

Morgan Stanley

Growth Fund

Morgan Stanley

A.C.E. Fund

(Across Capitalisations Equity Fund)

Morgan Stanley Mutual Fund

Annual Report

March 31, 2009

Morgan Stanley

Mutual Fund:

Morgan Stanley Mutual Fund

Trustees:

Dr. Abid Hussain

J. S. Bajjal

Dorab Sopariwala

Blair Pickerell

James Garrett

Schemes:

Morgan Stanley Growth Fund

Morgan Stanley A.C.E. Fund

Asset Management Company:

Morgan Stanley Investment Management Private Limited

Custodian:

JPMorgan Chase Bank

Registrar & Transfer Agent:

Karvy Computershare Private Limited

Legal Advisor:

J. Sagar Associates

Statutory Auditors:

Price Waterhouse

Contents

Report from the Board of Trustees	4-6
Auditors' Report	7-8
Balance Sheet	9
Revenue Account	10-11
Cash Flow Statement	12
Schedules	13-25
Portfolio of Investments	26-27
Key Statistics	28
Compendium of Addenda	29-35
Investor Service Centres	36-37
Regulatory Disclosures	38

Dear Unit Holder

At the start of 2008, very few people would have predicted that we were poised to enter perhaps the most difficult twelve month period in financial market history, and likewise at the beginning of 2009, even fewer would have predicted any recovery.

Having said that, we believe that the worst is now behind us, and the global economy will continue its slow and gradual path back to stability and growth. It is widely expected that China and India will take the lead in terms of economic revival and that will continue to have a positive impact on our markets in the medium term.

It is very heartening to note the investors have generally remained invested in equity schemes over this period, and this patience has been rewarded in some measure, by the sharp rally in equity markets this year. We would strongly recommend that you remain invested and committed to the long term, and avoid the temptation to 'book profits' or 'cut losses'.

At Morgan Stanley Mutual Fund, it has been an interesting twelve months. We started the financial year with the launch of our first open-ended multicap equity fund, Morgan Stanley A.C.E. Fund, and followed it up with the open ending of Morgan Stanley Growth Fund, our large cap oriented equity fund. We also launched two debt funds, Morgan Stanley Short Term Bond Fund and Morgan Stanley Active Bond Fund. Over the next year, our plan is to significantly increase the product offerings that we have, and continue to work on improving the consistency of our investment performance, the reach of our distribution network and efficiency of our customer service.

We would strongly encourage you to keep us informed on any changes to your investor profile such as bank account details, email id, etc. as that helps us reach you better, as well as improves the service delivery manifold. Recent changes in technology and infrastructure allow for a quantum change in service standards, and we need your help in terms of updated information to deliver this higher level of service.

Finally, we would request you to become an investor across our fund family. Our records show that most of our unit holders have investment in only one out of the four schemes we currently have, and we want you to consider all our schemes, the next time you invest in mutual funds.

Our long-term vision is to become the 'mutual fund of choice' for our unit holders. Whilst we have a long way to go in this regard, we have made reasonable strides in the last year, particularly in the area of customer service and investment performance.

Your support, feedback and continued patronage over the coming years will be much appreciated, and will go a long way in helping us achieve our long-term goal.

Thanking You,

With regards,



Anthony Heredia
Chief Executive Officer

Date: June 29, 2009

REPORT FROM THE BOARD OF TRUSTEES

1. Scheme Performance, Future Outlook and Operations of the Schemes of Morgan Stanley Mutual Fund:

[a] Performance of Morgan Stanley Growth Fund [MSGF] vis-à-vis benchmark index as of March 31, 2009:

(Figures in %)

Period	MSGF Returns*	BSE 100
Absolute returns during the trailing year [(+) (-)]	-41.32	-39.97
Compounded Annualised Returns		
(i) Last 3 years	-12.45	-5.75
(ii) Last 5 years	9.06	10.75
(iii) Since inception [February 18, 1994]	9.90	6.52

Past performance may or may not be sustained in future, and may not necessarily provide basis for comparison with other investments.

*Performance of MSGF [Growth Option] has been calculated based on the assumption that all dividends during the period have been re-invested in the scheme at the then prevailing NAV. "Since Inception" returns are calculated on Rs. 10/- invested at inception.

For the 12 months ended March 31, 2009, the Scheme underperformed its Benchmark [BSE 100] by 1.35%. However, since inception, the Fund has outperformed its Benchmark by 3.38% [annualised]. In the year that passed by, from a sector allocation perspective the overweights in Consumer Discretionary and Consumer Staples contributed to performance while the underweight in Energy detracted from performance. From a stock selection perspective, positive alpha resulted from stocks within Industrials, Information Technology and Financials while stock selection in Energy, Consumer Discretionary and Materials dragged on performance.

Future Outlook for Morgan Stanley Growth Fund:

The correction that started in 2008 saw the markets grind lower all through the year. The correction precipitated into severe liquidity crunch, risk aversion and heightened volatility towards the end of the year. To counter the crisis, Central Banks across the world eased monetary policy. To add, Governments announced massive fiscal stimuli to kickstart investment and lending. Business conditions and economic indicators seem to have stabilized from the very low levels of late 2008, with financial commentators and media getting all too excited with the now over-used term "green shoots". Markets have rallied from their oversold levels as it appeared that the Developed World had averted a Great Depression scenario, and the strong monetary and fiscal stimuli had the force to create strong asset reflation across asset classes, if not a new bubble. How much further this rally can get fueled by easy liquidity, in an otherwise anemic global growth environment remains the key issue.

The BSE 100 has now rallied 80% from the March bottom and the beneficiaries have predominantly been stocks that fell out of favour in the phase of risk aversion or those that faced significant liquidity concerns. The unexpected emphatic mandate that the UPA Government received in the recently concluded general elections added to the market's upbeat mood with reforms expectations now gaining centre stage. However, we are now likely to revert to global cues to take us further from hereon.

From a portfolio standpoint though we are cautious in chasing beta but we scout for opportunities where underlying business fundamentals are improving and that is not yet fully reflected in valuations. We have not abandoned our consumption theme and continue to be overweight Consumer-related sectors. We opt to play the broader India story through Financials which remains our largest overweight. We remain cautious on Materials and Energy sector where we feel that global demand supply dynamics continue to pose headwinds to pricing and margins.

Operations of Morgan Stanley Growth Fund:

The Morgan Stanley Mutual Fund's flagship fund, Morgan Stanley Growth Fund which was launched as a close ended scheme in 1994 was converted into an open-ended fund with effect from January 19, 2009. The open ending of MSGF gave the investors the opportunity to continue with their investments in MSGF and avail advantages associated with open ended funds for e.g. daily subscriptions, redemptions, switches, Systematic Investment Plans, etc.

The Net Asset Value of MSGF, as on March 31, 2009 was Rs. 31.012 per unit for Growth Plan and Rs. 10.104 per unit for Dividend Plan [introduced effective January 19, 2009]. The Net Assets of MSGF as of March 31, 2009, were Rs.13,785 million with outstanding corpus of 446.39 million units. The net deficit for the year transferred from Revenue Reserve was Rs. 7,782.59 million as against surplus of Rs. 8,191.785 million last year.

There are no unit holders holding over 25% of the Net Asset Value of MSGF as of March 31, 2009.

REPORT FROM THE BOARD OF TRUSTEES (Contd.)

[b] Performance of Morgan Stanley A.C.E. [Across Capitalisations Equity] Fund [MSACE] vis-à-vis benchmark index as of March 31, 2009:

[Figures in %]

Period	MSACE Returns*	BSE 200
Since inception [April 3, 2008]	-38.42	-41.52

Past performance may or may not be sustained in future, and may not necessarily provide basis for comparison with other investments. *Absolute returns of MSACE [Growth Option] are computed. "Since Inception" returns are calculated on Rs. 10/- invested at inception. Since inception, the scheme has outperformed its benchmark (BSE 200) by 3.10%.

In the year passed by, from a sector allocation perspective, overweight in Banking and Consumer Staples and underweight in Materials and Real Estate helped performance while overweight in capital goods and underweight in Autos detracted from performance. Whereas, from a stock selection perspective, positive alpha resulted from stocks within Banking, Consumer Staples and Materials while stock selection in Energy and Capital Goods dragged on performance. Our higher allocation to mid caps had negative impact on performance in first half, which we corrected in October - December period.

Future outlook for Morgan Stanley A.C.E. Fund:

The political stability at the Centre and resurgence of risk appetite globally should provide India much needed foreign capital to put itself back on accelerated growth trajectory, correct the fiscal, and trade imbalances. Economic recovery and higher growth would have positive implication on corporate results, which are turning out to be largely better than expectations. The earnings upgrade cycle has already begun and hope is building for India to return to 15% earnings growth trajectory. Continuous upgrades in earnings cycle is one of the most important ingredients of a bull market and we have already started seeing signs of the same.

In terms of our portfolio, we see increasing attraction to mid & small caps, where valuations are still cheap and economic recovery would provide the platform for faster earnings improvement. Our multi-cap portfolio strategy allows us the flexibility of segment allocation based on our outlook and our allocation to mid-cap stocks has gone up. Going forward, we will continue to see a healthy mix of mid-caps in our portfolio allocation as our primary driver for alpha. In terms of sectors, we are overweight in Private Sector Banks, Power, Capital Goods, Pharmaceuticals and Consumer Staples. We are underweight Software Services, Oil Marketing Companies, and Real Estate Sector. We believe that for the next 12-15 months micro/company specific factors will dominate stock/portfolio returns and the reflection of the change would be visible in our portfolio allocation. On the balance, we believe, the portfolio is well positioned to give superior risk-adjusted returns in the forthcoming bull markets in Indian equities.

Operations of Morgan Stanley A.C.E. Fund:

During the year in April 08, the Morgan Stanley Mutual Fund launched MSACE Fund, an open ended equity scheme which proposes to generate long term capital growth from an actively managed portfolio of equity and equity-related securities including equity derivatives. The fund management approach of MSACE Fund is to be flexible across capitalizations and choose stocks/sectors/themes on individual merit.

The Net Asset Value of MSACE as on March 31, 2009 was Rs. 6.159 per unit for Growth and Dividend Plan. The Net assets of MSACE as of March 31, 2009, were Rs.742.21 million with outstanding corpus of 120.52 million units. The net deficit for the year transferred from Revenue Reserve was Rs. 439.09 million. Since the initial allotment date of the MSACE Fund is April 3, 2008, there are no corresponding numbers for the year ended March 31, 2008.

There are no unit holders holding over 25% of the Net Asset Value of MSACE Fund as of March 31, 2009.

2. Brief background of Sponsors, Trust, The Board of Trustees and The Board of Directors of AMC:

a. Morgan Stanley Mutual Fund:

Morgan Stanley Mutual Fund [MSMF] was set up as a Trust by the Settlor, Morgan Stanley on November 3, 1993 with the Board of Trustees as Trustees to MSMF in accordance with the provisions of the Indian Trust Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Board of Trustees has entered into an Investment Management Agreement dated November 3, 1993 with Morgan Stanley Investment Management Pvt. Ltd. [the AMC] to function as the Investment Manager for all the Schemes of MSMF. MSMF was registered with SEBI on November 5, 1993 under Registration no. MF/005/93/1.

b. The Board of Trustees of Morgan Stanley Mutual Fund:

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Board of Trustees has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Trust Deed. The Board of Trustees seeks to ensure that the Fund and the Schemes floated thereunder are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by SEBI, Stock Exchanges, Association of Mutual Funds in India and other regulatory agencies.

REPORT FROM THE BOARD OF TRUSTEES (Contd.)

c. Morgan Stanley Investment Management Pvt. Ltd.:

Morgan Stanley Investment Management Pvt. Ltd. [MSIM] is a private limited company incorporated on October 12, 1993 under the Companies Act, 1956, having its Registered Office at 5th Floor, Forbes Building, Charanjit Rai Marg, Mumbai 400 001. MSIM has been appointed as the Asset Management Company for Morgan Stanley Mutual Fund by the Board of Trustees vide Investment Management Agreement dated November 3, 1993 executed between the Board of Trustees and MSIM.

3. Investment Objectives of the Schemes:

[a] Investment objectives of Morgan Stanley Growth Fund:

The investment objective of the scheme is to achieve long-term capital appreciation by investing primarily in equity and equity related securities of companies having large market capitalization#.

#For the purpose of this Scheme, any company having a minimum threshold limit of market capitalization which is equal to or more than the market capitalization of the 100th stock in BSE 100, as on the date of investment shall qualify as Large Cap Company.

[b] Investment objectives of Morgan Stanley A.C.E. Fund:

To generate long-term capital growth from an actively managed portfolio of equity and equity-related securities including equity derivatives.

4. Significant Accounting Policies:

Accounting policies are in accordance with Securities and Exchange Board of India [Mutual Funds] Regulations, 1996, and there was no deviation from the same.

5. Unclaimed Dividends & Redemptions:

Scheme Name	Unclaimed Dividends		Unclaimed Redemptions	
	Amount (Rs.)	No. of Investors	Amount (Rs.)	No. of Investors
Morgan Stanley Growth Fund	140,833,711	387,588	Nil	Nil
Morgan Stanley A.C.E. Fund	Nil	Nil	Nil	Nil

6. Statutory Information:

- The Sponsors are not responsible or liable for any loss resulting from the operations of the Schemes of the Fund beyond their initial contribution of Rs. 5 lacs for setting up the Fund, and such other accretions/additions to the same.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report shall be disclosed on the **website www.morganstanley.com/indiamf** and shall be available for inspection at the Head Office of the mutual fund. Present and prospective unit holder can obtain copy of the Trust Deed, the full Annual Report of the Fund/AMC at a price.

For & on behalf of
The Board of Trustees of Morgan Stanley Mutual Fund

Sd/-

Dr. Abid Hussain
Chairman

June 29, 2009

AUDITORS' REPORT

To the Board of Trustees of
Morgan Stanley Mutual Fund

1. We have audited the Balance Sheet of **MORGAN STANLEY MUTUAL FUND - MORGAN STANLEY GROWTH FUND** (The "Fund") as at March 31, 2009 and, the related Revenue Account for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date which we have signed under reference to this report. These financial statements are the responsibility of the Board of Trustees of Morgan Stanley Mutual Fund and the Management of Morgan Stanley Investment Management Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned and unit capital balances as at March 31, 2009 by correspondence with the custodian / others and registrar and transfer agent respectively. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. The Balance Sheet, the Revenue Account and the Cash Flow Statement referred to above are in agreement with the books of account of the Fund.
4. In our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Balance Sheet, the Revenue Account and the Cash Flow Statement together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the amendments thereto, as applicable, and also give respectively a true and fair view of the state of affairs of Morgan Stanley Mutual Fund - Morgan Stanley Growth Fund as at March 31, 2009 its net deficit and its cash flows for the year on that date.
 - (ii) The Balance Sheet as at March 31, 2009, and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
 - (iii) The method used to value privately placed equity shares in accordance with the guidelines for valuation of unlisted equity shares for Mutual Funds dated May 9, 2002 issued by SEBI; as at March 31, 2009 as determined by Morgan Stanley Investment Management Private Limited under procedures approved by the Board of Trustees of Morgan Stanley Mutual Fund are fair and reasonable.

Sd/-

Vilas Y. Rane

Partner

M. No. F/33220

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Mumbai

June 29, 2009

AUDITORS' REPORT

To the Board of Trustees of
Morgan Stanley Mutual Fund

1. We have audited the Balance Sheet of **MORGAN STANLEY MUTUAL FUND - MORGAN STANLEY A.C.E FUND** (The "Fund") as at March 31, 2009 and the related Revenue Account for the period February 11, 2008 to March 31, 2009 annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Board of Trustees of Morgan Stanley Mutual Fund and the Management of Morgan Stanley Investment Management Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned and unit capital balances as at March 31, 2009 by correspondence with the custodian / others and registrar and transfer agent respectively. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Fund.
4. In our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the amendments thereto, as applicable, and also give respectively a true and fair view of the state of affairs of Morgan Stanley Mutual Fund - Morgan Stanley A.C.E. Fund as at March 31, 2009 and its net surplus for the period February 11, 2008 to March 31, 2009.
 - (ii) The Balance Sheet as at March 31, 2009, and the Revenue Account for the period February 11, 2008 to March 31, 2009, together with the notes thereon, have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.

Sd/-

Vilas Y. Rane

Partner

M. No. F/33220

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Mumbai

June 29, 2009

BALANCE SHEET

MORGAN STANLEY MUTUAL FUND

Balance Sheet as at March 31, 2009

Schedule	Morgan Stanley Growth Fund		Morgan Stanley A.C.E. Fund	
	March 31, 2009	March 31, 2008	March 31, 2009	
	Rs.	Rs.	Rs.	
ASSETS				
Investments	1	13,088,040,091	31,152,883,471	682,140,498
Deposits	2	117,790,000	104,421,000	6,500,000
Other Current Assets	3	858,529,100	900,699,923	58,736,742
TOTAL		14,064,359,191	32,158,004,394	747,377,240
LIABILITIES				
Unit Capital	4	4,463,878,358	6,001,821,810	1,205,183,690
Reserves and Surplus	5	9,321,257,466	25,720,240,764	(462,971,438)
Current Liabilities and Provisions	6	279,223,367	435,941,820	5,164,988
TOTAL		14,064,359,191	32,158,004,394	747,377,240

RECONCILIATION TO NET ASSET VALUE PER UNIT	March 31, 2009 Growth Option Rupees	March 31, 2009 Dividend Option Rupees	March 31, 2009 Total Rupees	March 31, 2008 Growth Option Rupees	March 31, 2009 Growth Option Rupees	March 31, 2009 Dividend Option Rupees	March 31, 2009 Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.7)	13,756,970,848	28,164,976	13,785,135,824	31,722,062,574	421,543,144	320,669,108	742,212,252
Number of Units in Issue	443,600,364.545	2,787,471.240		600,182,181.000	68,448,980.561	52,069,388.369	
Net Asset Value per Unit	31.012	10.104		52.85	6.159	6.159	

Notes to the Financial Statements 8

The schedules form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

Sd/-

VILAS Y. RANE
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Mumbai
June 29, 2009

For and on behalf of the Board of Trustees
Morgan Stanley Mutual Fund

Sd/-
DR. ABID HUSSAIN
Trustee

Sd/-
J. S. BAIJAL
Trustee

Sd/-
JAMES GARRETT
Trustee

For and on behalf of the Board of Directors
Morgan Stanley Investment Management Private Limited

Sd/-
NARAYAN RAMACHANDRAN
Director & Country Head

Sd/-
JOSEPH CLIFFORD D'SOUZA
Director & COO

Sd/-
ANTHONY HEREDIA
Chief Executive Officer

Sd/-
AMAY HATTANGADI
*Lead Portfolio Manager-
Large Cap Equities*

Sd/-
SRIDHAR SIVARAM
*Lead Portfolio Manager-
Large Cap Equities*

Sd/-
JAYESH GANDHI
*Lead Portfolio Manager-
Multi/Mid Cap Equities*

REVENUE ACCOUNT

MORGAN STANLEY MUTUAL FUND

Revenue Account for the year / period ended March 31, 2009

Schedule	Morgan Stanley Growth Fund	Morgan Stanley A.C.E. Fund	
	Year ended March 31, 2009 Rs.	Year ended March 31, 2008 Rs.	
INCOME AND GAINS			
Dividends on Equity Shares (Gross) (Note 2.5)	237,677,737	190,131,317	7,991,923
Dividends on American Depository Receipts and Global Depository Receipts (Net) (Note 2.5)	3,402,087	2,976,890	-
Interest and Discount 7	89,653,936	64,931,833	10,175,898
Net Profit on Sale of Investments (Note 2.4)	-	8,474,978,361	-
Provisions Written Back As No Longer Required (Net)	4,883,515	2,833,845	-
Realised Profit on Foreign Currency Transactions (Net) (Note 2.3)	50,074,547	-	-
TOTAL	385,691,822	8,735,852,246	18,167,821
EXPENSES AND LOSSES			
Net Loss on Sale of Investments and Derivatives (Note 2.4)	4,231,137,821	-	285,151,921
Investment Management and Advisory Fees (Note 4)	234,637,992	356,028,047	10,914,932
Transfer Agent Fees and Expenses	29,065,563	23,305,276	2,903,175
Custodian Fees (Note 5)	13,423,473	16,049,303	678,306
Trusteeship Fees and Expenses (Note 6)	1,739,617	2,146,117	88,724
Audit Fees	800,000	800,000	100,000
Selling and Distribution Expenses	22,368,623	-	4,132,906
Securities and Exchange Board of India Inspection Fees	189,694	341,064	10,306
Investor Communication Expenses	28,844,607	32,204,005	804,015
Other Operating Expenses	35,814,730	50,859,297	1,678,125
Realised Loss on Foreign Currency Transactions (Net) (Note 2.3)	-	62,333,721	-
Provision for Miscellaneous Receivables (Note 10)	1,419,293	-	-
TOTAL	4,599,441,413	544,066,830	306,462,410
Net Realised (Losses) / Gain for the Year / Period	(4,213,749,592)	8,191,785,416	(288,294,589)
Net Change in Unrealised (Depreciation) in Value of Investments and Derivatives (Note 7)	(3,568,840,590)	-	(150,797,993)
Net (Losses) / Gain for the year / period	(7,782,590,182)	8,191,785,416	(439,092,582)
Net Change in Unrealised appreciation in Value of Investments and Derivatives	(5,230,504,846)	(5,011,496,085)	-
Net Deficit including Net change in Unrealised Appreciation/(Depreciation) in Value of Investments and Derivatives Transferred to Unrealised Appreciation Reserve	(13,013,095,028)	3,180,289,331	(439,092,582)
	5,230,504,846	5,011,496,085	-
Net Deficit for the year / period	(7,782,590,182)	8,191,785,416	(439,092,582)

REVENUE ACCOUNT (Contd.)

Schedule	Morgan Stanley Growth Fund				Morgan Stanley A.C.E. Fund		
	April 1, 2008 to March 31, 2009 Growth Option Rupees	April 1, 2008 to March 31, 2009 Dividend Option Rupees	April 1, 2008 to March 31, 2009 Total Rupees	April 1, 2007 to March 31, 2008 Growth Option Rupees	February 11, 2008 to March 31, 2009 Growth Option Rupees	February 11, 2008 to March 31, 2009 Dividend Option Rupees	February 11, 2008 to March 31, 2009 Total Rupees
Net (Deficit) / Surplus for the Year / Period by option	(7,784,342,528)	1,752,346	(7,782,590,182)	8,191,785,416	(239,407,835)	(199,684,747)	(439,092,582)
Transfer from Income Equalisation Reserve (Note 2.9)	(477,562,416)	(4,786,014)	(482,348,430)	-	(31,745,107)	(11,299,453)	(43,044,560)
Balance Transferred to Reserve Fund	(8,261,904,944)	(3,033,668)	(8,264,938,612)	8,191,785,416	(271,152,942)	(210,984,200)	(482,137,142)

Notes to the Financial Statements 8

The Schedules form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

Sd/-

VILAS Y. RANE
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Mumbai
June 29, 2009

For and on behalf of the Board of Trustees
Morgan Stanley Mutual Fund

Sd/-
DR. ABID HUSSAIN
Trustee

Sd/-
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Trustee

Sd/-
JAMES GARRETT
Trustee

For and on behalf of the Board of Directors
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Sd/-
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Director & Country Head

Sd/-
JOSEPH CLIFFORD D'SOUZA
Director & COO

Sd/-
ANTHONY HEREDIA
Chief Executive Officer

Sd/-
AMAY HATTANGADI
*Lead Portfolio Manager-
Large Cap Equities*

Sd/-
SRIDHAR SIVARAM
*Lead Portfolio Manager-
Large Cap Equities*

Sd/-
JAYESH GANDHI
*Lead Portfolio Manager-
Multi/Mid Cap Equities*

CASH FLOW STATEMENT

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY GROWTH FUND

Cash Flow Statement for the year ended March 31, 2009

	Morgan Stanley Growth Fund	
	Year ended March 31, 2009 Rs.	Year ended March 31, 2008 Rs.
A. Cash flow from Operating Activities		
Net Surplus/(Deficit) for the year	(4,213,749,592)	8,191,785,416
Adjustments for:-		
(Increase)/Decrease in Investments at Cost	9,265,497,944	(8,642,842,095)
(Increase)/Decrease in Other Current Assets	140,379,147	(73,659,305)
Increase/(Decrease) in Current Liabilities and Provisions	(178,694,019)	204,447,500
(Increase)/Decrease in Other Deposits	(7,900,000)	(1,000,000)
Net Cash From /(Used in) Operating Activities	(A) 5,005,533,480	(321,268,484)
B. Cash flow from Financing Activities		
Increase/(Decrease) in Unit Capital	(1,537,943,452)	-
Increase/(Decrease) in Unit Premium Reserve	(3,385,888,271)	-
Adjustments for:-		
Increase/(Decrease) in Sundry Creditors for Units Redeemed by Investors	21,975,566	-
(Increase)/Decrease in Sundry Debtors for Units Issued to Investors	(3,236,300)	-
Net Cash From/(Used in) in Financing Activities	(B) (4,905,092,457)	-
Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B) 100,441,023	(321,268,484)
Cash and Cash Equivalents Beginning of the Year	858,429,555	1,179,698,039
Cash and Cash Equivalents End of the Year	958,870,578	858,429,555
Net Increase/(Decrease) in Cash and Cash Equivalents	100,441,023	(321,268,484)

Notes :

	March 31, 2009 Rupees	March 31, 2008 Rupees
1 Cash and Cash Equivalents include the following :		
Balances with Scheduled Banks :		
- In Current Account	18,762,852	67,696,218
- In Deposit Account	108,890,000	103,421,000
Collateralised Borrowing and Lending Obligations	831,217,726	-
Reverse Repo	-	687,312,337
	<u>958,870,578</u>	<u>858,429,555</u>

2 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 on Cash Flow Statements, issued by The Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

Sd/-

VILAS Y. RANE
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Mumbai
June 29, 2009

For and on behalf of the Board of Trustees
Morgan Stanley Mutual Fund

Sd/- DR. ABID HUSSAIN
Trustee

Sd/- J. S. BAIJAL
Trustee

Sd/- JAMES GARRETT
Trustee

For and on behalf of the Board of Directors
Morgan Stanley Investment Management Private Limited

Sd/- NARAYAN RAMACHANDRAN
Director & Country Head

Sd/- JOSEPH CLIFFORD D'SOUZA
Director & COO

Sd/- ANTHONY HEREDIA
Chief Executive Officer

Sd/- AMAY HATTANGADI
*Lead Portfolio Manager-
Large Cap Equities*

Sd/- SRIDHAR SIVARAM
*Lead Portfolio Manager-
Large Cap Equities*

Sd/- JAYESH GANDHI
*Lead Portfolio Manager-
Multi/Mid Cap Equities*

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

SCHEDULE 1	Morgan Stanley Growth Fund				Morgan Stanley A.C.E. Fund	
	March 31, 2009		March 31, 2008		March 31, 2009	
	Market/Fair Value	Cost	Market/Fair Value	Cost	Market Value	Cost
Investments (Notes 2.2, 2.3, 2.4, 7, 8 and 15) (Refer to attached Statement of Portfolio Holding as at March 31, 2009)						
American Depository Receipts	-	-	565,514,753	394,962,009	-	-
Equity Shares	13,088,040,091	16,656,880,681	30,587,368,718	25,527,416,616	682,140,498	832,938,491
	<u>13,088,040,091</u>	<u>16,656,880,681</u>	<u>31,152,883,471</u>	<u>25,922,378,625</u>	<u>682,140,498</u>	<u>832,938,491</u>

SCHEDULE 2	Morgan Stanley Growth Fund (MSGF)		Morgan Stanley A.C.E. Fund
	March 31, 2009	March 31, 2008	March 31, 2009
	Rs.	Rs.	Rs.
Deposits			
Deposits with Scheduled Banks			
- Unclaimed Dividends**		108,890,000	103,421,000
Margin Deposit with the Clearing Corporation of India Limited towards Collateralised Borrowing and Lending Obligation (MSGF - including Rs. 300,000 (2008: Rs. Nil) placed towards unclaimed dividend)		8,900,000	1,000,000
		<u>117,790,000</u>	<u>104,421,000</u>
			<u>6,500,000</u>

** Rs. 17,300,000 (2008: Rs.11,000,000) earmarked towards Investor Education Fund.

SCHEDULE 3	Morgan Stanley Growth Fund (MSGF)		Morgan Stanley A.C.E. Fund
	March 31, 2009	March 31, 2008	March 31, 2009
	Rs.	Rs.	Rs.
Other Current Assets			
Balances with Bank			
- In Current Account (MSGF - including Rs. 343,000 (2008 Rs. Nil) towards unclaimed dividend)	12,232,437	1,235,370	741,186
- In Dividend Account ***	6,530,415	66,460,848	-
Sales Contracts Awaiting Completion			
- Equity Shares	-	132,471,052	-
Derivative Margin Deposit (Note 2.6)	-	-	7,100,000
Inter Scheme Receivable			
- for Switch - in	-	-	635,776
- for Others	211,299	1,350,739	397,288
Reverse Repos	-	687,312,337	-
Collateralised Borrowing and Lending Obligation (MSGF - including Rs. 55,687,579 (2008 Rs. Nil) placed towards unclaimed dividend)	831,217,726	-	47,589,386
Interest Receivable on			
- Debentures (net of provision of Rs.3,258,032 (2008: Rs. 3,258,032))	-	-	-
- Deposits (MSGF - including receivable for deposits placed towards unclaimed dividend Rs. 332,028 (2008 Rs. 566,543))****	332,028	566,543	-

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

	Morgan Stanley Growth Fund (MSGF)		Morgan Stanley A.C.E. Fund
	March 31, 2009 Rs.	March 31, 2008 Rs.	March 31, 2009 Rs.
- Reverse Repos	-	159,948	-
- Collateralised Borrowing and Lending Obligation	91,812	-	5,346
Dividends Receivable (MSGF - net of provision of Rs. 2,122,365 (2008: Rs. 2,122,365) and including receivable for tax deducted at source Rs. Nil (2008: Rs. 1,419,050) (net of provision Rs. 1,419,293, 2008 Rs. Nil)	3,952,000	10,500,649	-
Unit Subscription Receivable	3,236,300	-	676,000
Receivable from Investment Advisor	-	-	1,575,341
Miscellaneous Receivables	725,083	642,437	16,419
	<u>858,529,100</u>	<u>900,699,923</u>	<u>58,736,742</u>

*** MSGF - Rs. 1,338,374 (2008: Rs. 1,289,127) earmarked towards Investor Education Fund.

**** MSGF - Rs. 204,587 (2008: Rs. 110,068) earmarked towards Investor Education Fund

SCHEDULE 4

	Morgan Stanley Growth Fund				Morgan Stanley A.C.E. Fund	
	March 31, 2009 Rs.	March 31, 2009 Units	March 31, 2008 Rs.	March 31, 2008 Units	March 31, 2009 Rs.	March 31, 2009 Units
Unit Capital						
Growth Option						
Issued and Subscribed						
Units of Rs.10 each fully paid-up	9,818,001,000	981,800,100.000	9,818,001,000	981,800,100.000	404,251,509	40,425,150.850
Outstanding						
At beginning of year / period	6,001,821,810	600,182,181.000	6,001,821,810	600,182,181.000	-	-
Initial issue and subscription / period	-	-	-	-	404,251,509	40,425,150.850
Issued during the year / period	5,767,876	576,787.593	-	-	354,696,602	35,469,660.253
	<u>6,007,589,686</u>	<u>600,758,968.593</u>	<u>6,001,821,810</u>	<u>600,182,181.000</u>	<u>758,948,111</u>	<u>75,894,811.103</u>
Repurchased through secondary market operations (Note 2.11)	-	-	-	-	-	-
Redeemed during the year / period	1,571,586,040	157,158,604.048	-	-	74,458,305	7,445,830.542
At end of year / period	<u>4,436,003,646</u>	<u>443,600,364.545</u>	<u>6,001,821,810</u>	<u>600,182,181.000</u>	<u>684,489,806</u>	<u>68,448,980.561</u>
Dividend Option						
Issued and Subscribed:						
Units of Rs.10 each fully paid-up	-	-	-	-	328,860,523	32,886,052.270
Outstanding						
Initial issue and subscription	-	-	-	-	328,860,523	32,886,052.270
Issued during the year / period	28,486,451	2,848,645.084	-	-	316,309,892	31,630,989.216
	<u>28,486,451</u>	<u>2,848,645.084</u>	<u>-</u>	<u>-</u>	<u>645,170,415</u>	<u>64,517,041.486</u>
Redeemed during the year / period	611,739	61,173.844	-	-	124,476,531	12,447,653.117
At end of year / period	<u>27,874,712</u>	<u>2,787,471.240</u>	<u>-</u>	<u>-</u>	<u>520,693,884</u>	<u>52,069,388.369</u>
Total	<u>4,463,878,358</u>	<u>446,387,835.785</u>	<u>6,001,821,810</u>	<u>600,182,181.000</u>	<u>1,205,183,690</u>	<u>120,518,368.930</u>

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the year / period ended March 31, 2009

SCHEDULE 5	Morgan Stanley Growth Fund				Morgan Stanley A.C.E. Fund			
	March 31, 2009 Growth Option	March 31, 2009 Dividend Option	March 31, 2009 Total	March 31, 2008 Growth Option	March 31, 2009 Growth Option	March 31, 2009 Dividend Option	March 31, 2009 Total	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Reserves and Surplus								
Unit Premium Reserve (Note 2.8)								
At beginning of year/period	412,388,608	-	412,388,608	412,388,608	-	-	-	
Added during the year/period	(2,906,863,772)	3,323,932	(2,903,539,840)	-	8,206,280	10,959,424	19,165,704	
At end of year	(2,494,475,164)	3,323,932	(2,491,151,232)	412,388,608	8,206,280	10,959,424	19,165,704	
Unrealised Appreciation Reserve								
At beginning of year/period	5,230,504,846	-	5,230,504,846	-	-	-	-	
Transferred from Revenue Reserve	-	-	-	10,242,000,931	-	-	-	
Net Change in Unrealised Appreciation in Value of Investments and Derivatives								
Transferred from Revenue Account	(5,230,504,846)	-	(5,230,504,846)	(5,011,496,085)	-	-	-	
At end of year/period	-	-	-	5,230,504,846	-	-	-	
Income Equalisation Reserve (Note 2.9)								
Added during the year/period	(477,562,416)	(4,786,014)	(482,348,430)	-	(31,745,107)	(11,299,453)	(43,044,560)	
Transferred to Revenue Account	477,562,416	4,786,014	482,348,430	-	31,745,107	11,299,453	43,044,560	
At the end of the year/period	-	-	-	-	-	-	-	
Revenue Reserve								
At beginning of year/period	20,077,347,310	-	20,077,347,310	22,127,562,825	-	-	-	
Transferred to Unrealised Appreciation Reserve	-	-	-	(10,242,000,931)	-	-	-	
Balance Transferred from Revenue Account	(8,261,904,944)	(3,033,668)	(8,264,938,612)	8,191,785,416	(271,152,942)	(210,984,200)	(482,137,142)	
At end of year/period	11,815,442,366	(3,033,668)	11,812,408,698	20,077,347,310	(271,152,942)	(210,984,200)	(482,137,142)	
	9,320,967,202	290,264	9,321,257,466	25,720,240,764	(262,946,662)	(200,024,776)	(462,971,438)	

SCHEDULE 6	Morgan Stanley Growth Fund		Morgan Stanley A.C.E. Fund
	March 31, 2009 Rs.	March 31, 2008 Rs.	March 31, 2009 Rs.
Current Liabilities and Provisions			
Current Liabilities			
Investment Management and Advisory Fees	29,893,148	80,588,333	1,906,462
Transfer Agent's Fees and Expenses	1,884,004	2,200,000	104,791
Custodian Fees	741,525	3,577,160	55,258
Trusteeship Fees and Expenses	495,357	1,110,384	26,824
Audit Fees	800,000	800,000	100,000
Selling and Distribution Expenses	6,965,866	-	1,285,739
Investor Communication Expenses	11,575,657	12,100,000	662,092
Purchase Contracts Awaiting Completion			
- Equity Shares	-	126,791,893	-
Load Payable (Note 2.10)	695,630	-	-
Unit Redemption Payable	21,339,790	-	363,139
Unclaimed Dividend (Note 10)	140,833,711	147,977,334	-
Interest from Investment of Unclaimed Dividend	12,431,760	10,071,862	-
Investor Education Fund (Note 11)	18,842,961	12,399,195	-
Interscheme Payable			
- for Switch - Out	635,776	-	-
- for Others	397,288	-	211,299
Temporary Book Overdraft	-	-	30,500
Payable to Investment Advisor	2,277,479	-	-
Sundry Payables	29,413,415	38,325,659	418,884
	279,223,367	435,941,820	5,164,988

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

SCHEDULE 7 Interest and Discount (Note 2.5)	Morgan Stanley Growth Fund		Morgan Stanley A.C.E. Fund
	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008	February 11, 2008 to March 31, 2009
	Rs.	Rs.	Rs.
Treasury Bills	-	30,646,299	-
Reverse Repos	68,842,105	33,475,665	6,907,927
Collateralised Borrowing and Lending Obligation	16,593,250	809,869	3,235,254
Commercial Paper / Certificate of Deposit	1,194,050	-	-
Margin Deposit with Clearing Corporation of India Limited	22,335	-	32,717
Others	3,002,196	-	-
	<u>89,653,936</u>	<u>64,931,833</u>	<u>10,175,898</u>

SCHEDULE 8

Notes to the Financial Statements

1. Organisation

Morgan Stanley Mutual Fund (MSMF), has been sponsored by Morgan Stanley, a corporation organised under the laws of the State of Delaware, United States of America. Morgan Stanley Investment Management Private Limited (MSIMPL), incorporated under the Companies Act, 1956 of India, has been appointed as the asset management company.

Morgan Stanley Growth Fund (MSGF) a scheme of MSMF was launched as a close ended fund on January 6, 1994 for a period of 15 years from the date of allotment on February 18, 1994. MSGF has converted into an open ended scheme with effect from January 19, 2009. Necessary formalities for open ending the scheme have been complied with. In accordance with the Scheme Information Document dated November 28, 2008 a new option namely "Dividend Option" was introduced on January 19, 2009. The existing unit holders were deemed to be unit holders of the Growth Option. The duration of the Scheme is perpetual. The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in equity and equity related securities of companies having large market capitalization.

Morgan Stanley A.C.E. Fund (ACE Fund) a scheme of MSMF was launched on February 11, 2008 and closed for initial subscription on March 11, 2008 and reopened for issue and redemption of units on April 3, 2008. The duration of the Scheme is perpetual. ACE Fund has two Options - Growth Option and Dividend Option. The investment objective of the Fund is to generate long term capital growth from an actively managed portfolio of equity and equity related securities including equity derivatives.

MSGF and ACE Fund will not declare dividend under the Growth Option. The income earned on such units will remain invested within the Schemes and will be reflected in the net asset value.

2. Significant Accounting Policies

2.1 Basis of Accounting

MSMF maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulations") and amendments thereto, as applicable.

2.2 Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/valuation date. In valuing the Scheme's investments:-

- Securities listed on a recognised stock exchange, including dematerialised securities, are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported, the previous quoted price is used,

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the year / period ended March 31, 2009

when it is not more than thirty days in case of equity shares and fifteen days in case of debt securities prior to the valuation date.

- (ii) Securities not listed on a recognised stock exchange for which over-the-counter quotations are readily available, are valued at the mean between the last current bid and asked price.
- (iii) Non traded / thinly traded equity securities, including those not traded within thirty days and non traded / thinly traded debt securities including those not traded within fifteen days prior to the valuation date, are valued at fair value as determined by MSIMPL in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI) and approved by the Board of Trustees.
- (iv) Privately placed unlisted equity securities are valued at fair value as determined by MSIMPL in accordance with the guidelines for valuation of unlisted equity shares for mutual funds dated May 09, 2002 issued by SEBI and approved by the Board of Trustees.
- (v) Equity shares awaiting listing are valued at fair value/application price as determined in good faith by MSIMPL in accordance with procedures approved by the Board of Trustees.
- (vi) Privately placed equity shares of listed companies with lock-in period are valued at fair value as determined in good faith by MSIMPL under procedures approved by the Board of Trustees.
- (vii) Treasury bills are valued at the yield at which they are currently traded. Treasury bills not traded for a period of seven days are valued at cost plus accrued interest till the beginning of the day plus the difference between the redemption value and cost spread uniformly over the remaining maturity period of the treasury bills.
- (viii) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- (ix) Non traded money market instruments are valued at cost plus accrued interest.

Debt securities are classified as non performing assets and provision has been made in respect thereof in accordance with the guidelines for identification and provisioning for non performing assets (debt securities) for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by SEBI.

Following the issue of the Guidance Note on Accounting for Investments in the Financials Statement of Mutual Funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments and derivatives is determined separately for each category of investments and derivatives. The net change in the unrealized appreciation, if any, between two balance sheet dates / valuation dates is accounted through the revenue account and thereafter the net unrealized appreciation is transferred from the revenue account to the Unrealised Appreciation Reserve. The net depreciation, if any, is accounted through the Revenue Account.

Net unrealized appreciation is reduced from the distributable income at the time of income distribution.

The loss on investments sold / transferred during the year / period is charged to the Revenue Account instead of first being adjusted against provision for depreciation, if already created in the previous year / period as recommended in the Guidance Note. However the departure from the Guidance Note does not have any net impact on the net asset value of the options of MSGF and ACE Fund.

2.3 Foreign Currency Translation

The books and records of the Fund are maintained in Indian rupees. Amounts denominated in or expected to settle in foreign currencies are translated into Indian rupees on the following basis.

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

- (i) Market value of investments, other assets and liabilities at the closing rate of exchange on the Balance Sheet date / valuation date.
- (ii) Purchases and sales of investments, income and expense at the rate of exchange prevailing on the respective date of such transactions.

The Schemes do not isolate that portion of the change in investment valuation resulting from changes in the foreign exchange rates from the fluctuations arising from changes in the local market prices of securities held. Such fluctuations are included in unrealised appreciation or depreciation on investments.

Net realised foreign exchange gains and losses arise from sales of foreign currency denominated securities, currency gains or losses realised between trade and settlement dates of foreign currency denominated securities transactions and the difference between the recorded amounts of foreign currency denominated dividends, interest and expenses recorded in the Fund's books and the Indian rupee equivalent amounts actually received or paid. Net unrealised foreign exchange gains and losses arising from changes in value of assets and liabilities denominated in foreign currency resulting from changes in foreign exchange rate are included in net unrealised appreciation or depreciation in value of investments and foreign currency denominated assets and liabilities.

2.4 Securities Transactions

Investment securities transactions are accounted for on a trade date basis. The Schemes use the average cost method for determining the realised gain or loss on sale of investments. Fully paid "Rights" are included in the cost of investments for the purpose of determining realised gains or losses. Accruals for rights entitlements or partly paid rights are not included in the cost of investments for the purpose of determining realised gains or losses.

2.5 Investment Income

Dividend and interest income are recorded on an accrual basis.

2.6 Derivatives

The Schemes enter into derivative transactions in equity / index futures for the purpose of hedging and portfolio balancing.

"Derivative margin deposit" representing the margin towards equity derivative contracts entered into by the Scheme is disclosed under "Other Current Assets".

Futures

- Futures contracts are marked to market daily at the futures settlement price as determined by the exchange. The variation margin calculated as the difference between the trade price or the previous day's settlement price, as the case may be, and the current day's settlement price is recorded as a receivable or payable.
- When a contract is closed (squared off)/settled (on expiry), the difference between the final settlement/square-off price and the contract price is recognised in the Revenue Account. If more than one futures contracts in respect of the same stock/index and expiry date, to which the squared off/settled contract pertains, is outstanding at the time of square off/settlement of the contract, the average method is followed for determining the gain or loss.
- As at the Balance Sheet date/valuation date, all open futures positions are valued at the futures settlement price as determined by the exchange where it is traded. The unrealized appreciation/depreciation on all open position is considered for determining the net asset value.

2.7 Net Asset Value for Growth/Dividend Options

The net asset value of the units of the Schemes is determined separately for the units issued under the Growth and Dividend Options. For reporting the net asset value for the Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Schemes are allocated to the Options in proportion to the value of the units outstanding.

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the year / period ended March 31, 2009

2.8 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

2.9 Income Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to / from income equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

2.10 Load Charges

Load collected is retained under a separate account in the Schemes and is used to meet the selling and distribution expenses.

2.11 Repurchase of units

In accordance with the permission granted by the Securities and Exchange Board of India, dated June 23, 1994, MSGF may repurchase units from the secondary market based on the prevailing market prices, (upto the date MSGF converted from close ended to open ended). The discount/premium resulting from repurchases is credited/debited to Unit Premium Reserve.

3. Income Taxes

No provision for taxation has been made as MSMF qualifies as a recognised mutual fund under Section 10 (23D) of the Income Tax Act, 1961. For taxes deducted at source from the investment income, which are recoverable, a receivable is recorded in the books of account.

4. Investment Management and Advisory Fees

MSGF and ACE Fund have paid or provided for investment management and advisory fees payable to MSIMPL for managing the Schemes at an average annual rate of 1.01% and 1.16% (annualized) of the average daily net asset values of the Schemes respectively. All costs, charges and expenses incurred by MSIMPL in the administration and execution of the activities of the Schemes, except costs allowed to be charged to the Scheme under the Regulations, are on their own account for which they receive investment management and advisory fees.

5. Custodian Fees

JPMorgan Chase Bank provides custodial services to the Schemes for which custody fee is payable to them.

6. Trusteeship Fees

In accordance with the agreement dated November 3, 1993 between Morgan Stanley ("the Settlor") and the Board of Trustees, the Fund has paid or provided for an annual fee of the rupee equivalent of US\$ 5,000 and a fee of the rupee equivalent of US\$ 500 per meeting attended, to each of the Trustees not affiliated with the Settlor.

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

7. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments are as follows:

	Morgan Stanley Growth Fund		Morgan Stanley A.C.E. Fund
	2009	2008	2009
Equity Shares			
Appreciation	1,325,901,919	8,055,615,044	26,913,856
Depreciation	4,894,742,509	2,995,662,942	177,711,849
American Depository Receipts and Global Depository Receipts			
Appreciation	Nil	170,552,744	-
Depreciation	Nil	Nil	-

8. Aggregate Value of Purchases and Sales of Investments

The aggregate value of investments purchased and sold (including matured) during the year / period (excluding accretion of discount of Rs.1,194,050 and Rs. Nil for MSGF and ACE Fund respectively) are :

	Aggregate Purchases		Aggregate Sales	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
Morgan Stanley Growth Fund	14,731,997,793	63.46%	23,998,689,786	103.38%
Morgan Stanley A.C.E. Fund	2,574,697,463	273.43%*	1,741,758,972	184.97%*

* annualized

9. Income / Expenditure

- a. The total income (including net loss) on sale of investments, realised profit on foreign currency transactions and net change in unrealised depreciation in the value of investments and foreign currency denominated assets and liabilities and total expenses for the year / period are :

	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
Morgan Stanley Growth Fund	(7,414,286,590)	-31.94 %	368,303,592	1.59%
Morgan Stanley A.C.E. Fund	(417,782,093)	-44.37%*	21,310,489	2.26%*

* annualized

- b. The total expenses for the year ended March 31, 2009 in respect of MSGF include expenses incurred for open ending of the scheme aggregating Rs 22,163,159.

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the year / period ended March 31, 2009

10. Unclaimed Dividend

Details of unclaimed dividend for Morgan Stanley Growth Fund are as follows: -

	Unclaimed Dividend (Rs.)		Number of unit holders	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008*
Interim Dividend - June 1999	15,118,373	15,219,120	69,717	70,140
Dividend - April 2000	12,965,931	13,075,431	62,194	62,663
Dividend - June 2001	19,907,900	20,132,600	73,139	73,889
Dividend - April 2004	36,825,887	37,836,211	85,165	86,354
Dividend - October 2006	56,015,620	61,713,972	97,373	100,312

*Excludes unit holders relating to in-transit positions at National Securities Depository Limited (NSDL).

11. Investor Education Fund

In accordance with the guidelines issued by SEBI on unclaimed dividend, interest accrued on investments in respect of unclaimed dividend after a period of three years from the due dates for the respective dividend declaration is being transferred to a separate pool account on a quarterly basis. Such amounts along with further interest earned thereon would be utilized for investor education.

12. Segment Reporting

The Schemes operate in one segment only viz. to primarily generate attractive returns from a diversified and actively managed portfolio of equity and equity related instruments.

13. Equity Derivative Disclosure

Net loss on futures transactions recognized in the Revenue Account of Morgan Stanley A.C.E. Fund for the year ended March 31, 2009 aggregates to Rs. 2,065,441.

14. Related Party Disclosures

a. Related parties (during the year / period)

- i) Asset Management Company that manages the Fund : Morgan Stanley Investment Management Private Limited.
- ii) Key Management Personnel:
 - Narayan Ramachandran
 - Joseph Clifford D'Souza
 - Anthony Lincoln Heredia
 - Amay Hattangadi
 - Sridhar Sivaram
 - Jayesh Gandhi
- iii) Relatives of Key Management Personnel -
 - Sobha Narayan
 - Matilda Celine D'Souza
 - Yasmeen Sequeira
 - Anuradha Hattangadi

SCHEDULES

MORGAN STANLEY MUTUAL FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

iv) Schemes of Morgan Stanley Mutual Fund managed by Morgan Stanley Investment Management Private Limited: Morgan Stanley A.C.E. Fund, Morgan Stanley Growth Fund

b. The transactions with the related parties during the year / period in the ordinary course of business have been listed in **Annexure I**.

15. Disclosure under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended

Morgan Stanley Mutual Fund has made investments in companies, which holds / has held units in excess of 5% of the net asset value of any Scheme of Morgan Stanley Mutual Fund which have been listed in **Annexure II**.

16. Previous year's figures have been regrouped / rearranged where appropriate.

Signatures to Schedules 1 to 8 forming part of the Balance Sheet and Revenue Account.

Sd/-

VILAS Y. RANE
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Mumbai
June 29, 2009

For and on behalf of the Board of Trustees
Morgan Stanley Mutual Fund

Sd/- DR. ABID HUSSAIN
Trustee Sd/- J. S. BAIJAL
Trustee

Sd/-
JAMES GARRETT
Trustee

For and on behalf of the Board of Directors
Morgan Stanley Investment Management Private Limited

Sd/- NARAYAN RAMACHANDRAN
Director & Country Head Sd/- JOSEPH CLIFFORD D'SOUZA
Director & COO

Sd/- ANTHONY HEREDIA
Chief Executive Officer Sd/- SRIDHAR SIVARAM
*Lead Portfolio Manager-
Large Cap Equities*

Sd/- AMAY HATTANGADI
*Lead Portfolio Manager-
Large Cap Equities* Sd/- JAYESH GANDHI
*Lead Portfolio Manager-
Multi/Mid Cap Equities*

SCHEDULES

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY GROWTH FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

ANNEXURE 1

Related Party Disclosures (Schedule 8 - Note 14)

1. The following transactions were carried out with the related parties in the ordinary course of business.

Particulars	Asset Management Company that Manages the Fund (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
Investment Management and Advisory Fees	234,637,992	-	-	234,637,992
2007-08	356,028,047	-	-	356,028,047

2. Balance outstanding at year end :

Particulars	Asset Management Company that Manages the Fund (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Morgan Stanley - A.C.E. Fund (Rs.)	Total (Rs.)
Investment Management and Advisory Fees	29,893,148	-	-	-	29,893,148
2007-08	80,588,333	-	-	-	80,588,333
Inter Scheme Receivable	-	-	-	211,299	211,299
2007-08	-	-	-	1,350,739	1,350,739
Inter Scheme Payable	-	-	-	397,288	397,288
2007-08	-	-	-	-	-
Other Payables	2,277,479	-	-	-	2,277,479
2007-08	-	-	-	-	-

Year end outstanding units (at net asset value)

Joseph Clifford D'Souza	-	341,121	-	-	341,121
2007-08	-	581,350	-	-	581,350
Amay Hattangadi	-	899,319	-	-	899,319
2007-08	-	1,532,650	-	-	1,532,650
Matilda Celine D'Souza	-	-	31,048	-	31,011
2007-08	-	-	52,850	-	52,850

ANNEXURE I

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY A.C.E. FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the Revenue Account for the period ended March 31, 2009

ANNEXURE 1

Related Party Disclosures (Schedule 8 - Note 14)

1. The following transactions were carried out with the related parties in the ordinary course of business.

Particulars	Asset Management Company that Manages the Fund (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
Investment Management and Advisory Fees	10,914,932	-	-	10,914,932
Subscription of Units				
Joseph Clifford D'Souza	-	800,000	-	800,000
Narayan Ramachandran	-	4,000,000	-	4,000,000
Sobha Narayan	-	-	1,000,000	1,000,000
Anthony Lincoln Heredia	-	8,000,000	-	8,000,000
Yasmeen Sequeira	-	-	200,000	200,000
Sridhar Sivaram	-	500,000	-	500,000
Jayesh Gandhi	-	5,000,000	-	5,000,000

2. Balance outstanding at year end :

Particulars	Asset Management Company that Manages the Fund (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Morgan Stanley Growth Fund (Rs.)	Total (Rs.)
Investment Management and Advisory Fees Payable	1,906,462	-	-	-	1,906,462
Inter Scheme Receivable	-	-	-	397,288	397,288
Inter Scheme Payable	-	-	-	211,299	211,299
Other Receivable	1,575,341	-	-	-	1,575,341

Year end outstanding units

(at net asset value)

Joseph Clifford D'Souza	-	498,134	-	-	498,134
Narayan Ramachandran	-	2,463,200	-	-	2,463,200
Sobha Narayan	-	-	615,800	-	615,800
Anthony Lincoln Heredia	-	4,926,400	-	-	4,926,400
Yasmeen Sequeira	-	-	123,160	-	123,160
Sridhar Sivaram	-	307,900	-	-	307,900
Jayesh Gandhi	-	3,076,293	-	-	3,076,293

ANNEXURE II

MORGAN STANLEY MUTUAL FUND- MORGAN STANLEY GROWTH FUND MORGAN STANLEY A.C.E. FUND

Schedules forming part of the Balance Sheet as at March 31, 2009 and the
Revenue Account for the year / period ended March 31, 2009

ANNEXURE II

Morgan Stanley Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Morgan Stanley Mutual Fund for the period ended March 31, 2009.

Company name	Schemes invested in by the Company	Investment made by schemes of Morgan Stanley Mutual Fund in the Company/ subsidiary	Aggregated for the period under Regulation 25 (1) At Cost	Outstanding as at March 31, 2009 at Market / Fair Value
Housing Development Finance Corporation Limited	Morgan Stanley A.C.E. Fund	Morgan Stanley Growth Fund	1,957,731,434	-
		Morgan Stanley A.C.E. Fund	78,270,976	11,330,081

PORTFOLIO OF INVESTMENTS

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY GROWTH FUND

STATEMENT OF PORTFOLIO HOLDINGS AS AT MARCH 31, 2009

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2009 and the Revenue Account for the year ended March 31, 2009)

Quantity	Company Name	Market/ Fair Value (Rs.)	Rs.	Quantity	Company Name	Market/ Fair Value (Rs.)	Rs.
Equity (100)				Power (0.82)			
Auto (6.53)				Software (10.35)			
532,750	Hero Honda Motors Limited	570,655,163		1,972,063	Jyoti Structures Limited	107,871,846	107,871,846
363,800	Maruti Suzuki India Limited	283,709,430	854,364,593	885,736	Infosys Technologies Limited	1,172,625,890	
Banks (27.88)				2,905,813	Geodesic Limited	182,339,766	1,354,965,656
1,339,418	HDFC Bank Limited	1,303,789,481		Telecom - Services (4.32)			
812,000	State Bank of India Limited	866,485,200		903,678	Bharti Airtel Limited	565,476,509	565,476,509
1,513,000	Bank of Baroda	354,571,550		TOTAL INVESTMENTS (Cost Rs. 16,656,880,681)			
1,593,500	Bank of India	349,613,900		13,088,040,091			
961,200	ICICI Bank Limited	319,887,360		FIXED DEPOSITS (Particulars of Deployment of Unclaimed Dividend)			
724,500	Axis Bank Limited	300,631,275		BANKS (100%)			
1,050,000	Union Bank of India	154,192,500	3,649,171,266	Duration			
Cement (5.45)				Rs.			
3,411,000	Jaiprakash Associates Limited	286,865,100		% to Net Assets			
3,952,000	Ambuja Cements Limited	279,011,200		3.5% Citi Bank	90 days	700,000	0.01%
1,386,447	The India Cements Limited	146,963,382	712,839,682	3.5% Citi Bank	90 days	5,800,000	0.04%
Construction (1.13)				3.5% Citi Bank	90 days	10,200,000	0.07%
1,543,524	The Phoenix Mills Limited	104,728,104		3.25% Citi Bank	90 days	100,000	0.00%
746,371	Madhucon Projects Limited	42,692,421	147,420,525	3.25% Citi Bank	90 days	200,000	0.00%
Construction Project (3.17)				3.5% Citi Bank	90 days	7,000,000	0.05%
618,000	Larsen and Toubro Limited	414,925,200	414,925,200	3.5% Citi Bank	90 days	7,100,000	0.05%
Consumer Non Durables (9.83)				3.25% Citi Bank	90 days	400,000	0.00%
3,282,000	ITC Limited	606,677,700		3.25% Citi Bank	90 days	600,000	0.00%
322,808	Nestle India Limited	502,418,371		6% Standard Chartered Bank	90 days	19,600,000	0.14%
3,357,500	Balrampur Chini Mills Limited	177,276,000	1,286,372,071	6.5% Standard Chartered Bank	90 days	1,400,000	0.01%
Diversified (6.85)				6.5% Standard Chartered Bank	90 days	1,400,000	0.01%
3,774,500	Hindustan Unilever Limited	896,443,750	896,443,750	6.5% Standard Chartered Bank	90 days	2,500,000	0.02%
Industrial Capital Goods (9.33)				6.5% Standard Chartered Bank	90 days	800,000	0.01%
808,366	Bharat Heavy Electricals Limited	1,221,077,261	1,221,077,261	6.5% Standard Chartered Bank	90 days	1,000,000	0.01%
Industrial Products (0.78)				6.5% Standard Chartered Bank	90 days	600,000	0.00%
678,139	Ess Dee Aluminium Limited	101,924,292		6.5% Standard Chartered Bank	90 days	1,600,000	0.01%
340,000	Pathreja Brothers Forgings and Stampings Limited *	-	101,924,292	6.5% Standard Chartered Bank	90 days	3,800,000	0.03%
Media & Entertainment (1.9)				6.5% Standard Chartered Bank	90 days	1,100,000	0.01%
3,675,000	Deccan Chronicle Holdings Limited	173,092,500		7.25% Standard Chartered Bank	90 days	2,500,000	0.02%
1,073,700	Television Eighteen India Limited	75,159,000	248,251,500	7.25% Standard Chartered Bank	90 days	2,000,000	0.01%
Pesticides (2.17)				4% Standard Chartered Bank	90 days	300,000	0.00%
2,896,400	United Phosphorus Limited	284,571,300	284,571,300	4% Standard Chartered Bank	90 days	37,890,000	0.27%
Petroleum Products (9.49)				Total		108,890,000	0.79%
626,100	Reliance Industries Limited	954,645,975		*Private placements of equity shares at fair value as determined by Morgan Stanley Investment Management Private Limited (MSIMPL) in accordance with the guidelines for valuation of unlisted equity shares for mutual funds dated May 09, 2002 issued by The Securities and Exchange Board of India (SEBI) and approved by the Board of Trustees.			
1,068,593	Hindustan Petroleum Corporation Limited	287,718,665	1,242,364,640	Confirmation has been received from JPMorgan Chase Bank Mumbai branch at the year end of the investment held by them.			
Pharmaceuticals (0)							
340,000	Eastern Medikit Limited *	-	-				

PORTFOLIO OF INVESTMENTS

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY A.C.E. FUND

STATEMENT OF PORTFOLIO HOLDINGS AS AT MARCH 31, 2009

(Referred to Schedule 1 to the Balance Sheet as at March 31, 2009 and the Revenue Account for the year ended March 31, 2009)

Quantity	Company Name	Market Value (Rs.)	Rs.	Quantity	Company Name	Market Value (Rs.)	Rs.
Equity (100)				Industrial Capital Goods (2.9)			
Auto Ancillaries (1.66)				Industrial Products (1.1)			
273,900	Exide Industries Limited	11,325,765	11,325,765	13,100	Bharat Heavy Electricals Limited	19,788,205	19,788,205
Banks (20.07)				Non - Ferrous Metals (2.77)			
39,362	HDFC Bank Limited	38,314,970		76,800	Sintex Industries Limited	7,514,880	7,514,880
68,147	ICICI Bank Limited	22,679,322		Oil (3.35)			
17,600	State Bank of India Limited	18,780,960		29,254	Oil and Natural Gas Corporation Limited	22,823,971	22,823,971
42,400	Axis Bank Limited	17,593,880		Petroleum Products (11.32)			
28,800	Punjab National Bank	11,849,760		45,465	Reliance Industries Limited	69,322,759	
37,513	Kotak Mahindra Bank Limited	10,586,169		82,877	Reliance Petroleum Limited	7,881,602	77,204,361
45,800	Bank of India	10,048,520		Pharmaceuticals (5.29)			
30,000	Bank of Baroda	7,030,500	136,884,081	13,000	Sun Pharmaceutical Industries Limited	14,448,850	
Cement (7.71)				63,936	Cipla Limited	14,069,117	
202,700	Jaiprakash Associates Limited	17,047,070		38,570	Piramal Healthcare Limited	7,555,863	36,073,830
28,700	Ultra Tech Cement Limited	15,823,745		Power (8.4)			
105,061	The India Cements Limited	11,136,466		959,097	GVK Power and Infrastructure Limited	22,442,870	
12,057	Shree Cements Limited	8,566,499	52,573,780	40,300	Reliance Infrastructure Limited	20,776,665	
Construction (1.06)				33,400	CESC Limited	7,047,400	
49,500	IVRCL Infra and Projects Limited	6,011,775		73,612	Power Grid Corporation of India Limited	7,037,307	57,304,242
9,600	B L Kashyap and Sons Limited	1,250,880	7,262,655	Software (6.27)			
Construction Project (2.96)				23,520	Infosys Technologies Limited	31,138,128	
17,020	Larsen and Toubro Limited	11,427,228		57,304	Mphasis Limited	11,647,038	42,785,166
189,199	Voltas Limited	8,731,534	20,158,762	Telecom - Services (6.96)			
Consumer Non Durables (8.58)				63,400	Bharti Airtel Limited	39,672,550	
342,000	Marico Limited	20,622,600		44,500	Reliance Communications Limited	7,780,825	47,453,375
148,608	Dabur India Limited	14,741,914		Transportation (0.86)			
90,600	Shaw Wallace and Company Limited	13,087,170		72,091	IRB Infrastructure Developers Limited	5,842,975	5,842,975
7,200	Britannia Industries Limited	10,080,360	58,532,044	TOTAL INVESTMENTS (Cost Rs. 832,938,491)			
Diversified (1.47)				682,140,498			
42,300	Hindustan Unilever Limited	10,046,250	10,046,250	Confirmation has been received from JP Morgan Chase Bank Mumbai branch at the year end of the investments held by them.			
Ferrous Metals (4.38)				@ Investment in Company which have invested more than 5% of the net asset value in any scheme of Morgan Stanley Mutual Fund.			
24,769	Jindal Steel and Power Limited	29,860,268	29,860,268				
Finance (2.91)							
8,023	Housing Development Finance Corporation Limited @	11,330,081					
156,994	Infrastructure Development Finance Company Limited	8,493,375	19,823,456				

KEY STATISTICS

MORGAN STANLEY MUTUAL FUND KEY STATISTICS FOR THE YEAR ENDED MARCH 31, 2009

	MORGAN STANLEY GROWTH FUND		MORGAN STANLEY A.C.E. FUND
	As at March 31, 2009	As at March 31, 2008	As at March 31, 2009
1. NAV per unit (Rs.):			
Growth Plan			
Open	52.854	47.555	N.A.
High	58.542	74.101	11.013
Low	26.298	45.426	5.292
End	31.012	52.854	6.159
Dividend Plan			
Open	N.A.	N.A.	N.A.
High	10.281	N.A.	11.013
Low	8.568	N.A.	5.292
End	10.104	N.A.	6.159
2. Closing Assets Under Management (Rs. in Lakhs):			
End	137,851	317,221	7,422
Average (AAuM)	232,138	353,569	8,302
3. Gross income as % of AAuM	-16.57%	24.53%	-28.35%
4. Expense Ratio:			
a. Total Expense as % of AAuM	1.59%	1.36%	2.26%
b. Management Fee as % of AAuM	1.01%	1.01%	1.16%
5. Net Income as a percentage of AAuM	-18.15%	23.17%	-30.62%
6. Portfolio turnover ratio	0.62	0.77	1.88
7. Total Dividend per unit distributed during the year	-	-	-
8. Returns:			
a. Last One Year			
Growth Plan	-41.32%	11.12%	N.A.
Benchmark (BSE 100)	-39.97%	24.98%	N.A.
Benchmark (BSE 200)	N.A.	N.A.	N.A.
b. Since Inception			
Growth Plan	9.90%	14.76%	-38.42% \$\$
Benchmark (BSE 100)	6.52%	11.49%	N.A.
Benchmark (BSE 200)	N.A.	N.A.	-41.52% \$\$

\$\$ Absolute Returns.

Notes:

1. Gross income = amount against (A) in the Revenue account i.e. Income.
2. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) For the Year/Period.
3. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.
4. AAuM=Average daily net assets.
5. Past performance may or may not be sustained in future.
6. The initial allotment of MSACE Fund was made on April 3, 2008, and hence no comparative figures for previous year are available.

COMPENDIUM OF ADDENDA

1. Addendum dated February 11, 2008 on Change in Exit Load of Morgan Stanley A.C.E. Fund, an open-ended Equity Scheme

NOTICE is hereby given that the Board of Trustees of Morgan Stanley Mutual Fund has approved a revision in the exit load structure of Morgan Stanley A.C.E. Fund, an open-ended equity scheme, ("the Scheme"), launched on February 11, 2008, as mentioned below:

Existing Exit Load [for purchases of less than Rs. 5 crore]	Revised Exit Load [for purchases of less than Rs. 5 crore]
If redeemed on or before the expiry of 6 months from the date of allotment: 1%	If redeemed on or before the expiry of 1 year from the date of allotment: 1%
If redeemed after the expiry of 6 months, but before one year from date of allotment: 0.5%	After the expiry of one year from date of allotment: Nil
After the expiry of one year from date of allotment: Nil	

Please note that there is no change in the Entry Load and Exit load for purchases of Rs. 5 crore and above.

The above will be applicable with immediate effect. The Board of Trustees reserves the right to modify the load structure at any time in future on a prospective basis. However, such revision would be subject to the limits prescribed under the Securities & Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

This notice cum addendum forms an integral part of the Offer Document and Key Information Memorandum of the Scheme. All the other terms and conditions mentioned in the Offer Document and Key Information Memorandum of the Scheme remain unchanged.

This addendum is dated February 11, 2008.

2. Addendum dated February 27, 2008 on Change in Exit Load of Morgan Stanley A.C.E. Fund, an open-ended Equity Scheme

NOTICE is hereby given that the Board of Trustees of Morgan Stanley Mutual Fund has approved a revision in the Exit Load Structure of Morgan Stanley A.C.E. Fund, an open-ended Equity Scheme ("The Scheme"), launched on February 11, 2008 for purchases of Rs. 5 crore and above, as detailed below:

Existing Exit Load [for purchases of more than Rs. 5 crore]	Revised Exit Load
If redeemed on or before the expiry of 6 months from the date of allotment: 0.5%	For purchases of Rs. 5 crore and above but less than Rs. 10 crore:
If redeemed after the expiry of 6 months from the date of allotment: Nil	If redeemed on or before the expiry of 6 months from the date of allotment: 0.5%, If redeemed after the expiry of 6 months from the date of allotment: Nil.
	For purchases of Rs. 10 crore and above: Nil

Please note that there is no change in the Entry Load, and Exit Load for purchases of less than Rs. 5 crore. Should you require the details of entire load structure of the Scheme, please refer below:

Entry Load:

For purchases of less than Rs. 5 crore: 2.25%; For purchases of above Rs. 5 crore: Nil

In case of purchases in SIPs under salary saving schemes for group of employees through an arrangement with their employer: Nil

Exit Load:

[a] For purchases of less than Rs. 5 crore: If redeemed on or before the expiry of one year from the date of allotment: 1%. If redeemed after one year from the date of allotment: Nil; [b] For purchases of Rs. 5 crore and above: If redeemed on or before the expiry of 6 months from the date of allotment: 0.5%; If redeemed after 6 months from the date of allotment: Nil; [c] For purchases of Rs. 10 crore and above: Nil. No entry load will be levied where application for investment in the Scheme is not routed through any Distributors/ Agent/ Broker.

The revised exit load structure mentioned above will be applicable on a prospective basis for applications received from Friday, February 29, 2008 onwards. The Board of Trustees reserves the right to modify the load structure at any time in future on a prospective basis. However, such revision would be subject to the limits prescribed under the Securities & Exchange Board of India (Mutual Funds) Regulation, 1996 as amended from time to time.

This notice cum addendum dated February 27, 2008 forms an integral part of the Offer Document and Key Information Memorandum of the Scheme. All the other terms and conditions mentioned in the Offer Document and Key Information Memorandum of the Scheme remain unchanged.

3. Addendum dated March 3, 2008 on Extension of the New Fund Offer of Morgan Stanley A.C.E. Fund, an open-ended Equity Scheme

NOTICE is hereby given that the Board of Trustees of Morgan Stanley Mutual Fund has extended the New Fund Offer of Morgan Stanley A.C.E. Fund, an open-ended Across Capitalisations Equity Scheme ("the Scheme") up to Tuesday, March 11, 2008.

This notice cum addendum dated March 3, 2008 forms an integral part of the Offer Document and Key Information Memorandum of the Scheme. All the other terms and conditions mentioned in the Offer Document and Key Information Memorandum of the Scheme remain unchanged.

4. Addendum dated May 7, 2008 Changes in Exit load and SIP date of Morgan Stanley A.C.E. Fund

The Board of Trustees of Morgan Stanley Mutual Fund has approved the following revisions to the features of Morgan Stanley A.C.E. Fund, an open-ended equity scheme, ["the Scheme"] of Morgan Stanley Mutual Fund:

COMPENDIUM OF ADDENDA (Contd.)

[a] Revision in the exit load structure:

Existing Exit Load Structure	Revised Exit Load Structure
<p>For purchases of less than Rs. 5 crore:</p> <p>If redeemed on or before the expiry of one year from the date of allotment: 1%,</p> <p>After the expiry of one year from the date of allotment: Nil</p>	For purchases of less than Rs. 5 crore: No change
<p>For purchases of Rs. 5 crore and above but less than Rs. 10 crore:</p> <p>If redeemed on or before the expiry of 6 months from the date of allotment: 0.5%,</p> <p>If redeemed after the expiry of 6 months from the date of allotment: Nil.</p> <p>For purchases of Rs. 10 crore and above: Nil</p>	For purchases of Rs. 5 crore and above: Nil

Please note that there is no change in the Entry Load and Exit Load for purchases of less than Rs. 5 crore. Should you require the details of Entry Load, please refer below:

Entry Load:

For purchases of less than Rs. 5 crore: 2.25%

For purchases of above Rs. 5 crore: Nil

In case of purchases in SIPs under salary saving schemes for group of employees through an arrangement with their employer: Nil

No entry load will be levied where application for investment in the Scheme is not routed through any Distributors/Agent/Broker.

The revised exit load structure mentioned above will be applicable on a prospective basis for applications received from Monday, May 12, 2008 onwards. The Board of Trustees reserves the right to modify the load structure at any time in future on a prospective basis. However, such revision would be subject to the limits prescribed under the Securities & Exchange Board of India [Mutual Funds] Regulations, 1996 as amended from time to time.

[b] Addition to specified date/s for Systematic Investment Plan:

Effective May 2008, the specified dates for commencing Systematic Investment Plan ["SIP"] under the Scheme would be 1st, 10th, 15th and 25th of every month as against 1st, 10th and 15th earlier.

This Addendum is dated May 7, 2008.

5. Addendum dated September 17, 2008 on Revisions to the features of Morgan Stanley A.C.E. Fund

The Board of Trustees of Morgan Stanley Mutual Fund has approved the following revisions to the features of Morgan Stanley A.C.E. Fund, an open-ended equity scheme, ("the Scheme") of Morgan Stanley Mutual Fund:

Addition to specified date/s for Systematic Investment Plan (SIP):

With immediate effect, the specified dates for commencing Systematic Investment Plan ("SIP") under the Scheme, in case of both monthly and quarterly SIPs would be 1st, 5th, 10th, 15th and 25th of every month/any month of a calendar quarter as against 1st, 10th, 15th and 25th earlier.

Multiple SIPs under single Folio:

An enhancement is hereby made in the facilities offered to the investor under the Scheme by allowing the unit holders an option to apply for multiple SIPs per month/quarter under the same Folio/Account.

Accordingly, with immediate effect, the investors may avail multiple SIPs per month/quarter under the same Folio/Account on any of the following dates namely, 1st, 5th, 10th, 15th and 25th of every month/any month in a calendar quarter.

Reduction in additional purchase amount:

Effective September 18, 2008, minimum additional purchase amount is reduced from Rs. 5,000/- and in multiples of Re. 1 thereof to Rs. 1,000/- and in multiples of Re. 1 thereof.

Load structure:

The clause in the existing Offer Document under section on "Load Structure" of the scheme which specifies load exemptions stands deleted with immediate effect to the extent it specifies that "investments by FII and their sub-accounts does not attract any load".

This addendum dated September 17, 2008 forms an integral part of the Offer Document and Key Information Memorandum of the Scheme. All the other terms and conditions mentioned in the Offer Document and Key Information Memorandum of the Scheme remain unchanged.

6. Addendum dated October 10, 2008 on Resignation of Mr. Ronald Robison from the Board of Trustees of Morgan Stanley Mutual Fund

Mr. Ronald Robison ["Associate Trustee" in terms of Securities & Exchange Board of India (Mutual Funds) Regulations, 1996] has resigned from the Board of Trustees of Morgan Stanley Mutual Fund effective September 30, 2008.

This addendum dated October 10, 2008 sets forth changes made to the Statement of Additional Information [SAI] dated July 24, 2008, and Key Information Memorandum of the respective Scheme/s. All the other terms and conditions mentioned in the Scheme Information Document/Offer Document and Key Information Memorandum of the respective Scheme/s remain unchanged.

COMPENDIUM OF ADDENDA (Contd.)

7. Addendum dated October 27, 2008 on Sad Demise of Mr. Bodhishwar Rai - Independent Trustee, Morgan Stanley Mutual Fund

This is a regretful intimation about the sad demise of Mr. Bodhishwar Rai ["Independent Trustee" in terms of Securities & Exchange Board of India (Mutual Funds) Regulations, 1996]. Mr. Rai passed away on October 16, 2008; his guidance will always be deeply missed.

Consequently, this addendum dated October 27, 2008 sets forth changes made to the Statement of Additional Information [SAI] dated July 24, 2008, and Key Information Memorandum of Morgan Stanley A.C.E. Fund. All the other terms and conditions mentioned in the Scheme Information Documents/Offer Documents and Key Information Memorandums of the respective Scheme/s remain unchanged.

8. Addendum dated November 10, 2008 on Change in address of the branch office at New Delhi

Investors/Unit holders of Morgan Stanley Mutual Fund are advised to take note of change in the address of the branch office of Morgan Stanley Investment Management Pvt. Ltd. at New Delhi. The new address for correspondence, effective from November 10, 2008, is provided below:

Morgan Stanley Investment Management Pvt. Ltd.

11th Floor, HT House,
18-20, KG Marg, Connaught Place,
New Delhi, 110 001
Tel No. :- 011 6624 9133/34
Fax No.:- 011 6624 9141

This addendum dated November 10, 2008 forms an integral part of Scheme Information Documents/ Offer documents and Key Information Memorandums of the respective Scheme/s. All the other terms and conditions mentioned in the Offer Document and Key Information Memorandum of the respective Scheme/s remain unchanged.

9. Addendum dated November 18, 2008 on Constitution of the Board of Directors

- [1] With effect from November 14, 2008, Mr. Nagesh Alai has been appointed as a Director [Independent Director in terms of SEBI (Mutual Funds) Regulations, 1996] on the Board of Directors of Morgan Stanley Investment Management Pvt. Ltd. His educational background and brief experience is as follows:

Name	Age/Qualification	Brief Experience
Mr. Nagesh Alai [Independent Director]	50 years M.Com, LL.B, AICWA, ACS	Mr. Alai is the Chief Financial Officer, Asia Pacific & Africa of DRAFTFCB Worldwide (2007 till date). He is also a Director on the Board of DRAFTFCB-ULKA Advertising Pvt. Ltd. and Interface Communications Pvt. Ltd. He also served as Executive Director, Group CFO and Counsel, DRAFTFCB-ULKA Group (1990-2007). Prior to that he worked as Chief Accountant and Secretary, John Wyeth (India) Limited, a US pharma multinational company. He has more than 3 decades of work experience across various functions namely, finance, accounting & auditing, business planning & budgeting, system & process studies and implementation of operating manuals, corporate laws and company secretarial practices, corporate governance, HR and administrative policies.

- [2] With effect from November 15, 2008, Mr. Dorab Sopariwala has resigned from the Board of Directors of Morgan Stanley Investment Management Pvt. Ltd. Accordingly, all references to Mr. Sopariwala made in the Statement of Additional Information [SAI] dated July 24, 2008, stand deleted. This Addendum is dated November 18, 2008.

10. Addendum dated December 10, 2008:

Investors/Unit holders of Morgan Stanley Mutual Fund are advised to take note of the following:

i] Resignation of Mr. Navneet Munot, Lead Portfolio Manager –Hybrid & Multi Strategies:

Mr. Navneet Munot, Lead Portfolio Manager – Hybrid & Multi Strategies, one of the key personnel of Morgan Stanley Investment Management Pvt. Ltd. ["the Company"] has resigned from the services of the Company effective December 10, 2008.

ii] Change of address of Pune branch office:

Mentioned below is the new address of the branch office of Morgan Stanley Investment Management Pvt. Ltd. at Pune, effective from December 10, 2008:

Morgan Stanley Investment Management Pvt. Ltd.
Master's Executive Centre, Cabin No. 5,
1237, Sneh Leela, Apte Road,
Pune 411 004
Tel No.: 91 20 6500 8348; Fax No.: 91 20 6621 5772

This addendum dated December 10, 2008 sets forth changes made to the Statement of Additional Information [SAI] dated July 24, 2008, Offer Documents / Scheme Information Documents and Key Information Memorandum of the schemes of Morgan Stanley Mutual Fund. All the other terms and conditions mentioned therein remain unchanged.

11. Notice-cum-Addendum dated December 16, 2008:

NOTICE is hereby given to the Investors/Unit holders of Morgan Stanley Mutual Fund [MSMF]:

[1] Addendum to the Offer Document of Morgan Stanley A.C.E. Fund, an open-ended Equity scheme of MSMF:

Effective December 18, 2008, no Entry Load shall be applicable for switches into Morgan Stanley A.C.E. Fund from any other Equity oriented Schemes of MSMF.

COMPENDIUM OF ADDENDA (Contd.)

[2] Revision of Terms and Conditions of the Option Exercise Letter [OEL] of Morgan Stanley Growth Fund [MSGF]:

This is with reference to the Public Notice issued by Morgan Stanley Investment Management Private Limited [MSIM] on November 29, 2008 which informed the unit holders of MSGF that an OEL will be dispatched at their respective addresses to enable them to choose from various options available to them in view of Open ending of MSGF. While in dispatch process the unit holders of MSGF are requested to note the following changes in the Terms and Conditions mentioned in the OEL:

- i) Terms and Conditions No.2 stands revised as follows: Account Statement and Redemption instrument would be dispatched by courier or by registered post or by any other means at the address of the sole/first mentioned unit holder as appearing in the Register of unit holders of MSGF. Alternately, the redemption proceeds may also be paid electronically or by any other manner to the investor's bank account.
- ii) Terms and Conditions No.3 stands revised as follows: It is mandatory for all applicants (in case of application in joint names, each of the applicants) to mention his/her Permanent Account Number (PAN) irrespective of the amount of investment*. If the applicant is a minor, and does not possess his/her own PAN, the father or mother or guardian shall quote their PAN, as the case may be. In order to verify whether the PAN details are quoted correctly in the application form, the applicants shall enclose a photocopy of the self attested PAN card or duly attested by the ARN distributors, Designated Centres of Morgan Stanley Mutual Fund, bank managers or judicial authorities. Attestation will be done after verification with the original PAN card.

*includes fresh purchase, additional purchase, Systematic Investment.

This Notice-cum-addenda is dated December 15, 2008.

12. Addendum dated January 15, 2009 on Load Structure of MSGF and MSACE Fund

Notice is hereby given that the following revisions have been made in the load structure of Morgan Stanley Growth Fund ["MSGF"] and Morgan Stanley A.C.E. Fund ["MSACE"], equity-oriented schemes of Morgan Stanley Mutual Fund ["MSMF"], The same will be applicable on a prospective basis from Monday, January 19, 2009:

Type of Load [for MSGF and MSACE Fund]	Existing Load Structure (as % of NAV)	Revised Load Structure (as % of NAV)
Entry Load [including SIP and STP]		
For purchases of less than Rs. 5 crore	2.25%	No change
For purchases of Rs. 5 crore and above	Nil	No change
In case of purchases in SIPs under employer salary saving schemes for groups of employees through an arrangement with their employer	Nil	No change
Exit Load [including SIP, SWP and STP]		
(a) For purchases of less than Rs. 5 crore:		
If redeemed on or before the expiry of 1 year from the date of allotment	1%	No change
After the expiry of one year from date of allotment	Nil	No change
(b) For purchases of Rs. 5 crore and above		
	Nil	No change
Load Exemptions:		
No entry and exit load shall be charged in case of:	[i] issue and redemption of bonus units,	[i] No change
	[ii] units allotted on reinvestment of dividend	[ii] No change
	[iii] investments, by Fund-of-Funds Scheme(s)	[iii] No change
	[iv] switches made, between different plans and options of the Scheme.	[iv] This clause stands deleted since the load structure for switches has been clarified as below.
No entry load shall be levied in case of:	Switches into the Scheme from any other Equity oriented Scheme/s of MSMF.	[a] switches made between different plans/option of the same scheme, and [b] switches made into the Scheme from any other equity oriented scheme/s of MSMF. It is clarified that for the purposes of applicability of Exit Load in case of point [a] above, the original date of investment shall be considered for the purposes of calculating holding period, and in case of point [b] above, the date of switch shall be considered for the purposes of calculating holding period. Please also note that in case of both point [a] and [b], Exit Load, if any shall be applicable only at the time of final exit from the equity oriented schemes of Morgan Stanley Mutual Fund [MSMF].

COMPENDIUM OF ADDENDA (Contd.)

The Board of Trustees of MSMF reserves the right to modify the load structure at any time in future on a prospective basis. However, such revision would be subject to the limits prescribed under the Securities & Exchange Board of India [Mutual Funds] Regulations, 1996 as amended from time to time.

This notice cum addendum dated January 15, 2009 forms an integral part of the Scheme Information Document ["SID"/Offer Document and Key Information Memorandum of the respective Schemes. All the other terms and conditions mentioned in the SID/Offer Document and Key Information Memorandum of the respective Schemes remain unchanged.

13. Addendum dated May 18, 2009 on Non- Business Day

Investors/Unit holders of Morgan Stanley Growth Fund and Morgan Stanley A.C.E. Fund are requested to take a note that May 18, 2009 has been declared as non-business day for the afore mentioned schemes on account of the Stock Exchanges [Bombay Stock Exchange and National Stock Exchange] remaining closed for major part of the day, and many scripts not getting traded during the day.

In view of the above, no NAVs will be declared under afore mentioned schemes for May 18, 2009.

This addendum is dated May 18, 2009. All the other terms and conditions mentioned in the Scheme Information Document and Key Information Memorandum of the respective Scheme/s remains unchanged.

14. Notice-cum-Addendum dated May 27, 2009 on Change in Load Structure of Morgan Stanley Short Term Bond Fund and Morgan Stanley Active Bond Fund

Notice is hereby given that the load structure of Morgan Stanley Short Term Bond Fund and Morgan Stanley Active Bond Fund, open-ended debt schemes ["the Schemes"] of Morgan Stanley Mutual Fund has been revised as follows:

- [a] Load Structure of Morgan Stanley Short Term Bond Fund: [applicable for applications received from May 28, 2009]

Existing Load Structure	Revised Load Structure
For Regular Plan & Institutional Plus Plan:	For Regular Plan & Institutional Plus Plan:
Entry Load: Nil	Entry Load: Nil
Exit Load: 0.25% if redeemed within 15 days of allotment	Exit Load: Nil

- [b] Load Structure of Morgan Stanley Active Bond Fund: [applicable for applications received on an ongoing basis post initial allotment]

Existing Load Structure	Revised Load Structure
For Regular Plan:	For Regular Plan:
Entry Load: Nil	Entry Load: Nil
Exit Load: 0.25% if redeemed within 3 months of allotment	Exit Load:
	[i] For purchases below Rs. 50 lacs:
	1% if redeemed on or before the expiry of 1 year of allotment.
	[ii] For purchases of Rs. 50 lacs and above: Nil
For Institutional Plus Plan:	
Entry Load: Nil	For Institutional Plus Plan: No change
Exit Load: Nil	

Please note that Explanatory Notes to the Load Structure as disclosed in the Scheme Information Documents of the respective schemes remain unchanged. The same are reproduced below for ready reference:

No entry and exit load shall be charged in case of:

- [a] issue and redemption of bonus units, [b] dividend reinvested, [c] investments by Fund-of-Funds Scheme(s), [d] SWP and STP transactions, [e] switches made inter-se between different Plans/options within the scheme.

The revised load structure will be applicable on a prospective basis as mentioned above. The Board of Trustees reserves the right to modify the load structure at any time in future on a prospective basis. However, such revision would be subject to the limits prescribed under the Securities & Exchange Board of India [Mutual Funds] Regulations, 1996 as amended from time to time.

The relevant section in the respective Scheme Information Documents ["SIDs"] and Key Information Memorandums ["KIM"] on Load Structure stands replaced as above, and the above forms an integral part of the SIDs and KIM of the aforementioned schemes. All the other terms and conditions mentioned in the respective SIDs and KIM remain unchanged.

The above Notice-cum-Addendum is dated May 27, 2009.

COMPENDIUM OF ADDENDA (Contd.)

15. Addenda on Official Points of Transactions:

Investors/Unit holders of Morgan Stanley Mutual Fund are advised to take note of the following changes in the Investor Service Centres [hereinafter referred as "ISCs"] of Karvy Computershare Pvt. Ltd., which are designated as the official point of acceptance of transactions of the schemes of Morgan Stanley Mutual Fund:

State	Address	Reason for Update	Date of Addendum	Change effective from
Andhra Pradesh	Karvy Computershare Private Limited, Door No : 6- 10-18 , Sai House, 10 / 1, Arundelpet, Guntur - 522 002. Tel. No. 0863-2326684 Fax: 0863 - 6641102	Change of Address	May 7, 2008	May 9, 2008
Goa	Karvy Computershare Private Limited, 2nd Floor, Dalal Commercial Complex, Opp: Hari Mandir, Pajifond, Margao-Goa -403601. Tel. No. 0832-2731822 0832-2734656			
Gujarat	Karvy Computershare Private Limited, 1st Floor, Corporate House Above Canara Bank Waghawadi Road Bhavnagar - 364001. Tel. No. 0278 - 2567006 Fax: 0278-2411307			
Gujarat	Karvy Computershare Private Limited, Sanskruiti, 5 Patel Colony Corner, Opp. UTI Bank, Jamnagar - 361008 Tel. No. 0288-3299330 0288-3299265 0288-3299263			
Gujarat	Karvy Computershare Private Limited, 1st Floor, Chinmay Arcade Opp. Sattapir, Tower Road, Navsari - 396 445 Tel. No. 02637-233553 02637-233554 02637- 324832 02637-326096 Fax: 02637-233554			
Haryana	Karvy Computershare Private Limited, 1st Floor, Krishna Tower, Near HDFC Bank, Opp. Railway Road, G T Road, Panipat - 132103. Tel. No. 0180-2644308 0180-3295717			
Jharkhand	Karvy Computershare Private Ltd. Kanchan Tower, 3rd Floor, Chhnglal Dayalji and Sons 3-S B Shop Area, (Near Traffic Signal) Main Road, Bistupur Jamshepur- 831 001. Tel. No. 0657- 2487048			
Jharkhand	Karvy Computershare Private Ltd. Commerce Towers, 3 rd Floor, Room no 307, Besides Mahabir Towers, Main Road Ranchi- 834 001. Tel. No. 0651- 2330394 0651- 2330386			
Karnataka	Karvy Computershare Private Limited, Giriraja House No.451/B, Ward No.1 Club Road Hubli - 580 029. Tel. No. 0836 - 2356201 0836 - 2356202 Fax: 0836 - 2353973			
Kerala	Karvy Computershare Private Limited, 2nd Floor, Sowbhagya Shopping Complex Mavoor Road Calicut - 673 004. Tel. No. 0495-2742105 0495-2742107 0495-3042083 Fax: 0495-2742156			
Orissa	Karvy Computershare Private Limited, Dargha Bazar, Opp. Dargha Bazar Police Station, Buxibazar, Cuttack - 753001. Tel. No. 0671-2613905			
Punjab	Karvy Computershare Private Limited, 72-A, Taylor'S Road Aga Heritage Gandhi Ground Amritsar - 143 001. Tel. No. 0183-5053804/5053802 Fax: 0183 - 5067520			
Tamil Nadu	Karvy Computershare Private Limited, 49/50, Fort Main Road, Old No.17 First Floor Shevapet, Salem - 636 002. Tel. No. 0427-2210835 0427-2210836 Fax: 0427-2335705			
Tamil Nadu	Karvy Computershare Private Limited, 60 Srikrishna Arcade 1st Floor; Thennur High Road Trichy - 621 017. Tel. No. 0431-2793799 Fax: 0431 - 2794132			
Uttar Pradesh	Karvy Computershare Private Limited, Om Arcade, Parker Road, Above Syndicate Bank, Tari Khana Chowk, Moradabad - 244 001. Tel. No. 0591 - 2310470 Fax: 0591 - 2320470			
Uttar Pradesh	Karvy Computershare Private Limited, D-64/132, Ka 1st Floor, Anant Complex, Siga, Varanasi - 221 010. Tel. No. 0542-2227259 0542-3206494			
Uttaranchal	Karvy Computershare Private Limited, Kaulagarh Road Near Sirmaur Marg Above Reliance Webworld Dehradun - 248 001. Tel. No. 0135 - 3205130			
West Bengal	Karvy Computershare Private Ltd. Old Dutta Automobiles Building 1st Floor, Nachan Road, Benachity Durgapur- 713 213. Tel. No. 0343 2586377			

COMPENDIUM OF ADDENDA (Contd.)

State	Address	Reason for Update	Date of Addendum	Change effective from
West Bengal	Karvy Computershare Private Ltd. 18, G T Road, 1st Floor, Asansol- 713 301 Tel. No. 0341 2214625	Change of Address	October 27, 2008	October 27, 2008
West Bengal	Karvy Computershare Private Ltd. 63, G T Road, Birhata, Halder Complex, 1st Floor, Burdwan – 713 101. Tel. No. 0342 2550840			
Assam	Karvy Computershare Private Limited 54 Sagarika Bhawan, R G Baruah Road, (AIDC Bus Stop), Guwahati- 781 024 Tel - 0361-2608 122 / 2203 324 Fax 0361-2608 122			
Madhya Pradesh	Karvy Computershare Private Limited Lg - 3, Bombay Trade Centre Lower Ground Floor, Grand Hotel Opp. Bombay Hospital ,Scheme No 54 Indore – 452010. Tel 0731-3243 604 / 3243 605 Fax 0731-3014 209			
Karnataka	Karvy Computershare Private Limited 2nd Floor, Brigade Plaza Kudmul Ranga Rao Road Mangalore - 575 003 Tel - 0824 – 2494 110, Fax 0824 – 2496 283			
Maharashtra	Karvy Computershare Private Limited DAS Chambers, Ground Floor, Opp. BSE & next to Corporation Bank, Dalal Street, Fort, Fort Mumbai - 400 023 Tel 022- 6651 0802 / 6651 0804 / 6623 5353 Fax 022- 6634 1966			
Maharashtra	Karvy Computershare Private Limited Sadoday Arcade, Above Top N Town, Dharampeth Nagpur - 440 001. Tel 0712- 6618 581 / 82 / 6612 374			
Maharashtra	Karvy Computershare Private Limited S-12, Second Floor, Suyojit Sankul, Sharanpur Road, Nasik - 422 002 . Tel 0253-6611 395			
New Delhi	Karvy Computershare Private Limited 2E / 23, Jhandewalan Extn New Delhi – 110 055 Tel 011- 43681700, Fax - 011- 43681710			
Gujarat	Karvy Computershare Private Limited 104, Siddhi Vinayak Complex Dr Yagnik Road, Opp Ramkrishna Ashram Rajkot - 360 001 Tel 0281-3046534			
Gujarat	Karvy Computershare Private Limited Surabhi Mall, 301, 3rd Floor, Waghawadi Road, Bhavnagar – 364 001 Tel No.: 0278 – 3001 004 Fax No.: 0278-2411 307			
Gujarat	Karvy Computershare Private Limited, 108 Madhav Plaza Opp. SBI Bank, Near Lal Bangalow Jamnagar – 361001 Tel No.: 0288 – 2750 265/ 0288 – 2750 267	Change of address	December 1, 2008	December 1, 2008
Bihar	Karvy Computershare Private Limited, 3A, 3rd Floor, Anand Tower Beside Chankya Cinema Hall Exhibition Road Patna – 800 001 Tel No.: 0612-2321 354/0612-2321 356	Change of address	January 6, 2009	January 6, 2009
Uttar Pradesh	Karvy Computershare Private Limited Usha Sadan, 24, Prem Nagar, Ashok Marg, Lucknow- 226 001. Tel: 0522 2236819/ 20/28Fax: 0522 2236826	Change of address	January 6, 2009	January 6, 2009
Andhra Pradesh	Karvy Computershare Private Limited 8-2-596, Karvy Plaza, Avenue 4 Street no. 1, Banjara Hills, Hyderabad- 500034 Tel: 040- 23312454 Extn: 124	Change of address	May 4, 2009	May 4, 2009
Karnataka	Karvy Computershare Private Limited, 8 & 9, Upper Ground Floor, C Block, Akshaya Park, Gokul Road, Hubli – 580030 Tel no: 0836-2232444			
Karnataka	Karvy Computershare Private Limited, Ground Floor, Mahendra Arcade, Kodial Bail, Mangalore - 575 003 Tel no: 0824-2496289 Fax no: 0824 - 2496283			
Punjab	Karvy Computershare Private Limited, Lower Ground Floor Office No : 3, Arora Prime Tower, Plot No : 28, G T Road Jalandhar - 144 004 Tel no: 0181-4634410 Fax no.: 0181-4634401/ 0181-4634415/ 0181-4634412	Replaced Gurgaon ISC		
Rajasthan	Karvy Computershare Private Limited, 203, Modi Arcade; Chupasni Road Jodhpur - 342 001 Tel no.: 0291-5103026 0291-5103046	Addition		

The above mentioned addenda and/or public notices form an integral part of the Scheme Information Documents and Key Information Memoranda of the Schemes of MSMF.

All the other terms and conditions mentioned therein remain unchanged.

INVESTOR SERVICE CENTRES

MORGAN STANLEY INVESTMENT MANAGEMENT PVT. LTD.:

Ahmedabad: Broadway Business Center, 1st Floor, Sahajanand Complex, C. G. Road, Ahmedabad 380 006

Bangalore: 928, Regus Business Centre, Level 9, Raheja Towers, 26/27 Mahatma Gandhi Road, Bangalore 560 001

Chandigarh: Office No. 303, 3rd Floor, Reliant Business Centre, SCO No. 60-61-62, Sector 17 C, Chandigarh 160 017

Chennai: 208/209, Apeejay Business Centre, Apeejay House, 39/12 Haddows Road, Nungambakkam, Chennai 600 006

Hyderabad: Office No. 214 DBS Business Centre, 43 - 46 Sardar Patel Road, Secunderabad 500 003

Kolkata: Office No. 8, 8th Floor, Apeejay Business Centre, Apeejay House, Block A, 15 Park Street, Kolkata 700 016.

Mumbai: DBS House, Prescott Street, Opp. Cathedral Senior School, Fort, Mumbai 400 001.

New Delhi: 11th Floor, HT House, 18-20, K G Marg, Connaught Place, New Delhi 110 001

Pune: Master's Executive Centre, Cabin No. 5, 1237 Sneha Leela, Apte Road, Pune 411 001.

KARVY COMPUTERSHARE PRIVATE LIMITED:

Ahmedabad: 201-202, Shail Buildings, Opp. Madhusudhan House, Off C. G. Road, Nr. Navrangpura Telephone Exchange, Ahmedabad - 380 006

Amritsar: 72A, Taylor's Road, Aga Heritage, Gandhi Ground, Amritsar - 143 001

Asansol: 18, G. T. Road, 1st Floor, Asansol - 713 301

Bangalore: No. 51/25, 1st Floor, Surya Building, Ratna Avenue, Richmond Road, Bangalore - 560 025

Bhavnagar: Surabhi Mall, 301, 3rd Floor, Waghawadi Road, Bhavnagar - 364 001

Bhubaneswar: Plot No. 104/105(P), Jaydev Vihar, Beside Hotel Pal Heights, Bhubaneswar - 751 013

Burdwan: 63 G. T. Road, Birhata, Halder Complex, 1st Floor, Burdwan -713 101

Calicut: 2nd Floor, Sowbhagya Shopping Complex, Mavoor Road, Calicut - 673 004

Chandigarh: SCO-371-372, First Floor, Above HDFC Bank, Sector 35B, Chandigarh - 160 022

Chennai: Flat No. F11, First Floor, Akshya Plaza, (Erstwhile Harris Road), Opp. Chief City Metropolitan Court, #108, Adhithanar Salai, Egmore, Chennai - 600 002

Cochin: Shop No. II, 2nd Floor, Jewel Arcade, Above Oriental Insurance Ltd., Layam Road, Cochin - 682 011

Coimbatore: 29/1, 1st Floor, Chinthamani Nagar, Opp. Indian Overseas Bank, NSR Road, Saibaba Colony, Coimbatore - 641 011

Cuttack: Dargha Bazar, Opp. Dargha Bazar Police Station, Buxibazar, Cuttack - 753 001

Dehradun: Kaulagarh Road, Near Sirmaur Marg, Above Reliance Webworld, Dehradun - 248 001

Durgapur: Old Dutta Automobiles Building, 1st Floor, Nachan Road, Benachity, Durgapur - 713 213

Guntur: Door No. 6-10-18, Sai House, 10/1, Arundelpet, Guntur - 522 002

Guwahati: 54 Sagarika Bhawan, R. G. Baruah Road (AIDC Bus Stop), Guwahati - 781 024

Hubli: 8 & 9, Upper Ground Floor, C Block, Akshaya Park, Gokul Road, Hubli - 580 030

Hyderabad: 8-2-596 Karvy Plaza, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034

Indore: LG-3, Bombay Trade Centre, Lower Ground Floor, Grand Hotel, Opp. Bombay Hospital, Scheme No. 54, Indore - 452 010

Jaipur: S-16 A, 3rd Floor, Land Mark, Opp. Jaipur Club, Mahavir Marg, C-Scheme, Jaipur - 302 001

Jalandhar: Lower Ground Floor, Office No. 3, Arora Prime Tower, Plot No. 28, G T Road, Jalandhar - 144 004

Jamnagar: 108 Madhav Plaza, Opp. SBI Bank, Near Lal Bangalow, Jamnagar - 361 001

Jamshedpur: Kanchan Tower, 3rd Floor, Chhaganlal Dayalji Sons, 3-S B Shop Area, (Near Traffic Signal), Main Road, Bistupur, Jamshedpur - 831 001

Jodhpur: 203, Modi Arcade, Chupasni Road, Jodhpur - 342 001

Kanpur: 15/46, Opp. Muir Mills, Civil Lines, Kanpur - 208 001

Kolkata: 16, Jatin Bagchi Road, Kolkata - 700 029

Lucknow: Usha Sadan, 24, Prem Nagar, Ashok Marg, Lucknow - 226 001

Ludhiana: SCO-3, BAWA Building, Feroze Gandhi Market, Ludhiana - 141 001

Madurai: Rakesh Towers, 30-C, Bye-pass Road, 1st Floor, Opp. Nagappa Motors, Madurai - 625 010

Mangalore: Ground Floor, Mahendra Arcade, Kodial Bail, Mangalore - 575 003

Margao: 2nd Floor, Dalal Commercial Complex, Opp. Hari Mandir, Pajifond, Margao - 403 601

INVESTOR SERVICE CENTRES (Contd.)

- Moradabad:** Om Arcade, Parker Road, Above Syndicate Bank, Tari Khana Chowk, Moradabad - 244 001
- Mumbai:** DAS Chambers, Ground Floor, Opp. BSE & next to Corporation Bank, Dalal Street, Fort, Mumbai - 400 023
- Mysore:** L-350, Silver Tower, Clock Tower, Ashoka Road, Mysore - 570 001
- Nagpur:** Sadoday Arcade, Above Top 'n' Town, Dharampeth, Nagpur - 440 001
- Nasik:** S-12, 2nd Floor, Suyojit Sankul, Sharanpur Road, Nasik - 422 002
- Navsari:** 1st Floor, Chinmay Arcade, Opp. Sattapir, Tower Road, Navsari - 396 445
- New Delhi:** 2E/23, Jhandewalan Extn., New Delhi - 110 055
- Panipat:** 1st Floor, Krishna Tower, Near HDFC Bank, Opp. Railway Road, G T Road, Panipat - 132 103
- Patna:** 3A, 3rd Floor, Anand Tower, Beside Chankya Cinema Hall, Exhibition Road, Patna - 800 001
- Pune:** Srinath Plaza, C Wing, Office No. 58 and 59, 3rd Floor, Dnyaneshwar Paduka Chowk, Survey No. 184/4, F. C. Road, Pune - 411 004
- Rajkot:** 104, Siddhi Vinayak Complex, Dr. Yagnik Road, Opp. Ramkrishna Ashram, Rajkot - 360 001
- Ranchi:** Commerce Towers, 3rd Floor, Room No. 307, Beside Mahabir Towers, Main Road, Ranchi - 834 001
- Salem:** 49/50, Fort Main Road, Old No. 17, First Floor, Shevapet, Salem - 636 002
- Surat:** G-16 Empire State Building, Near Udhna Darwaja, Ring Road, Surat - 395 009
- Trichy:** 60, Srikrishna Arcade, 1st Floor, Thennur High Road, Trichy 621 017
- Trivandrum:** 2nd Floor, Akshaya Towers, Sasthamangalam, Trivandrum - 695 010
- Vadodara:** Piccadilly, Office # 5, First Floor, Opp. Adani Super Market, Jetalpur Road, Vadodara - 390 007
- Varanasi:** D64/132, 1st Floor, Anant Complex, Sigra, Varanasi 221 010
- Vijayawada:** 39-10-7, Opp. Municipal Water Tank, Labbipet, Vijayawada - 520 010
- Visakhapatnam:** 47-14-5/1 Eswar Paradise, Dwaraka Nagar, Main Road, Visakhapatnam - 530 016

For updated and detailed list of Official Points of Acceptance refer to the Customer Service section on our website.

Call 1800 425 1313

www.morganstanley.com/indiamf

mfinvestorcare@morganstanley.com

Regulatory Disclosures

Investment Objective of Morgan Stanley Growth Fund:

To achieve long-term capital appreciation by investing primarily in equity and equity related securities of companies having large market capitalization#.

#For the purpose of this Scheme, any company having a minimum threshold limit of market capitalization which is equal to or more than the market capitalization of the 100th stock in BSE 100, as on the date of investment shall qualify as Large Cap Company.

Investment Objective of Morgan Stanley A.C.E. [Across Capitalisations Equity] Fund:

To generate long-term capital growth from an actively managed portfolio of equity and equity-related securities including equity derivatives.

Statutory Details:

Morgan Stanley Mutual Fund has been set up as a Trust under Indian Trusts Act, 1882. **Sponsor:** Morgan Stanley.

Investment Manager: Morgan Stanley Investment Management Private Limited.

Risk Factors:

All mutual funds and securities investments are subject to market and other risks and there can be no assurance that the objectives of the Scheme/s will be achieved. As with any securities investment, the NAV of units issued under the Scheme/s may go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsors/Investment Manager/Mutual fund does not in any manner, indicate the future performance of the Scheme/s, and may not necessarily provide a basis of comparison with other investments. There is no assurance/guarantee to the unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. Investors in the Scheme/s are not being offered any guaranteed/assured returns. Morgan Stanley Growth Fund and Morgan Stanley A.C.E. Fund are only the names of the Schemes and do not in any manner indicate either the quality of the Schemes, future prospects or returns. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. The Sponsor is not responsible or liable for any loss resulting from the operations of the Scheme beyond their initial contribution of Rs. 5 Lacs towards setting up of the Mutual Fund and such other accretions and additions to the corpus. Investors should read the Statement of Additional Information, Scheme Information Document, and Key Information Memorandum [available at Investor Service Centres, Distributors, and on the Mutual Fund website www.morganstanley.com/indiamf], carefully before investing.

Liability and responsibility of Trustees and Sponsors:

The primary responsibility of the Board of Trustees is to safeguard the interest of the unit holders and inter-alia ensure that Morgan Stanley Investment Management Pvt. Ltd. [MSIM] functions in the interest of investors and in accordance with Securities and Exchange Board of India [Mutual Funds] Regulations, 1996, [the Regulations] the provisions of Trust Deed and the Scheme Information Document of the respective scheme. The Board of Trustees has been discharging its duties and carrying out the responsibilities as provided in the Regulations and Trust Deed. The Board of Trustees seeks to ensure that MSIM manages the Fund in accordance with the Regulations, directions and guidelines issued by SEBI, Association of Mutual Funds in India and other regulatory authorities.

Other Investor Information

- There are no unit holders over 25% of the Net Asset Value of the schemes as at March 31, 2009
- Nomination Facility is available and individual unit holders desirous of availing the same can contact Karvy Computershare Private Limited at below mentioned address. Nomination form is also available on the Fund's website www.morganstanley.com/indiamf.
- In order to avoid fraudulent encashment of dividend warrants, unit holders are requested to intimate name, address and account number details of their bank to Karvy Computershare Private Limited at the below address:

Karvy Computershare Private Limited

Karvy Registry House
Unit: Morgan Stanley Mutual Fund,
21, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034.
Tel: 040 - 2331 2454, 2332 0251

If undelivered please return to:

Karvy Computershare Private Limited

Karvy Registry House

Unit: Morgan Stanley Mutual Fund

21 Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034.

Tel: 040 2331 2454, 2332 0251