

2019 Closed-End Funds Tax Information

TAX INFORMATION

For Morgan Stanley Closed-End Funds

Preparing federal and state income tax returns can be challenging, but Morgan Stanley helps make this process easier by providing the information you need about our investments in a clear, concise and timely manner. This 2019 Tax Guide has been prepared using the most recent information available, and we hope you find it useful. However, this guide is not a substitute for professional advice. Please consult your tax advisor with any specific questions regarding your individual circumstances. In addition, you can contact the Internal Revenue Service directly: IRS Customer Service: 800.829.1040, IRS Tax Forms or Publications: 800.829.3676 or www.irs.gov.

Tax forms

Here is a brief explanation of the tax forms you may need to complete your income tax return.

Form 1099-DIV

Lists the amount of taxable income or capital gains you received in 2019. A Form 1099-DIV was sent to you only if you received more than \$10 in taxable distributions in 2019. Even if you didn't receive a Form 1099-DIV, the IRS requires that you report taxable earnings on your income tax return.

Form 1099-B

If you sold any shares during 2019 through Morgan Stanley, you should have received this form attached to your redemption check. If your proceeds for your redemption were sent to your bank by wire, you should have received a Form 1099-B under separate cover along with a confirmation statement. This form reflects your proceeds from the sale. If you received less than \$20 in distributions from your fund, you will not receive a Form 1099-B, unless the sale was for fractional shares only. If you sold shares through your financial advisor, you will receive Form 1099-B from that institution.

Form 1042-S

If you are not a U.S. citizen, you will receive Form 1042-S. This form allows you to prove to your government that you have

paid non-resident alien taxes to the U.S. government. Mutual fund long-term capital gains are exempt from withholding but are still reported on Form 1042-S if you have other reportable income.

Taxable distributions

If you received Form 1099-DIV, a portion of your distributions are subject to federal income taxes. These distributions are taxed as follows:

ORDINARY DIVIDENDS can be found in Box 1a of Form 1099-DIV. This amount represents any taxable income earned on securities held by your fund, as well as any net short-term capital gains that were distributed to shareholders. If you participated in the Dividend Reinvestment Plan, shares were purchased at a discount to the market price, this amount will also reflect the value of this discount. Ordinary dividends are taxed at your ordinary income rate. Qualified dividends found in Box 1b, may be taxed at the lower rate of 15 percent.

TOTAL CAPITAL GAINS DISTRIBUTIONS can be found in Box 2a of Form 1099-DIV. This amount reflects any long-term capital gains distributed by your fund. Long-term capital gains are recognized on securities held in your fund's portfolio for more than one year before being sold. These gains are generally taxed at a maximum rate of 15 percent. However, different capital gains rates may apply.

INCOME BREAKDOWN:**Foreign tax credit**

For 2019, certain funds have elected to pass through to their shareholders the opportunity to claim foreign taxes paid by the funds as either a credit or a deduction. As a result of this election, your share of foreign taxes paid has been reported in Box 6 on your Form 1099-DIV (“Foreign tax paid”) as well as included in your gross income in Boxes 1a and 1b on your Form 1099-DIV. For informational purposes, the foreign sourced income relating to these foreign taxes is reflected below:

FUND	% OF BOX 1A THAT IS FOREIGN SOURCED INCOME	% OF BOX 1B THAT IS FOREIGN SOURCED INCOME
Morgan Stanley China A Share Fund, Inc.	99.49%	99.49%

Although country-by-country information on the above amounts of foreign taxes and foreign source income has been provided in the past, shareholders generally no longer need this country-by-country information due to changes in the foreign tax credit provisions of the Tax Law.

Qualified dividend income

Your Form 1099-DIV reports in Box 1b the amount of qualified dividends that were paid to you in 2019. Please note, however, that although these dividends are eligible for consideration as qualified dividends, there are additional rules (including, but not limited to, a holding period test) that must be met at the shareholder level in order for these dividends to be taxable at a lower tax rate.

The schedule below lists the qualifying dividend income (QDI) percentages for each of the dividends paid during the year by funds that had dividend income at the fund level. Please consult with your tax advisor as to the appropriate use of these percentages.

FUND NAME	EX-DIV. DATE	QDI %
Morgan Stanley Asia - Pacific Fund, Inc.	3/22/19	27.68%
Morgan Stanley China A Share Fund, Inc.	12/19/19	71.90%

Morgan Stanley does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. It was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws. Federal and state tax laws are complex and constantly changing. You should always consult your own legal or tax advisor for information concerning your individual situation.

COMMON TAX QUESTIONS:

The following are answers to some of the most common questions shareholders have at tax time.

Tax forms

Can I receive an average cost basis from Morgan Stanley?

Because your fund is traded on a stock exchange, Morgan Stanley does not have the purchase and redemption prices that are needed to calculate your average cost basis. If you participate in the Dividend Reinvestment option, the purchase price of any reinvested shares can be found on your reinvestment confirmation statement.

Capital gains/dividends

Do I need to report reinvested dividends and/or capital gain dividends as income?

Yes. Income from taxable funds and all capital gain distributions are taxable, regardless of whether you receive them in cash or reinvest them in additional fund shares. You should keep a record of the amount of dividends reinvested because this will increase your cost basis in the fund's shares. By keeping track of reinvested dividends, you'll be able to determine the correct taxable gain or loss when you redeem or exchange your fund shares.

Why are some distributions that I received in January 2020 reported as income for 2019?

Under current tax law, the taxable income shown on Form 1099-DIV must include distributions declared in 2019, even if the distribution isn't actually received until January 2020.

What is a qualified dividend?

A qualified dividend is paid to the fund by a "qualified" company. This is defined as a domestic company traded on a qualifying exchange or a foreign company where the country of origin has a comprehensive income tax treaty with the United States that includes an exchange of information program. There is also a holding period requirement that must be met for a dividend to be deemed "qualified." Please read on for more information about qualified dividends.

Will all distributions reported to me as qualified dividends be taxed at 15 percent?

Not necessarily. In order to qualify for the reduced tax rate, you must have held the dividend-paying shares for 61 days out of a 121-day span covering the 60 days before and the 60 days after the fund's ex-dividend date. (Note: the ex-dividend date is a critical factor in determining whether a shareholder is eligible to receive a declared dividend).

When counting the number of days you held the shares, include the day you sold your shares, but not the day you acquired them.

I didn't redeem any shares this year. Why am I subject to capital gains taxes?

If your fund's manager purchased securities and later sold them for more than the purchase price, your fund earned capital gains. These gains are distributed to shareholders during the year. If you received a capital gain distribution in 2019, you will be required to pay taxes on that amount, regardless of whether you received it in cash or reinvested it in additional shares. The amount can be found on Form 1099-DIV.

Form 1099-DIV reports ordinary dividends and capital gains on separate lines. Are they taxed at different rates?

Yes, for ordinary income, the highest marginal tax rate for an individual is 37 percent. Long-term capital gain dividends are taxed at a maximum individual rate of 15 or 20 percent, depending on whether the individual's income exceeds certain threshold amounts.

General

According to my 1099 forms, federal income tax was withheld from my distributions. Why?

Federal law generally requires us to withhold 28 percent of any distribution or redemption if we do not have a correct and certified Social Security or Taxpayer Identification Number for your account. The IRS tells us which Social Security or Taxpayer Identification Numbers are not correct or certified and requires us to perform this withholding. The withholding amount shown on your 1099 forms should be reported as "federal income tax withheld" on your federal income tax return.

FOR MORE INFORMATION

IRS tax forms or related questions?

- Call the IRS customer service line at 800.829.1040
- For IRS tax forms and publications, call 800.829.3676
- Visit the IRS Web site at www.irs.gov

Fund or account questions and for duplicate tax forms

- Call Morgan Stanley at 800.231.2608 between 8:00 am - 5:00 pm central standard time

Investing involves risk and it is possible to lose money on any investment in these Funds.

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