabling conduct"). A person shall be deemed not liable by reason of disabling conduct if, either:

(i) a final decision on the merits is made by a court or other body before whom the proceeding was brought that the person to be indemnified ("indemnitee") was not liable by reason of disabling conduct; or

(ii) in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the indemnitee was not liable by reason of disabling conduct, is made by either--

(A) a majority of a quorum of Trustees who are neither "interested persons" of the Trust, as defined in Section 2(a)(19) of the

Investment Company Act of 1940, nor parties to the action, suit or proceeding, or

(B) an independent legal counsel in a written opinion.

(e) Expenses, including attorneys' fees, incurred by a Trustee, officer, employee or agent of the Trust in defending a civil or criminal action, suit or proceeding may be paid by the Trust in advance of the final disposition thereof if:

(1) authorized in the specific case by the Trustees; and

(2) the Trust receives an undertaking by or on behalf of the Trustee, officer, employee or agent of the Trust to repay the advance if it is not ultimately determined that such person is entitled to be indemnified by the Trust; and

(3) either, (i) such person provides a security for his undertaking, or

(ii) the Trust is insured against losses by reason of any lawful advances, or

(iii) a determination, based on a review of readily available facts, that there is reason to believe that such person ultimately will be found entitled to indemnification, is made by either--

(A) a majority of a quorum which consists of Trustees who are neither "interested persons" of the Trust, as defined in Section 2(a)(19) of the 1940 Act, nor parties to the action, suit or proceeding, or

(B) an independent legal counsel in a written opinion.

(f) The indemnification provided by this Section shall not be deemed exclusive of any other rights to which a person may be entitled under any by-law, agreement, vote of Shareholders or disinterested Trustees or otherwise, both as to action in his official capacity and as to action in another capacity while holding the office, and shall continue as to a person who has ceased to be a Trustee, officer, employee, or agent and inure to the benefit of the heirs, executors and administrators of such person; provided that no

person may satisfy any right of indemnity or reimbursement granted herein or to which he may be otherwise entitled except out of the property of the Trust, and no Shareholder shall be personally liable with respect to any claim for indemnity or reimbursement or otherwise.

(g) The Trust may purchase and maintain insurance on behalf of any person

who is or was a Trustee, officer, employee, or agent of the Trust, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such. However, in no event will the Trust purchase insurance to indemnify any officer or Trustee against liability for any act for which the Trust itself is not permitted to indemnify him.

(h) Nothing contained in this Section shall be construed to protect any Trustee or officer of the Trust against any liability to the Trust or to its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

## ARTICLE V

### COMMITTEES

SECTION 5.1. Executive and Other Committees. The Trustees, by resolution adopted by a majority of the Trustees, may designate an Executive Committee and/or committees, each committee to consist of two (2) or more of the Trustees of the Trust and may delegate to such committees, in the intervals between meetings of the Trustees, any or all of the powers of the Trustees in the management of the business and affairs of the Trust. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint a Trustee to act in place of such absent member. Each such committee shall keep a record of its proceedings.

The Executive Committee and any other committee shall fix its own rules or procedure, but the presence of at least fifty percent (50%) of the members of the whole committee shall in each case be necessary to constitute a quorum of the committee and the affirmative vote of the majority of the members of the committee present at the meeting shall be necessary to take action.

All actions of the Executive Committee shall be reported to the Trustees at the meeting thereof next succeeding to the taking of such action.

SECTION 5.2. Advisory Committee. The Trustees may appoint an advisory committee which shall be composed of persons who do not serve the Trust in any other capacity and which shall have advisory functions with respect to the investments of the Trust but which shall have no power to determine that any security or other investment shall be purchased, sold or otherwise disposed of by the Trust. The number of persons constituting any such advisory committee shall be determined from time to time by the Trustees. The members of any such advisory committee may receive compensation for their services and may be allowed such fees and expenses for the attendance at meetings as the Trustees may from time to time determine to be appropriate.

SECTION 5.3. Committee Action Without Meeting. The provisions of these By-Laws covering notices and meetings to the contrary notwithstanding, and except as required by law, any action required or permitted to be taken at any

meeting of any Committee of the Trustees appointed pursuant to Section 5.1 of these By-Laws may be taken without a meeting if a consent in writing setting forth the action shall be signed by all members of the Committee entitled to vote upon the action and such written consent is filed with the records of the proceedings of the Committee.

## ARTICLE VI

### OFFICERS

SECTION 6.1. Executive Officers. The executive officers of the Trust shall be a Chairman, a President, one or more Vice Presidents, a Secretary and a Treasurer. The Chairman shall be selected from among the Trustees but none of the other executive officers need be a Trustee. Two or more offices, except those of President and any Vice President, may be held by the same person, but no officer shall execute,

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acknowledge or verify any instrument in more than one capacity. The executive officers of the Trust shall be elected annually by the Trustees and each executive officer so elected shall hold office until his or her successor is elected and has qualified.

SECTION 6.2. Other Officers and Agents. The Trustees may also elect one or more Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers and may elect, or may delegate to the Chairman the power to appoint, such other officers and agents as the Trustees shall at any time or from time to time deem advisable.

SECTION 6.3. Term and Removal and Vacancies. Each officer of the Trust shall hold office until his or her successor is elected and has qualified. Any officer or agent of the Trust may be removed by the Trustees whenever, in their judgment, the best interests of the Trust will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

SECTION 6.4. Compensation of Officers. The compensation of officers and agents of the Trust shall be fixed by the Trustees, or by the Chairman to the extent provided by the Trustees with respect to officers appointed by the Chairman.

SECTION 6.5. Powers and Duties. All officers and agents of the Trust, as between themselves and the Trust, shall have such authority and perform such duties in the management of the Trust as may be provided in or pursuant to these By-Laws or, to the extent not so provided, as may be prescribed by the Trustees; provided that no rights of any third party shall be affected or impaired by any such By-Law or resolution of the Trustees unless such third

party has knowledge thereof.

SECTION 6.6. The Chairman. The Chairman shall be the chief executive officer of the Trust, shall preside at all meetings of the Shareholders and of the Trustees, shall have general and active management of the business of the Trust, shall see that all orders and resolutions of the Trustees are carried into effect and, in connection therewith, shall be authorized to delegate to the President or to one or more Vice Presidents such of his or her powers and duties at such times and in such manner as he or she may deem advisable, shall be a signatory on all Annual and Semi-Annual Reports as may be sent to Shareholders, and shall perform such other duties as the Trustees may from time to time prescribe.

SECTION 6.7. The President. The President shall perform such duties as the Trustees and the Chairman may from time to time prescribe and shall, in the absence or disability of the Chairman, exercise the powers and perform the duties of the Chairman. The President shall be authorized to delegate to one or more Vice Presidents such of his or her powers and duties at such times and in such manner as he or she may deem advisable.

SECTION 6.8. The Vice Presidents. The Vice Presidents shall be of such number and shall have such titles as may be determined from time to time by the Trustees. The Vice President, or, if there shall be more than one, the Vice Presidents in such order as may be determined from time to time by the Trustees or the Chairman, shall, in the absence or disability of the President, exercise the powers and perform the duties of the President, and shall perform such other duties as the Trustees or the Chairman may from time to time prescribe.

SECTION 6.9. The Assistant Vice Presidents. The Assistant Vice President, or, if there shall be more than one, the Assistant Vice Presidents in such order as may be determined from time to time by the Trustees or the Chairman, shall perform such duties and have such powers as may be assigned them from time to time by the Trustees or the Chairman.

SECTION 6.10. The Secretary. The Secretary shall attend all meetings of the Trustees and all meetings of the Shareholders and record all the proceedings of the meetings of the Shareholders and of the Trustees in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the Shareholders and special meetings of the Trustees, and shall perform such other duties and have such powers as the Trustees or the Chairman may from time to time prescribe. He or she shall keep in safe custody the seal of the Trust and affix or cause the same to be affixed to any instrument requiring it, and, when so affixed, it shall be attested by his or her signature or by the signature of an Assistant Secretary.

SECTION 6.11. The Assistant Secretaries. The Assistant Secretary, or, if

there shall be more than one, the Assistant Secretaries in such order as may be determined from time to time by the Trustees or the Chairman, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such duties and have such other powers as the Trustees or the Chairman may from time to time prescribe.

SECTION 6.12. The Treasurer. The Treasurer shall be the chief financial officer of the Trust. He or she shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Trust, and he or she shall render to the Trustees and the Chairman, whenever any of them require it, an account of his or her transactions as Treasurer and of the financial condition of the Trust, and he or she shall perform such other duties as the Trustees or the Chairman may from time to time prescribe.

SECTION 6.13. The Assistant Treasurers. The Assistant Treasurer, or, if there shall be more than one, the Assistant Treasurers in such order as may be determined from time to time by the Trustees or the Chairman, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Trustees or the Chairman may from time to time prescribe.

SECTION 6.14. Delegation of Duties. Whenever an officer is absent or disabled, or whenever for any reason the Trustees may deem it desirable, the Trustees may delegate the powers and duties of an officer or officers to any other officer or officers or to any Trustee or Trustees.

## ARTICLE VII

### DIVIDENDS AND DISTRIBUTIONS

Subject to any applicable provisions of law and the Declaration, dividends and distributions upon the Shares may be declared at such intervals as the Trustees may determine, in cash, in securities or other property, or in Shares, from any sources permitted by law, all as the Trustees shall from time to time determine.

Inasmuch as the computation of net income and net profits from the sales of securities or other properties for federal income tax purposes may vary from the computation thereof on the records of the Trust, the Trustees shall have power, in their discretion, to distribute as income dividends and as capital gain distributions, respectively, amounts sufficient to enable the Trust to avoid or reduce liability for federal income taxes.

## ARTICLE VIII

### CERTIFICATES OF SHARES

SECTION 8.1. Certificates of Shares. Certificates for Shares of each series or class of Shares shall be in such form and of such design as the

Trustees shall approve, subject to the right of the Trustees to change such form and design at any time or from time to time, and shall be entered in the records of the Trust as they are issued. Each such certificate shall bear a distinguishing number; shall exhibit the holders' name and certify the number of full Shares owned by such holder; shall be signed by or in the name of the Trust by the Chairman, the President, or a Vice President, and countersigned by the Secretary or an Assistant Secretary or the Treasurer and an Assistant Treasurer of the Trust; shall be sealed with the seal; and shall contain such recitals as may be required by law. Where any certificate is signed by a Transfer Agent or by a Registrar, the signature of such officers and the seal may be facsimile, printed or engraved. The Trust may, at its option, determine not to issue a certificate or certificates to evidence Shares owned of record by any Shareholder.

In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall appear on, any such certificate or certificates shall cease to be such officer or officers of the Trust, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Trust, such certificate or certificates shall, nevertheless, be adopted by the Trust and be issued and

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delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall appear therein had not ceased to be such officer or officers of the Trust.

No certificate shall be issued for any share until such share is fully paid.

SECTION 8.2. Lost, Stolen, Destroyed and Mutilated Certificates. The Trustees may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Trust alleged to have been lost, stolen or destroyed, upon satisfactory proof of such loss, theft, or destruction; and the Trustees may, in their discretion, require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give to the Trust and to such Registrar, Transfer Agent and/or Transfer Clerk as may be authorized or required to countersign such new certificate or certificates, a bond in such sum and of such type as they may direct, and with such surety or sureties, as they may direct, as indemnity against any claim that may be against them or any of them on account of or in connection with the alleged loss, theft or destruction of any such certificate.

## ARTICLE IX

### CUSTODIAN

SECTION 9.1. Appointment and Duties. The Trust shall at all times employ a

bank or trust company having capital, surplus and undivided profits of at least five million dollars (\$5,000,000) as custodian with authority as its agent, but subject to such restrictions, limitations and other requirements, if any, as may be contained in these By-Laws and the 1940 Act:

(1) to receive and hold the securities owned by the Trust and deliver the same upon written or electronically transmitted order;

(2) to receive and receipt for any moneys due to the Trust and deposit the same in its own banking department or elsewhere as the Trustees may direct;

(3) to disburse such funds upon orders or vouchers;

all upon such basis of compensation as may be agreed upon between the Trustees and the custodian. If so directed by a Majority Shareholder Vote, the custodian shall deliver and pay over all property of the Trust held by it as specified in such vote.

The Trustees may also authorize the custodian to employ one or more sub-custodians from time to time to perform such of the acts and services of the custodian and upon such terms and conditions as may be agreed upon between the custodian and such sub-custodian and approved by the Trustees.

SECTION 9.2. Central Certificate System. Subject to such rules, regulations and orders as the Commission may adopt, the Trustees may direct the custodian to deposit all or any part of the securities owned by the Trust in a system for the central handling of securities established by a national securities exchange or a national securities association registered with the Commission under the Securities Exchange Act of 1934, or such other person as may be permitted by the Commission, or otherwise in accordance with the 1940 Act, pursuant to which system all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of such securities, provided that all such deposits shall be subject to withdrawal only upon the order of the Trust.

## ARTICLE X

### WAIVER OF NOTICE

Whenever any notice of the time, place or purpose of any meeting of Shareholders, Trustees, or of any committee is required to be given in accordance with law or under the provisions of the Declaration or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting of Shareholders, Trustees or committee, as the case may be, in person, shall be deemed equivalent to the giving of such notice to such person.

## ARTICLE XI

## MISCELLANEOUS

SECTION 11.1. Location of Books and Records. The books and records of the Trust may be kept outside the Commonwealth of Massachusetts at such place or places as the Trustees may from time to time determine, except as otherwise required by law.

SECTION 11.2. Record Date. The Trustees may fix in advance a date as the record date for the purpose of determining the Shareholders entitled to (i) receive notice of, or to vote at, any meeting of Shareholders, or (ii) receive payment of any dividend or the allotment of any rights, or in order to make a determination of Shareholders for any other proper purpose. The record date, in any case, shall not be more than one hundred eighty (180) days, and in the case of a meeting of Shareholders not less than ten (10) days, prior to the date on which such meeting is to be held or the date on which such other particular action requiring determination of Shareholders is to be taken, as the case may be. In the case of a meeting of Shareholders, the meeting date set forth in the notice to Shareholders accompanying the proxy statement shall be the date used for purposes of calculating the 180 day or 10 day period, and any adjourned meeting may be reconvened without a change in record date. In lieu of fixing a record date, the Trustees may provide that the transfer books shall be closed for a stated period but not to exceed, in any case, twenty (20) days. If the transfer books are closed for the purpose of determining Shareholders entitled to notice of a vote at a meeting of Shareholders, such books shall be closed for at least ten (10) days immediately preceding the meeting.

SECTION 11.3. Seal. The Trustees shall adopt a seal, which shall be in such form and shall have such inscription thereon as the Trustees may from time to time provide. The seal of the Trust may be affixed to any document, and the seal and its attestation may be lithographed, engraved or otherwise printed on any document with the same force and effect as if it had been imprinted and attested manually in the same manner and with the same effect as if done by a Massachusetts business corporation under Massachusetts law.

SECTION 11.4. Fiscal Year. The fiscal year of the Trust shall end on such date as the Trustees may by resolution specify, and the Trustees may by resolution change such date for future fiscal years at any time and from time to time.

SECTION 11.5. Orders for Payment of Money. All orders or instructions for the payment of money of the Trust, and all notes or other evidences of indebtedness issued in the name of the Trust, shall be signed by such officer or officers or such other person or persons as the Trustees may from time to time designate, or as may be specified in or pursuant to the agreement between the Trust and the bank or trust company appointed as Custodian of the

securities and funds of the Trust.

## ARTICLE XII

### COMPLIANCE WITH FEDERAL REGULATIONS

The Trustees are hereby empowered to take such action as they may deem to be necessary, desirable or appropriate so that the Trust is or shall be in compliance with any federal or state statute, rule or regulation with which compliance by the Trust is required.

## ARTICLE XIII

### AMENDMENTS

These By-Laws may be amended, altered, or repealed, or new By-Laws may be adopted, (a) by a Majority Shareholder Vote, or (b) by the Trustees; provided, however, that no By-Law may be amended, adopted or repealed by the Trustees if such amendment, adoption or repeal requires, pursuant to law, the Declaration, or these By-Laws, a vote of the Shareholders. The Trustees shall in no event adopt By-Laws which are in conflict with the Declaration, and any apparent inconsistency shall be construed in favor of the related provisions in the Declaration.

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## ARTICLE XIV

### DECLARATION OF TRUST

The Declaration of Trust establishing Morgan Stanley Dean Witter Special Value Fund, dated June 21, 1996, a copy of which, together with all amendments thereto, is on file in the office of the Secretary of the Commonwealth of Massachusetts, provides that the name Morgan Stanley Dean Witter Special Value Fund refers to the Trustees under the Declaration collectively as Trustees, but not as individuals or personally; and no Trustee, Shareholder, officer, employee or agent of Morgan Stanley Dean Witter Special Value Fund shall be held to any personal liability, nor shall resort be had to their private property for the satisfaction of any obligation or claim or otherwise, in connection with the affairs of said Morgan Stanley Dean Witter Special Value Fund, but the Trust Estate only shall be liable.

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## INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT made as of the 31st day of May, 1997, and amended as of April 30, 1998 and May 1, 1999, by and between Morgan Stanley Dean Witter Special Value Fund, an unincorporated business trust organized under the laws of the Commonwealth of Massachusetts (hereinafter called the "Fund"), and Morgan Stanley Dean Witter Advisors Inc., a Delaware corporation (hereinafter called the "Investment Manager"):

WHEREAS, The Fund is engaged in business as an open-end management investment company and is registered as such under the Investment Company Act of 1940, as amended (the "Act"); and

WHEREAS, The Investment Manager is registered as an investment adviser under the Investment Advisers Act of 1940, and engages in the business of acting as investment adviser; and

WHEREAS, The Fund desires to retain the Investment Manager to render management and investment advisory services in the manner and on the terms and conditions hereinafter set forth; and

WHEREAS, The Investment Manager desires to be retained to perform services on said terms and conditions:

Now, Therefore, this Agreement

W I T N E S S E T H:

that in consideration of the premises and the mutual covenants hereinafter contained, the Fund and the Investment Manager agree as follows:

1. The Fund hereby retains the Investment Manager to act as investment manager of the Fund and, subject to the supervision of the Trustees, to supervise the investment activities of the Fund as hereinafter set forth. Without limiting the generality of the foregoing, the Investment Manager shall obtain and evaluate such information and advice relating to the economy, securities and commodities markets and securities and commodities as it deems necessary or useful to discharge its duties hereunder; shall continuously manage the assets of the Fund in a manner consistent with the investment

objectives and policies of the Fund; shall determine the securities and commodities to be purchased, sold or otherwise disposed of by the Fund and the timing of such purchases, sales and dispositions; and shall take such further action, including the placing of purchase and sale orders on behalf of the Fund, as the Investment Manager shall deem necessary or appropriate. The Investment Manager shall also furnish to or place at the disposal of the Fund such of the information, evaluations, analyses and opinions formulated or obtained by the Investment Manager in the discharge of its duties as the Fund may, from time to time, reasonably request.

2. The Investment Manager shall, at its own expense, maintain such staff and employ or retain such personnel and consult with such other persons as it shall from time to time determine to be necessary or useful to the performance of its obligations under this Agreement. Without limiting the generality of the foregoing, the staff and personnel of the Investment Manager shall be deemed to include persons employed or otherwise retained by the Investment Manager to furnish statistical and other factual data, advice regarding economic factors and trends, information with respect to technical and scientific developments, and such other information, advice and assistance as the Investment Manager may desire. The Investment Manager shall, as agent for the Fund, maintain the Fund's records and books of account (other than those maintained by the Fund's transfer agent, registrar, custodian and other agencies). All such books and records so maintained shall be the property of the Fund and, upon request therefor, the Investment Manager shall surrender to the Fund such of the books and records so requested.

3. The Fund will, from time to time, furnish or otherwise make available to the Investment Manager such financial reports, proxy statements and other information relating to the business and affairs of the Fund as the Investment Manager may reasonably require in order to discharge its duties and obligations hereunder.

4. The Investment Manager shall bear the cost of rendering the investment management and supervisory services to be performed by it under this Agreement, and shall, at its own expense, pay the compensation of the officers and employees, if any, of the Fund who are also directors, officers or employees of the Investment Manager, and provide such office space, facilities and equipment and such clerical help and bookkeeping services as the Fund shall reasonably require in the conduct of its business. The Investment Manager shall also bear the cost of telephone service, heat, light, power and other utilities provided to the Fund.

5. The Fund assumes and shall pay or cause to be paid all other expenses of the Fund, including without limitation: fees pursuant to any plan of distribution that the Fund may adopt; the charges and expenses of any registrar, any custodian or depository appointed by the Fund for the

safekeeping of its cash, portfolio securities or commodities and other property, and any stock transfer or dividend agent or agents appointed by the Fund; brokers' commissions chargeable to the Fund in connection with portfolio transactions to which the Fund is a party; all taxes, including securities or commodities issuance and transfer taxes, and fees payable by the Fund to federal, state or other governmental agencies; the cost and expense of engraving or printing certificates representing shares of the Fund; all costs and expenses in connection with the registration and maintenance of registration of the Fund and its shares with the Securities and Exchange Commission and various states and other jurisdictions (including filing fees and legal fees and disbursements of counsel); the cost and expense of printing, including typesetting, and distributing prospectuses and statements of additional information of the Fund and supplements thereto to the Fund's shareholders; all expenses of shareholders' and Trustees' meetings and of preparing, printing and mailing proxy statements and reports to shareholders; fees and travel expenses of Trustees or members of any advisory board or committee who are not employees of the Investment Manager or any corporate affiliate of the Investment Manager; all expenses incident to the payment of any dividend, distribution, withdrawal or redemption, whether in shares or in cash; charges and expenses of any outside service used for pricing of the Fund's shares; charges and expenses of legal counsel, including counsel to the Trustees of the Fund who are not interested persons (as defined in the Act) of the Fund or the Investment Manager, and of independent accountants, in connection with any matter relating to the Fund; membership dues of industry associations; interest payable on Fund borrowings; postage; insurance premiums on property or personnel (including officers and Trustees) of the Fund which inure to its benefit; extraordinary expenses (including but not limited to legal claims and liabilities and litigation costs and any indemnification related thereto); and all other charges and costs of the Fund's operation unless otherwise explicitly provided herein.

6. For the services to be rendered, the facilities furnished, and the expenses assumed by the Investment Manager, the Fund shall pay to the Investment Manager monthly compensation determined by applying the following annual rates to the Fund's daily net assets: 0.75% of daily net assets up to \$500 million; and 0.725% of daily net assets over \$500 million. Except as hereinafter set forth, compensation under this Agreement shall be calculated and accrued daily and the amounts of the daily accruals shall be paid monthly. Such calculations shall be made by applying 1/365ths of the annual rates to the Fund's net assets each day determined as of the close of business on that day or the last previous business day. If this Agreement becomes effective subsequent to the first day of a month or shall terminate before the last day of a month, compensation for that part of the month this Agreement is in effect shall be prorated in a manner consistent with the calculation of the fees as set forth above.

Subject to the provisions of paragraph 7 hereof, payment of the Investment Manager's compensation for the preceding month shall be made as promptly as possible after completion of the computations contemplated by paragraph 7 hereof.

7. In the event the operating expenses of the Fund, including amounts payable to the Investment Manager pursuant to paragraph 6 hereof, for any fiscal year ending on a date on which this Agreement is in effect, exceed the expense limitations applicable to the Fund imposed by state securities laws or regulations thereunder, as such limitations may be raised or lowered from time to time, the Investment Manager shall reduce its management fee to the extent of such excess and, if required, pursuant to any such laws or regulations, will reimburse the Fund for annual operating expenses in excess of any expense limitation that may be applicable; provided, however, there shall be excluded from such expenses the

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amount of any interest, taxes, brokerage commissions, distribution fees and extraordinary expenses (including but not limited to legal claims and liabilities and litigation costs and any indemnification related thereto) paid or payable by the Fund. Such reduction, if any, shall be computed and accrued daily, shall be settled on a monthly basis, and shall be based upon the expense limitation applicable to the Fund as at the end of the last business day of the month. Should two or more such expense limitations be applicable as at the end of the last business day of the month, that expense limitation which results in the largest reduction in the Investment Manager's fee shall be applicable.

For purposes of this provision, should any applicable expense limitation be based upon the gross income of the Fund, such gross income shall include, but not be limited to, interest on debt securities in the Fund's portfolio accrued to and including the last day of the Fund's fiscal year, and dividends declared on equity securities in the Fund's portfolio, the record dates for which fall on or prior to the last day of such fiscal year, but shall not include gains from the sale of securities.

8. The Investment Manager will use its best efforts in the supervision and management of the investment activities of the Fund, but in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations hereunder, the Investment Manager shall not be liable to the Fund or any of its investors for any error of judgment or mistake of law or for any act or omission by the Investment Manager or for any losses sustained by the Fund or its investors.

9. Nothing contained in this Agreement shall prevent the Investment Manager or any affiliated person of the Investment Manager from acting as investment adviser or manager for any other person, firm or corporation and shall not in any way bind or restrict the Investment Manager or any such affiliated person from buying, selling or trading any securities or commodities for their own accounts or for the account of others for whom they may be acting. Nothing in this Agreement shall limit or restrict the right of any Trustee, officer or employee of the Investment Manager to engage in any other business or to devote his or her time and attention in part to the management or other aspects of any other business whether of a similar or dissimilar

nature.

10. This Agreement shall remain in effect until April 30, 2000 and from year to year thereafter provided such continuance is approved at least annually by the vote of holders of a majority, as defined in the Investment Company Act of 1940, as amended (the "Act"), of the outstanding voting securities of the Fund or by the Trustees of the Fund; provided that in either event such continuance is also approved annually by the vote of a majority of the Trustees of the Fund who are not parties to this Agreement or "interested persons" (as defined in the Act) of any such party, which vote must be cast in person at a meeting called for the purpose of voting on such approval; provided, however, that (a) the Fund may, at any time and without the payment of any penalty, terminate this Agreement upon thirty days' written notice to the Investment Manager, either by majority vote of the Trustees of the Fund or by the vote of a majority of the outstanding voting securities of the Fund; (b) this Agreement shall immediately terminate in the event of its assignment (to the extent required by the Act and the rules thereunder) unless such automatic terminations shall be prevented by an exemptive order of the Securities and Exchange Commission; and (c) the Investment Manager may terminate this Agreement without payment of penalty on thirty days' written notice to the Fund. Any notice under this Agreement shall be given in writing, addressed and delivered, or mailed post-paid, to the other party at the principal office of such party.

11. This Agreement may be amended by the parties without the vote or consent of the shareholders of the Fund to supply any omission, to cure, correct or supplement any ambiguous, defective or inconsistent provision hereof, or if they deem it necessary to conform this Agreement to the requirements of applicable federal laws or regulations, but neither the Fund nor the Investment Manager shall be liable for failing to do so.

12. This Agreement shall be construed in accordance with the laws of the State of New York and the applicable provisions of the Act. To the extent the applicable law of the State of New York, or any of the provisions herein, conflicts with the applicable provisions of the Act, the latter shall control.

13. The Investment Manager and the Fund each agree that the name "Morgan Stanley Dean Witter," which comprises a component of the Fund's name, is a property right of Morgan Stanley Dean Witter

& Co. ("MSDW"), the parent of the Investment Manager. The Fund agrees and consents that (i) it will only use the name "Morgan Stanley Dean Witter" as a component of its name and for no other purpose, (ii) it will not purport to grant to any third party the right to use the name "Morgan Stanley Dean Witter" for any purpose, (iii) MSDW, or any corporate affiliate of MSDW, may use or grant to others the right to use the name "Morgan Stanley Dean Witter," or any combination or abbreviation thereof, as all or a portion of a corporate or

business name or for any commercial purpose, including a grant of such right to any other investment company, (iv) at the request of MSDW or any corporate affiliate of MSDW, the Fund will take such action as may be required to provide its consent to the use of the name "Morgan Stanley Dean Witter," or any combination or abbreviation thereof, by MSDW or any corporate affiliate of MSDW, or by any person to whom MSDW or a corporate affiliate of MSDW shall have granted the right to such use, and (v) upon the termination of any investment advisory agreement into which a corporate affiliate of MSDW and the Fund may enter, or upon termination of affiliation of the Investment Manager with its parent, the Fund shall, upon request of MSDW or any corporate affiliate of MSDW, cease to use the name "Morgan Stanley Dean Witter" as a component of its name, and shall not use the name, or any combination or abbreviation thereof, as a part of its name or for any other commercial purpose, and shall cause its officers, trustees and shareholders to take any and all actions which MSDW or any corporate affiliate of MSDW may request to effect the foregoing and to reconvey to MSDW any and all rights to such name.

14. The Declaration of Trust establishing Morgan Stanley Dean Witter Special Value Fund, dated June 21, 1996, a copy of which, together with all amendments thereto (the "Declaration"), is on file in the office of the Secretary of the Commonwealth of Massachusetts, provides that the name Morgan Stanley Dean Witter Special Value Fund refers to the Trustees under the Declaration collectively as Trustees, but not as individuals or personally; and no Trustee, shareholder, officer, employee or agent of Morgan Stanley Dean Witter Special Value Fund shall be held to any personal liability, nor shall resort be had to their private property for the satisfaction of any obligation or claim or otherwise, in connection with the affairs of said Morgan Stanley Dean Witter Special Value Fund, but the Trust Estate only shall be liable.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement, as amended, on May 1, 1999 in New York, New York.

MORGAN STANLEY DEAN WITTER  
SPECIAL VALUE FUND

By: \_\_\_\_\_

Attest:  
\_\_\_\_\_

MORGAN STANLEY DEAN WITTER ADVISORS INC.

By:

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Attest:

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MORGAN STANLEY DEAN WITTER DISTRIBUTORS INC.  
OMNIBUS SELECTED DEALER AGREEMENT INC.

Dear Sir or Madam:

We, Morgan Stanley Dean Witter Distributors Inc. (the "Distributor") have a distribution agreement (the "Distribution Agreement") with each of the open-end investment companies listed in Schedule A attached hereto (each, a "Fund"), pursuant to which we act as the Distributor for the sale of each Fund's shares of common stock or beneficial interest, as the case may be, (the "Shares"). Under the Distribution Agreement, we have the right to distribute Shares for resale.

Each Fund is an open-end management investment company registered under the Investment Company Act of 1940, as amended, and the Shares being offered to the public are registered under the Securities Act of 1933, as amended (the "Securities Act"). You have received a copy of the Distribution Agreements between us and each Fund and reference is made herein to certain provisions of such Distribution Agreements. The terms used herein, including "Prospectus" and "Registration Statement" of each Fund and "Selected Dealer" shall have the same meaning in this Agreement as in the Distribution Agreements. As principal, we offer to sell Shares to your customers upon the following terms and conditions:

1. In all sales of Shares to the public you shall act on behalf of customers which for purposes of this Agreement are limited to customers for which Nations Banc Investments, Inc. is the Introducing Broker, and in no transaction shall you have any authority to act as agent for a Fund, for us or for any Selected Dealer.
2. Orders received from you will be accepted through us or on our behalf only at the public offering price applicable to each order, as set forth in the applicable current Prospectus. The procedure relating to the handling of orders shall be subject to written instructions which we or the applicable Fund shall forward from time to time to you. All orders are subject to acceptance or rejection by us or a Fund in the sole discretion of either. The Distributor of the Fund will promptly notify you in writing of any such rejection.
3. You shall not place orders for any Shares unless you have already received purchase orders for such Shares at the applicable public offering price and subject to the terms hereof and of the applicable Distribution Agreement and Prospectus. In connection herewith, you agree to abide by the terms of the applicable Distribution Agreement and Prospectus to the extent required hereunder. Furthermore, you agree that (i) you will sell any of the Shares only under circumstances that will result in compliance with all applicable Federal and state securities laws; (ii) you will not furnish or cause to be furnished to any person any information relating to the Shares which is inconsistent in any respect with the information contained in the applicable Prospectus (as then amended or supplemented) or cause any advertisements to be published by radio or

television or in any newspaper or posted in any public place or use any sales promotional material without our consent and the consent of the applicable Fund; and (iii) you will endeavor to obtain proxies from purchasers of Shares. You also agree that you will be liable to Distributor for payment of the purchase price for Shares purchased by customers and that you shall make payment for such shares when due.

4. We will compensate you for sales of shares of the Funds and personal services to Fund shareholders by paying you a sales charge and/or other commission (which may be in the form of a gross sales credit and/or an annual residual commission) and/or a service fee, each as separately agreed by you and us with respect to each Fund.

5. If any Shares sold to your customers under the terms of this Agreement are repurchased by us for the account of a Fund or are tendered for redemption within seven business days after the date of the confirmation of the original purchase by you, it is agreed that you shall forfeit your right to, and refund to us, any commission received by you with respect to such Shares.

6. No person is authorized to make any representations concerning the Shares or the Funds except those contained in the current applicable Prospectus and in such printed information subsequently issued by us or a Fund as information supplemental to such Prospectus. In selling Shares, you shall rely solely on the representations contained in the applicable Prospectus and supplemental information mentioned above. Any printed information which we furnish you other than the Prospectus and the Funds' periodic reports and

proxy solicitation materials are our sole responsibility and not the responsibility of the Funds, and you agree that the Funds shall have no liability or responsibility to you in these respects unless expressly assumed in connection therewith.

7. You are hereby authorized (i) to place orders directly with a Fund or its agent for shares of the Fund to be sold by us subject to the applicable terms and conditions governing the placement of orders for the purchase of Fund Shares, as set forth in the Distribution Agreement, and (ii) to tender Shares directly to the Fund or its agent for redemption subject to the applicable terms and conditions set forth in the Distribution Agreement. We will provide you with copies of any updates to the Distribution Agreement.

8. We reserve the right in our discretion, without notice, to suspend sales or withdraw the offering of Shares entirely. Each party hereto has the right to cancel this agreement with respect to one or more Funds upon fifteen days prior written notice to the other party.

9. I. You shall indemnify and hold us harmless from and against any and all losses, costs, (including reasonable attorney's fees) claims, damages and liabilities which arise as a result of action taken pursuant to instructions from you, or on your behalf to: (a) (i) place orders for Shares of a Fund with

the Fund's transfer agent or direct the transfer agent to receive instructions for the order of Shares, and (ii) accept monies or direct that the transfer agent accept monies as payment for the order of such Shares, all as contemplated by and in accordance with Section 3 of the applicable Distribution Agreement;

(b) (i) place orders for the redemption of Shares of a Fund with the Fund's transfer agent or direct the transfer agent to receive instruction for the redemption of such Shares and (ii) to pay redemption proceeds or to direct that the transfer agent pay redemption proceeds in connection with orders for the redemption of Shares, all as contemplated by and in accordance with Section 4 of the applicable Distribution Agreement; Distributor agrees to indemnify and hold harmless you and your affiliates, officers, directors, control persons and employees from and against any and all losses, costs (including reasonable attorney's fees), claims, damages and liabilities which arise as a result of Distributor's failure to fulfill its obligations hereunder and from any alleged inaccuracy, omission or misrepresentation contained in any prospectus or any advertising, or sales literature prepared by Distributor or the Fund provided, however, that in no case, (i) is this indemnity in favor of you or us and any of other party's such controlling persons to be deemed to protect us or any such controlling persons against any liability to which we or any such controlling persons would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of our duties or by reason of reckless disregard of our obligations and duties under this Agreement or the applicable Distribution Agreement; or (ii) are you to be liable under the indemnity agreement contained in this paragraph with respect to any claim made against us or any such controlling persons, unless we or any such controlling persons, as the case may be, shall have notified you in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon us or such controlling persons (or after we or such controlling persons shall have received notice of such service on any designated agent), notwithstanding the failure to notify you of any such claim shall not relieve you from any liability which you may have to the person against whom such action is brought otherwise than on account of the indemnity agreement contained in this paragraph.

II. You will be entitled to participate at your own expense in the defense, or, if you so elect, to assume the defense, of any suit brought to enforce any such liability, but if you elect to assume the defense, such defense shall be conducted by counsel chosen by you and reasonably satisfactory to us or such controlling person or persons, defendant or defendants in the suit. In the event you elect to assume the defense of any such suit and retain such counsel, we or such controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them, but, in case you do not elect to assume the defense of any such suit, you will reimburse us or such controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Each party shall promptly notify the other party to this Agreement of the commencement of any litigation or proceedings against it or any of its officers or directors in connection with the issuance or sale of the Shares pursuant to this Agreement.

III. If the indemnification provided for in this Section 9 is unavailable or insufficient to hold harmless the Distributor, as provided above in respect of any losses, claims, damages, liabilities or expenses (or actions in respect thereof) referred to herein, then you shall contribute to the amount paid or payable by us as a result of such losses, claims, damages, liabilities or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by you on the one hand and us on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then you shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also your relative fault on the one hand and our relative fault on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. You and we agree that it would not be just and equitable if contribution were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above. The amount paid or payable by us as a result of the losses, claims, damages, liabilities or expenses (or actions in respect thereof) referred to above shall be deemed to include any legal or other expenses reasonably incurred by us in connection with investigating or defending any such claim. Notwithstanding the provisions of this subsection (III), you shall not be required to contribute any amount in excess of the amount by which the total price at which the Shares distributed by you to the public were offered to the public exceeds the amount of any damages which you have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

IV. Notwithstanding the provisions of subsections (I), (II) and (III), we shall indemnify, defend and hold harmless you and your officers, directors, employees, affiliates, agents, successors and assigns from and against any and all claims and all related losses, expenses, damages, cost and liabilities including reasonable attorneys' fees and expenses incurred in investigation or defense, arising out of or related to any breach of any representation, warranty or covenant by us contained in Section 15 of this Agreement.

11. We shall have full authority to take such action as we may deem advisable in respect of all matters pertaining to the distribution and redemption of Shares. Neither party shall be under any liability to the other party except for lack of good faith and for obligations expressly assumed herein. Nothing contained in this paragraph is intended to operate as, and the provisions of this paragraph shall not in any way whatsoever constitute, a waiver by you of compliance with any provision of the Securities Act, or of the rules and regulations of the Securities and Exchange Commission issued thereunder.

12. Each party represents that it is a member in good standing of the

National Association of Securities Dealers, Inc. and, with respect to any sales in the United States, each party hereby agrees to abide by the Rules of Fair Practice of such Association relating to the performance of the obligations hereunder.

13. We will inform you in writing as to the states in which we believe the Shares have been qualified for sale under, or are exempt from the requirements of, the respective securities laws of such states, but we assume no responsibility or obligation as to your right to sell Shares in any jurisdiction.

14. Notwithstanding any other provision of this Agreement to the contrary, we represent and warrant that the names and addresses of your customers (or customers of your affiliates) which have or which may come to our attention in connection with this Agreement are confidential and are your exclusive property and shall not be utilized by us except in connection with the functions performed by us in connection with this Agreement. Notwithstanding the foregoing, should a customer request, that we or an organization affiliated with us, provide services to such customer, we or such affiliated organization shall in no way violate this representation and warranty, nor be considered in breach of this Agreement.

15. We represent, warrant, and covenant to you that the marketing materials, any communications distributed to the public and training materials designed by us or our agents relating to the product sold under this Agreement are true and accurate and do not omit to state a fact necessary to make the

information contained therein not misleading and comply with applicable federal and state laws. We further represent, warrant, and covenant to you that the performance by us of our obligations under this Agreement in no way constitutes an infringement on or other violation of copyright, trade secret, trademark, proprietary information or non-disclosure rights of any other party.

16. We shall maintain a contingency disaster recovery plan, and, in the event you are so required by any regulatory or governmental agency, we shall make such plan available to you for inspection at your office upon reasonable advance notice by you. Each party agrees that it will at all times conduct its activities under this Agreement in an equitable, legal and professional manner.

17. We understand that the performance of your and our obligations under this Agreement is subject to examination during business hours by your authorized representatives and auditors and by federal and state regulatory agencies, and we agree that upon being given reasonable notice and proper identification we shall submit or furnish at a reasonable time and place to any such representative or regulatory agency reports, information, or other data relating to this Agreement as may reasonably be required or requested by you. We

shall maintain and make available to you upon reasonable notice all material, data, files, and records relating to this Agreement for a period of not less than three years after the termination of this Agreement.

18. The sales, advertising and promotional materials designed by either party or its agents relating to products sold under this Agreement shall comply with applicable federal and state laws. Each party agrees that the sales, advertising and promotional materials shall be made available to the other party prior to distribution to your employees or customers.

19. Any controversy or claim between or among the parties hereto arising out of or relating to this Agreement, including any claim based on or arising from an alleged tort, shall be determined by binding arbitration in accordance with the rules of the National Association of Securities Dealers, Inc. Judgment upon any arbitration award may be entered in any court having jurisdiction. Any party to this Agreement may bring an action, including a summary or expedited proceeding, to compel arbitration of any controversy or claim to which this Agreement applies in any court having jurisdiction over such action.

20. All notices or other communications under this Agreement shall be in writing and given as follows:

If to us: Morgan Stanley Dean Witter Distributors Inc.  
Attn: Barry Fink,  
Two World Trade Center  
New York, NY 10048

If to you: National Financial  
Services Corporation  
Attn: Robert Masabug  
4201 Congress Street, Suite 245  
Boston, MA

or such other address as the parties may hereafter specify in writing. Each such notice to any party shall be either hand-delivered or transmitted, postage prepaid, by registered or certified United States mail with return receipt requested, and shall be deemed effective only upon receipt.

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21. This Agreement shall become effective as of the date of your acceptance hereof, provided that you return to us promptly a signed and dated copy.

MORGAN STANLEY DEAN WITTER DISTRIBUTORS INC.

By

-----

(Authorized Signature)

Please return one signed copy  
of this agreement to:  
Morgan Stanley Dean Witter Distributors Inc.  
Two World Trade Center  
New York, New York 10048

Accepted:

Firm Name: National Financial Services Corp.  
-----

By: -----

Address: 200 Liberty Street  
-----  
New York, New York  
-----

Date: October 17, 1998  
-----

SCHEDULE A

- Dean Witter Global Asset Allocation Fund
- Morgan Stanley Dean Witter American Value Fund
- Morgan Stanley Dean Witter Balanced Growth Fund
- Morgan Stanley Dean Witter Balanced Income Fund
- Morgan Stanley Dean Witter California Tax-Free Income Fund
- Morgan Stanley Dean Witter Capital Appreciation Fund
- Morgan Stanley Dean Witter Capital Growth Securities
- Morgan Stanley Dean Witter Competitive Edge Fund, "Best Ideas" Portfolio
- Morgan Stanley Dean Witter Convertible Securities Trust
- Morgan Stanley Dean Witter Developing Growth Securities Trust
- Morgan Stanley Dean Witter Diversified Income Trust
- Morgan Stanley Dean Witter Dividend Growth Securities Inc.
- Morgan Stanley Dean Witter Equity Fund
- Morgan Stanley Dean Witter European Growth Fund Inc.
- Morgan Stanley Dean Witter Federal Securities Trust
- Morgan Stanley Dean Witter Financial Services Trust
- Morgan Stanley Dean Witter Fund of Funds
- Morgan Stanley Dean Witter Global Dividend Growth Securities
- Morgan Stanley Dean Witter Global Short-Term Income Fund Inc.
- Morgan Stanley Dean Witter Global Utilities Fund
- Morgan Stanley Dean Witter Growth Fund
- Morgan Stanley Dean Witter Hawaii Municipal Trust
- Morgan Stanley Dean Witter Health Sciences Trust
- Morgan Stanley Dean Witter High Yield Securities Inc.
- Morgan Stanley Dean Witter Income Builder Fund
- Morgan Stanley Dean Witter Information Fund
- Morgan Stanley Dean Witter Intermediate Income Securities Inc.

Morgan Stanley Dean Witter International SmallCap Fund  
Morgan Stanley Dean Witter Japan Fund  
Morgan Stanley Dean Witter Limited Term Municipal Trust  
Morgan Stanley Dean Witter Market Leader Trust  
Morgan Stanley Dean Witter Mid-Cap Dividend Growth Securities  
Morgan Stanley Dean Witter Mid-Cap Growth Fund  
Morgan Stanley Dean Witter Multi-State Municipal Series Trust  
Morgan Stanley Dean Witter Natural Resource Development Securities Inc.  
Morgan Stanley Dean Witter New York Tax-Free Income Fund  
Morgan Stanley Dean Witter Pacific Growth Fund Inc.  
Morgan Stanley Dean Witter Precious Metals and Minerals Trust  
Morgan Stanley Dean Witter S&P 500 Index Fund  
Morgan Stanley Dean Witter S&P 500 Select Fund  
Morgan Stanley Dean Witter Short-Term Bond Fund  
Morgan Stanley Dean Witter Short-Term U.S. Treasury Trust  
Morgan Stanley Dean Witter Special Value Fund  
Morgan Stanley Dean Witter Strategist Fund  
Morgan Stanley Dean Witter Tax-Exempt Securities Trust  
Morgan Stanley Dean Witter U.S. Government Securities Trust  
Morgan Stanley Dean Witter Utilities Fund  
Morgan Stanley Dean Witter Value-Added Market Series  
Morgan Stanley Dean Witter Value Fund  
Morgan Stanley Dean Witter World Wide Income Trust

## SERVICES AGREEMENT

AGREEMENT made as of the 17th day of April, 1995, and amended as of June 22, 1998, by and between Morgan Stanley Dean Witter Advisors Inc., a Delaware corporation (herein referred to as "MSDW Advisors"), and Morgan Stanley Dean Witter Services Company Inc., a Delaware corporation (herein referred to as "MSDW Services").

WHEREAS, MSDW Advisors has entered into separate agreements (each such agreement being herein referred to as an "Investment Management Agreement") with certain investment companies as set forth on Schedule A (each such investment company being herein referred to as a "Fund" and, collectively, as the "Funds") pursuant to which MSDW Advisors is to perform, or supervise the performance of, among other services, administrative services for the Funds (and, in the case of Funds with multiple portfolios, the Series or Portfolios of the Funds (such Series and Portfolio being herein individually referred to as "a Series" and, collectively, as "the Series"));

WHEREAS, MSDW Advisors desires to retain MSDW Services to perform the administrative services as described below; and

WHEREAS, MSDW Services desires to be retained by MSDW Advisors to perform such administrative services:

Now, therefore, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. MSDW Services agrees to provide administrative services to each Fund as hereinafter set forth. Without limiting the generality of the foregoing, MSDW Services shall (i) administer the Fund's business affairs and supervise the overall day-to-day operations of the Fund (other than rendering investment advice); (ii) provide the Fund with full administrative services, including the maintenance of certain books and records, such as journals, ledger accounts and other records required under the Investment Company Act of 1940, as amended (the "Act"), the notification to the Fund and MSDW Advisors of available funds for investment, the reconciliation of account information and balances among the Fund's custodian, transfer agent and dividend disbursing agent and MSDW Advisors, and the calculation of the net asset value of the Fund's shares; (iii) provide the Fund with the services of persons competent to perform such supervisory, administrative and clerical functions as are necessary to provide effective operation of the Fund; (iv) oversee the performance of administrative and professional services rendered to the Fund by others, including its custodian, transfer agent and dividend disbursing agent, as well as accounting, auditing and other services; (v) provide the Fund with adequate general office space and facilities; (vi) assist in the preparation and the printing of the periodic updating of the Fund's registration statement and prospectus (and, in the case of an open-end Fund, the statement of additional information), tax returns, proxy statements, and reports to its shareholders and the Securities and Exchange Commission; and (vii) monitor the compliance of the Fund's investment policies and restrictions.

In the event that MSDW Advisors enters into an Investment Management Agreement with another investment company, and wishes to retain MSDW Services to perform administrative services hereunder, it shall notify MSDW Services in writing. If MSDW Services is willing to render such services, it shall notify MSDW Advisors in writing, whereupon such other Fund shall become a Fund as defined herein.

2. MSDW Services shall, at its own expense, maintain such staff and employ or retain such personnel and consult with such other persons as it shall from time to time determine to be necessary or useful to the performance of its

obligations under this Agreement. Without limiting the generality of the foregoing, the staff and personnel of MSDW Services shall be deemed to include officers of MSDW Services and persons employed or otherwise retained by MSDW Services (including officers and employees of MSDW Advisors, with the consent of MSDW Advisors) to furnish services, statistical and other factual data, information with respect to technical and scientific developments, and such other information, advice and assistance as MSDW Services may desire. MSDW Services shall maintain each Fund's records and books of account (other than those maintained by the Fund's transfer agent, registrar, custodian and other agencies). All such books and records so maintained shall be the property of the Fund and, upon request therefor, MSDW Services shall surrender to MSDW Advisors or to the Fund such of the books and records so requested.

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3. MSDW Advisors will, from time to time, furnish or otherwise make available to MSDW Services such financial reports, proxy statements and other information relating to the business and affairs of the Fund as MSDW Services may reasonably require in order to discharge its duties and obligations to the Fund under this Agreement or to comply with any applicable law and regulation or request of the Board of Directors/Trustees of the Fund.

4. For the services to be rendered, the facilities furnished, and the expenses assumed by MSDW Services, MSDW Advisors shall pay to MSDW Services monthly compensation calculated daily (in the case of an open-end Fund) or weekly (in the case of a closed-end Fund) by applying the annual rate or rates set forth on Schedule B to the net assets of each Fund. Except as hereinafter set forth, (i) in the case of an open-end Fund, compensation under this Agreement shall be calculated by applying 1/365th of the annual rate or rates to the Fund's or the Series' daily net assets determined as of the close of business on that day or the last previous business day and (ii) in the case of a closed-end Fund, compensation under this Agreement shall be calculated by applying the annual rate or rates to the Fund's average weekly net assets determined as of the close of the last business day of each week. If this Agreement becomes effective subsequent to the first day of a month or shall terminate before the last day of a month, compensation for that part of the month this Agreement is in effect shall be prorated in a manner consistent with the calculation of the fees as set forth on Schedule B. Subject to the provisions of paragraph 5 hereof, payment of MSDW Services' compensation for the preceding month shall be made as promptly as possible after completion of the computations contemplated by paragraph 5 hereof.

5. In the event the operating expenses of any open-end Fund and/or any Series thereof, or of InterCapital Income Securities Inc., including amounts payable to MSDW Advisors pursuant to the Investment Management Agreement, for any fiscal year ending on a date on which this Agreement is in effect, exceed the expense limitations applicable to the Fund and/or any Series thereof imposed by state securities laws or regulations thereunder, as such limitations may be raised or lowered from time to time, or, in the case of InterCapital Income Securities Inc. or Morgan Stanley Dean Witter Variable Investment Series or any Series thereof, the expense limitation specified in the Fund's Investment Management Agreement, the fee payable hereunder shall be reduced on a pro rata basis in the same proportion as the fee payable by the Fund under the Investment Management Agreement is reduced.

6. MSDW Services shall bear the cost of rendering the administrative services to be performed by it under this Agreement, and shall, at its own expense, pay the compensation of the officers and employees, if any, of the Fund employed by MSDW Services, and such clerical help and bookkeeping services as MSDW Services shall reasonably require in performing its duties hereunder.

7. MSDW Services will use its best efforts in the performance of administrative activities on behalf of each Fund, but in the absence of

willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations hereunder, MSDW Services shall not be liable to the Fund or any of its investors for any error of judgment or mistake of law or for any act or omission by MSDW Services or for any losses sustained by the Fund or its investors. It is understood that, subject to the terms and conditions of the Investment Management Agreement between each Fund and MSDW Advisors, MSDW Advisors shall retain ultimate responsibility for all services to be performed hereunder by MSDW Services. MSDW Services shall indemnify MSDW Advisors and hold it harmless from any liability that MSDW Advisors may incur arising out of any act or failure to act by MSDW Services in carrying out its responsibilities hereunder.

8. It is understood that any of the shareholders, Directors/Trustees, officers and employees of the Fund may be a shareholder, director, officer or employee of, or be otherwise interested in, MSDW Services, and in any person controlling, controlled by or under common control with MSDW Services, and that MSDW Services and any person controlling, controlled by or under common control with MSDW Services may have an interest in the Fund. It is also understood that MSDW Services and any affiliated persons thereof or any persons controlling, controlled by or under common control with MSDW Services have and may have advisory, management, administration service or other contracts with other organizations and persons, and may have other interests and businesses, and further may purchase, sell or trade any securities or commodities for their own accounts or for the account of others for whom they may be acting.

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9. This Agreement shall continue until April 30, 1999, and thereafter shall continue automatically for successive periods of one year unless terminated by either party by written notice delivered to the other party within 30 days of the expiration of the then-existing period. Notwithstanding the foregoing, this Agreement may be terminated at any time, by either party on 30 days' written notice delivered to the other party. In the event that the Investment Management Agreement between any Fund and MSDW Advisors is terminated, this Agreement will automatically terminate with respect to such Fund.

10. This Agreement may be amended or modified by the parties in any manner by written agreement executed by each of the parties hereto.

11. This Agreement may be assigned by either party with the written consent of the other party.

12. This Agreement shall be construed and interpreted in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement, as amended, on June 22, 1998 in New York, New York.

MORGAN STANLEY DEAN WITTER ADVISORS  
INC.

By: \_\_\_\_\_

Attest:  
\_\_\_\_\_

By: \_\_\_\_\_

Attest:

\_\_\_\_\_

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SCHEDULE A

MORGAN STANLEY DEAN WITTER FUNDS  
AS AMENDED AS OF JUNE 28, 1999

<TABLE>

<S>            <C>

OPEN-END FUNDS

1. Active Assets California Tax-Free Trust
2. Active Assets Government Securities Trust
3. Active Assets Money Trust
4. Active Assets Tax-Free Trust
5. Morgan Stanley Dean Witter Aggressive Equity Fund
6. Morgan Stanley Dean Witter American Opportunities Fund
7. Morgan Stanley Dean Witter Balanced Growth Fund
8. Morgan Stanley Dean Witter Balanced Income Fund
9. Morgan Stanley Dean Witter California Tax-Free Daily Income Trust
10. Morgan Stanley Dean Witter California Tax-Free Income Fund
11. Morgan Stanley Dean Witter Capital Growth Securities
12. Morgan Stanley Dean Witter Competitive Edge Fund, "Best Ideas" Portfolio
13. Morgan Stanley Dean Witter Convertible Securities Trust
14. Morgan Stanley Dean Witter Developing Growth Securities Trust
15. Morgan Stanley Dean Witter Diversified Income Trust
16. Morgan Stanley Dean Witter Dividend Growth Securities Inc.
17. Morgan Stanley Dean Witter Equity Fund
18. Morgan Stanley Dean Witter European Growth Fund Inc.
19. Morgan Stanley Dean Witter Federal Securities Trust
20. Morgan Stanley Dean Witter Financial Services Trust
21. Morgan Stanley Dean Witter Fund of Funds
  - (i) Domestic Portfolio
  - (ii) International Portfolio
22. Morgan Stanley Dean Witter Global Dividend Growth Securities
23. Morgan Stanley Dean Witter Global Utilities Fund
24. Morgan Stanley Dean Witter Growth Fund
25. Morgan Stanley Dean Witter Hawaii Municipal Trust
26. Morgan Stanley Dean Witter Health Sciences Trust
27. Morgan Stanley Dean Witter High Yield Securities Inc.
28. Morgan Stanley Dean Witter Income Builder Fund
29. Morgan Stanley Dean Witter Information Fund
30. Morgan Stanley Dean Witter Intermediate Income Securities
31. Morgan Stanley Dean Witter International Fund
32. Morgan Stanley Dean Witter International SmallCap Fund

- 33. Morgan Stanley Dean Witter Japan Fund
- 34. Morgan Stanley Dean Witter Latin American Growth Fund
- 35. Morgan Stanley Dean Witter Limited Term Municipal Trust
- 36. Morgan Stanley Dean Witter Liquid Asset Fund Inc.
- 37. Morgan Stanley Dean Witter Managers Focus Fund
- 38. Morgan Stanley Dean Witter Market Leader Trust
- 39. Morgan Stanley Dean Witter Mid-Cap Dividend Growth Securities
- 40. Morgan Stanley Dean Witter Mid-Cap Equity Trust
- 41. Morgan Stanley Dean Witter Multi-State Municipal Series Trust
- 42. Morgan Stanley Dean Witter Natural Resource Development Securities Inc.
- 43. Morgan Stanley Dean Witter New York Municipal Money Market Trust
- 44. Morgan Stanley Dean Witter New York Tax-Free Income Fund

</TABLE>

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- 45. Morgan Stanley Dean Witter North American Government Income Trust
- 46. Morgan Stanley Dean Witter Pacific Growth Fund Inc.
- 47. Morgan Stanley Dean Witter Precious Metals and Minerals Trust
- 48. Morgan Stanley Dean Witter Real Estate Fund
- 49. Morgan Stanley Dean Witter Select Dimensions Investment Series
  - (i) American Opportunities Portfolio
  - (ii) Balanced Growth Portfolio
  - (iii) Developing Growth Portfolio
  - (iv) Diversified Income Portfolio
  - (v) Dividend Growth Portfolio
  - (vi) Emerging Markets Portfolio
  - (vii) Global Equity Portfolio
  - (viii) Growth Portfolio
  - (ix) Mid-Cap Growth Portfolio
  - (x) Money Market Portfolio
  - (xi) North American Government Securities Portfolio
  - (xii) Utilities Portfolio
  - (xiii) Value-Added Market Portfolio
- 50. Morgan Stanley Dean Witter Select Municipal Reinvestment Fund
- 51. Morgan Stanley Dean Witter Short-Term Bond Fund
- 52. Morgan Stanley Dean Witter Short-Term U.S. Treasury Trust
- 53. Morgan Stanley Dean Witter Small Cap Growth Fund
- 54. Morgan Stanley Dean Witter Special Value Fund
- 55. Morgan Stanley Dean Witter Strategist Fund
- 56. Morgan Stanley Dean Witter S&P 500 Index Fund
- 57. Morgan Stanley Dean Witter S&P 500 Select Fund
- 58. Morgan Stanley Dean Witter Tax-Exempt Securities Trust
- 59. Morgan Stanley Dean Witter Tax-Free Daily Income Trust
- 60. Morgan Stanley Dean Witter Total Return Trust
- 61. Morgan Stanley Dean Witter U.S. Government Securities Trust
- 62. Morgan Stanley Dean Witter U.S. Government Money Market Trust
- 63. Morgan Stanley Dean Witter Utilities Fund
- 64. Morgan Stanley Dean Witter Value Fund
- 65. Morgan Stanley Dean Witter Value-Added Market Series
- 66. Morgan Stanley Dean Witter Variable Investment Series
  - (i) Aggressive Equity Portfolio
  - (ii) Capital Growth Portfolio
  - (iii) Competitive Edge "Best Ideas" Portfolio
  - (iv) Dividend Growth Portfolio
  - (v) Equity Portfolio
  - (vi) European Growth Portfolio
  - (vii) Global Dividend Growth Portfolio
  - (viii) High Yield Portfolio
  - (ix) Income Builder Portfolio
  - (x) Money Market Portfolio
  - (xi) Quality Income Plus Portfolio

- (xii) Pacific Growth Portfolio
- (xiii) S&P 500 Index Portfolio
- (xiv) Short-Term Bond Portfolio
- (xv) Strategist Portfolio
- (xvi) Utilities Portfolio

</TABLE>

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<S>	<C>
67.	Morgan Stanley Dean Witter World Wide Income Trust
68.	Morgan Stanley Dean Witter Worldwide High Income Fund

CLOSED-END FUNDS

69.	Morgan Stanley Dean Witter High Income Advantage Trust
70.	Morgan Stanley Dean Witter High Income Advantage Trust II
71.	Morgan Stanley Dean Witter High Income Advantage Trust III
72.	Morgan Stanley Dean Witter Income Securities Inc.
73.	Morgan Stanley Dean Witter Government Income Trust
74.	Morgan Stanley Dean Witter Insured Municipal Bond Trust
75.	Morgan Stanley Dean Witter Insured Municipal Trust
76.	Morgan Stanley Dean Witter Insured Municipal Income Trust
77.	Morgan Stanley Dean Witter California Insured Municipal Income Trust
78.	Morgan Stanley Dean Witter Insured Municipal Securities
79.	Morgan Stanley Dean Witter Insured California Municipal Securities
80.	Morgan Stanley Dean Witter Quality Municipal Investment Trust
81.	Morgan Stanley Dean Witter Quality Municipal Income Trust
82.	Morgan Stanley Dean Witter Quality Municipal Securities
83.	Morgan Stanley Dean Witter California Quality Municipal Securities
84.	Morgan Stanley Dean Witter New York Quality Municipal Securities

</TABLE>

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SCHEDULE B

MORGAN STANLEY DEAN WITTER SERVICES COMPANY INC.

SCHEDULE OF ADMINISTRATIVE FEES  
AS AMENDED AS OF JUNE 28, 1999

Monthly compensation calculated daily by applying the following annual rates to a fund's daily net assets:

FIXED INCOME FUNDS

<TABLE>

<S>	<C>
Morgan Stanley Dean Witter Balanced Income Fund	0.060% of the daily net assets.
Morgan Stanley Dean Witter California Tax-Free Income Fund	0.055% of the portion of the daily net assets not exceeding \$500 million; 0.0525% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.050% of the portion of the daily net assets exceeding \$750 million

but not exceeding \$1 billion; 0.0475% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.25 billion; and 0.045% of the portion of the daily net assets exceeding \$1.25 billion.

Morgan Stanley Dean Witter  
Convertible Securities Trust

0.060% of the portion of the daily net assets not exceeding \$750 million; 0.055% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.050% of the portion of the daily net assets of the exceeding \$1 billion but not exceeding \$1.5 billion; 0.0475% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.045% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$3 billion; and 0.0425% of the portion of the daily net assets exceeding \$3 billion.

Morgan Stanley Dean Witter  
Diversified Income Trust

0.040% of the daily net assets.

Morgan Stanley Dean Witter  
Federal Securities Trust

0.055% of the portion of the daily net assets not exceeding \$1 billion; 0.0525% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.050% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.0475% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5 billion; 0.045% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$5 billion; 0.0425% of the portion of the daily net assets exceeding \$5 billion but not exceeding \$7.5 billion; 0.040% of the portion of the daily net assets exceeding \$7.5 billion but not exceeding \$10 billion; 0.0375% of the portion of the daily net assets exceeding \$10 billion but not exceeding \$12.5 billion; and 0.035% of the portion of the daily net assets exceeding \$12.5 billion.

Morgan Stanley Dean Witter  
Hawaii Municipal Trust  
</TABLE>

0.035% of the daily net assets.

B-1

<TABLE>  
<S>

Morgan Stanley Dean Witter  
High Yield Securities Inc.

<C>

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$2 billion; 0.0325% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$3 billion; and 0.030% of the portion of daily net assets exceeding \$3 billion.

Morgan Stanley Dean Witter  
Intermediate Income Securities

0.060% of the portion of the daily net assets not exceeding \$500 million; 0.050% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.040% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; and 0.030% of the portion of the daily net assets exceeding \$1 billion.

Morgan Stanley Dean Witter  
Limited Term Municipal Trust

0.050% of the daily net assets.

Morgan Stanley Dean Witter  
Multi-State Municipal Series Trust  
(10 Series)

0.035% of the daily net assets.

Morgan Stanley Dean Witter New York Tax-Free Income Fund	0.055% of the portion of the daily net assets not exceeding \$500 million; and 0.0525% of the portion of the daily net assets exceeding \$500 million.
Morgan Stanley Dean Witter North American Government Income Trust	0.039% of the portion of the daily net assets not exceeding \$3 billion; and 0.036% of the portion of the daily net assets exceeding \$3 billion.
Morgan Stanley Dean Witter Select Dimensions Investment Series-- Diversified Income Portfolio	0.040% of the daily net assets.
North American Government Securities Portfolio	0.039% of the daily net assets.
Morgan Stanley Dean Witter Select Municipal Reinvestment Fund	0.050% of the daily net assets.
Morgan Stanley Dean Witter Short-Term Bond Fund	0.070% of the daily net assets.
Morgan Stanley Dean Witter Short-Term U.S. Treasury Trust	0.035% of the daily net assets.
Morgan Stanley Dean Witter Tax-Exempt Securities Trust	0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; and 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.25 billion; .0325% of the portion of the daily net assets exceeding \$1.25 billion.

</TABLE>

B-2

<TABLE>	<C>
<S>	
Morgan Stanley Dean Witter U.S. Government Securities Trust	0.050% of the portion of the daily net assets not exceeding \$1 billion; 0.0475% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.045% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.0425% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5 billion; 0.040% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$5 billion; 0.0375% of the portion of the daily net assets exceeding \$5 billion but not exceeding \$7.5 billion; 0.035% of the portion of the daily net assets exceeding \$7.5 billion but not exceeding \$10 billion; 0.0325% of the portion of the daily net assets exceeding \$10 billion but not exceeding \$12.5 billion; and 0.030% of the portion of the daily net assets exceeding \$12.5 billion.
Morgan Stanley Dean Witter Variable Investment Series-- High Yield Portfolio	0.050% of the portion of the daily net assets not exceeding \$500 million; and 0.0425% of the daily net assets exceeding \$500 million.
Quality Income Plus Portfolio	0.050% of the portion of the daily the net assets up to \$500 million; and 0.045% of the portion of the daily net assets exceeds \$500 million.
Short-Term Bond Portfolio	0.045% of the daily net assets.

Morgan Stanley Dean Witter World Wide Income Trust	0.075% of the portion of the daily net assets up to \$250 million; 0.060% of the portion of the daily net assets exceeding \$250 million but not exceeding \$500 million; 0.050% of the portion of the daily net assets of the exceeding \$500 million but not exceeding \$750 million; 0.040% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; and 0.030% of the portion of the daily net assets exceeding \$1 billion.
Morgan Stanley Dean Witter Worldwide High Income Fund	0.060% of the daily net assets.
EQUITY FUNDS	
Morgan Stanley Dean Witter Aggressive Equity Fund	0.075% of the daily net assets.
Morgan Stanley Dean Witter American Opportunities Fund	0.0625% of the portion of the daily net assets not exceeding \$250 million; 0.050% of the portion of the daily net assets exceeding \$250 million but not exceeding \$2.25 billion; 0.0475% of the portion of the daily net assets exceeding \$2.25 billion but not exceeding \$3.5 billion; 0.0450% of the portion of the daily net assets exceeding \$3.5 billion but not exceeding \$4.5 billion; and 0.0425% of the portion of the daily net assets exceeding \$4.5 billion.
Morgan Stanley Dean Witter Balanced Growth Fund	0.060% of the portion of the daily net assets not exceeding \$500 million; and 0.0575% of the portion of the daily net assets exceeding \$500 million.

</TABLE>

B-3

<TABLE>

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Morgan Stanley Dean Witter  
Capital Growth Securities

<C>

0.065% of the portion of the daily net assets not exceeding  
\$500 million; 0.055% of the portion exceeding \$500 million but  
not exceeding \$1 billion; 0.050% of the portion of the daily net  
assets exceeding \$1 billion but not exceeding \$1.5 billion; and  
0.0475% of the portion of the daily net assets exceeding \$1.5  
billion.

Morgan Stanley Dean Witter  
Competitive Edge Fund,  
"Best Ideas" Portfolio

0.065% of the portion of the daily net assets not exceeding \$1.5  
billion; and 0.0625% of the portion of the daily net assets  
exceeding \$1.5 billion.

Morgan Stanley Dean Witter  
Developing Growth Securities  
Trust

0.050% of the portion of the daily net assets not exceeding  
\$500 million; and 0.0475% of the portion of the daily net assets  
exceeding \$500 million.

Morgan Stanley Dean Witter  
Dividend Growth Securities Inc.

0.0625% of the portion of the daily net assets not exceeding  
\$250 million; 0.050% of the portion of the daily net assets  
exceeding \$250 million but not exceeding \$1 billion; 0.0475% of  
the portion of the daily net assets exceeding \$1 billion but not  
exceeding \$2 billion; 0.045% of the portion of the daily net  
assets exceeding \$2 billion but not exceeding \$3 billion;  
0.0425% of the portion of the daily net assets exceeding \$3  
billion but not exceeding \$4 billion; 0.040% of the portion of  
the daily net assets exceeding \$4 billion but not exceeding \$5  
billion; 0.0375% of the portion of the daily net assets exceeding  
\$5 billion but not exceeding \$6 billion; 0.035% of the portion of  
the daily net assets exceeding \$6 billion but not exceeding \$8  
billion; 0.0325% of the portion of the daily net assets exceeding  
\$8 billion but not exceeding \$10 billion; 0.030% of the portion

of the daily net assets exceeding \$10 billion but not exceeding \$15 billion; and 0.0275% of the portion of the daily net assets exceeding \$15 billion.

Morgan Stanley Dean Witter  
Equity Fund

0.051% of the daily net assets.

Morgan Stanley Dean Witter  
European Growth Fund Inc.

0.057% of the portion of the daily net assets not exceeding \$500 million; 0.054% of the portion of the daily net assets exceeding \$500 million but not exceeding \$2 billion; and 0.051% of the portion of the daily net assets exceeding \$2 billion.

Morgan Stanley Dean Witter  
Financial Services Trust

0.075% of the portion of the daily net assets not exceeding \$500 million; and 0.0725% of the portion of the daily net assets exceeding \$500 million.

Morgan Stanley Dean Witter  
Fund of Funds--  
Domestic Portfolio  
International Portfolio

None

None

</TABLE>

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<TABLE>

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Morgan Stanley Dean Witter Global  
Dividend Growth Securities

<C>

0.075% of the portion of the daily net assets not exceeding \$1 billion; 0.0725% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.070% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2.5 billion; 0.0675% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$3.5 billion; 0.0650% of the portion of the daily net assets exceeding \$3.5 billion but not exceeding \$4.5 billion; and 0.0625% of the portion of the daily net assets exceeding \$4.5 billion.

Morgan Stanley Dean Witter  
Global Utilities Fund

0.065% of the portion of the daily net assets not exceeding \$500 million; 0.0625% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion; and 0.060% of the portion of the daily net assets exceeding \$1 billion.

Morgan Stanley Dean Witter  
Growth Fund

0.048% of the portion of daily net assets not exceeding \$750 million; 0.045% of the portion of daily net assets exceeding \$750 million but not exceeding \$1.5 billion; and 0.042% of the portion of daily net assets exceeding \$1.5 billion.

Morgan Stanley Dean Witter  
Health Sciences Trust

0.10% of the portion of daily net assets not exceeding \$500 million; and 0.095% of the portion of daily net assets exceeding \$500 million.

Morgan Stanley Dean Witter  
Income Builder Fund

0.075% of the portion of the net assets not exceeding \$500 million; and 0.0725% of the portion of daily net assets exceeding \$500 million.

Morgan Stanley Dean Witter  
Information Fund

0.075% of the portion of the daily net assets not exceeding \$500 million; and 0.0725% of the portion of the daily net assets exceeding \$500 million.

Morgan Stanley Dean Witter  
International Fund

0.060% of the daily net assets.

Morgan Stanley Dean Witter

0.069% of the daily net assets.

International SmallCap Fund	
Morgan Stanley Dean Witter Japan Fund	0.057% of the daily net assets.
Morgan Stanley Dean Witter Latin American Growth Fund	0.075% of the portion of the daily net assets not exceeding \$500 million; and 0.0725% of the portion of the daily net assets exceeding \$500 million.
Morgan Stanley Dean Witter Managers Focus Fund	0.0625% of the daily net assets.
Morgan Stanley Dean Witter Market Leader Trust	0.075% of the daily net assets.
Morgan Stanley Dean Witter Mid-Cap Dividend Growth Securities	0.075 of the daily net assets.
Morgan Stanley Dean Witter Mid-Cap Equity Trust	0.035% of the portion of the daily net assets not exceeding \$500 million; and 0.0325% of the portion of the daily net assets exceeding \$500 million.

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<TABLE>	
<S>	<C>
Morgan Stanley Dean Witter Natural Resource Development Securities Inc.	0.0625% of the portion of the daily net assets not exceeding \$250 million and 0.050% of the portion of the daily net assets exceeding \$250 million.
Morgan Stanley Dean Witter Pacific Growth Fund Inc.	0.057% of the portion of the daily net assets not exceeding \$1 billion; 0.054% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$2 billion; and 0.051% of the portion of the daily net assets exceeding \$2 billion.
Morgan Stanley Dean Witter Precious Metals and Minerals Trust	0.080% of the daily net assets.
Morgan Stanley Dean Witter Real Estate Fund	0.060% of the daily net assets.
Morgan Stanley Dean Witter Select Dimensions Investment Series--	
American Opportunities Portfolio	0.0625% of the portion of the daily net assets not exceeding \$500 million; and 0.060% of the portion of the daily net assets exceeding \$500 million.
Balanced Growth Portfolio	0.065% of the daily net assets.
Developing Growth Portfolio	0.050% of the daily net assets.
Dividend Growth Portfolio	0.0625% of the portion of the daily net assets not exceeding \$500 million; 0.050% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion; and 0.0475% of the portion of the daily net assets exceeding \$1 billion.
Emerging Markets Portfolio	0.075% of the daily net assets.
Global Equity Portfolio	0.10% of the daily net assets.

Growth Portfolio	0.048% of the daily net assets.
Mid-Cap Growth Portfolio	0.075% of the daily net assets
Utilities Portfolio	0.065% of the daily net assets.
Value-Added Market Portfolio	0.050% of the daily net assets.
Morgan Stanley Dean Witter Small Cap Growth Fund	0.060% of the daily net assets.
Morgan Stanley Dean Witter Special Value Fund	0.075% of the portion of the daily net assets not exceeding \$500 million; and 0.0725% of the portion of daily net assets exceeding \$500 million.
Morgan Stanley Dean Witter Strategist Fund	0.060% of the portion of the daily net assets not exceeding \$500 million; 0.055% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion; 0.050% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.0475% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2.0 billion; and 0.045% of the portion of the daily net assets exceeding \$2.0 billion.

</TABLE>

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Morgan Stanley Dean Witter  
S&P 500 Index Fund

<C>

0.040% of the portion of the daily net assets not exceeding \$1.5 billion; 0.0375% of the portion of daily net assets exceeding \$1.5 billion but not exceeding \$3 billion; and 0.035% of the portion of daily net assets exceeding \$3 billion.

Morgan Stanley Dean Witter  
S&P 500 Select Fund

0.060% of the daily net assets.

Morgan Stanley Dean Witter Total  
Return Trust

0.045% of the daily net assets.

Morgan Stanley Dean Witter  
Utilities Fund

0.065% of the portion of the daily net assets not exceeding \$500 million; 0.055% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion; 0.0525% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.050% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2.5 billion; 0.0475% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$3.5 billion; 0.045% of the portion of the daily net assets exceeding \$3.5 but not exceeding \$5 billion; and 0.0425% of the daily net assets exceeding \$5 billion.

Morgan Stanley Dean Witter  
Value Fund

0.060% of the daily net assets.

Morgan Stanley Dean Witter  
Value-Added Market Series

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.45% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion; 0.0425% of the portion of the daily net assets exceeding \$1.0 billion but not exceeding \$2.0 billion; and 0.040% of the portion of the daily net assets exceeding \$2 billion.

Morgan Stanley Dean Witter  
Variable Investment Series--

Aggressive Equity Portfolio	0.075% of the daily net assets.
Capital Growth Portfolio	0.065% of the daily net assets.
Competitive Edge "Best Ideas" Portfolio	0.065% of the daily net assets.
Dividend Growth Portfolio	0.0625% of the portion of the daily net assets not exceeding \$500 million; 0.050% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion; 0.0475% of the portion of the daily net assets exceeding \$1.0 billion but not exceeding \$2.0 billion; 0.045% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$3 billion; and 0.0425% of the portion of the daily net assets exceeding \$3 billion.
Equity Portfolio	0.050% of the portion of the daily net assets not exceeding \$1 billion; and 0.0475% of the portion of the daily net assets exceeding \$1 billion.
European Growth Portfolio	0.057% of the portion of the daily net assets not exceeding \$500 million; and 0.054% of the portion of the daily net assets exceeding \$500 million.

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<TABLE>	<C>
<S>	<C>
Global Dividend Growth Portfolio	0.075% of the portion of the daily net assets not exceeding \$1 billion; and 0.0725% of the portion of daily net assets exceeding \$1 billion.
Income Builder Portfolio	0.075% of the daily net assets.
Pacific Growth Portfolio	0.057% of the daily net assets.
S&P 500 Index Portfolio	0.040% of the daily net assets.
Strategist Portfolio	0.050% of the portion of the daily net assets not exceeding \$1.5 billion; and 0.0475% of the portion of the daily net assets exceeding \$1.5 billion.
Utilities Portfolio	0.065% of the portion of the daily net assets not exceeding \$500 million; 0.055% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion; and 0.0525% of the portion of the daily net assets exceeding \$1 billion.
MONEY MARKET FUNDS	
Active Assets Trusts:	
(1) Active Assets Tax-Free Trust	0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375%
(2) Active Assets California Tax-Free Trust	of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.0325% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.030% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5 billion; 0.0275% of the portion of the daily net assets exceeding
(3) Active Assets Government Securities Trust	

\$2.5 billion but not exceeding \$3 billion; and 0.025% of the portion of the daily net assets exceeding \$3 billion.

(4) Active Assets Money Trust

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.0325% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.030% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5 billion; 0.0275% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$3 billion; 0.025% of the portion of the daily net assets exceeding \$3 billion but not exceeding \$15 billion; 0.0249% of the portion of the daily net assets exceeding \$15 billion but not exceeding \$17.5 billion; and 0.0248% of the portion of the daily net assets exceeding \$17.5 billion.

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Morgan Stanley Dean Witter  
California Tax-Free Daily  
Income Trust

<C>

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.0325% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.030% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5 billion; 0.0275% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$3 billion; and 0.025% of the portion of the daily net assets exceeding \$3 billion.

Morgan Stanley Dean Witter Liquid  
Asset Fund Inc.

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.35 billion; 0.0325% of the portion of the daily net assets exceeding \$1.35 billion but not exceeding \$1.75 billion; 0.030% of the portion of the daily net assets exceeding \$1.75 billion but not exceeding \$2.15 billion; 0.0275% of the portion of the daily net assets exceeding \$2.15 billion but not exceeding \$2.5 billion; 0.025% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$15 billion; 0.0249% of the portion of the daily net assets exceeding \$15 billion but not exceeding \$17.5 billion; and 0.0248% of the portion of the daily net assets exceeding \$17.5 billion.

Morgan Stanley Dean Witter  
New York Municipal Money  
Market Trust

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.0325% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.030% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5

billion; 0.0275% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$3 billion; and 0.025% of the portion of the daily net assets exceeding \$3 billion.

Morgan Stanley Dean Witter Select  
Dimensions Investment Series--  
Money Market Portfolio  
</TABLE>

0.050% of the daily net assets.

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<TABLE>

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Morgan Stanley Dean Witter  
Tax-Free Daily Income Trust

<C>

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.0325% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.030% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5 billion; 0.0275% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$3 billion; and 0.025% of the portion of the daily net assets exceeding \$3 billion.

Morgan Stanley Dean Witter U.S.  
Government Money Market Trust

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; 0.0375% of the portion of the daily net assets exceeding \$750 million but not exceeding \$1 billion; 0.035% of the portion of the daily net assets exceeding \$1 billion but not exceeding \$1.5 billion; 0.0325% of the portion of the daily net assets exceeding \$1.5 billion but not exceeding \$2 billion; 0.030% of the portion of the daily net assets exceeding \$2 billion but not exceeding \$2.5 billion; 0.0275% of the portion of the daily net assets exceeding \$2.5 billion but not exceeding \$3 billion; and 0.025% of the portion of the daily net assets exceeding \$3 billion.

Morgan Stanley Dean Witter  
Variable Investment Series--  
Money Market Portfolio

0.050% of the portion of the daily net assets not exceeding \$500 million; 0.0425% of the portion of the daily net assets exceeding \$500 million but not exceeding \$750 million; and 0.0375% of the portion of the daily net assets exceeding \$750 million.

</TABLE>

Monthly compensation calculated weekly by applying the following annual rates to a fund's weekly net assets:

#### CLOSED-END FUNDS

<TABLE>

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Morgan Stanley Dean Witter  
Government Income Trust

<C>

0.060% of the average weekly net assets.

Morgan Stanley Dean Witter  
High Income Advantage Trust

0.075% of the portion of the average weekly net assets not exceeding \$250 million; 0.060% of the portion of average weekly net assets exceeding \$250 million and not exceeding \$500 million; 0.050% of the portion of average weekly net assets exceeding \$500 million and not exceeding \$750 million; 0.040% of the portion of average weekly net assets exceeding \$750 million and not exceeding \$1 billion; and 0.030% of the

portion of average weekly net assets exceeding \$1 billion.

</TABLE>

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<TABLE>

<S>

Morgan Stanley Dean Witter  
High Income Advantage Trust II

<C>

0.075% of the portion of the average weekly net assets not exceeding \$250 million; 0.060% of the portion of average weekly net assets exceeding \$250 million and not exceeding \$500 million; 0.050% of the portion of average weekly net assets exceeding \$500 million and not exceeding \$750 million; 0.040% of the portion of average weekly net assets exceeding \$750 million and not exceeding \$1 billion; and 0.030% of the portion of average weekly net assets exceeding \$1 billion.

Morgan Stanley Dean Witter  
High Income Advantage Trust III

0.075% of the portion of the average weekly net assets not exceeding \$250 million; 0.060% of the portion of average weekly net assets exceeding \$250 million and not exceeding \$500 million; 0.050% of the portion of average weekly net assets exceeding \$500 million and not exceeding \$750 million; 0.040% of the portion of the average weekly net assets exceeding \$750 million and not exceeding \$1 billion; and 0.030% of the portion of average weekly net assets exceeding \$1 billion.

Morgan Stanley Dean Witter  
Income Securities Inc.

0.050% of the average weekly net assets.

Morgan Stanley Dean Witter  
Insured Municipal Bond Trust

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
Insured Municipal Trust

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
Insured Municipal Income Trust

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
California Insured Municipal  
Income Trust

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
Quality Municipal Investment  
Trust

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
New York Quality Municipal  
Securities

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
Quality Municipal Income Trust

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
Quality Municipal Securities

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
California Quality Municipal  
Securities

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter  
Insured Municipal Securities

0.035% of the average weekly net assets.

Morgan Stanley Dean Witter

0.035% of the average weekly net assets.

