

Fact Sheet

August 2011



FIXED INCOME OVERVIEW

Not much had changed since the RBI's June policy meeting, when the central bank indicated that there was a need to balance the "adverse movements in inflation with recent global developments and their likely impact on the domestic growth trajectory". If anything, commodity prices have been broadly stable and global uncertainties have risen since then. However, July witnessed the newfound aggression from the RBI. In order to contain inflationary trend and expectation, the RBI raised the policy (repo) rates by 50 bps to 8%, beating consensus expectations of a 25bps hike. The accompanying statement yet again strikes a concerned tone, referring to inflation being "the dominant macroeconomic concern," it being "broad based", and "both the level and persistence of WPI inflation a cause for concern." It emphasized the upside risks to inflation from global commodity prices and demand-led price pressures. The decisive move underscored that RBI is not concerned about the moderation in domestic growth. RBI has also raised its year-end (March 2012) WPI inflation projection to 7% from 6%. Projection aside, the central bank continues to express clear concern on inflation with emphasis on the fact that sustained high inflation could end up being disruptive to medium-term growth prospects.

It is also a matter of concern, that the proxy for trend in core inflation as measured by non-food manufactured goods inflation has also remained at high levels. The recent data shows that the "Non-food manufactured products inflation has moved from 7.0% in April to 7.2% in June. The WPI inflation moved up from 9.1% y-o-y in May to 9.4% in June. Both food and fuel y-o-y inflation moved up in June. There was a large upward revision (April was revised up from 8.7% to 9.7%), which means that 'true' June inflation could very well be above 10%. Further, the headline number is likely to remain high due to upward revision to minimum support prices of agricultural crops (which sets the floor to market prices), continued upward revisions to past data and commodity prices remaining relatively higher than last year.

Indeed, a combination of factors – including persistently high inflation, higher cost of capital, gradual fiscal tightening, weak global capital market environment and slow pace of policy effort to boost investments – is beginning to slow growth. India's industrial production (IIP) growth dropped to a nine-month low in May '11 to 5.6% from a downwardly revised 5.8% in April '11. Barring a sizeable month-on-month rise in June, production will show a sequential drop in fiscal Q1. The growth in the production of capital goods was cut to half at 7.3% in April from the initial reported figure, slowing further to 5.9% in May. At the margin, the bank credit growth has started decelerating. The Core sector growth also slowed to 5.2% in June, as against 5.3% growth in the previous month.

Meanwhile, on the fiscal side, the direct tax collections in April-June fell 16.6% on year to INR 572.68bn because of a 205% rise in tax refunds; the gross tax collections during the three months rose 23.9% on year to INR 1.041trln. The Budget for 2011-12 has set a gross tax collection target of INR 9.32trln. Leaving behind apprehensions of a rise in interest rates and petro duty cut impacting budget numbers, the officials reiterate their confidence of keeping the fiscal deficit within the targeted 4.6 per cent of the gross domestic product (GDP). The ministry announced few austerity measures, and said the government's borrowing in the current year would not exceed the target of INR 4.17trillion. There have been apprehensions that the government may overshoot its borrowing aim due to likely fall in indirect tax collection, especially after a duty reduction on the petroleum products last month. Coupled with this, against a target of INR 400bn for the year, the receipts from divestment in the first three months have been paltry INR 11.65bn. India's fiscal deficit quadrupled from a year ago to INR 1.6trillion in the first quarter, which is 39.4% of the fiscal target in three months. At this point of time last year, it was 10.5% of the 2010-11 targets. On the trade front, interestingly, India is one of the few countries in the region where exports have continued to sustain the strong monthly trend in May and June.

Globally, the market headlines remain dominated by growth deceleration fears, Euro worries and the US Budget impasse. The anemic consumption led to the U.S. economy growing less than forecast in the second quarter, at a 1.3% annual rate following a 0.4% gain in the prior quarter that was less than estimated earlier. On the back of risk aversion, the UST were the best performing asset class, despite July being the first month in the post QE2 period, with the Fed

EQUITY OVERVIEW

Equity markets continue to remain range bound in the midst of moderating economic activity on account of high interest rates and political impasse leading to decision paralysis at the government levels. The recently reported quarterly numbers, across manufacturing and services industries have been below market expectation with an increasing indication of business and demand slowdown. Inflation continues to remain a key concern with WPI remaining above 9%. RBI, in its recent monetary policy announcement, continued its hawkish stance and raised rates by 50 bps, much higher than the street expectations. This marks a total increase of 125 bps in repo rate since April 2011 and 475 bps increase since early 2010. While monetary policy is certainly one of the key policy measures, central bank seems to be the lone fighter with fiscal policy not commensurately tight enough to combat inflation. Hence, concerns are now emerging that the RBI may not be done with tightening in a hurry and the high interest rates cycle may prolong, which has natural impact of slowdown in the economic activity.

The silver lining amidst the gloomy economic environment is that the corporate commentary indicates gradual ability of the companies to pass on the cost pressures and sustain margins. Besides, crude oil, metals, coal and other commodity prices may have peaked and are off their near term highs providing cushion in high inflationary environment. Also, the progress of monsoons in India has been good, suggesting a record food grain output and hence moderation in food inflation, again a very positive indicator.

staying out of treasury markets.

In Europe, in an emergency summit of leaders of the 17-nation currency area pledged to conduct a second bailout of Greece with an extra 109 billion Euros (\$157 billion) of government money, and a contribution by private sector bondholders estimated to total as much as 50 billion (21% haircut) Euros by mid-2014. This second bailout will result in reducing Greek debt by 24% of GDP. The refurbished package was better than most market expectations but it still failed to lay out a plan for the larger European nations like Spain and Italy, should market conditions get more challenging for them than they already are.

In US, throughout the month the divided Congress struggled to agree on a plan that would extend the debt ceiling and deliver sizeable deficit cuts. After much anxiety, a deal seems to have been struck on the deadline weekend which aims at expansion of the debt ceiling by \$2.1 trillion alongside planned deficit cuts of \$2.4 trillion. For the time being, the United States will likely keep its top-notch credit rating despite the "limited magnitude" of the deficit reduction plans being discussed in Washington.

Portfolio review for July '11

The systemic liquidity continues to remain negative. The yield curve moved higher as unexpected move by RBI gradually factors in. With inflationary environment and RBI's hawkish stance, we continue to maintain low duration in the Short Term Bond Fund.

Expectations for August '11

We would look to deploy the maturing asset in the portfolio in short term asset with conservative outlook.

Key Financial Data

Benchmark	29/07/11	30/06/11	31/03/11	Monthly Change	Change since March
364 Day T-bill (Primary)	8.50%	8.30%	7.64%	0.20%	0.86%
5-year Gilt Benchmark	8.45%	8.36%	7.95%	0.09%	0.50%
10-year Gilt Benchmark	8.45%	8.33%	7.99%	0.12%	0.46%
30-year Gilt Benchmark	8.73%	8.60%	8.36%	0.13%	0.36%
91 Day Manufacturing CP(P1+)	9.48%	8.90%	10.36%	0.57%	-0.89%
91 day Bank CD	9.20%	8.53%	9.70%	0.67%	-0.50%
1-yr AAA Spreads	1.11%	1.50%	2.02%	-0.39%	-0.91%
5-yr AAA Spreads	0.97%	1.20%	1.28%	-0.23%	-0.31%
5-yr OIS	7.52%	7.77%	7.97%	-0.25%	-0.45%
CRR	6.00%	6.00%	6.00%	0.00%	0.00%
RBI LAF- Reverse Repo Rate*	7.00%	6.50%	5.75%	0.50%	1.25%
Foreign Exchange Reserve (\$ bn)	316.80	309.02	303.48	7.78	13.32
Nymex Crude	95.70	95.42	106.72	0.28	(11.02)
US Fed Funds Rate	0.25%	0.25%	0.25%	0.00%	0.00%
US 10-yr Gilt	2.80%	3.16%	3.47%	-0.36%	-0.67%
INR/USD	44.19	44.70	44.59	-1.14%	-0.89%
USD/Euro	1.44	1.45	1.42	0.72%	-1.70%
USD/Yen	76.76	80.56	83.13	-4.72%	-7.66%

*RBI Repo Rate at 8%

Sources – Internal & Bloomberg

Ritesh Jain

Head of Fixed Income & Lead Portfolio Manager, Fixed Income Boutique

Internationally, post the Greek bailout in June, the investors continued to debate on increase of US debt ceiling. The fact is that up till now US has altered the debt limit through 74 separate measures since 1962, raising it 10 times since 2001 and more than one third of the total of \$14.3 trillion limit has occurred since Sept. 2007. While we believe that the ceiling would be raised prior to the deadline of Aug. 2, 2011 as US cannot afford to face a technical default and delay its payments to employees, social security benefits, defense contractors and insurance bills, it is for the first time in US history that its 'AAA' rating is under threat. Interestingly, financial markets also think that the deal would go through as indicated by a surge in 10 year and 30 year treasuries in US with their yields falling to the lowest levels in the current year. The economic data as well as the news flow from developed world (OECD) countries continues to remain weak.

On the portfolio front, we continue to maintain our conservative stance and remain overweight in Pharmaceuticals, Software Services and Consumer Products and underweight in Commodities and Energy. Mid-caps account for 16% of the portfolio. We continue to monitor the macro economic variables as well as corporate results commentary closely and look for any leading indicators that suggest bottoming out of the mid-cycle slowdown seen currently.

Jayesh Gandhi

Lead Portfolio Manager Multi/Mid Cap Equities

Morgan Stanley A.C.E. Fund

(An open-ended Across Capitalisations Equity Fund)



Details as on July 29, 2011

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		22.11%
	✓ ICICI Bank Limited	6.65%
	✓ HDFC Bank Limited	5.67%
	✓ Bank Of Baroda	2.81%
	ING Vysya Bank Limited	2.44%
	State Bank of India Limited	2.22%
	Yes Bank Limited	1.52%
	IndusInd Bank Limited	0.80%
Software		10.56%
	✓ Infosys Limited	6.08%
	Tata Consultancy Services Limited	2.46%
	HCL Technologies Limited	2.02%
Pharmaceuticals		8.87%
	✓ Cadila Healthcare Limited	2.94%
	Sun Pharmaceutical Industries Limited	2.05%
	Aurobindo Pharma Limited	1.72%
	Jubilant Life Sciences Limited	1.14%
	Dr. Reddy's Laboratories Limited	1.02%
Consumer Non Durables		7.94%
	✓ ITC Limited	7.94%
Auto		6.41%
	Mahindra and Mahindra Limited	2.25%
	Tata Motors Limited	1.75%
	TVS Motor Company Limited	1.40%
	Maruti Suzuki India Limited	1.01%
Construction Project		4.13%
	✓ Larsen and Toubro Limited	3.49%
	Volta Limited	0.64%
Petroleum Products		3.99%
	✓ Reliance Industries Limited	3.99%
Power		3.74%
	✓ Power Grid Corporation of India Limited	3.74%
Ferrous Metals		3.25%
	Jindal Steel and Power Limited	2.14%
	Usha Martin Limited	1.11%
Gas		2.80%
	✓ GAIL India Limited	2.80%
Construction		2.42%
	IRB Infrastructure Developers Limited	1.77%
	Oberoi Realty Limited	0.65%
Industrial Products		2.13%
	Sintex Industries Limited	2.13%
Non - Ferrous Metals		2.02%
	Hindustan Zinc Limited	2.02%
Media and Entertainment		1.99%
	Zee Entertainment Enterprises Limited	1.99%
Oil		1.99%
	Oil and Natural Gas Corporation Limited	1.99%
Auto Ancillaries		1.97%
	Exide Industries Limited	1.97%

Industry Classification	Security Description	% of Total Net Assets
Consumer Durables		1.91%
	Tube Investments of India Limited	0.99%
	Bajaj Electricals Limited	0.92%
Transportation		1.12%
	Spice Jet Limited	1.12%
Telecom - Services		1.01%
	Bharti Airtel Limited	1.01%
Retailing		0.40%
	Shoppers Stop Limited	0.40%
Finance		0.14%
	Infrastructure Development Finance Company Limited	0.14%
Cash and other assets		9.10%
Grand Total		100.00%

Fund Features:

Asset Allocation:

Equity and Equity Related Instruments: 65% – 100%
Debt and Money Market Instruments (including Securitised Debt): 0 – 35%

NAV (₹):

Growth 14.400 per unit
Dividend 13.556 per unit

Expense Ratio:

2.32% of average daily net assets

Portfolio Turnover:

1.16

Volatility Measures:

(for trailing 3 year period)
Standard Deviation 30.85%
Beta 0.93
Sharpe Ratio¹ 0.36

Fund AUM:

₹ 368.37 crore

¹Risk Free rate is based on 3 month T-Bill rate (5.54%)

Performance (in %)

Period	Fund Returns	BSE 200
1 year	-2.11	-1.58
3 years	17.90	10.18
Since inception (April 03, 2008)	11.61	4.49

Past performance is not a guarantee of future returns. Compounded annualised returns of the growth option are computed. Since Inception returns are calculated on ₹ 10/- invested at inception.

SIP Performance - Growth option (as on July 29, 2011)

₹ 2000 invested every month	Amount Invested (₹)	MSACE		Benchmark - BSE 200	
		Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
2 years	48000	50167.58	4.34%	48614.06	1.24%
Since inception*	78000	107172.12	20.07%	96388.03	13.17%

Past performance is not a guarantee of future returns. For SIP returns, monthly investment of equal amounts invested on the first business day of every month have been considered. *The 1st SIP date is considered as May 02, 2008.

Dividend History

Record Date	Dividend Per Unit (₹)	Ex Dividend NAV (₹)
Nov. 04, 2010	1.00	16.076

Note: Face Value ₹ 10/- per unit.

Ranking Methodology: *Value Research Fund Ratings are a composite measure of historical risk-adjusted returns. In the case of equity and hybrid funds this rating is based on the weighted average monthly returns for the last 3 and 5-year periods. In the case of debt funds this rating is based on the weighted average weekly returns for the last 18 months and 3-year periods and in case of short-term debt funds - weekly returns for the last 18 months. These ratings do not take into consideration any entry or exit load. Each category must have a minimum of 10 funds for it to be rated. Effective, July 2008, we have put an additional qualifying criteria, whereby a fund with less than ₹ 5 crore of average AUM in the past six months will not be eligible for rating. Five-stars indicate that a fund is in the top 10% of its category in terms of historical risk-adjusted returns. Four stars indicate that a fund is in the next 22.5%, middle 35% receive three stars, the next 22.5% are assigned two stars while the bottom 10% receive one star. 43 schemes in the open-ended Equity: Multi Cap category were rated as on July 31, 2011. The Value Research Ratings are published in Monthly Mutual Fund Performance Report and Mutual Fund Insight. The Ratings are subject to change every month. The Rating is based on primary data provided by respective funds, Value Research does not guarantee the accuracy.

Morgan Stanley Growth Fund

(An open-ended Equity Fund)

Details as on July 29, 2011

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		23.33%
	✓ HDFC Bank Limited	8.88%
	✓ ICICI Bank Limited	7.30%
	IndusInd Bank Limited	3.24%
	State Bank of India Limited	2.52%
	Bank Of Baroda	1.39%
Software		14.63%
	✓ Infosys Limited	9.46%
	✓ Tata Consultancy Services Limited	5.17%
Consumer Non Durables		10.71%
	✓ ITC Limited	6.52%
	Asian Paints Limited	1.45%
	Hindustan Unilever Limited	0.98%
	Nestle India Limited	0.88%
	Ess Dee Aluminium Limited	0.88%
Pharmaceuticals		7.51%
	✓ Dr. Reddy's Laboratories Limited	3.87%
	✓ Glenmark Pharmaceutical Limited	3.64%
Petroleum Products		6.67%
	✓ Reliance Industries Limited	6.67%
Construction Project		5.53%
	✓ Larsen and Toubro Limited	4.76%
	Gammon India Limited	0.77%
Auto		5.19%
	✓ Mahindra and Mahindra Limited	3.48%
	Tata Motors Limited	1.18%
	Bajaj Auto Limited	0.53%
Ferrous Metals		2.84%
	Jindal Steel and Power Limited	2.02%
	Usha Martin Limited	0.82%
Gas		2.82%
	GAIL India Limited	1.72%
	Indraprastha Gas Limited	0.58%
	Petronet LNG Limited	0.52%
Industrial Capital Goods		2.68%
	AIA Engineering Limited	1.67%
	Thermax Limited	1.01%
Power		2.37%
	KSK Energy Ventures Limited	1.82%
	Jaiprakash Power Ventures Limited	0.55%
Non - Ferrous Metals		1.76%
	Hindalco Industries Limited	1.07%
	Hindustan Zinc Limited	0.69%
Media and Entertainment		1.63%
	TV18 Broadcast Limited	1.05%
	DB Corp Limited	0.58%
Industrial Products		1.58%
	Cummins (India) Limited	1.58%
Fertilisers		1.57%
	Coromandel International Limited	1.57%
Telecom - Services		1.54%
	Bharti Airtel Limited	1.54%
Trading		1.25%
	Redington India Limited	1.25%
Retailing		1.14%
	Pantaloon Retail India Limited	1.14%
Auto Ancillaries		1.04%
	Motherson Sumi Systems Limited	1.04%
Construction		0.95%
	Oberoi Realty Limited	0.95%
Transportation		0.77%
	Spice Jet Limited	0.77%
Finance		0.68%
	Manappuram Finance Limited	0.52%
	Network 18 Media and Investments Limited	0.16%
Cash and other assets		1.81%
Grand Total		100.00%

Fund Features:

Asset Allocation:

Equity and Equity related instruments of companies having large market capitalization[†]: 65 – 100%
Equity and Equity related instruments other than mentioned in above: 0 – 35%
Debt and Money Market Instruments (including Securitised Debt): 0 – 35%

NAV (₹):

Growth 59.913 per unit
Dividend* 18.291 per unit
*option introduced on Jan. 19, 2009

Expense Ratio:

1.94% of average daily net assets

Portfolio Turnover:

0.46

Volatility Measures:

(for trailing 3 year period)
Standard Deviation 30.18%
Beta 0.93
Sharpe Ratio¹ 0.10

Fund AUM:

₹ 1465.63 crore

¹Risk Free rate is based on 3 month T-Bill rate (5.54%)

Performance (in %)

Period	Fund Returns	BSE 100
1 year	-3.11	-0.84
3 years	9.64	9.81
5 years	9.36	12.09
Since inception (18th February 1994)	12.70	9.69

Past performance is not a guarantee of future returns. Compounded annualised returns of the Growth Option has been calculated based on the assumption that all dividends during the period have been reinvested in the scheme at the then prevailing NAV.

SIP Performance - Growth option (as on July 29, 2011)

₹ 2000 invested every month	Amount Invested (₹)	MSGF		Benchmark - BSE 100	
		Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
2 years	48000	48330.52	0.67%	48667.50	1.34%
Since inception*	60000	68727.15	10.94%	69001.25	11.27%

Past performance is not a guarantee of future returns. For SIP returns, monthly investment of equal amounts invested on the 1st business day of every month have been considered. *MSGF became open ended on January 19, 2009, and the first SIP date is considered as February 02, 2009.

Dividend History

Record Date	Dividend Per Unit (₹)	Ex Dividend NAV (₹)
Nov. 04, 2010	1.50	22.258

Note: Face Value ₹ 10/- per unit. For details of dividends declared since inception of MSGF, please refer our website.

Morgan Stanley Short Term Bond Fund

(An open-ended Debt Fund)



Details as on July 29, 2011

Portfolio

Security Description	Rating	% of Total Net Assets
Money Market Instruments		88.17%
Oriental Bank of Commerce	P1+	11.81%
Andhra Bank	PR1+	11.77%
Allahabad Bank	A1+	5.93%
L&T Finance Ltd.	PR1+	5.92%
State Bank of Travancore	P1+	5.92%
Aditya Birla Finance Ltd.	A1+	5.91%
Bank of India	P1+	5.89%
Vijaya Bank	P1+	5.89%
Union Bank of India	P1+	5.88%
State Bank of Patiala	P1+	5.88%
Axis Bank Ltd.	P1+	5.88%
State Bank of Patiala	A1+	5.87%
Federal Bank	P1+	5.62%
Corporate Debt		4.93%
Tata Capital Ltd.	AA+	4.93%
Cash & Current Assets		6.90%
Grand Total		100.00%

Rating Profile

Rating Category	%
AAA	88.17%
AA+	4.93%
Cash & Current Assets	6.90%
Grand Total	100.00%

Asset Allocation

Asset Class	%
Money Market Instruments	88.17%
Corporate Debt	4.93%
Cash & Current Assets	6.90%
Grand Total	100.00%

Performance (in %)

Period	Regular Plan	Institutional Plus Plan	Crissil Short Term Bond Fund Index
1 year	7.37	7.71	6.31
Since inception (May 26, 2009)	6.08	6.42	5.27

Past performance is not a guarantee of future returns. Compounded Annualised returns are computed using NAV of Growth Option. Since Inception returns are calculated on ₹ 10/- invested at inception.

Fund Features:

Plans/Options and NAV (₹):

Institutional Plus Plan	
Weekly Dividend	
Reinvestment:	10.1072
Monthly Dividend (Payout and Reinvestment):	10.1578
Growth:	11.4500
Regular Plan	
Weekly Dividend	
Reinvestment:	10.0972
Monthly Dividend (Payout and Reinvestment):	10.1574
Growth:	11.3694

Expense Ratio:

Institutional Plus Plan	0.60%
Regular Plan	0.90%

Average Maturity: 2.65 months

Modified Duration: 0.20 years

Yield to Maturity: 9.20%

Rating:

Credit risk rating mfAAA by ICRA[#]

Fund AUM:

₹ 84.02 crore

Dividend History

Plan/Frequency	Record Date	Non-Individuals Per Unit (₹)	Individuals Per Unit (₹)	Ex Dividend NAV (₹)
Regular Plan-Monthly Dividend	Jul. 29, 2011	0.0615	0.0718	10.0759
Regular Plan-Monthly Dividend	Jun. 24, 2011	0.0492	0.0574	10.0772
Regular Plan-Monthly Dividend	May. 27, 2011	0.0505	0.0541	10.0721

Note: Face Value ₹ 10 per unit.

CRISIL Mutual Fund Rank* Open End Debt Short Schemes, June 30, 2011. **Ranking Methodology:** *CRISIL Mutual Fund Rank "1" – The composite performance of Morgan Stanley Short Term Bond Fund - Regular - Growth is "Very Good performance" in the Open End Debt Short Schemes Category, and ranks within the Top 10 percentile of the 32 schemes ranked in this category. The criteria used in computing the CRISIL Mutual Fund Rank are Superior Return Score based on NAVs over the 1-year period ended June 30, 2011, Sectoral concentration, Company concentration and Liquidity of the scheme. The methodology does not take into account the entry and exit loads levied by the scheme. The CRISIL Mutual Fund Rank is no indication of the performance that can be expected from the scheme in future. Ranking Source: CRISIL FundServices, CRISIL Limited

Morgan Stanley Active Bond Fund

(An open-ended Debt Fund)

Details as on July 29, 2011

Portfolio

Security Description	Rating	% of Total Net Assets
Cash & Current Assets		100.00%
Grand Total		100.00%

Rating Profile

Rating Category	%
Cash & Current Assets	100.00%
Grand Total	100.00%

Asset Allocation

Asset Class	%
Cash & Current Assets	100.00%
Grand Total	100.00%

Performance (in %)

Period	Regular Plan	Crissil Composite Bond Fund Index
1 year	4.24	5.30
Since inception (May 28, 2009)	2.54	4.85

Past performance is not a guarantee of future returns. Compounded Annualised returns are computed using NAV of Growth Option. Since Inception returns are calculated on ₹ 10/- invested at inception.

Fund Features:

Plans/Options and NAV (₹):

Institutional Plus Plan	
Quarterly Dividend	
(Payout and Reinvestment):	10.0000
Growth:	10.0000
Regular Plan	
Quarterly Dividend	
(Payout and Reinvestment):	10.5577
Growth:	10.5577

Average Maturity: 0.09 months

Modified Duration: 0.008 years

Yield to Maturity: 6.48%

Rating:

Credit risk rating mfAAA by ICRA[#]

Fund AUM:

₹ 0.42 crore

Expense Ratio:

Institutional Plus Plan	1.20%
Regular Plan	1.75%

[#]ICRA has assigned the "Credit Risk Rating mfAAA" to Morgan Stanley Short Term Bond Fund and Morgan Stanley Active Bond Fund which means that both funds carry the lowest credit risk, similar to that associated with long-term debt obligations rated in the highest-credit-quality category. This rating should however, not be construed as an indication of the performance of the aforesaid Funds or of volatility in their returns. Further, the above rating should not be treated as ICRA's recommendation to buy, sell or hold the units issued under the said Funds.

Funds at a glance

Particulars	Morgan Stanley A.C.E. Fund	Morgan Stanley Growth Fund	Morgan Stanley Short Term Bond Fund	Morgan Stanley Active Bond Fund
Nature of the Fund	An open-ended Across Capitalisations Equity Fund	An open-ended Equity Fund (open-ended from Jan. 19, 2009)	An open-ended Debt Fund	An open-ended Debt Fund
Date of Allotment	April 03, 2008	February 18, 1994	May 26, 2009	May 28, 2009
Fund Manager	Jayesh Gandhi	Sridhar Sivaram Amay Hattangadi	Ritesh Jain	Ritesh Jain
Investment Objective	To generate long-term capital growth from an actively managed portfolio of equity and equity-related securities including equity derivatives.	To achieve long-term capital appreciation by investing primarily in equity and equity related securities of companies having large market capitalization#.	To generate income from a diversified portfolio of short to medium term debt and money market securities.	To generate optimal returns through active management of the portfolio consisting of debt and money market securities.
Benchmark	BSE 200	BSE 100	CRISIL Short-Term Bond Fund Index	CRISIL Composite Bond Fund Index
Investment Plan/Options	<ul style="list-style-type: none"> Growth Dividend Option - Reinvestment and Payout 	<ul style="list-style-type: none"> Growth Dividend Option - Reinvestment and Payout 	<ul style="list-style-type: none"> Institutional Plus Plan Growth Option Dividend Option - Weekly Reinvestment - Monthly Reinvestment and Payout Regular Plan Growth Option Dividend Option - Weekly Reinvestment - Monthly Reinvestment and Payout 	<ul style="list-style-type: none"> Institutional Plus Plan Growth Option Dividend Option - Quarterly Reinvestment and Payout Regular Plan Growth Option Dividend Option - Quarterly Reinvestment and Payout
Minimum Investment Amount	Lumpsum: ₹ 5000 and in multiples of ₹ 1/- thereafter SIP: ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: ₹ 5000 and in multiples of ₹ 1/- thereafter SIP: ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: Regular Plan - ₹ 5000/- and multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 50 lacs and in multiples of ₹ 1/- thereafter SIP: (Regular Plan Only) ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: Regular Plan - ₹ 5000/- plus in multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 50 lacs plus in multiples of ₹ 1/- thereafter SIP: (Regular Plan Only) ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments
Additional Investment	₹ 1000 and in multiples of ₹ 1/- thereafter	₹ 1000 and in multiples of ₹ 1/- thereafter	Regular Plan - ₹ 1000/- and in multiples of ₹ 1/- thereafter Institutional Plus Plan- ₹ 1 lac and in multiples of ₹ 1/- thereafter	Regular Plan - ₹ 1000/- and in multiples of ₹ 1/- thereafter Institutional Plus Plan- ₹ 1 lac and in multiples of ₹ 1/- thereafter
Minimum Repurchase amount	₹ 1000/- and in multiples of ₹ 1/- thereafter	₹ 1000/- and in multiples of ₹ 1/- thereafter	₹ 1000/- and in multiples of ₹ 1/- thereafter	₹ 1000/- and in multiples of ₹ 1/- thereafter
SIP/STP Dates	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter
Entry Load	Nil.	Nil.	Nil.	Nil.
Exit Load	1% if redeemed/switched on or before the expiry of one year from the date of allotment; otherwise: Nil.	1% if redeemed/switched on or before the expiry of one year from the date of allotment; otherwise: Nil.	Nil.	Nil.

#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.

Morgan Stanley Mutual Fund Branch Offices

• Ahmedabad	079 2644 9132	• Bangalore	080 4180 0702	• Chandigarh	0172 4665 295	• Chennai	044 2830 2091
• Delhi	011 6624 9133	• Hyderabad	040 4002 4168	• Kolkata	033 3984 5315	• Mumbai	022 6118 2929
• Pune	020 6500 8349						

Registered Office: Morgan Stanley Investment Management Pvt. Ltd., 18F/19F One Indiabulls Centre, 841, Senapati Bapat Marg, Mumbai 400 013. Toll free 1800 425 1313, Non-toll-free 040 2342 8757

Note: SIP does not guarantee protection against loss in a declining market. Applicable taxes, exit load, if any have not been considered in calculations and the same, if taken into consideration, may reduce the returns on your actual investments. Please consult your legal/tax/investment advisor before investing. **Statutory Details:** Morgan Stanley Mutual Fund has been set up as a Trust under Indian Trusts Act, 1882. **Sponsor:** Morgan Stanley. **Trustee:** Board of Trustees. **Investment Manager:** Morgan Stanley Investment Management Pvt. Ltd. **Risk Factors:** All mutual funds and securities investments are subject to market risks and there can be no assurance that the objectives of the Scheme will be achieved. As with any securities investment, the NAV of the units issued under the Scheme may go up or down, depending upon 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, and may not necessarily provide a basis of comparison with other investments. There is no assurance or guarantee to the unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. Investors in the Scheme are not being offered any guaranteed/assured returns. **Morgan Stanley A.C.E. Fund, Morgan Stanley Growth Fund, Morgan Stanley Active Bond Fund and Morgan Stanley Short Term Bond Fund are only the names of the schemes and do not in any manner indicate either the quality of the schemes, its 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 ₹ 5 lac towards setting up of the Mutual Fund and such other accretions and additions to the corpus. **Investors should read the Statement of Additional Information and Scheme Information Document/Key Information Memorandum (available at Investor Service Centres, Distributors, and on the Mutual Fund website www.morganstanley.com/indiamf), carefully before investing.**