

# Fact Sheet

March 2010



## FIXED INCOME OVERVIEW

The key expectation from India's Union Budget was a partial fiscal rollback and a move towards fiscal consolidation. In that context, the budget did meet these expectations. The central government's fiscal deficit is budgeted at 5.5% in FY11 versus 6.7% in FY10. For the medium term, the targets for fiscal deficit are at 4.8% and 4.10% of GDP in the following two years. The Goods and Service Tax & the direct tax code are likely to be in place from April 2011. Signs of growth revival led by the industrial sector prompted the government to rollback the excise duty partially by 2% to 10%. Disinvestment is likely to play a key role in bridging the fiscal deficit with INR 400bn expected in FY11 compared with INR 250bn in FY10. The Government's gross and net market borrowing is likely to be INR 4.57trn and INR 3.45trn respectively for FY 2011, which is more or less in line with the market expectation.

The Q3 GDP growth number printed at 6% Y-o-Y, comfortably below market expectations of a 6.9% increase. The two important factors that explain the weakness are agricultural output that fell 2.8% Y-o-Y as the impact of the drought kicked in & the Community and Social Services (CSS) that fell 2.2%, having risen 12.7% in July-September. Stripping out agriculture and CSS, the GDP growth strengthened impressively to 10.1% in October-December from a low of 4.8% in the same quarter of 2008.

The wholesale price index (WPI) inflation rose to 8.56% Y-o-Y in January from 7.31% in December, higher than consensus expectation and above the Reserve Bank of India's (RBI) revised projection of 8.5% by March 2010. The increase in January was due to an across-the-board surge in prices. Primary articles went up 0.2% m-o-m to 14.52% Y-o-Y, however the food price inflation (26.9% weight in WPI) eased off to 19.4% Y-o-Y in January from 21.9% in December. Fuel inflation went up 1.8% m-o-m to 6.9% Y-o-Y and manufactured product prices rose by 0.7% over the month to 6.55% Y-o-Y compared with 5.17% in December. The November WPI reading also revised up sharply to 5.55% Y-o-Y from 4.78% estimated earlier.

Industrial production in December rose 16.8% - the highest since FY95 against the growth of 11.8% Y-o-Y (revised upwards from 11.7% earlier) in November and 10.3% Y-o-Y in October 2009. Growth in the manufacturing segment accelerated to 18.5% Y-o-Y in December, compared with 12.9% Y-o-Y registered in the previous month. The strong numbers are reflective of the base effect and clear signs of demand revival.

The sharp rise in inflation despite lower food prices and strong IIP numbers suggests that non-food prices continue to accelerate, a sign of the build-up in core inflation. The core inflationary pressures are likely to rise further because input costs have surged much faster than output prices. In that context, the core inflation will be the key driver of higher inflation in 2010 as against supply-side food price-led inflation in 2009. Moreover, with domestic oil price adjustment, there would be a further upward adjustment in the fuel index affecting the WPI basket.

On the global front, US Fed did normalize the Discount Rate - Fed Funds Rate gap by hiking the former +25bps. The measure is simply a return to "normal" and does not have any significant negative implication. Both ECB and BoE also hinted that, they are unlikely to move rates higher in the near term. The China Central Bank raised the banking reserve requirements by another 50bps to 17.50% for large banks but the move is more symbolic of liquidity neutralization

## EQUITY OVERVIEW

The Union Budget 2010, arguably one of the important event of the year from capital markets standpoint, was laid out last week. One overwhelming message coming out of the budget was of fiscal consolidation. The bill seeks to bring down the fiscal deficit to 5.5% of GDP and more importantly lay down road map for the next two years, to bring fiscal deficit further down to 4.1% of GDP. Earlier the fears expressed by some analysts that large and unchecked government expenditure/borrowings could crowd out private investments and hence stifle economic growth, have been unfounded. The task of fiscal consolidation has been adhered to without sacrificing growth and in that aspect the budget achieves the fine balancing act required. There is now more confidence on stronger economic growth, not only for the forthcoming 12 months but for the next couple of years as well, with aspiration to reach 10% real GDP growth. It is worthwhile to note here that in the era where countries world over are grappling with large fiscal deficit and sovereign debt crisis, our budget did a commendable job and showed the path of fiscal consolidation.

The reduction in income tax leaves money in the hands of people, particularly middle-class population. This should boost consumption, particularly discretionary spend items and sectors such as housing, autos, retail and others. Some fear that the proposal for phase removal of stimulus, in form of 2% increase in excise duties across the board, plus the increase in import tariff and prices of petroleum products will lead to inflation. While inflation may remain high for foreseeable future, it is already in the price and to a large extent discounted by the market. Expenditure and subsidy control in the budget is commendable but is dependent on the behavior of crude oil prices.

The move to re-capitalize public sector banks and induce more competition by giving banking licenses to private sector is also progressive. The Indian Banking system has been the backbone of the resilience in economy amidst global recession during 2008-09. Capital infusion to strengthen the banking system so that it can stimulate growth is a sound strategy.

from rising FX reserves than having a real impact on banks' balance sheets, given that the banking sector still have excess reserves with PBoC.

The domestic fixed income market and sovereign curve remained under pressure due to position unwinding on the back of rising inflationary concern and very strong industrial production numbers. The credit curve also lost ground mirroring the sovereign curve though spreads outperformed the general direction of the market.

### Portfolio review for February '10

The market remained choppy with significant volatility during the course of the month. In the marginal duration plan, we continue to rely on accrual income while in the active duration plan, anticipating higher yield curve we maintained cash.

### Expectations for March '10

The upcoming borrowing calendar is likely to dictate the general direction of the market. The expectation of front loaded auction calendar is likely to keep yield curve under pressure, and with March uncertainty around, the systemic liquidity could well be under pressure. The portfolios duration in the bond plan is likely to be very low and 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
	28/02/10	31/01/10	31/03/09 (Monthly)	(March 09)	
364 Day T-bill (Primary)	5.01%	4.67%	5.50%	0.34%	-0.49%
5-year Gilt Benchmark	7.59%	7.15%	6.76%	0.44%	0.83%
10-year Gilt Benchmark	7.89%	7.58%	7.01%	0.31%	0.88%
30-year Gilt Benchmark	8.94%	8.83%	8.42%	0.11%	0.52%
91 Day Manufacturing CP(P1+)	6.30%	5.05%	9.20%	1.25%	-2.90%
91 day Bank CD	5.65%	4.65%	9.75%	1.00%	-4.10%
1-yr AAA Spreads	1.80%	1.30%	2.36%	0.50%	-0.56%
5-yr AAA Spreads	1.00%	1.25%	1.66%	-0.25%	-0.66%
5-yr OIS	7.02%	6.89%	5.61%	0.14%	1.41%
CRR	5.50%	5.00%	5.00%	0.50%	0.50%
RBI LAF- Reverse Repo Rate*	3.25%	3.25%	3.50%	0.00%	-0.25%
Foreign Exchange Reserve (\$ bn)	278.67	280.96	252.33	(2.28)	26.35
Nymex Crude	79.66	72.89	49.66	6.77	30.00
US Fed Funds Rate	0.25%	0.25%	0.25%	0.00%	0.00%
US 10-yr Gilt	3.61%	3.58%	2.66%	0.03%	0.95%
INR /USD	46.09	46.18	50.73	-0.20%	-9.16%
USD/Euro	1.36	1.39	1.33	1.67%	-2.88%
USD/Yen	88.97	90.27	98.96	-1.44%	-10.09%

\*RBI Repo Rate at 4.75%

Sources - Internal & Bloomberg

### Ritesh Jain

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

On the progress of reform implementation there are some push-backs and disappointments. However, taking a broader, long term view it should be within the capabilities of the present government to push through key reforms such as GST, New Tax Code, Kirit Parikh Committee recommendations, Oil Subsidy reforms and others over next 3-4 years.

From Indian equities standpoint, the big domestic event is now behind us and the focus would shift back to fundamentals of economy and corporate earnings, which continue to remain strong. Markets have been in a range bound consolidation phase for the last 6 months and the time correction has brought the valuations down close to historic averages. Over the next 12-18 months, as the economy delivers on growth, it could translate into better than expected corporate profits and positive implication for equity markets.

From ACE Fund portfolio perspective, we have continued to add to our conviction list of stocks and sectors during the recent correction. Recently we added to our Banking sector stocks and scaled up allocation close to equal weight. We anticipate banks, particularly in the private sector, to benefit from faster credit growth and economic pick-up. Our mid-cap allocation also continues to remain aggressive and we expect the segment to do well, with significant alpha generating potential. With more clarity on the economic outlook as well as the government policy action over the next 12 months, our portfolio stance is bound to tilt towards growth, focused on companies with higher earnings trajectory and capital efficiency.

### 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 Feb. 26, 2010

## Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
<b>Banks</b>		<b>16.10%</b>
	✓ ICICI Bank Limited	4.90%
	✓ HDFC Bank Limited	4.46%
	✓ Axis Bank Limited	2.72%
	IndusInd Bank Limited	2.13%
	Yes Bank Limited	1.89%
<b>Software</b>		<b>12.55%</b>
	✓ Infosys Technologies Limited	4.92%
	✓ Tata Consultancy Services Limited	2.60%
	Wipro Limited	1.56%
	Mphasis Limited	1.45%
	Oracle Financial Services Software Limited	1.07%
	Polaris Software Lab Limited	0.95%
<b>Consumer Non Durables</b>		<b>9.77%</b>
	Emami Limited	2.17%
	ITC Limited	2.08%
	Marico Limited	1.58%
	United Spirits Limited	1.39%
	Lakshmi Energy and Foods Limited	1.39%
	Dhampur Sugar Mills Limited	1.16%
<b>Pharmaceuticals</b>		<b>7.35%</b>
	✓ Cadila Healthcare Limited	2.62%
	✓ Aurobindo Pharma Limited	2.23%
	Dr. Reddy's Laboratories Limited	1.39%
	Opto Circuits India Limited	1.11%
<b>Industrial Capital Goods</b>		<b>6.61%</b>
	✓ Bharat Heavy Electricals Limited	2.41%
	Crompton Greaves Limited	2.11%
	Sterlite Technologies Limited	2.09%
<b>Petroleum Products</b>		<b>6.00%</b>
	✓ Reliance Industries Limited	6.00%
<b>Finance</b>		<b>4.44%</b>
	Housing Development Finance Corporation Limited	1.71%
	Power Finance Corporation Limited	1.54%
	India Infoline Limited	1.19%
<b>Power</b>		<b>3.88%</b>
	KEC International Limited	1.85%
	Torrent Power Limited	1.05%
	GVK Power and Infrastructure Limited	0.98%
<b>Gas</b>		<b>3.67%</b>
	Gujarat State Petronet Limited	1.85%
	GAIL India Limited	1.82%
<b>Construction</b>		<b>3.43%</b>
	Sobha Developers Limited	1.63%
	The Phoenix Mills Limited	1.48%
	ARSS Infrastructure Projects Limited	0.20%
	Emami Infrastructure Limited	0.12%
<b>Non - Ferrous Metals</b>		<b>2.78%</b>
	Hindalco Industries Limited	1.46%
	Hindustan Zinc Limited	1.32%
<b>Retailing</b>		<b>2.62%</b>
	✓ Shoppers Stop Limited	2.62%
<b>Cement</b>		<b>2.46%</b>
	Shree Cement Limited	1.57%

Industry Classification	Security Description	% of Total Net Assets
	Jaiprakash Associates Limited	0.89%
<b>Consumer Durables</b>		<b>2.15%</b>
	Bajaj Electricals Limited	2.15%
<b>Media &amp; Entertainment</b>		<b>1.91%</b>
	Deccan Chronicle Holdings Limited	1.91%
<b>Auto</b>		<b>1.77%</b>
	Mahindra and Mahindra Limited	1.77%
<b>Ferrous Metals</b>		<b>1.73%</b>
	Usha Martin Limited	1.73%
<b>Transportation</b>		<b>0.72%</b>
	The Great Eastern Shipping Co. Limited	0.72%
<b>Construction Projects</b>		<b>0.47%</b>
	Larsen and Toubro Limited	0.47%
<b>Cash equivalent</b>		<b>9.59%</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:

2.44% of average daily net assets

### Portfolio Turnover:

1.83

### NAV:

Growth Rs. 12.862 per unit  
Dividend Rs. 12.862 per unit

### Fund AUM:

Rs. 181.35 crore

## Performance (in %)

Period	Fund Returns	BSE 200
6 months*	16.91	7.32
1 year*	127.05	98.26

### Compounded Annualised Return

Since Inception (April 03, 2008) 14.10 3.22

Past performance is not a guarantee of future returns. Returns are computed using NAV of Growth Option. Since Inception returns are calculated on Rs. 10/- invested at inception. \*Absolute returns.

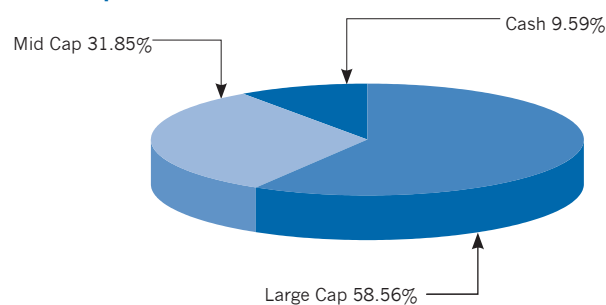
## SIP Performance - Growth option (as on Feb. 26, 2010)

If Rs. 2000/- were invested per month, from Mar. 12, 2009 to Feb. 10, 2010

Total Amount Invested (Rs.)	Present Value (Rs.)	Profit (Rs.)	Annualised Returns % (XIRR)
24000	32540.86	8540.86	78.05

Past performance is not a guarantee of future returns.

## Market Cap Classification



Market Cap Definition:

Mid Cap < Rs. 5000 crore

Large Cap >= Rs. 5000 crore

# Morgan Stanley Growth Fund

(An open-ended Equity Fund)

Details as on Feb. 26, 2010

## Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
<b>Banks</b>		<b>16.72%</b>
	✓ HDFC Bank Limited	8.05%
	IndusInd Bank Limited	2.36%
	ICICI Bank Limited	2.23%
	Yes Bank Limited	2.05%
	Bank of Baroda	2.03%
<b>Software</b>		<b>13.59%</b>
	✓ Infosys Technologies Limited	8.32%
	✓ Tata Consultancy Services Limited	3.45%
	Wipro Limited	1.82%
<b>Consumer Non Durables</b>		<b>12.02%</b>
	Nestle India Limited	2.56%
	ITC Limited	2.31%
	Shree Renuka Sugars Limited	2.11%
	McLeod Russel India Limited	1.65%
	Godrej Consumer Products Limited	1.12%
	KS Oils Limited	1.06%
	Balrampur Chini Mills Limited	0.74%
	Asian Paints Limited	0.47%
<b>Pharmaceuticals</b>		<b>9.20%</b>
	✓ Dr. Reddy's Laboratories Limited	3.58%
	Glenmark Pharmaceutical Limited	2.63%
	Aurobindo Pharma Limited	1.80%
	Ranbaxy Laboratories Limited	1.19%
<b>Auto</b>		<b>9.11%</b>
	✓ Tata Motors Limited	3.82%
	✓ Hero Honda Motors Limited	3.73%
	Ashok Leyland Limited	1.56%
<b>Construction Projects</b>		<b>6.77%</b>
	Larsen and Toubro Limited	2.74%
	Gammon India Limited	2.03%
	Hindustan Construction Company Limited	2.00%
<b>Media &amp; Entertainment</b>		<b>6.54%</b>
	✓ Sun TV Network Limited	3.71%
	✓ Deccan Chronicle Holdings Limited	2.83%
<b>Power</b>		<b>4.98%</b>
	KSK Energy Ventures Limited	2.49%
	Torrent Power Limited	1.30%
	NHPC Limited	1.19%
<b>Non - Ferrous Metals</b>		<b>4.98%</b>
	Hindalco Industries Limited	2.78%
	Hindustan Zinc Limited	2.20%
<b>Petroleum Products</b>		<b>4.65%</b>
	✓ Reliance Industries Limited	4.65%
<b>Industrial Capital Goods</b>		<b>3.51%</b>
	✓ Bharat Heavy Electricals Limited	3.51%
<b>Ferrous Metals</b>		<b>1.43%</b>
	Usha Martin Limited	1.43%
<b>Transportation</b>		<b>1.43%</b>
	Mundra Port and Special Economic Zone Limited	1.43%
<b>Industrial Products</b>		<b>1.42%</b>
	Ess Dee Aluminium Limited	1.42%
<b>Gas</b>		<b>1.40%</b>
	GAIL India Limited	1.32%
	Gujarat State Petronet Limited	0.08%
<b>Construction</b>		<b>1.04%</b>
	The Phoenix Mills Limited	1.04%
<b>Cash and other assets</b>		<b>1.21%</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 Rs. 55.209 per unit  
Dividend\* Rs.17.990 per unit  
\*option introduced on Jan. 19, 2009

### Expense Ratio:

1.90% of average daily net assets

### Portfolio Turnover:

0.92

### Volatility Measures:

(for trailing 3 year period)  
Standard Deviation 9.94%  
Beta 0.91  
Sharpe Ratio -0.03

### Fund AUM:

Rs. 1894.66 crore

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

## Performance (in %)

Period	Fund Returns*	BSE 100
6 months <sup>^</sup>	8.51	6.48
1 year <sup>^</sup>	91.74	93.93
<b>Compounded Annualised Growth Rate</b>		
Last 3 years	4.89	10.30
Last 5 years	16.70	19.38
Since inception (18th February 1994)	13.31	10.00

Past performance is not a guarantee of future returns. \*Performance of the fund (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. <sup>^</sup>Absolute Returns

## SIP Performance - Growth option (as on Feb. 26, 2010)

If Rs. 2000/- were invested per month, from Mar. 12, 2009 to Feb. 10, 2010

Total Amount Invested (Rs.)	Present Value (Rs.)	Profit (Rs.)	Annualised Returns % (XIRR)
24000	29602.23	5602.23	49.63

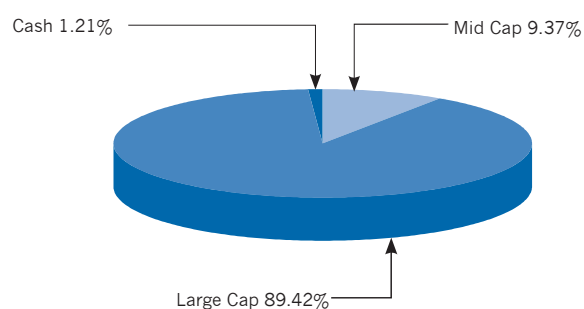
Past performance is not a guarantee of future returns.

## Dividend History

Record Date	Date of Declaration	Dividend per unit (Rs.)	Ex-Dividend NAV Date	Ex-Dividend NAV per unit (Rs.)
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 Rs. 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)

Details as on Feb. 26, 2010

## Portfolio

Security Description	Rating	% of Total Net Assets
<b>Money Market Instruments</b>		<b>45.00%</b>
State Bank of Patiala	P1+	5.08%
Bank of India	P1+	5.07%
UCO Bank	P1+	5.07%
United Bank of India	A1+	5.04%
Vijaya Bank	PR1+	5.00%
Yes Bank	A1+	5.00%
Kotak Mahindra Bank	P1+	4.99%
Indian Oil Corporation	P1+	4.93%
Axis Bank	P1+	4.82%
<b>Corporate Debt</b>		<b>10.44%</b>
Power Finance Corporation	AAA	5.36%
Housing Development Finance Corporation	AAA	5.08%
<b>Cash &amp; Current Assets</b>		<b>44.56%</b>
<b>Grand Total</b>		<b>100.00%</b>

## Performance (in %)

Plan	Fund Returns* (since inception May 26, 2009)	Crisil Short Term Bond Fund Index
Regular Plan	3.70	3.04
Institutional Plus Plan	3.99	3.04

Past performance is not a guarantee of future returns. \*Absolute returns of the growth option are computed. Since Inception returns are calculated on Rs. 10/- invested at inception.

## Rating Profile

Rating Category	
AAA	55.44%
Cash & Current Assets	44.56%
<b>Grand Total</b>	<b>100.00%</b>

## Asset Allocation

Asset Class	
Money Market Instruments	45.00%
Corporate Debt	10.44%
Cash & Current Assets	44.56%
<b>Grand Total</b>	<b>100.00%</b>

## Fund Features:

<b>Plans/Options and NAV (Rs.):</b>	<b>Average Maturity:</b> 3.43 months
<b>Institutional Plus Plan</b>	<b>Modified Duration:</b> 0.31 years
Weekly Dividend	<b>Yield to Maturity:</b> 4.18%
Reinvestment: 10.0407	<b>Rating:</b> Credit risk rating mfAAA by ICRA <sup>#</sup>
Monthly Dividend	<b>Fund AUM:</b> Rs. 98.29 crore
(Payout and Reinvestment): 10.0000	
Growth: 10.3987	
<b>Regular Plan</b>	
Monthly Dividend	
(Payout and Reinvestment): 10.0482	
Growth: 10.3696	
<b>Expense Ratio:</b>	
Institutional Plus Plan 0.60%	
Regular Plan 0.90%	

## Dividend History

Plan/Frequency	Record Date	Non-Individuals Per Unit (Rs.)	Individuals Per Unit (Rs.)	Ex Dividend NAV (Rs.)
Regular Plan-Monthly Dividend	Feb. 26, 2010	0.0313	0.0336	10.0099
Regular Plan-Monthly Dividend	Jan. 29, 2010	0.0402	0.0432	10.0271
Regular Plan-Monthly Dividend	Dec. 24, 2009	0.0302	0.0324	10.0313

Note: Face Value Rs. 10 per unit.

# Morgan Stanley Active Bond Fund

(An open-ended Debt Fund)

Details as on Feb. 26, 2010

## Portfolio

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

## Performance (in %)

Plan	Fund Returns* (since inception May 28, 2009)	Crisil Composite Bond Fund Index
Regular Plan	0.38	2.64
Institutional Plus Plan	0.80	2.64

Past performance is not a guarantee of future returns. \*Absolute returns of the growth option are computed. Since Inception returns are calculated on Rs. 10/- invested at inception.

## 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>

## Fund Features:

<b>Plans/Options and NAV (Rs.):</b>	<b>Average Maturity:</b> 0.12 months
<b>Institutional Plus Plan</b>	<b>Modified Duration:</b> 0.01 years
Quarterly Dividend	<b>Yield to Maturity:</b> 2.63%
(Payout and Reinvestment): 10.0000	<b>Rating:</b> Credit risk rating mfAAA by ICRA <sup>#</sup>
Growth: 10.0797	<b>Fund AUM:</b> Rs. 3.47 crore
<b>Regular Plan</b>	
Quarterly Dividend (Payout and Reinvestment): 10.0381	
Growth: 10.0381	
<b>Expense Ratio:</b>	
Institutional Plus Plan 1.20%	
Regular Plan 1.75%	

<sup>#</sup>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>- 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: Rs. 5000 and in multiples of Re. 1/- thereafter SIP: Rs. 1000/- via minimum 6 installments Group SIP: Rs. 250/- via minimum 6 installments	Lumpsum: Rs. 5000 and in multiples of Re. 1/- thereafter SIP: Rs. 1000/- via minimum 6 installments Group SIP: Rs. 250/- via minimum 6 installments	Lumpsum: Regular Plan - Rs. 5000/- and multiples of Re. 1/- thereafter Institutional Plus Plan - Rs. 50 lacs and in multiples of Re. 1/- thereafter SIP: (Regular Plan Only) Rs. 1000/- via minimum 6 installments Group SIP: Rs. 250/- via minimum 6 installments	Lumpsum: Regular Plan - Rs. 5000/- plus in multiples of Re. 1/- thereafter Institutional Plus Plan - Rs. 50 lacs plus in multiples of Re. 1/- thereafter SIP: (Regular Plan Only) Rs. 1000/- via minimum 6 installments Group SIP: Rs. 250/- via minimum 6 installments
<b>Additional Investment</b>	Rs. 1000 and in multiples of Re. 1/- thereafter	Rs. 1000 and in multiples of Re. 1/- thereafter	Regular Plan - Rs. 1000/- and in multiples of Re. 1/- thereafter Institutional Plus Plan- Rs. 1 lac and in multiples of Re. 1/- thereafter	Regular Plan - Rs. 1000/- and in multiples of Re. 1/- thereafter Institutional Plus Plan- Rs. 1 lac and in multiples of Re. 1/- thereafter
<b>Minimum Repurchase amount</b>	Rs. 1000/- and in multiples of Re. 1/- thereafter	Rs. 1000/- and in multiples of Re. 1/- thereafter	Rs. 1000/- and in multiples of Re. 1/- thereafter	Rs. 1000/- and in multiples of Re. 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

**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 Rs. 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](http://www.morganstanley.com/indiamf)), carefully before investing.**