MORGAN STANLEY MUTUAL FUND

Morgan Stanley

Fact Sheet

July 2011

FIXED INCOME OVERVIEW

Despite more than 400bps of effective tightening over a 14-month span, WPI inflation has remained high at 9.1% in May compared to 10.5% a year ago. The March inflation number also got revised to 9.7% from 9.0% previously, as the upward revisions to the historical data show no signs of ending. Bearing in mind these predictable upward adjustments (which occur with a two-month lag), it is clear that the headline rate remains extremely sticky at around the double-digit mark. The surprise this time came from the manufacturing component, which registered 7.3% year-on-year inflation. This was up from 6.2% in April and represented the highest rate since October 2008. The Central Banks' preferred measure of core inflation – manufacturing excluding food products – was also 7.3%, well above its comfort zone- prompting another Rate hike.

In the mid-term monetary policy review, persisting with its anti-inflationary stance the RBI further hiked the repo rate by 25bps to 7.5%. Consequently, the reverse repo and marginal standing facility rates were aligned higher by 25bps to 6.5% and 8.5% respectively. The cash reserve ratio (CRR) remains unchanged at 6%. The apex Bank acknowledged weakening global growth and its potential impact on domestic growth, but for the time being the growth concerns remain downplayed, due to high core inflation. It is likely that the inflation will remain elevated until September primarily because of impact of pass-through of fuel prices, a possible hike in coal and electricity prices and high commodity prices on a year-on-year basis.

The soft 4QFY11 GDP data, IIP numbers for April, the Global headwinds and the recent correction in the commodity prices have once again brought debate on a possible pause by the RBI. In June, The Ministry of Statistics released the new Industrial Production (IP) index with base year revised from F1994 to F2005. The new series takes into account the item basket as per more recent production behavior and thus to be considered a much closer reflection of the present industrial scenario. As per the new index, April industrial output growth is at 6.3% y-o-y v/s 8.9% in March, while calculations under the old index saw April growth coming in at 4.4% v/s estimates in the 5-5.5% range.

After long, the government finally raised prices of diesel and cooking fuels and re-jigged the duty structure. The diesel prices raised by INR 3/litre and prices of cooking fuels, LPG and Kerosene up by INR 50/cylinder and INR 2.0/litre respectively. The government also withdrew the 5% Customs duty on crude oil, and cut excise duty on diesel by INR 2.6/litre (from INR 4.6/litre to INR 2/litre), losing tax revenue of INR 49,000 crores in the process. It also cut the import tax on petrol and diesel to 2.5% from 7.5%. The move will have a major impact on indirect tax collections for 2011-12, leading to likely deficit to rise to ~5.8% of GDP vs. the Government's budgeted target of 4.6% for FY12. The hike will have direct and indirect impact on the WPI to the tune of around 100-110 bps as well.

Globally, the entire market had its eye on the development on the Euro-Zone debt crisis. First, the New Greek government survived its vote of confidence. Then, the Greek Parliament passed the austerity package, and cleared the big test with the votes on the Medium Term Fiscal Strategy bill, and the implementation bill for additional measures in 2011. That allowed Greece to meet all the conditions for the disbursement of the fifth instalment and survive a July default.

In US, it is required for the White House to raise the debt ceiling by 2nd August in order to avoid a default. The current gross debt limit stands at USD 14.3trillion. The key concern for the market is that without an increase in this limit, the Federal Government will be unable to pay its bills, including the interest and principle payments on US Treasuries and in the process being downgrade by the rating agency.

As of June 30, the US Federal Reserve officially ended its QE2 program. The Fed made US$ 600billion of purchases of bonds, and this has now ended. The balance sheet is likely to remain stable as it continues to pump in the maturity proceeds of its holding back in the market.

On the commodity space, crude remains volatile. The OPEC left its output target unchanged at its meeting leading to sharp rise in crude despite Saudi Arabia – which holds virtually all the spare capacity – remains committed to increasing supply. Later on The International Energy Agency's (IEA) announcement that it will make available 2 million barrels per day for the next 30 days out of its reserve took the market by surprise. Both ICE Brent and NYMEX WTI dropped sharply following the news.

Portfolio review for June '11

The systemic liquidity continues to remain negative. The yield curve drifted down anticipating better liquidity in July. With inflationary environment and RBI hawkish stance, we continue to maintain low duration in the Short Term Bond Fund.

Expectations for July '11

The recent peak in yields is likely to act as a meaningful resistance in rates. The RBI is likely to continue with its hawkish stance on rates in the policy review.

Key Financial Data

Benchmark	30/06/11	31/05/11	31/03/11	Monthly Change	Change since March
364 Day T-bill (Primary)	8.30%	8.30%	7.64%	0.00%	0.66%
5-year Gilt Benchmark	8.36%	8.49%	7.95%	-0.12%	0.41%
10-year Gilt Benchmark	8.33%	8.41%	7.99%	-0.08%	0.34%
30-year Gilt Benchmark	8.60%	8.66%	8.36%	-0.06%	0.24%
91 Day Manufacturing CP(P1+)	8.90%	10.26%	10.36%	-1.36%	-1.46%
91 day Bank CD	8.53%	9.75%	9.70%	-1.22%	-1.17%
1-yr AAA Spreads	1.50%	1.58%	2.02%	-0.08%	-0.52%
5-yr AAA Spreads	1.20%	1.23%	1.28%	-0.03%	-0.08%
5-yr OIS	7.77%	8.14%	7.97%	-0.37%	-0.20%
CRR	6.00%	6.00%	6.00%	0.00%	0.00%
RBI LAF- Reverse Repo Rate*	6.50%	6.25%	5.75%	0.25%	0.75%
Foreign Exchange Reserve ($ bn)	309.02	310.22	303.48	-1.19	5.54
Nymex Crude	95.42	102.7	106.72	-7.28	-11.3
US Fed Funds Rate	0.25%	0.25%	0.25%	0.00%	0.00%
US 10-yr Gilt	3.16%	3.06%	3.47%	0.10%	-0.31%
INR/USD	44.7	45.06	44.59	-0.80%	0.25%
USD/Euro	1.45	1.44	1.42	-0.74%	-2.43%
USD/Yen	80.56	81.52	83.13	-1.18%	-3.09%

*RBI Repo Rate at 7.5% Sources – Internal & Bloomberg

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

EQUITY OVERVIEW

Equity markets continue to remain range bound amidst concerns on domestic inflation and economic slow down. High inflation dispersal is seen from the agricultural sector to manufactured goods which have led RBI to continue its hawkish stance and raise rates by 25 bps in the June review meeting (10th time in the last 2 years). More rate hikes are on the card with most economists suggesting 25-50 bps further increases by RBI for the rest of the year. Meanwhile, Government also bit the bullet to contain deficits and raised prices of diesel and kerosene leading to further inflationary pressures. Resultant, Indian economy is likely to experience what experts/economists call a "mid-cycle slowdown or soft landing", as was seen during 2004 and 2006.

The impact on corporate profitability could be significant, wherein inflationary pressures would lead to margin compression in the short term. March 2011 annual results of majority of companies across sectors depict that despite robust sales growth, operating profits growth were lower due to raw material cost pressures and increase in interest cost due to increase in interest rates and high working capital cycle. The first half of current year FY12 is likely to witness impact on profitability due to moderation in demand from high interest rates and RBI tightening policies.

While the near term news flow for equities is negative, the medium to longer term outlook remains positive. There are signs suggesting inflation and hence interest rates may be peaking. The initial estimates for June 2011 quarter earnings suggest that corporate India is managing the slowdown well and could sustain earnings growth in the mid-teens for current year. Importantly, equity valuations, at close to long term average, are not expensive, suggesting downside may be limited as exhibited in the indices movements over the last 6 months. Indian economy is structurally well positioned to deliver strong real GDP growth of 7-9% over the next few years. In this respect the recent economic slowdown and the resultant impact on the corporate profitability should be seen as a short term speed bump.

Internationally, Greece continued to hog the headlines on fear of a 'summer accident'. However, after securing a vote of confidence, Greek Prime Minister was able to pass austerity plan for the country amidst some protest. The economic recovery in the developed economies (OECD) can at best be described as "BBB (triple-B)" Bumpy, Brittle and Boring with challenges in growth and deflationary adjustment and would continue to be volatile and event driven. The slow pace of economic recovery in the western world increases the attractiveness of the emerging markets such as India, which has been exhibiting stronger and more sustainable economic growth.

On the portfolio, we continue to maintain our conservative stance, being overweight in pharmaceuticals, consumer products and software services. Incrementally, we have cut underweight on financials and capital goods in anticipation of peaking interest rate cycle and better outlook for order booking in the second half of the year. We maintain our underweight in commodities and energy as we expect commodities to be under pressure on concerns of global growth, particularly in China. Mid-caps allocation in the portfolio is moderate and is at 15%. Our focus would be on the earnings calendar to see how corporate India is managing slow-down and demand moderation, in the next few months.

Jayesh Gandhi
Lead Portfolio Manager Multi/Mid Cap Equities

Morgan Stanley A.C.E. Fund

(An open-ended Across Capitalisations Equity Fund)

CRISIL Fund Rank 1
Morgan Stanley A.C.E. Fund
Diversified Equity Category, as of quarter ended Mar. '11

Details as on June 30, 2011

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		**23.55%**
	✓ ICICI Bank Limited	7.88%
	✓ HDFC Bank Limited	5.70%
	ING Vysya Bank Limited	2.32%
	Bank of Baroda	2.22%
	IndusInd Bank Limited	2.22%
	State Bank of India Limited	2.21%
	Yes Bank Limited	1.00%
Software		**12.21%**
	✓ Infosys Limited	7.21%
	✓ Tata Consultancy Services Limited	3.01%
	HCL Technologies Limited	1.99%
Pharmaceuticals		**8.86%**
	✓ Cadila Healthcare Limited	3.45%
	Sun Pharmaceutical Industries Limited	2.72%
	Aurobindo Pharma Limited	1.69%
	Jubilant Life Sciences Limited	1.00%
Consumer Non Durables		**7.52%**
	✓ ITC Limited	7.52%
Petroleum Products		**5.29%**
	✓ Reliance Industries Limited	5.29%
Auto		**4.94%**
	Mahindra and Mahindra Limited	2.13%
	Tata Motors Limited	1.21%
	TVS Motor Company Limited.	0.96%
	Maruti Suzuki India Limited	0.64%
Construction Project		**4.82%**
	✓ Larsen and Toubro Limited	4.10%
	Voltas Limited	0.72%
Ferrous Metals		**3.60%**
	Jindal Steel and Power Limited	2.30%
	Usha Martin Limited	1.30%
Media and Entertainment		**3.43%**
	✓ Zee Entertainment Enterprises Limited	3.43%
Power		**3.28%**
	✓ Power Grid Corporation of India Limited	3.28%
Gas		**2.61%**
	GAIL India Limited	2.61%
Construction		**2.33%**
	IRB Infrastructure Developers Limited	1.70%
	Oberoi Realty Limited	0.63%
Industrial Products		**2.13%**
	Sintex Industries Limited	2.13%
Auto Ancillaries		**2.00%**
	Exide Industries Limited	2.00%
Non - Ferrous Metals		**1.38%**
	Hindustan Zinc Limited	1.38%
Transportation		**1.13%**
	Spice Jet Limited	1.13%
Finance		**0.99%**
	Infrastructure Development Finance Company Limited	0.99%
Textile Products		**0.86%**
	Grasim Industries Limited	0.86%
Consumer Durables		**0.65%**
	Bajaj Electricals Limited	0.65%
Retailing		**0.62%**
	Shoppers Stop Limited	0.62%
Cash and other assets		**7.80%**
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 14.723 per unit
Dividend 13.861 per unit

Expense Ratio:
2.32% of average daily net assets

Portfolio Turnover:
1.21

Volatility Measures:
(for trailing 3 year period)

Standard Deviation	8.89%
Beta	0.93
Sharpe Ratio[1]	0.45

Fund AUM:
₹ 379.07 crore

[1]Risk Free rate is based on 3 month T-Bill rate (5.56%)

Performance (in %)

Period	Fund Returns	BSE 200
1 year	3.66	2.96
3 years	19.28	12.08
Since inception (April 03, 2008)	12.67	5.43

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 June 30, 2011)

		MSACE		Benchmark - BSE 200	
₹ 2000 invested every month	Amount Invested (₹)	Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
2 years	48000	52353.38	8.63%	50457.98	4.90%
Since inception*	76000	107574.69	22.62%	96872.96	15.55%

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 Rs. 10/- per unit.

CRISIL Mutual Fund Rank* Open End Diversified Equity Schemes, 31 March, 2011. **Ranking Methodology:** *CRISIL Mutual Fund Rank "1" – The composite performance of Morgan Stanley A.C.E. Fund - Growth is "Very Good performance" in the Open End Diversified Equity Schemes Category, and ranks within the Top 10 percentile of the 69 schemes ranked in this category. The criteria used in computing the CRISIL Mutual Fund Rank are Superior Return Score based on NAVs over the 2-year period ended 31 March, 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 Growth Fund

(An open-ended Equity Fund)

Details as on June 30, 2011

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		**22.85%**
	✓ HDFC Bank Limited	8.77%
	✓ ICICI Bank Limited	7.36%
	✓ IndusInd Bank Limited	4.07%
	State Bank of India Limited	1.70%
	Bank of Baroda	0.95%
Software		**14.63%**
	✓ Infosys Limited	9.48%
	✓ Tata Consultancy Services Limited	5.15%
Consumer Non Durables		**9.64%**
	✓ ITC Limited	6.07%
	Asian Paints Limited	1.40%
	Ess Dee Aluminium Limited	0.82%
	Nestle India Limited	0.79%
	Hindustan Unilever Limited	0.56%
Pharmaceuticals		**7.54%**
	✓ Dr. Reddy's Laboratories Limited	3.57%
	✓ Glenmark Pharmaceutical Limited	3.34%
	Aurobindo Pharma Limited	0.63%
Petroleum Products		**7.44%**
	✓ Reliance Industries Limited	7.44%
Construction Project		**5.59%**
	✓ Larsen and Toubro Limited	4.80%
	Gammon India Limited	0.79%
Auto		**4.42%**
	Mahindra and Mahindra Limited	3.24%
	Tata Motors Limited	1.18%
Ferrous Metals		**3.14%**
	Jindal Steel and Power Limited	2.15%
	Usha Martin Limited	0.99%
Industrial Capital Goods		**2.81%**
	AIA Engineering Limited	1.55%
	Thermax Limited	1.26%
Power		**2.39%**
	KSK Energy Ventures Limited	1.80%
	Jaiprakash Power Ventures Limited	0.59%
Gas		**1.95%**
	GAIL India Limited	1.58%
	Petronet LNG Limited	0.24%
	Indraprastha Gas Limited	0.13%
Media and Entertainment		**1.83%**
	IBN18 Broadcast Limited	1.12%
	DB Corp Limited	0.51%
	Deccan Chronicle Holdings Limited	0.20%
Non - Ferrous Metals		**1.74%**
	Hindalco Industries Limited	1.10%
	Hindustan Zinc Limited	0.64%
Fertilisers		**1.61%**
	Coromandel International Limited	1.61%
Industrial Products		**1.60%**
	Cummins (India) Limited	1.60%
Auto Ancillaries		**1.52%**
	Motherson Sumi Systems Limited	1.52%
Construction		**1.24%**
	Oberoi Realty Limited	0.91%
	The Phoenix Mills Limited	0.33%
Trading		**1.06%**
	Redington India Limited	1.06%
Retailing		**1.00%**
	Pantaloon Retail India Limited	1.00%
Finance		**0.78%**
	Manappuram Finance Limited	0.51%
	Network 18 Media and Investments Limited	0.27%
Transportation		**0.76%**
	Spice Jet Limited	0.76%
Cash and other assets		**4.46%**
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 61.202 per unit

Dividend* 18.684 per unit

*option introduced on Jan. 19, 2009

Expense Ratio:

1.94% of average daily net assets

Portfolio Turnover:

0.45

Volatility Measures:

(for trailing 3 year period)

Standard Deviation	8.71%
Beta	0.93
Sharpe Ratio[1]	0.17

Fund AUM:

₹ 1533.46 crore

[1]Risk Free rate is based on 3 month T-Bill rate (5.56%)

Performance (in %)

Period	Fund Returns	BSE 100
1 year	2.19	3.83
3 years	10.72	11.73
5 years	9.73	12.74
Since inception (18th February 1994)	12.90	9.91

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 June 30, 2011)

		MSGF		Benchmark - BSE 100	
₹ 2000 invested every month	Amount Invested (₹)	Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
2 years	48000	49957.94	3.91%	50586.11	5.16%
Since inception*	58000	68203.50	13.56%	68927.23	14.48%

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 Rs. 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)

CRISIL Fund Rank 1
Morgan Stanley Short Term Bond Fund
Debt Short Term Category, as of quarter ended Mar. '11

Details as on June 30, 2011

Portfolio

Security Description	Rating	% of Total Net Assets
Money Market Instruments		**90.03%**
Oriental Bank of Commerce	P1+	12.89%
Andhra Bank	PR1+	12.84%
Allahabad Bank	A1+	6.47%
L&T Finance Ltd.	PR1+	6.46%
State Bank of Travancore	P1+	6.45%
Aditya Birla Finance Ltd.	A1+	6.45%
Bank of India	P1+	6.42%
Vijaya Bank	P1+	6.42%
Union Bank of India	P1+	6.41%
State Bank of Patiala	P1+	6.41%
Axis Bank Ltd.	P1+	6.41%
State Bank of Patiala	A1+	6.40%
Corporate Debt		**7.37%**
Housing Development Finance Corporation	AAA	7.37%
Cash & Current Assets		**2.60%**
Grand Total		**100.00%**

Performance (in %)

Period	Regular Plan	Institutional Plus Plan	Crisil Short Term Bond Fund Index
1 year	7.11	7.37	5.59
Since inception (May 26, 2009)	6.00	6.32	5.09

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:	10.1087
Monthly Dividend (Payout and Reinvestment):	10.0900
Growth:	11.3737

Regular Plan

Weekly Dividend Reinvestment:	10.0973
Monthly Dividend (Payout and Reinvestment):	10.0921
Growth:	11.2963

Expense Ratio:

Institutional Plus Plan 0.60%
Regular Plan 0.90%

Average Maturity: 3.02 months

Modified Duration: 0.24 years

Yield to Maturity: 9.25%

Rating:
Credit risk rating mfAAA by ICRA#

Fund AUM:
₹ 76.48 crore

Rating Profile

Rating Category	
AAA	97.40%
Cash & Current Assets	2.60%
Grand Total	**100.00%**

Asset Allocation

Asset Class	
Money Market Instruments	90.03%
Corporate Debt	7.37%
Cash & Current Assets	2.60%
Grand Total	**100.00%**

Dividend History

Plan/Frequency	Record Date	Non-Individuals Per Unit (₹)	Individuals Per Unit (₹)	Ex Dividend NAV (₹)
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
Regular Plan-Monthly Dividend	Apr. 29, 2011	0.0631	0.0676	10.0784

Note: Face Value ₹ 10 per unit.

CRISIL Mutual Fund Rank* Open End Debt Short Schemes, 31 March, 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 29 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 31 March, 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 June 30, 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	Crisil Composite Bond Fund Index
1 year	4.06	4.58
Since inception (May 28, 2009)	2.41	4.68

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):	10.5146
Growth:	10.5146

Expense Ratio:

Institutional Plus Plan 1.20%
Regular Plan 1.75%

Average Maturity: 0.12 months

Modified Duration: 0.01 years

Yield to Maturity: 6.50%

Rating:
Credit risk rating mfAAA by ICRA#

Fund AUM:
₹ 0.44 crore

#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	• Growth • Dividend Option - Reinvestment and Payout	• Growth • Dividend Option - Reinvestment and Payout	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	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 the100th 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., 19th Floor, One Indiabulls Centre, Tower 2, Jupiter Mills Compound, Elphinstone Road, 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.**

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