

Fact Sheet

November 2011



FIXED INCOME OVERVIEW

RBI policy meeting was slated for 25th Oct., and market was clearly confused on RBI's intentions given the sky-high inflation and loose fiscal policy on one hand and moderation in various growth indicators on the other. Finally, RBI hiked the repo rate by 25 bps to 8.50%. However, it also signaled the low probability of any further rate hike in the December policy, thus indicating an end of rate hiking cycle provided inflation moderates along expected lines. It also brought down its growth forecast for FY2012 to 7.6% y-o-y from its earlier forecast of 8% while retaining its WPI forecast at 7% y-o-y for Mar. 2012. Another important aspect of the policy meet was the deregulation of savings account rate of banks with immediate effect, which has already led to some banks hiking their savings rate.

WPI for September had come out at 9.72% y-o-y vs. 9.79% in August. Core inflation eased to 7.56% y-o-y in September from 7.79% y-o-y in August while the food inflation (primary and manufactured) eased to 9.1% y-o-y in September from 9.4% in August due to the base effect. The sharp hike in MSP of Rabi crops and depreciation of rupee is likely to maintain an upward pressure on WPI, which is expected to remain high until November, beyond which it should begin to moderate primarily because of the high base effect.

Industrial production growth came at 4.1% y-o-y in August vs. an upwardly revised 3.8% y-o-y in July, surprising markets on the downside (consensus expectation: 4.7% y-o-y). IP growth without considering the volatile capital goods segment also fell to 4% y-o-y in August from revised 7.2% y-o-y in July. The moderation in basic and consumer goods likely indicates the effect of tight monetary policy of RBI.

Fiscal concerns continued to haunt India as the fiscal deficit for Apr-Sep. '11 rose to INR 2.92 trillion, or 70.8% of the targeted INR 4.13 trillion for FY2012. Revenue receipts during the same period stood at 37.2% of the budgeted level for FY2012. The central government's aggregate gross tax collections growth decelerated to 6.6% y-o-y in September from 22.2% y-o-y in August. While personal income tax collections remained healthy at 28.5% y-o-y growth, corporate income tax, excise duty and customs showed sharp deceleration, pointing to a slowdown in the economic activity. Total expenditure growth in April-September 2011 was up 9.9% y-o-y, exceeding the budget estimate of 3.4% for FY2012. Slowing economy and the consequent lower revenue growth, higher subsidies, slippage on the disinvestment front and plan to recapitalize the public sector banks are all adding to fiscal woes and chances of a further increase in government borrowing cannot be ruled out.

On the trade front, India's exports in September grew to USD 24.8bn, up by 36% on a y-o-y basis while imports grew to USD 34.6bn, a growth of 17.2% y-o-y. Trade deficit thus shrunk to USD 9.7bn in September from USD 14bn in August.

EQUITY OVERVIEW

Markets saw a sharp pullback in October 2011 primarily driven by hope that the Euro area crisis could have a non-disruptive solution. Economic data out of United States remained stable and global market took cues from there. The situation however remains fairly fluid especially in the Euro zone and till that is true, market volatility seems to be a given. Domestically, the main economic event was the Reserve Bank of India (RBI) policy announcement towards the end of the month. The RBI continued its tightening policy with another 25 bps hike in the policy meet, in line with market expectations. For the December meet however, the RBI hinted at a pause, saying there is 'low probability' of another hike. Though the RBI cut its growth forecasts, headline inflation remains sticky and stubbornly outside the comfort zone of the Central Bank.

Earnings season kicked off in India in the middle of the month and till date earnings seem to have held up. Sales momentum has not slipped materially and barring a few exceptions, profit growth has been in line

On the global front, European debt crisis continued to dominate the market's attention. Towards the end of the month, Euro-area leaders outlined a plan to tackle the Greek debt crisis as lenders agreed to a 'voluntary' haircut of 50% on their Greek bond holdings. Simultaneously, the European Financial Stability Fund was expanded to Euro 1 trillion. However, the exact details of the above plans are still awaited for further clarity.

Portfolio review for Oct. '11

Systemic liquidity remained in the deficit mode during the month. Yields on treasuries and corporate bonds moved up reflecting concerns on higher government borrowing. We maintained a moderate duration in the Short Term Bond Fund to capitalize on the elevated yield curve. Liquid Fund remained invested in short-term assets for accrual purposes.

Expectations for Nov. '11

Short Term Bond Fund is expected to maintain a moderate duration in the near future. Liquid Fund will continue to invest in short term accrual assets.

Key Financial Data

Benchmark	31/10/11	30/09/11	31/03/11	Monthly Change	Change since March
364 Day T-bill (Primary)	8.68%	8.46%	7.64%	0.22%	1.04%
5-year Gilt Benchmark	8.84%	8.32%	7.95%	0.52%	0.89%
10-year Gilt Benchmark	8.88%	8.43%	7.99%	0.45%	0.89%
30-year Gilt Benchmark	9.00%	8.62%	8.36%	0.39%	0.64%
91 Day Manufacturing CP(P1+)	9.65%	9.55%	10.36%	0.10%	-0.72%
91 day Bank CD	9.25%	9.15%	9.70%	0.10%	-0.45%
1-yr AAA Spreads	1.00%	1.06%	2.02%	-0.06%	-1.02%
5-yr AAA Spreads	0.82%	1.06%	1.28%	-0.24%	-0.46%
5-yr OIS	7.50%	7.19%	7.97%	0.32%	-0.47%
CRR	6.00%	6.00%	6.00%	0.00%	0.00%
RBI LAF- Reverse Repo Rate*	7.50%	7.25%	5.75%	0.25%	1.75%
Foreign Exchange Reserve (\$ bn)	318.36	311.48	303.48	6.88	14.88
Nymex Crude	93.19	79.20	106.72	13.99	(13.53)
US Fed Funds Rate	0.25%	0.25%	0.25%	0.00%	0.00%
US 10-yr Gilt	2.11%	1.92%	3.47%	0.20%	-1.36%
INR/USD	48.70	48.97	44.59	-0.57%	9.22%
USD/Euro	1.39	1.34	1.42	-3.52%	2.12%
USD/ Yen	78.17	77.06	83.13	1.44%	-5.97%

*RBI Repo Rate at 8.50%

Sources – Internal & Bloomberg

Ritesh Jain

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

with expectations. From a flows standpoint, after the heavy selling in August and September, FIIs returned to their buying ways – buyers of \$480mn in Oct. As a result, Year to date FIIs have now returned into the green - net buyers of \$330mn YTD. Domestic continued to be on the other side of the FII trade – selling \$410mn into this rally, though still remaining YTD net buyers of \$4.7bn

For the portfolio, we have used the market volatility to add or trim positions based on our bottom up views. Sectorally, we remain overweight consumer related sectors and healthcare. We have reduced our holdings in Financials sector and continue to remain underweight on the Energy sector.

Amay Hattangadi and Sridhar Sivaram

Lead Portfolio Managers, Large Cap Equities

Morgan Stanley A.C.E. Fund

(An open-ended Across Capitalisations Equity Fund)



Details as on Oct. 31, 2011

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		24.20%
	✓ HDFC Bank Limited	8.63%
	✓ ICICI Bank Limited	4.77%
	✓ Bank Of Baroda	2.67%
	✓ ING Vysya Bank Limited	2.49%
	Yes Bank Limited	2.15%
	State Bank of India Limited	1.90%
	Axis Bank Limited	1.59%
Auto		11.30%
	✓ Mahindra and Mahindra Limited	5.31%
	✓ TVS Motor Company Limited	3.57%
	Bajaj Auto Limited	2.22%
	Tata Motors Limited	0.20%
Software		10.52%
	✓ Infosys Limited	5.49%
	✓ Tata Consultancy Services Limited	3.10%
	HCL Technologies Limited	1.93%
Pharmaceuticals		9.72%
	Dr. Reddy's Laboratories Limited	2.25%
	Sun Pharmaceutical Industries Limited	2.13%
	Divi's Laboratories Limited	2.01%
	Cadila Healthcare Limited	1.32%
	Jubilant Life Sciences Limited	1.12%
	Aurobindo Pharma Limited	0.89%
Consumer Non Durables		8.66%
	✓ ITC Limited	8.66%
Oil		4.04%
	Oil and Natural Gas Corporation Limited	2.08%
	Oil India Limited	1.96%
Petroleum Products		3.98%
	✓ Reliance Industries Limited	3.98%
Consumer Durables		3.65%
	Bajaj Electricals Limited	1.88%
	Tube Investments of India Limited	1.77%
Ferrous Metals		2.21%
	Jindal Steel and Power Limited	2.21%
Textile Products		2.17%
	Raymond Limited	2.17%
Construction Project		2.16%
	Larsen and Toubro Limited	2.16%
Gas		2.02%
	GAIL India Limited	2.02%
Telecom - Services		2.01%
	Bharti Airtel Limited	1.46%
	Idea Cellular Limited	0.55%
Power		1.99%
	Power Grid Corporation of India Limited	1.99%
Construction		1.78%
	IRB Infrastructure Developers Limited	1.78%
Industrial Products		1.52%
	Sintex Industries Limited	1.52%
Media and Entertainment		0.96%
	Zee Entertainment Enterprises Limited	0.96%

Industry Classification	Security Description	% of Total Net Assets
Minerals/Mining		0.92%
	Coal India Limited	0.92%
Transportation		0.90%
	Spice Jet Limited	0.90%
Auto Ancillaries		0.38%
	Exide Industries Limited	0.38%
Retailing		0.38%
	Shoppers Stop Limited	0.38%
Finance		0.16%
	Infrastructure Development Finance Company Limited	0.16%
Cash and other assets		4.37%
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 13.828 per unit
Dividend 13.018 per unit

Expense Ratio:

2.32% of average daily net assets

Portfolio Turnover:

1.21

Volatility Measures:

(for trailing 3 year period)
Standard Deviation 26.34%
Beta 0.93
Sharpe Ratio¹ 0.95

Average Fund AUM:

₹ 352.11 crore
(Quarter ended Sep. 2011)

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

Performance as on quarter ended Sep. 30, 2011

Period	MSACE		BSE 200#		S&P NIFTY ^	
	Returns %	Value (₹)*	Returns %	Value (₹)*	Returns %	Value (₹)*
30/09/10 to 30/09/11	-19.36	8,064.32	-19.85	8,015.39	-18.02	8,197.83
30/09/09 to 30/09/10	37.42	13,742.27	20.79	12,078.96	18.61	11,860.76
30/09/08 to 30/09/09	43.51	14,351.22	34.66	13,466.22	29.65	12,965.29
Since inception (CAGR)	7.99	13,076.84	1.13	10,400.09	1.02	10,359.41

#Scheme Benchmark. ^ Alternate Benchmark. *Based on standard investment of Rs. 10,000 made at the beginning of the relevant period. Past performance is not a guarantee of future returns. All returns are of Growth Option. Since inception returns are calculated on Rs. 10/- invested at inception of the fund (April 03, 2008).

SIP Performance - Growth option (as on Oct. 31, 2011)

₹ 2000 invested every month	Amount Invested (₹)	MSACE		Benchmark - BSE 200	
		Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
2 years	48000	46880.14	-2.25	46050.30	-3.94
Since inception*	84000	109073.37	15.07	98219.43	8.91

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. 39 schemes in the open-ended Equity: Multi Cap category were rated as on Oct. 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 Oct. 31, 2011

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		20.81%
	✓ HDFC Bank Limited	9.21%
	✓ ICICI Bank Limited	5.06%
	✓ IndusInd Bank Limited	3.77%
	State Bank of India Limited	1.43%
	Bank Of Baroda	1.34%
Consumer Non Durables		14.96%
	✓ ITC Limited	7.90%
	Asian Paints Limited	2.08%
	Hindustan Unilever Limited	2.04%
	Nestle India Limited	1.31%
	Mcleod Russel India Limited	1.18%
	Ess Dee Aluminium Limited	0.45%
Pharmaceuticals		8.22%
	✓ Dr. Reddy's Laboratories Limited	4.48%
	✓ Glenmark Pharmaceutical Limited	3.74%
Software		7.61%
	✓ Tata Consultancy Services Limited	5.57%
	Infosys Limited	2.04%
Auto		6.25%
	✓ Mahindra and Mahindra Limited	4.59%
	Bajaj Auto Limited	1.66%
Ferrous Metals		5.23%
	Tata Steel Limited	2.57%
	Jindal Steel and Power Limited	2.13%
	Usha Martin Limited	0.53%
Construction Project		4.32%
	✓ Larsen and Toubro Limited	3.69%
	Gammon India Limited	0.63%
Petroleum Products		4.00%
	✓ Reliance Industries Limited	4.00%
Gas		3.22%
	GAIL India Limited	1.74%
	Indraprastha Gas Limited	1.13%
	Petronet LNG Limited	0.35%
Telecom - Services		3.14%
	Bharti Airtel Limited	3.14%
Industrial Capital Goods		2.33%
	AIA Engineering Limited	1.34%
	Thermax Limited	0.99%
Power		1.92%
	KSK Energy Ventures Limited	1.92%
Fertilisers		1.80%
	Coromandel International Limited	1.80%
Industrial Products		1.51%
	Cummins (India) Limited	1.51%
Engineering Services		1.45%
	Engineers India Limited	1.45%
Trading		1.34%
	Redington India Limited	1.34%
Construction		1.16%
	Oberoi Realty Limited	1.16%
Non - Ferrous Metals		1.01%
	Hindustan Zinc Limited	1.01%
Media and Entertainment		1.01%
	DB Corp Limited	1.01%
Transportation		0.97%
	Gujarat Pipavav Port Limited	0.97%
Auto Ancillaries		0.93%
	Motherson Sumi Systems Limited	0.93%
Minerals/Mining		0.81%
	Coal India Limited	0.81%
Finance		0.71%
	Manappuram Finance Limited	0.71%
Oil		0.50%
	Oil and Natural Gas Corporation Limited	0.50%
Cash and other assets		4.79%
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 56.060 per unit
Dividend* 17.114 per unit
*option introduced on Jan. 19, 2009

Expense Ratio:

1.96% of average daily net assets

Portfolio Turnover:

0.48

Volatility Measures:

(for trailing 3 year period)
Standard Deviation 25.81%
Beta 0.92
Sharpe Ratio¹ 0.59

Average Fund AUM:

₹ 1396.05 crore
(Quarter ended Sep. 2011)

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

Performance as on quarter ended Sep. 30, 2011

Period	MSGF		BSE 100#		BSE Sensex ^	
	Returns %	Value (₹)*	Returns %	Value (₹)*	Returns %	Value (₹)*
30/09/10 to 30/09/11	-22.33	7,766.79	-18.95	8,104.73	-18.01	8,198.55
30/09/09 to 30/09/10	26.18	12,617.87	19.00	11,900.37	17.18	11,717.92
30/09/08 to 30/09/09	29.54	12,953.90	33.46	13,345.61	33.18	13,317.50
Since inception (CAGR)	11.83	71,749.13	8.96	45,321.27	8.49	42,030.71

#Scheme Benchmark. ^ Alternate Benchmark. *Based on standard investment of Rs. 10,000 made at the beginning of the relevant period. Past performance is not a guarantee of future returns. All returns are of Growth Option. Since inception returns are calculated on Rs. 10/- invested at inception of the fund (Feb. 18, 1994).

SIP Performance - Growth option (as on Oct. 31, 2011)

₹ 2000 invested every month	MSGF		Benchmark - BSE 100		
	Amount Invested (₹)	Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
2 years	48000	44781.52	-6.53	46584.50	-2.85
Since inception*	66000	70350.54	4.57	72719.94	6.99

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 Oct. 31, 2011

Portfolio

Security Description	Rating	% of Total Net Assets
Money Market Instruments		65.69%
Bank of Maharashtra	A1+	9.53%
National Bank for Agriculture and Rural Development	P1+	9.53%
Canara Bank	A1+	9.52%
Axis Bank Ltd.	A1+	9.51%
Andhra Bank	A1+	9.33%
Federal Bank Ltd.	P1+	9.33%
The Jammu and Kashmir Bank Ltd.	P1+	8.94%
Corporate Debt		27.35%
Bajaj Finance Ltd.	AA+	9.60%
Housing Development Finance Corporation Ltd.	AAA	9.59%
Tata Capital Ltd.	AA+	8.16%
Treasury Bills		0.48%
91 Days T Bills 23 Dec 11	Sovereign	0.48%
Cash & Current Assets		6.48%
Grand Total		100.00%

Rating Profile

Rating Category	
Sovereign	0.48%
AAA	75.28%
AA+	17.76%
Cash & Current Assets	6.48%
Grand Total	100.00%

Asset Allocation

Asset Class	
Money Market Instruments	65.69%
Corporate Debt	27.35%
Treasury Bills	0.48%
Cash & Current Assets	6.48%
Grand Total	100.00%

Fund Features:

Plans/Options and NAV (₹):

Institutional Plus Plan	
Weekly Dividend	10.0808
Reinvestment:	
Monthly Dividend	
(Payout and Reinvestment):	10.0600
Growth:	11.6940
Regular Plan	
Weekly Dividend	
Reinvestment:	10.0762
Monthly Dividend	
(Payout and Reinvestment):	10.0693
Growth:	11.6027

Expense Ratio:

Institutional Plus Plan	0.60%
Regular Plan	0.90%

Average Maturity: 7.74 months

Modified Duration: 0.57 years

Yield to Maturity: 9.35%

Rating:

Credit risk rating mfAAA by ICRA[#]

Average Fund AUM:

₹ 74.37 crore
(Quarter ended Sep. 2011)

Performance as on quarter ended Sep. 30, 2011

Period	MSSTBF		CRISIL Bond Fund Index#	
	Returns %	Value (₹)*	Returns %	Value (₹)*
30/09/10 to 30/09/11	8.06	10,806.00	6.81	10,680.83
30/09/09 to 30/09/10	4.99	10,498.86	4.93	10,492.53
Since inception (CAGR)	6.25	11,531.44	5.48	11,334.65

#Scheme Benchmark. Alternate Benchmark not available. *Based on standard investment of Rs. 10,000 made at the beginning of the relevant period. Past performance is not a guarantee of future returns. All returns are of Regular Growth Option. Since inception returns are calculated on Rs. 10/- invested at inception of the fund (May 26, 2009).

Dividend History

Plan/Frequency	Record Date	Non-Individuals Per Unit (₹)	Individuals Per Unit (₹)	Ex Dividend NAV (₹)
Regular Plan-Monthly Dividend	Oct. 28, 2011	0.0510	0.0595	10.0625
Regular Plan-Monthly Dividend	Sep. 29, 2011	0.0598	0.0697	10.0705
Regular Plan-Monthly Dividend	Aug. 26, 2011	0.0492	0.0574	10.0756

Note: Face Value ₹ 10 per unit.

CRISIL Mutual Fund Rank* Open End Debt Short Schemes, Sep. 30, 2011. **Ranking Methodology:** *CRISIL Mutual Fund Rank "2" – The composite performance of "Morgan Stanley Short Term Bond Fund - Regular - Growth" is "Good performance" in the Open End Debt Short Schemes Category, and ranks within the 11th to 30th percentile of the 31 schemes ranked in this category. The criteria used in computing the CRISIL Mutual Fund Rank are Mean Return, Volatility, based on NAVs over the 1 year period ended September 30, 2011, Modified Duration, Sectoral Concentration, Company Concentration, Liquidity & Asset Quality 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 Oct. 31, 2011

Portfolio

Security Description	Rating	% of Total Net Assets
Treasury Bills		11.38%
91 Days T Bills 23 Dec 11	Sovereign	11.38%
Cash & Current Assets		88.62%
Total Net Asset		100.00%

Performance as on quarter ended Sep. 30, 2011

Period	MSABF		CRISIL Composite Bond Fund Index#	
	Returns %	Value (₹)*	Returns %	Value (₹)*
30/09/10 to 30/09/11	4.62	10,461.69	5.58	10,558.34
30/09/09 to 30/09/10	3.41	10,341.49	5.46	10,546.20
Since inception (CAGR)	2.72	10,649.30	4.99	11,205.99

#Scheme Benchmark. Alternate Benchmark not available. *Based on standard investment of Rs. 10,000 made at the beginning of the relevant period. Past performance is not a guarantee of future returns. All returns are of Regular Growth Option. Since inception returns are calculated on Rs. 10/- invested at inception of the fund (May 28, 2009).

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):	10.7026
Growth:	10.7026
Expense Ratio:	
Institutional Plus Plan	1.20%
Regular Plan	1.75%

Average Maturity: 0.23 months

Modified Duration: 0.02 years

Yield to Maturity: 7.72%

Rating:

Credit risk rating mfAAA by ICRA[#]

Average Fund AUM:

₹ 0.41 crore
(Quarter ended Sep. 2011)

Rating Profile

Rating Category	
Sovereign	11.38%
Cash & Current Assets	88.62%
Grand Total	100.00%

Asset Allocation

Asset Class	
Treasury Bills	11.38%
Cash & Current Assets	88.62%
Grand Total	100.00%

*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.

Morgan Stanley Liquid Fund

(An open ended Liquid Fund)

Details as on Oct. 31, 2011

Portfolio

Security Description	Rating	% of Total Net Assets
Money Market Instruments		91.91%
Infrastructure Development Finance Company Ltd.	A1+	8.13%
Kotak Mahindra Bank Ltd.	A1+	6.06%
Sundaram Finance Ltd.	A1+	5.09%
Syndicate Bank	A1+	5.08%
Axis Bank Ltd.	A1+	5.08%
Indian Oil Corporation Ltd.	A1+	5.07%
IndusInd Bank Ltd.	A1+	5.05%
Allahabad Bank	A1+	5.05%
Yes Bank Ltd.	A1+	5.05%
Vijaya Bank	PR1+	5.04%
Canara Bank	A1+	5.04%
Aditya Birla Finance Ltd.	A1+	5.04%
Oriental Bank of Commerce	A1+	5.04%
United Bank of India	A1+	5.02%
Bajaj Finance Ltd.	A1+	5.02%
National Housing Bank	A1+	5.02%
Housing Development Finance Corporation Ltd.	A1+	5.00%
Housing Development Finance Corporation Ltd.	P1+	1.02%
Bank of Maharashtra	A1+	1.01%
Treasury Bills		0.54%
91 Days T Bills 23 Dec 11	Sovereign	0.54%
Cash & Current Assets		7.55%
Grand Total		100.00%

Fund Features:

Options and NAV (₹):

Daily Dividend	1000.4971
Reinvestment:	
Weekly Dividend	1001.4477
Reinvestments:	
Monthly Dividend	1001.7278
(Payout and Reinvestment):	
Growth:	1013.0986

Average Maturity: 1.06 months

Modified Duration: 0.08 years

Yield to Maturity: 8.97%

Rating:
[ICRA]A1+mfs*

Expense Ratio:

0.10%

Dividend History

Plan/Frequency	Record Date	Non-Individuals Per Unit (₹)	Individuals Per Unit (₹)	Ex Dividend NAV (₹)
Monthly Dividend	Oct. 28, 2011	4.9782	5.1901	1001.0000
Monthly Dividend	Sep. 29, 2011	3.5758	3.7280	1000.5444

Note: Face Value ₹ 1000 per unit.

Rating Profile

Rating Category	
Sovereign	0.54%
AAA	91.91%
Cash & Current Assets	7.55%
Grand Total	100.00%

Asset Allocation

Asset Class	
Money Market Instruments	91.91%
Treasury Bills	0.54%
Cash & Current Assets	7.55%
Grand Total	100.00%

*ICRA has assigned the rating of "[ICRA]A1+mfs" to Morgan Stanley Liquid Fund. Schemes with [ICRA]A1mfs rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that have been made. Within this category, Modifier {"+" (plus)} can be used with the rating symbols to reflect the comparative standing. This rating should however, not be construed as an indication of the performance of the aforesaid Fund or of volatility in its returns. Further, the above rating should not be treated as ICRA's recommendation to buy, sell or hold the units issued under the said Fund.

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, Tower 2, 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. **The names of the schemes 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 Documents/Key Information Memorandum (available at Investor Service Centres, Distributors, and on the Mutual Fund website www.morganstanley.com/indiamf), carefully before investing.**

mf distributorcare@morganstanley.com

www.morganstanley.com/indiamf

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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	Morgan Stanley Liquid 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	An open-ended Liquid Fund
Date of Allotment	April 03, 2008	February 18, 1994	May 26, 2009	May 28, 2009	Sep. 8, 2011
Fund Manager	Jayesh Gandhi	Sridhar Sivaram and Amay Hattangadi	Ritesh Jain	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.	To provide returns commensurate with low risk and high liquidity, through a portfolio of money market and short-term debt securities with residual maturity of up to 91 days.
Scheme Benchmark	BSE 200	BSE 100	CRISIL Short-Term Bond Fund Index	CRISIL Composite Bond Fund Index	CRISIL Liquid Fund Index
Alternate Benchmark	S&P Nifty	BSE Sensex	NA	NA	NA
Investment Plan/ Options	<ul style="list-style-type: none"> Growth Option Dividend Option - Reinvestment and Payout 	<ul style="list-style-type: none"> Growth Option Dividend Option - Reinvestment and Payout 	Institutional Plus Plan <ul style="list-style-type: none"> Growth Option Dividend Option - Weekly Reinvestment - Monthly Reinvestment and Payout Regular Plan <ul style="list-style-type: none"> Growth Option Dividend Option - Weekly Reinvestment - Monthly Reinvestment and Payout 	Institutional Plus Plan <ul style="list-style-type: none"> Growth Option Dividend Option - Quarterly Reinvestment and Payout Regular Plan <ul style="list-style-type: none"> Growth Option Dividend Option - Quarterly Reinvestment and Payout 	<ul style="list-style-type: none"> Growth Option Dividend Option - Daily Reinvestment - Weekly Reinvestment - Monthly Reinvestment and Payout
Minimum Investment Amount	Lumpsum: ₹ 5,000 and in multiples of ₹ 1/- thereafter SIP: ₹ 1,000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: ₹ 5,000 and in multiples of ₹ 1/- thereafter SIP: ₹ 1,000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: Regular Plan - ₹ 5,000/- and multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 50 lacs and in multiples of ₹ 1/- thereafter SIP: (Regular Plan Only) ₹ 1,000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: Regular Plan - ₹ 5,000/- plus in multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 50 lacs plus in multiples of ₹ 1/- thereafter SIP: (Regular Plan Only) ₹ 1,000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: ₹ 5,000/- plus in multiples of ₹ 1/- thereafter SIP: ₹ 1,000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments
Additional Investment	₹ 1,000 and in multiples of ₹ 1/- thereafter	₹ 1,000 and in multiples of ₹ 1/- thereafter	Regular Plan - ₹ 1,000/- and in multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 1 lac and in multiples of ₹ 1/- thereafter	Regular Plan - ₹ 1,000/- and in multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 1 lac and in multiples of ₹ 1/- thereafter	₹ 1,000/- and in multiples of ₹ 1/- thereafter
Minimum Repurchase amount	₹ 1,000/- and in multiples of ₹ 1/- thereafter	₹ 1,000/- and in multiples of ₹ 1/- thereafter	₹ 1,000/- and in multiples of ₹ 1/- thereafter	₹ 1,000/- and in multiples of ₹ 1/- thereafter	₹ 1,000/- 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	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter
Entry Load	NA	NA	NA	NA	NA
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.	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.