

Morgan Stanley
Growth Fund

Morgan Stanley
A.C.E. Fund
(Across Capitalisations Equity Fund)

Morgan Stanley Mutual Fund
Annual Report (Abridged)
March 31, 2009

Mutual Fund:

Morgan Stanley Mutual Fund

Trustees:

Dr. Abid Hussain

J. S. Baijal

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

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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](http://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

ABRIDGED BALANCE SHEET

MORGAN STANLEY MUTUAL FUND Abridged Balance Sheet as at March 31, 2009

(Rupees in Lakhs)

	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
LIABILITIES			
1	Unit Capital	44,639	60,018
2	Reserves & Surplus:		12,052
2.1	Unit Premium Reserves	(24,912)	4,124
2.2	Unrealised Appreciation Reserve	-	52,305
2.3	Other Reserves	118,124	200,773
3	Loans & Borrowings	-	-
4	Current Liabilities & Provisions:		
4.1	Provision for doubtful Income/Deposits	-	-
4.2	Other Current Liabilities & Provisions	2,793	4,360
	TOTAL	140,644	321,580
ASSETS			
1	Investments		
1.1	Listed Securities:		
1.1.1	Equity Shares	130,880	301,492
1.1.2	Preference Shares	-	-
1.1.3	Equity Linked Debentures	-	-
1.1.4	Other Debentures & Bonds	-	-
1.1.5	Securitised Debt securities	-	-
1.2	Securities Awaited Listing:		
1.2.1	Equity Shares	-	-
1.2.2	Preference Shares	-	-
1.2.3	Equity Linked Debentures	-	-
1.2.4	Other Debentures & Bonds	-	-
1.2.5	Securitised Debt securities	-	-
1.3	Unlisted Securities:		
1.3.1	Equity Shares	-	4,382
1.3.2	Preference Shares	-	-
1.3.3	Equity Linked Debentures	-	-
1.3.4	Other Debentures & Bonds	-	-
1.3.5	Securitised Debt securities	-	-
1.4	Government Securities	-	-
1.5	Treasury Bills	-	-
1.6	Commercial Paper	-	-
1.7	Certificate of Deposits	-	-
1.8	Bill Rediscounting	-	-
1.9	Units of Domestic Mutual Fund	-	-
1.10	Foreign Securities	-	5,655
	Total Investments	130,880	311,529
2	Deposits	1,178	1,044
3	Other Current Assets:		
3.1	Cash & Bank Balance	188	677
3.2	CBLO / Reverse Repo Lending	8,312	6,873
3.3	Others	86	1,457
4	Deferred Revenue Expenditure (to the extent not written off)	-	-
	TOTAL	140,644	321,580

Notes to Accounts – Annexure I

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*

ABRIDGED REVENUE ACCOUNT

MORGAN STANLEY MUTUAL FUND

Abridged Revenue Account for the period ended March 31, 2009

(Rupees in Lakhs)

	Morgan Stanley Growth Fund Year ended March 31, 2009	Morgan Stanley Growth Fund Year ended March 31, 2008	Morgan Stanley A.C.E. Fund February 11, 2008 to March 31, 2009
INCOME			
Dividend (Includes dividend on American Depository Receipt and Global Depository Receipt (Net))	2,411	1,931	80
Interest	896	649	102
Realised Gain / (Losses) on Foreign Exchange Transactions	501	(623)	-
Realised Gains / (Losses) on Interscheme sale of investments	-	-	-
Realised Gains / (Losses) on External sale / redemption of investments	(42,311)	84,750	(2,831)
Realised Gains / (Losses) on Derivative Transactions	-	-	(21)
Other Income (Annexure 1 - Note 7)	49	28	-
(A)	(38,454)	86,735	(2,670)
EXPENSES (Annexure 1 - Note 8)			
Management fees	2,346	3,560	109
Service tax on Management fees	287	440	13
Transfer agents fees and expenses	291	233	29
Custodian fees	134	160	7
Trusteeship fees	17	21	1
Commission to Agents	-	-	-
Marketing & Distribution expenses	512	322	49
Audit fees	8	8	1
Other operating expenses	88	73	4
(B)	3,683	4,817	213
NET REALISED GAINS / (LOSSES) FOR THE YEAR	(A - B = C) (42,137)	81,918	(2,883)
Change in Unrealised Depreciation in value of investments	(D) 35,688	-	1,508
NET GAINS / (LOSSES) FOR THE YEAR	(E = C - D) (77,826)	81,918	(4,391)
Change in unrealised appreciation in the value of investments	(F) (52,305)	(50,115)	-
NET SURPLUS / (DEFICIT) FOR THE YEAR	(E + F = G) (130,131)	31,803	(4,391)
Add: Balance transfer from Unrealised Appreciation Reserve, Reserves	52,305	50,115	-
Less: Balance transfer to Unrealised Appreciation Reserve, Reserves	-	-	-
Add / (Less): Equalisation	(4,823)	-	(430)
Total	(82,649)	81,918	(4,821)
Dividend appropriation			
Income Distributed during the year	-	-	-
Tax on income distributed during the year	-	-	-
Retained Surplus / (Deficit) carried forward to Balance Sheet	(82,649)	81,918	(4,821)

Notes to Accounts - Annexure I

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*

NOTES TO ACCOUNTS

MORGAN STANLEY MUTUAL FUND

Notes to Accounts - Annexure I to the Abridged
Balance Sheet and Revenue Account for the Year ended March 31, 2009

1. The Annual Accounts of the Schemes 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 has been approved by the Board of Directors of AMC and Trustee Company at their meeting held on June 29, 2009. **The aforesaid auditor's report refers to the said annual accounts.** The aforesaid abridged accounts are an extract of the Annual Accounts in accordance with SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008.

2. INVESTMENTS:

- 2.1. All investments of the Schemes are registered in the name of Trustees for the benefit of the Scheme's Unit Holders.
- 2.2. There were no open positions of derivatives in Morgan Stanley Growth Fund as at March 31, 2009 and as at March 31, 2008.
There were no open positions of derivatives in Morgan Stanley A.C.E. Fund as at March 31, 2009.
- 2.3. There were no investments in Associates and Group Companies for Morgan Stanley Growth Fund.
There were no investments in Associates and Group Companies for Morgan Stanley A.C.E. Fund.
- 2.4. There was no open position of Securities Borrowed and/or Lent by Morgan Stanley Growth Fund as at March 31, 2009 and as at March 31, 2008.
There was no open position of Securities Borrowed and/or Lent by Morgan Stanley A.C.E. Fund as at March 31, 2009.
- 2.5. There were no Non-Performing Assets as at March 31, 2009 and as at March 31, 2008 for Morgan Stanley Growth Fund.
There were no Non-Performing Assets as at March 31, 2009 for Morgan Stanley A.C.E. Fund.
- 2.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Years 2009 and 2008 and percentage to net assets.

Security Category	March 31, 2009		March 31, 2008		March 31, 2008	
	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
American Depository Receipt and Global Depository Receipt						
- Appreciation	Nil	-	Nil	-	170,552,744	0.54
- Depreciation	Nil	-	Nil	-	Nil	-
Equity Shares						
- Appreciation	1,325,901,919	9.62	26,913,856	3.63	8,055,615,044	25.39
- Depreciation	4,894,742,509	35.51	177,711,849	23.94	2,995,662,942	9.44

- 2.7. The purchases and sales of investment securities during the years ended March 31, 2009 and March 31, 2008, (excluding accretion of discount Rs.1,194,050 and Nil for Morgan Stanley Growth Fund and Morgan Stanley A.C.E. Fund respectively).

Plan	March 31, 2009				March 31, 2008			
	Aggregate Purchases		Aggregate Sales		Aggregate Purchases		Aggregate Sales	
	Amount (Rs.)	Percentage of Average Daily Net Assets	Amount (Rs.)	Percentage of Average Daily Net Assets	Amount (Rs.)	Percentage of Average Daily Net Assets	Amount (Rs.)	Percentage of Average Daily Net Assets
Morgan Stanley Growth Fund	14,731,997,793	63.46%	23,998,689,786	103.38%	27,391,078,122	77.47%	27,189,516,123	76.90%
Morgan Stanley A.C.E. Fund	2,574,697,463	273.43%*	1,741,758,972	184.97%*	-	-	-	-

*Annualised.

NOTES TO ACCOUNTS (Contd.)

2.8. There were no open positions of Non-Traded securities in the portfolio of Morgan Stanley Growth Fund as at March 31, 2009.

There were no open positions of Non-Traded securities in the portfolio of Morgan Stanley A.C.E. Fund as at March 31, 2009.

During the year ended March 31, 2008, open positions of non-traded securities in the portfolio of Morgan Stanley Growth Fund were as follows :

Morgan Stanley Growth Fund				
2007-2008	Company Name	No. of Shares	Aggregate Value (Rs.)	Percentage to Net Assets
	ESS DEE Aluminium Limited	635,000	313,452,701	0.99

3 Disclosure Under Regulation 25(8) of the Securities And Exchange Board Of India (Mutual Funds) Regulations, 1996 as Amended.

Year - 2008-2009

During the year ended March 31, 2009 Morgan Stanley Investment Management Pvt. Ltd. (MSIMPL) has not utilized the services of the Sponsor or any of its affiliates, employees or their relatives for the purpose of any securities transaction as specified under Regulation 25(8) of SEBI regulations.

Year - 2007-2008

Morgan Stanley Investment Management Pvt. Ltd. has not utilized the services of the Sponsor or any of its affiliates, employees or their relatives for the purpose of any securities transaction as specified under Regulation 25(8) of the Regulations. However, during the year the Fund subscribed to the issue of equity shares of the following companies where Morgan Stanley India Company Pvt. Ltd. (formerly known as JM Morgan Stanley Private Limited), an associate of MSIMPL was the lead manager/co-manager to these issues. The subscriptions were made through non-affiliate entities as given below:-

Morgan Stanley Growth Fund		
Name of company	Amount invested (Rs.)	Entities through whom investment made
HDFC ADR	499,300,000	Merrill Lynch
Phoenix Mills	504,000,000	IL&FS Limited
Mundra Port and SEZ Limited	39,221,600	DSP Merrill Lynch Limited

4 There were no unit holders holdings over 25% of the NAV of Morgan Stanley Growth Fund as at March 31, 2009 and as at March 31, 2008. There were no unit holders holdings over 25% of the NAV of Morgan Stanley A.C.E. Fund as at March 31, 2009.

5 Unit Capital movement during the years ended March 31, 2009 and March 31, 2008.

2008-2009					
Morgan Stanley Growth Fund					
	Opening Units	Subscription	Redemption	Closing Units	Face Value (Rs.)
Growth Plan	600,182,181.000	576,787.593	157,158,604.048	443,600,364.545	4,436,003,645.45
Dividend Plan	-	2,848,645.084	61,173.844	2,787,471.240	27,874,712.40

2007-2008					
Morgan Stanley Growth Fund					
	Opening Units	Subscription	Redemption	Closing Units	Face Value (Rs.)
Growth Plan	600,182,181.000	-	-	600,182,181.000	6,001,821,810.00
Dividend Plan	-	-	-	-	-

2008-2009					
Morgan Stanley A.C.E. Fund					
	Opening Units	Subscription	Redemption	Closing Units	Face Value (Rs.)
Growth Plan	-	75,894,811.103	7,445,830.542	68,448,980.561	684,489,805.61
Dividend Plan	-	64,517,041.486	12,447,653.117	52,069,388.369	520,693,883.69

6 Previous year's figures for Morgan Stanley Growth Fund have been re-grouped/re-arranged where appropriate. As these are the first financial statements of Morgan Stanley A.C.E. Fund since the date of launch, there are no prior period comparatives.

7 There is no contingent liability for Morgan Stanley Growth Fund as on March 31, 2009 and March 31, 2008. There is no contingent liability for Morgan Stanley A.C.E. Fund as on March 31, 2009.

8 During the year, provisions aggregating Rs. 4,883,515 were written back as no longer required for Morgan Stanley Growth Fund.

9 Expenses other than management fee is inclusive of Service Tax, where applicable.

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:

- Gross income = amount against (A) in the Revenue account i.e. Income.
- Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) For the Year/Period.
- Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.
- AAuM=Average daily net assets.
- Past performance may or may not be sustained in future.
- 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

For purchases of less than Rs. 5 crore:

For purchases of less than Rs. 5 crore: No change

If redeemed on or before the expiry of one year from the date of allotment: 1%,

After the expiry of one year from the date of allotment: Nil

For purchases of Rs. 5 crore and above but less than Rs. 10 crore:

For purchases of Rs. 5 crore and above: 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 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, Chhanglal Dayalji and Sons 3-S B Shop Area, (Near Traffic Signal) Main Road, Bistupur Jamshedpur- 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- 500034Tel: 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	Replaced Gurgaon ISC		
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	Addition		
Rajasthan	Karvy Computershare Private Limited, 203, Modi Arcade; Chupasni Road Jodhpur - 342 001 Tel no.: 0291-5103026 0291-5103046			

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