

# Fact Sheet

August 2010



## FIXED INCOME OVERVIEW

After a relatively tight June, the Indian banking system continued to witness a period of tight liquidity throughout July. Contrary to the market expectations, the government purse string remained tight leading to the rate in the interbank market staying at the upper end of the repo-reverse repo corridor. With growth firmly on track, containing inflation and inflationary expectations is now a policy priority for RBI, given that it has been sticky at double-digit levels for five months in a row now. The policy preferences further corroborate that liquidity is likely to be precious at least until cyclical demand side demons are contained.

In its quarterly policy statement, the RBI raised the repo rate by 25bps to 5.75% and reverse-repo rate by 50bps to 4.5%. This is in addition to the 25bps hike in both repo and reverse repo rate announced earlier this month. With this, since the normalization of the rate cycle, the repo and reverse repo rates have seen a raise of 100bps and 125bps respectively. The asymmetric hike in the reverse-repo rate narrows the LAF corridor to 125bps resulting in reducing the volatility in overnight rates, and helped short-end rates remain elevated. The RBI has revised its base-line inflation estimate to 6% by March '11 and raised its guidance on growth to 8.50%. Its estimates on M3 and non-food credit remain unchanged at 17% and 20% respectively. To introduce flexibility and eliminate the 'surprise element of off-cycle actions', the RBI has said that in addition to its quarterly policies (Apr., July, Nov., Jan.), it would be coming out with mid-quarter reviews in June, Sept., Dec. and March.

India's Industrial Production number for May was up 11.5%, lower than the consensus expectations. April numbers also revised downwards to 16.5% y-o-y from 17.6% earlier. The numbers are likely to be moderating from June due to a fading base effect, but May data indicates that the moderation has already begun. The headline inflation as measured by WPI increased 10.6% y-o-y for June. The rise in inflation is led by primary articles that is up 16.3%, fuel up 14.3% and manufactured products up 6.7%. Similar to the steep upward revision to the March data last month, April data saw a revision from 9.6% to 11.2%. The inflation trend line is likely to moderate in the coming months as the base effect turns favorable and the earlier monetary steps will start having a filtering effect on it.

India's trade scenario seems to be improving, with exports in May at US\$ 16.1 bn, up 35% y-o-y, and imports at US\$27.4 bn, up 38.5%. The imports led by oil at US\$8.8 bn (+67%) and non-oil imports (+32.2%) resulting in the trade deficit coming in at US\$11.3 bn, similar to the trend last month.

## EQUITY OVERVIEW

Policy rate hike from RBI was the main macro event for the month. WPI Inflation continued its up-march, credit growth accelerated while IIP growth came off to 11.5% from a high 16.5% y-o-y number in April 2010. Broadly, growth momentum seems to be in place and inflation seems to be the key macro worry and both these were reflected in the revised RBI forecasts for GDP growth and inflation.

Corporates started declaring their financial results for the quarter ended June 30, 2010 from the middle of the month. The "results season" was keenly awaited especially in the backdrop of strong earnings growth projections for FY11 and FY12 for Indian corporates. Sectorally and even at individual stock level, results were a mixed bag. The sources of disappointment varied from margin pressures, asset quality issues to weakening overall growth in certain cases. Though at the moment

A widening trade deficit and outflows because of business services resulted in India's FY10 CAD touching a record high of US\$38.4 bn or 2.9% of GDP. The INR (incidentally we have a new symbol now) came under pressure during the early part of the month but bounced back smartly on capital inflows, rate hike and Moody's rating upgrade. In a long overdue move, Moody's has revised its local currency sovereign rating up one notch to Ba1, largely due to progress on the fiscal front and India's growth resilience.

### Portfolio review for July '10

The fixed income market remained bearish with the curve becoming flattish during the month. The near end of the curve reflecting tight liquidity condition lost significantly. In the Short-term plan, we continue to rely on accrual income while maintaining cash anticipating higher short-term yield curve and tight liquidity environment to persist.

### Expectations for August '10

The domestic liquidity is likely to remain precious. In Short-term plan the focus will continue to generate accrual income with marginal duration risk.

### Key Financial Data

Benchmark	Current Month	Previous Month	Previous Financial Year	Change	Change Since March '10
	07/31/10	06/30/10	03/31/10	Monthly	Since March '10
364 Day T-bill (Primary)	6.30%	5.65%	5.14%	0.65%	1.16%
5-year Gilt Benchmark	7.62%	7.37%	7.53%	0.25%	0.09%
10-year Gilt Benchmark	7.82%	7.55%	7.83%	0.27%	-0.02%
30-year Gilt Benchmark	8.33%	8.35%	8.80%	-0.02%	-0.47%
91 Day Manufacturing CP(P1+)	7.14%	6.88%	5.75%	0.26%	1.39%
91 day Bank CD	6.55%	6.30%	9.75%	0.25%	-3.20%
1-yr AAA Spreads	1.30%	1.35%	1.55%	-0.05%	-0.25%
5-yr AAA Spreads	0.80%	0.80%	0.90%	0.00%	-0.10%
5-yr OIS	7.28%	6.72%	6.88%	0.57%	0.41%
CRR	6.00%	6.00%	5.75%	0.00%	0.25%
RBI LAF- Reverse Repo Rate*	4.50%	3.75%	3.50%	0.75%	1.00%
Foreign Exchange Reserve (\$ bn)	282.94	276.98	277.04	5.96	5.90
Nymex Crude	78.95	75.63	83.76	3.32	(4.81)
US Fed Funds Rate	0.25%	0.25%	0.25%	0.00%	0.00%
US 10-yr Gilt	2.91%	2.93%	3.83%	-0.03%	-0.92%
INR/USD	46.41	46.45	44.92	-0.09%	3.32%
USD/Euro	1.31	1.22	1.35	-6.65%	3.39%
USD/Yen	86.47	88.43	93.47	-2.22%	-7.49%

\*RBI Repo Rate at 5.75%

Sources – Internal & Bloomberg

### Ritesh Jain

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

it is difficult to draw broad trends for the corporate sectors, focusing on ability of companies to deliver earnings and cash flows is now even more important. This result season also means that the trend of earnings upgrades that we saw for last few months will abate at least for the time being. Contrast this to the net foreign buying in Indian equities in excess of US\$3 bn in the month of July alone and over US\$10 bn for the calendar year till date.

Our sectoral preferences remain similar as before with overweight positioning in consumer related sectors, healthcare and industrials and underweight in energy, materials and telecoms.

### Sridhar Sivaram and Amay Hattangadi

Lead Portfolio Managers, Large Cap Equities

# Morgan Stanley A.C.E. Fund

(An open-ended Across Capitalisations Equity Fund)

## CRISIL Mutual Fund Rank 1

Morgan Stanley A.C.E. Fund  
Diversified Equity Category, quarter ending June '10

Details as on July 30, 2010

### Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
<b>Banks</b>		<b>15.94%</b>
	✓ ICICI Bank Limited	3.04%
	✓ HDFC Bank Limited	2.28%
	Andhra Bank	2.19%
	Kotak Mahindra Bank Limited	1.96%
	Yes Bank Limited	1.86%
	State Bank of India Limited	1.58%
	Axis Bank Limited	1.57%
	Dhanalakshmi Bank Limited	1.46%
<b>Pharmaceuticals</b>		<b>9.25%</b>
	✓ Aurobindo Pharma Limited	2.84%
	✓ Jubilant Organosys Limited	2.29%
	Opto Circuits India Limited	2.18%
	Cadila Healthcare Limited	1.94%
<b>Software</b>		<b>8.10%</b>
	✓ Infosys Technologies Limited	4.40%
	✓ Tata Consultancy Services Limited	2.67%
	Oracle Financial Services Software Limited	1.03%
<b>Industrial Capital Goods</b>		<b>6.18%</b>
	Bharat Heavy Electricals Limited	2.25%
	Crompton Greaves Limited	1.97%
	Sterlite Technologies Limited	1.96%
<b>Finance</b>		<b>5.83%</b>
	Dewan Housing Finance Corp Limited	1.82%
	Infrastructure Development Finance Company Limited	1.78%
	Manappuram General Finance and Leasing Limited	1.63%
	SKS Microfinance Limited	0.60%
<b>Petroleum Products</b>		<b>5.36%</b>
	✓ Reliance Industries Limited	3.96%
	Indian Oil Corporation Limited	1.40%
<b>Auto Ancillaries</b>		<b>4.92%</b>
	✓ Exide Industries Limited	2.75%
	Motherson Sumi Systems Limited	2.17%
<b>Consumer Non Durables</b>		<b>4.73%</b>
	✓ ITC Limited	3.06%
	Radico Khaitan Limited	1.67%
<b>Power</b>		<b>4.33%</b>
	Torrent Power Limited	1.62%
	CESC Limited	1.46%
	GVK Power and Infrastructure Limited	1.25%
<b>Auto</b>		<b>4.16%</b>
	Tata Motors Limited	2.08%
	Mahindra and Mahindra Limited	2.08%
<b>Construction</b>		<b>3.71%</b>
	Sobha Developers Limited	2.19%
	The Phoenix Mills Limited	1.52%
<b>Ferrous Metals</b>		<b>3.42%</b>
	Usha Martin Limited	1.34%
	Maharashtra Seamless Limited	1.32%
	Jindal Steel and Power Limited	0.76%
<b>Gas</b>		<b>3.15%</b>
	Gujarat State Petronet Limited	2.08%
	GAIL India Limited	1.07%
<b>Oil</b>		<b>2.52%</b>
	✓ Oil and Natural Gas Corporation Limited	2.52%
<b>Transportation</b>		<b>2.06%</b>
	IRB Infrastructure Developers Limited	2.06%
<b>Retailing</b>		<b>1.90%</b>
	Shoppers Stop Limited	1.90%

Industry Classification	Security Description	% of Total Net Assets
<b>Construction Project</b>		<b>1.85%</b>
	Voltas Limited	1.85%
<b>Consumer Durables</b>		<b>1.62%</b>
	Bajaj Electricals Limited	1.62%
<b>Non - Ferrous Metals</b>		<b>1.24%</b>
	Hindustan Zinc Limited	1.24%
<b>Media &amp; Entertainment</b>		<b>1.02%</b>
	DQ Entertainment International Limited	1.02%
<b>Cash</b>		<b>8.71%</b>
<b>Grand Total</b>		<b>100.00%</b>

### Fund Features:

#### Asset Allocation:

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

#### Expense Ratio:

2.34% of average daily net assets

#### Portfolio Turnover:

1.46

#### NAV (₹):

Growth 14.748 per unit  
Dividend 14.748 per unit

#### Fund AUM:

₹ 305.58 crore

### Performance (in %)

Period	Fund Returns	BSE 200
1 Year	38.37	19.48
Since Inception (April 03, 2008)	18.19	6.98

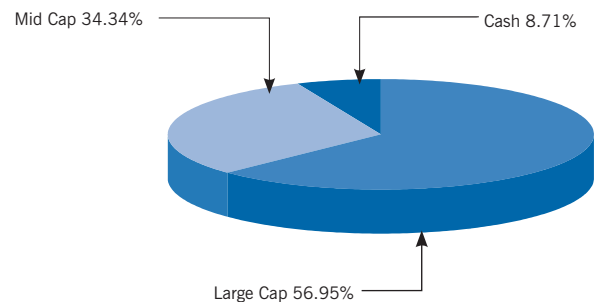
Past performance is not a guarantee of future returns. Compounded annualised returns of the growth option are computed. Since Inception returns are calculated on ₹ 10/- invested at inception.

### SIP Performance - Growth option (as on July 30, 2010)

₹ 2000 invested every month	Amount Invested (₹)	MSACE		Benchmark - BSE 200	
		Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
1 year	24000	28184.65	34.26	26203.61	17.66
Since inception*	54000	86566.80	46.36	74510.05	30.35

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.

### Market Cap Classification



#### Market Cap Definition:

Mid Cap < ₹ 5000 crore

Large Cap >= ₹ 5000 crore

CRISIL Fund Rank 1 Open Ended Diversified Equity Scheme, June 2010. **Ranking methodology:** CRISIL Fund Rank 1 – The mutual fund ranking of Morgan Stanley ACE Fund is “Very Good” in the Open Ended Diversified Equity Category, and ranks within the Top 10% of the 74 schemes ranked in this category. The criteria used in computing the CRISIL Mutual Fund Ranking are Superior Return Score, based on NAVs over the 2-year period ended June 30, 2010, 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 Ranking is no indication of the performance that can be expected from the scheme in future. Ranking Source: CRISIL FundServices, CRISIL Limited.

# Morgan Stanley Growth Fund

(An open-ended Equity Fund)

Details as on July 30, 2010

## Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
<b>Banks</b>		<b>18.92%</b>
	✓ HDFC Bank Limited	7.86%
	✓ IndusInd Bank Limited	3.27%
	State Bank of India Limited	1.93%
	ICICI Bank Limited	1.92%
	Yes Bank Limited	1.60%
	Bank Of Baroda	1.27%
	Punjab National Bank	1.07%
<b>Consumer Non Durables</b>		<b>10.09%</b>
	✓ ITC Limited	3.96%
	Nestle India Limited	1.98%
	Asian Paints Limited	1.23%
	McLeod Russel India Limited	1.11%
	KS Oils Limited	0.93%
	Shree Renuka Sugars Limited	0.88%
<b>Auto</b>		<b>9.58%</b>
	✓ Tata Motors Limited	5.63%
	✓ Bajaj Auto Limited	2.51%
	Ashok Leyland Limited	1.43%
	Hero Honda Motors Limited	0.01%
<b>Software</b>		<b>8.47%</b>
	✓ Infosys Technologies Limited	5.02%
	Tata Consultancy Services Limited	2.18%
	Wipro Limited	1.27%
<b>Pharmaceuticals</b>		<b>7.68%</b>
	✓ Dr. Reddy's Laboratories Limited	3.59%
	✓ Glenmark Pharmaceutical Limited	2.59%
	Aurobindo Pharma Limited	1.50%
<b>Construction Project</b>		<b>6.74%</b>
	Larsen and Toubro Limited	2.33%
	Gammon India Limited	2.03%
	GMR Infrastructure Limited	1.45%
	Hindustan Construction Co Limited	0.93%
<b>Media &amp; Entertainment</b>		<b>6.07%</b>
	✓ Sun TV Network Limited	3.73%
	Deccan Chronicle Holdings Limited	2.34%
<b>Power</b>		<b>5.26%</b>
	KSK Energy Ventures Limited	2.24%
	Reliance Infrastructure Limited	1.39%
	Torrent Power Limited	0.93%
	Jaiprakash Power Ventures Limited	0.70%
<b>Petroleum Products</b>		<b>4.75%</b>
	✓ Reliance Industries Limited	4.75%
<b>Finance</b>		<b>4.66%</b>
	Infrastructure Development Finance Company Limited	2.17%
	Rural Electrification Corporation Limited	1.86%
	SKS Microfinance Limited	0.63%
<b>Non - Ferrous Metals</b>		<b>3.69%</b>
	Hindalco Industries Limited	2.25%
	Hindustan Zinc Limited	1.44%
<b>Industrial Capital Goods</b>		<b>3.33%</b>
	Bharat Heavy Electricals Limited	2.00%
	Thermax Limited	0.68%
	AIA Engineering Limited	0.65%
<b>Industrial Products</b>		<b>1.86%</b>
	Ess Dee Aluminium Limited	1.86%
<b>Ferrous Metals</b>		<b>1.77%</b>
	Usha Martin Limited	1.77%
<b>Retailing</b>		<b>1.22%</b>
	Pantaloon Retail India Limited	1.22%
<b>Gas</b>		<b>0.99%</b>
	Gujarat State Petronet Limited	0.99%
<b>Construction</b>		<b>0.96%</b>
	The Phoenix Mills Limited	0.96%
<b>Hardware</b>		<b>0.95%</b>
	Redington India Limited	0.95%
<b>Fertilisers</b>		<b>0.58%</b>
	Coromandel International Limited	0.58%
<b>Cash</b>		<b>2.43%</b>
<b>Grand Total</b>		<b>100.00%</b>

## Fund Features:

### Asset Allocation:

Equity and Equity related instruments of companies having large market capitalization<sup>1</sup>: 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 61.684 per unit  
Dividend\* 20.100 per unit  
\*option introduced on Jan. 19, 2009

### Expense Ratio:

1.91% of average daily net assets

### Portfolio Turnover:

0.93

### Volatility Measures:

(for trailing 3 year period)  
Standard Deviation 9.97%  
Beta 0.91  
Sharpe Ratio -0.08

### Fund AUM:

₹ 1874.12 crore

<sup>1</sup> Risk Free rate is based on 3 month T-Bill rate

## Performance (in %)

Period	Fund Returns*	BSE 100
1 year	23.19	16.88
3 years	2.83	6.09
5 years	16.47	18.60
Since Inception (18th February 1994)	13.71	10.32

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 30, 2010)

₹ 2000 invested every month	Amount Invested (₹)	MSGF		Benchmark - BSE 100	
		Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
1 year	24000	26697.88	21.74	25935.85	15.47
Since inception*	36000	47697.44	41.17	46310.67	36.33

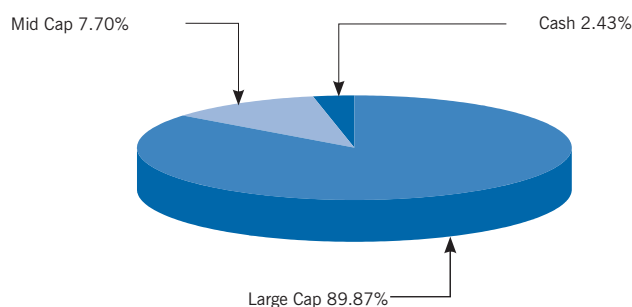
Past performance is not a guarantee of future returns. For SIP returns, monthly investment of equal amounts invested on the first business day of every month have been considered. \*MSGF became open ended on January 19, 2009, and the 1st SIP date is considered as February 02, 2009.

## Dividend History

Record Date	Date of Declaration	Dividend per unit (₹)	Ex-Dividend NAV Date	Ex-Dividend NAV per unit (₹)
July 09, 1999	June 23, 1999	0.75	June 25, 1999	12.83
April 29, 2000	April 18, 2000	0.75	April 20, 2000	16.60
June 11, 2001	June 4, 2001	1.00	June 06, 2001	10.72
May 13, 2004	April 28, 2004	1.50	April 29, 2004	21.82
October 27, 2006	October 13, 2006	2.00	October 16, 2006	46.88

Note: Face Value ₹ 10 per unit.

## Market Cap Classification<sup>#</sup>



<sup>#</sup>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 Short Term Bond Fund

(An open-ended Debt Fund)

## CRISIL Mutual Fund Rank 2

Morgan Stanley Short Term Bond Fund

Debt Short Term Category, quarter ending June '10

Details as on July 30, 2010

### Portfolio

Security Description	Rating	% of Total Net Assets
<b>Money Market Instruments</b>		<b>87.53%</b>
Export Import Bank Ltd	P1+	10.48%
Union Bank of India	P1+	10.29%
Kotak Mahindra Prime	P1+	10.12%
Reliance Capital Ltd	A1+	10.12%
Tata Capital Ltd	A1+	5.24%
ICICI Bank	A1+	5.24%
Jammu & Kashmir Bank	P1+	5.23%
Indian Oil Corporation	P1+	5.23%
Andhra Bank	P1+	5.22%
Bank of Baroda	P1+	5.14%
Axis Bank	P1+	5.11%
Canara Bank	P1+	5.05%
Federal Bank	PR1+	5.05%
<b>PSU Bonds</b>		<b>5.47%</b>
Power Finance Corporation	AAA	5.47%
<b>Corporate Debt</b>		<b>5.22%</b>
Infrastructure Development Finance Corporation	AAA	5.22%
<b>Cash &amp; Current Assets</b>		<b>1.78%</b>
<b>Grand Total</b>		<b>100.00%</b>

### Rating Profile

Rating Category	
AAA	98.22%
Cash & Current Assets	1.78%
<b>Grand Total</b>	<b>100.00%</b>

### Asset Allocation

Asset Class	
Money Market Instruments	87.53%
PSU Bonds	5.47%
Corporate Debt	5.22%
Cash & Current Assets	1.78%
<b>Grand Total</b>	<b>100.00%</b>

### Performance (in %)

Period	Regular Plan	Institutional Plus Plan	Crisil Short Term Bond Fund Index
1 year	4.85	5.25	4.44
Since inception (May 26, 2009)	4.97	5.31	4.36

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 (₹):

Plan	NAV (₹)
<b>Institutional Plus Plan</b>	
Weekly Dividend	
Reinvestment:	10.0493
Monthly Dividend (Payout and Reinvestment):	10.0169
Growth:	10.6285

#### Expense Ratio:

Institutional Plus Plan	0.60%
Regular Plan	0.90%

**Average Maturity:** 4.74 months

**Modified Duration:** 0.36 years

**Yield to Maturity:** 6.40%

#### Rating:

Credit risk rating mfAAA by ICRA\*

#### Fund AUM:

₹ 94.84 crore

Plan	NAV (₹)
<b>Regular Plan</b>	
Weekly Dividend	
Reinvestment:	10.0219
Monthly Dividend (Payout and Reinvestment):	10.0661
Growth:	10.5853

CRISIL Mutual Fund Rank 2 Debt Short Scheme, June 2010. **Ranking methodology:** CRISIL Fund Rank 2 – The mutual fund ranking of Morgan Stanley Short Term Bond Fund is “Good” in the Debt Short Category, and ranks within the Top 30% of the 30 schemes ranked in this category. The criteria used in computing the CRISIL Mutual Fund Ranking are Superior Return Score, based on NAVs over the 2-year period ended June 30, 2010, 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 Ranking 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 30, 2010

### Portfolio

Security Description	Rating	% of Total Net Assets
Cash & Current Assets		100.00%
<b>Grand Total</b>		<b>100.00%</b>

### Rating Profile

Rating Category	
Cash & Current Assets	100.00%
<b>Grand Total</b>	<b>100.00%</b>

### Asset Allocation

Asset Class	
Cash & Current Assets	100.00%
<b>Grand Total</b>	<b>100.00%</b>

### Performance (in %)

Period	Regular Plan	Crisil Composite Bond Fund Index
1 year	1.81	4.61
Since inception (May 28, 2009)	1.10	4.45

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 (₹):

Plan	NAV (₹)
<b>Institutional Plus Plan</b>	
Quarterly Dividend	
(Payout and Reinvestment):	10.0000
Growth:	10.0000

**Average Maturity:** 0.09 months

**Modified Duration:** 0.01 years

**Yield to Maturity:** 4.28%

#### Rating:

Credit risk rating mfAAA by ICRA\*

#### Fund AUM:

₹ 0.91 crore

Plan	NAV (₹)
<b>Regular Plan</b>	
Quarterly Dividend (Payout and Reinvestment):	10.1258
Growth:	10.1258

Plan	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
<b>Nature of the Fund</b>	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
<b>Date of Allotment</b>	April 03, 2008	February 18, 1994	May 26, 2009	May 28, 2009
<b>Fund Manager</b>	Jayesh Gandhi	Sridhar Sivaram Amay Hattangadi	Ritesh Jain	Ritesh Jain
<b>Investment Objective</b>	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.
<b>Benchmark</b>	BSE 200	BSE 100	CRISIL Short-Term Bond Fund Index	CRISIL Composite Bond Fund Index
<b>Investment Plan/Options</b>	<ul style="list-style-type: none"> <li>Growth</li> <li>Dividend Option</li> <li>- Reinvestment and Payout</li> </ul>	<ul style="list-style-type: none"> <li>Growth</li> <li>Dividend Option</li> <li>- Reinvestment and Payout</li> </ul>	Institutional Plus Plan <ul style="list-style-type: none"> <li>Growth Option</li> <li>Dividend Option</li> <li>- Weekly Reinvestment</li> <li>- Monthly Reinvestment and Payout</li> </ul> Regular Plan <ul style="list-style-type: none"> <li>Growth Option</li> <li>Dividend Option</li> <li>- Weekly Reinvestment</li> <li>- Monthly Reinvestment and Payout</li> </ul>	Institutional Plus Plan <ul style="list-style-type: none"> <li>Growth Option</li> <li>Dividend Option</li> <li>- Quarterly Reinvestment and Payout</li> </ul> Regular Plan <ul style="list-style-type: none"> <li>Growth Option</li> <li>Dividend Option</li> <li>- Quarterly Reinvestment and Payout</li> </ul>
<b>Minimum Investment Amount</b>	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
<b>Additional Investment</b>	₹ 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
<b>Minimum Repurchase amount</b>	₹ 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
<b>SIP/STP Dates</b>	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
<b>Entry Load</b>	Nil.	Nil.	Nil.	Nil.
<b>Exit Load</b>	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

• <b>Ahmedabad</b> 079 2644 9132	• <b>Bangalore</b> 080 4180 0702	• <b>Chandigarh</b> 0172 4665 295	• <b>Chennai</b> 044 2830 2091
• <b>Delhi</b> 011 6624 9133	• <b>Hyderabad</b> 040 4002 4168	• <b>Kolkata</b> 033 3984 5315	• <b>Mumbai</b> 022 2209 7130
• <b>Pune</b> 020 6500 8349			

**Registered Office:** Morgan Stanley Investment Management Pvt. Ltd., Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400 001; Tel 91 22 2209 6600.  
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.**