

Fact Sheet

September 2010



FIXED INCOME OVERVIEW

The financial markets across segments displayed immense volatility during the month, defying any trend. The news flow from the Global Market also remained incrementally negative provoking fear of double dip recession and further monetary easing by prominent Central Banks. The Federal Open Market Committee (FOMC) in fact downgraded its economic outlook and delivered another round of QE, by announcing that the Fed will reinvest the principal proceeds of its maturing MBS into longer dated Treasuries. In the process, it maintains the value of the Fed's holdings of domestic securities at \$2.054 trillion. The Committee also maintains the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions and subdued inflation trends warrant exceptionally low levels of the federal funds rate for an extended period. Also with disconcerting batch of Chinese data suggesting the industrial output growth to be the least in last 11 months, as the government cracked down on real-estate speculation, curbed credit and closed factories to meet energy-efficiency target, the mode in the financial market turned "Risk off". The US treasury yields plunged, mirroring the risk off sentiment with the benchmark 10 year yield falling below the physiological 2.50% mark.

Meanwhile, the numbers on the domestic front continue to remain firm. The Real GDP growth rose to 8.8% y-o-y in Q2 2010 from 8.6% in Q1, led by higher agriculture and services sector growth, suggesting robust environment. Agriculture GDP rose to 2.8% y-o-y in Q2 (0.7% in Q1), Industry GDP contributed 10.3% y-o-y in Q2 (13.3% in Q1), and services GDP growth rose to 9.7% y-o-y in Q2 (8.4% in Q1). However, the Industrial output growth slowed down to single-digit after recording double-digit growth for eight consecutive months. Overall IIP grew by 7.1% in June 2010, compared to 8.3% in June 2009. This is the first time in the year when IIP growth during a month is slower than that in the corresponding month of the previous year. The headline number for May also revised marginally lower to 11.3% from 11.5% reported earlier. The moderation appears to be broad based with all the three sectors (viz. mining & quarrying, manufacturing, and electricity) registering lower rates of expansion. However, despite a single digit growth, IIP growth for Q1 FY11 came at 11.6% vis-à-vis 3.9% seen during Q1 FY10.

Following six consecutive months of double-digit WPI, the July numbers came in at 9.97%, slightly lower than consensus expectation. On a MoM basis, the headline index was up 1% led by Fuel up 3.2%, Primary up 1.9% while Manufactured Products down -0.1%. The trend in revisions to the past data remained unchanged, with the May number being revised to 11.14% from 10.16% reported earlier. Going forward, we expect the moderation in inflation to continue as the base effect turns favorable.

Following the lower than expected industrial production data and inflation number, the market has started debating the RBI's likely pause in its September mid-quarter review. The benchmark 10 year bond rallied towards close of month in response to the RBI Governor's assurance that inflation is easing, and interpreting it to the possibility of RBI scaling back expectation of a policy rate hike in September. However, given trends of macro environment we think that the RBI is likely to continue its calibrated approach to normalize policy rate in order to tame broader price pressures. The headline WPI may have come down for cosmetic reasons, but underlying inflation is still too high for comfort.

India's fiscal deficit for the first four months of FY11 declined by 43% to INR 909 bln mainly because of the windfall gains from the 3G & broadband spectrum auction. Net tax revenues also increased by 31% to INR 1.12 trillion.

EQUITY OVERVIEW

Reforms are one of the key drivers for our bullish call on Indian economy and hence the equity markets, over the medium/long term. In recent times we have seen increasing evidence of government pushing through key reform bills and legislation. Last month the nuclear liability bill was passed in the parliament, clearing the way for fuel supply agreements to increase power output. The new Direct Tax Code was cleared by the Union Cabinet and tabled in the parliament for discussion. Substantial headway and deliberation has been made into the GST bill, another important and landmark bill to bring the state governments into confidence. Procedures and rules in awarding the infrastructure contracts have been streamlined, particularly power and road sector should see substantial scale up. PSU divestment remains on track. Hence strong economy, a good monsoon and government's reforms should thus ensure that fiscal deficit reduction targets are met and inflation remains under control.

The equity markets once again remained range-bound throughout the month, amidst moderate volatility. However, the headline indices fail to capture the robust performance in the broad market, which is witnessing substantial action in individual stocks, themes and sub-sectors. The recent, June 2010 quarterly result data, once again confirmed that the earnings growth in the broad market is higher than the top 30-100 companies. It is therefore not surprising that the mid and small-cap indices are outperforming the large-cap

The domestic liquidity remained tight during the early part of the month and then Government spending led to an easy liquidity environment during the later part of it. The federal curve continues to grind higher, with the benchmark 10-year bond closing the month around 15bps higher than where it closed last month. The liquidity pressure and the adverse sentiment got further boost, when Government sought parliamentary approval to spend a net additional INR 545.89 billion (\$11.8 billion) in the 2010/11 fiscal year.

Portfolio review for August '10

The fixed income market continues to remain bearish with curve shifting flatter during the month. The near end of the curve reflecting tight liquidity condition remains elevated. 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 September '10

With the overall growth story still in place, we expect monetary policy to continue to focus on inflation management and move towards normalizing policy rates by hiking both the Repo & the Reverse Repo by another 25 basis points in the upcoming mid-quarter review. The domestic liquidity is likely to remain tight in September due to advance tax outflow and significant refinance requirement of the banking sector. 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
	31/08/10	31/07/10	31/03/10	Monthly	Since March '10
364 Day T-bill (Primary)	6.54%	6.30%	5.14%	0.24%	1.39%
5-year Gilt Benchmark	7.68%	7.62%	7.53%	0.06%	0.15%
10-year Gilt Benchmark	7.95%	7.82%	7.83%	0.14%	0.12%
30-year Gilt Benchmark	8.39%	8.33%	8.80%	0.06%	-0.41%
91 Day Manufacturing CP(P1+)	7.50%	7.14%	5.75%	0.36%	1.75%
91 day Bank CD	7.05%	6.55%	9.75%	0.50%	-2.70%
1-yr AAA Spreads	1.45%	1.30%	1.55%	0.15%	-0.10%
5-yr AAA Spreads	0.80%	0.80%	0.90%	0.00%	-0.10%
5-yr OIS	6.94%	7.28%	6.88%	-0.34%	0.06%
CRR	6.00%	6.00%	5.75%	0.00%	0.25%
RBI LAF- Reverse Repo Rate*	4.50%	4.50%	3.50%	0.00%	1.00%
Foreign Exchange Reserve (\$ bln)	282.55	284.18	277.04	(1.63)	5.51
Nymex Crude	71.92	78.95	83.76	(7.03)	(11.84)
US Fed Funds Rate	0.25%	0.25%	0.25%	0.00%	0.00%
US 10-yr Gilt	2.47%	2.91%	3.83%	-0.44%	-1.36%
INR/USD	47.08	46.41	44.92	1.44%	4.80%
USD/Euro	1.27	1.31	1.35	2.85%	6.14%
USD/Yen	84.20	86.47	93.47	-2.63%	-9.92%

*RBI Repo Rate at 5.75%

Sources – Internal & Bloomberg

Ritesh Jain

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

index. But they would have higher level of volatility, which in other words means higher downside risk. Hence the better strategy is to play the small and mid-cap through a basket in combination with large-caps, with the view of risk management.

Our MSACE fund portfolio has a healthy mix of mid-caps and growth large-caps and continues to be positioned to capture the substantial part of the broad market outperformance. We continue to remain overweight in Industrial and Automotive sectors, playing the pick-up in industrial activities and low material prices. Banking is one of the key sectors to benefit from fast growing Indian economy. Here we like private banks, particularly niche lending institutions such as micro-finance, gold, etc. which can grow meaningfully faster than the broad economy and the sector. We continue to like pharmaceuticals, particularly Indian generic and contract research/manufacturing companies who scout for global opportunities in the fast growing generic space. Our underweight remains in material and telecom, where industry and global dynamics suggest weak outlook.

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 Aug. 31, 2010

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		16.52%
	✓ ICICI Bank Limited	4.61%
	HDFC Bank Limited	2.19%
	Kotak Mahindra Bank Limited	2.01%
	State Bank of India Limited	1.67%
	Axis Bank Limited	1.48%
	Yes Bank Limited	1.40%
	Dhanalakshmi Bank Limited	1.40%
	Indian Bank	0.96%
	Andhra Bank	0.80%
Pharmaceuticals		8.39%
	✓ Aurobindo Pharma Limited	2.41%
	Opto Circuits India Limited	2.13%
	Jubilant Organosys Limited	2.09%
	Cadila Healthcare Limited	1.76%
Software		7.26%
	✓ Infosys Technologies Limited	4.70%
	✓ Tata Consultancy Services Limited	2.56%
Finance		5.93%
	Manappuram General Finance and Leasing Limited	1.90%
	Dewan Housing Finance Corp. Limited	1.70%
	Infrastructure Development Finance Company Limited	1.63%
	SKS Microfinance Limited	0.70%
Industrial Capital Goods		5.92%
	Bharat Heavy Electricals Limited	2.12%
	Crompton Greaves Limited	2.02%
	Sterlite Technologies Limited	1.78%
Consumer Non Durables		5.09%
	✓ ITC Limited	3.09%
	Radico Khaitan Limited	2.00%
Petroleum Products		4.96%
	✓ Reliance Industries Limited	3.44%
	Indian Oil Corporation Limited	1.52%
Auto Ancillaries		4.37%
	✓ Motherson Sumi Systems Limited	2.20%
	Exide Industries Limited	2.17%
Auto		4.25%
	✓ Tata Motors Limited	2.37%
	Mahindra and Mahindra Limited	1.88%
Power		4.10%
	Torrent Power Limited	1.52%
	CESC Limited	1.34%
	GVK Power and Infrastructure Limited	1.24%
Ferrous Metals		3.88%
	Usha Martin Limited	1.90%
	Maharashtra Seamless Limited	1.18%
	Jindal Steel and Power Limited	0.80%
Construction		3.65%
	Sobha Developers Limited	2.06%
	The Phoenix Mills Limited	1.59%
Transportation		3.35%
	✓ IRB Infrastructure Developers Limited	2.35%
	Spice Jet Limited	1.00%
Gas		3.23%
	Gujarat State Petronet Limited	2.15%
	GAIL India Limited	1.08%
Oil		2.59%
	✓ Oil and Natural Gas Corporation Limited	2.59%
Non - Ferrous Metals		2.18%
	Hindustan Zinc Limited	2.18%

Industry Classification	Security Description	% of Total Net Assets
Consumer Durables		1.81%
	Bajaj Electricals Limited	1.81%
Construction Project		1.66%
	Voltas Limited	1.66%
Media & Entertainment		0.92%
	DQ Entertainment International Limited	0.92%
Retailing		0.88%
	Shoppers Stop Limited	0.88%
Cash and other assets		9.06%
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%

Expense Ratio:

2.34% of average daily net assets

Portfolio Turnover:

1.32

NAV (₹):

Growth 15.131 per unit
Dividend 15.131 per unit

Fund AUM:

₹ 320.14 crore

Performance (in %)

Period	Fund Returns	BSE 200
1 Year	37.55	19.29
Since Inception (April 03, 2008)	18.74	7.14

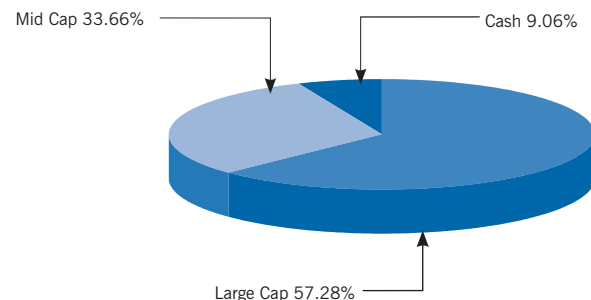
Past performance is not a guarantee of future returns. Compounded annualised returns of the growth option are computed. Since Inception returns are calculated on ₹ 10/- invested at inception.

SIP Performance - Growth option (as on Aug. 31, 2010)

₹ 2000 invested every month	Amount Invested (₹)	MSACE		Benchmark - BSE 200	
		Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
1 year	24000	28154.08	33.67	26071.83	16.43
Since inception*	56000	90845.64	45.52	77199.91	28.95

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 Aug. 31, 2010

Portfolio (✓ Top Ten Holdings)

Industry Classification	Security Description	% of Total Net Assets
Banks		18.87%
	✓ HDFC Bank Limited	7.56%
	✓ IndusInd Bank Limited	3.31%
	State Bank of India Limited	2.13%
	ICICI Bank Limited	2.08%
	Bank of Baroda	1.36%
	Yes Bank Limited	1.25%
	Punjab National Bank	1.18%
Auto		10.50%
	✓ Tata Motors Limited	6.45%
	✓ Bajaj Auto Limited	2.55%
	Ashok Leyland Limited	1.49%
	Hero Honda Motors Limited	0.01%
Consumer Non Durables		10.00%
	✓ ITC Limited	4.18%
	Nestle India Limited	2.02%
	Asian Paints Limited	1.31%
	Shree Renuka Sugars Limited	0.88%
	KS Oils Limited	0.87%
	Mcleod Russel India Limited	0.74%
Software		8.31%
	✓ Infosys Technologies Limited	4.89%
	Tata Consultancy Services Limited	2.19%
	Wipro Limited	1.23%
Pharmaceuticals		7.66%
	✓ Dr. Reddy's Laboratories Limited	3.62%
	✓ Glenmark Pharmaceutical Limited	2.59%
	Aurobindo Pharma Limited	1.45%
Media & Entertainment		7.25%
	✓ Sun TV Network Limited	3.82%
	Deccan Chronicle Holdings Limited	2.07%
	Television Eighteen India Limited	1.03%
	IBN18 Broadcast Limited	0.33%
Construction Project		6.23%
	Larsen and Toubro Limited	2.35%
	Gammon India Limited	1.98%
	GMR Infrastructure Limited	1.42%
	Hindustan Construction Co. Limited	0.48%
Finance		5.01%
	Infrastructure Development Finance Company Limited	2.23%
	Rural Electrification Corporation Limited	2.01%
	SKS Microfinance Limited	0.77%
Power		4.93%
	KSK Energy Ventures Limited	2.12%
	Reliance Infrastructure Limited	1.26%
	Torrent Power Limited	0.91%
	Jaiprakash Power Ventures Limited	0.64%
Petroleum Products		4.32%
	✓ Reliance Industries Limited	4.32%
Non - Ferrous Metals		3.81%
	Hindalco Industries Limited	2.34%
	Hindustan Zinc Limited	1.47%
Industrial Capital Goods		3.54%
	Bharat Heavy Electricals Limited	1.97%
	Thermax Limited	0.84%
	AIA Engineering Limited	0.73%
Industrial Products		1.81%
	Ess Dee Aluminium Limited	1.81%
Ferrous Metals		1.80%
	Usha Martin Limited	1.80%
Retailing		1.21%
	Pantaloon Retail India Limited	1.21%
Construction		1.04%
	The Phoenix Mills Limited	1.04%
Hardware		1.02%
	Redington India Limited	1.02%
Fertilisers		0.84%
	Coromandel International Limited	0.84%
Transportation		0.38%
	Spice Jet Limited	0.38%
Gas		0.32%
	Gujarat State Petronet Limited	0.32%
Cash and other assets		1.15%
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 63.189 per unit
Dividend* 20.590 per unit
*option introduced on Jan. 19, 2009

Expense Ratio:

1.91% of average daily net assets

¹ Risk Free rate is based on 3 month T-Bill rate

Portfolio Turnover:

0.89

Volatility Measures:

(for trailing 3 year period)
Standard Deviation 9.97%
Beta 0.91
Sharpe Ratio -0.04

Fund AUM:

₹ 1873.85 crore

Performance (in %)

Period	Fund Returns	BSE 100
1 year	24.19	17.05
3 years	4.11	7.01
5 years	15.62	18.13
Since Inception (18th February 1994)	13.81	10.31

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 Aug. 31, 2010)

₹ 2000 invested every month	Amount Invested (₹)	MSGF		Benchmark - BSE 100	
		Present Value (₹)	Returns XIRR %	Present Value (₹)	Returns XIRR %
1 year	24000	26895.49	23.17	25803.25	14.26
Since inception*	38000	50892.86	40.18	48646.94	33.29

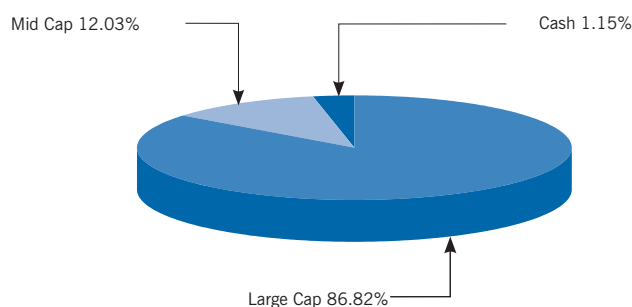
Past performance is not a guarantee of future returns. For SIP returns, monthly investment of equal amounts invested on the first business day of every month have been considered. *MSGF became open ended on January 19, 2009, and the 1st SIP date is considered as February 02, 2009.

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#



#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 Aug. 31, 2010

Portfolio

Security Description	Rating	% of Total Net Assets
Money Market Instruments		86.86%
Kotak Mahindra Prime	P1+	12.23%
Reliance Capital Ltd.	A1+	12.21%
Tata Capital Ltd.	A1+	6.34%
Export Import Bank Ltd.	P1+	6.33%
Jammu & Kashmir Bank	P1+	6.33%
Indian Oil Corporation	P1+	6.32%
Andhra Bank	P1+	6.32%
Union Bank of India	P1+	6.21%
Bank of Baroda	P1+	6.21%
Axis Bank	P1+	6.17%
Canara Bank	P1+	6.10%
Federal Bank	PR1+	6.09%
Corporate Debt		6.32%
Infrastructure Development Finance Corporation	AAA	6.32%
Cash & Current Assets		6.82%
Grand Total		100.00%

Rating Profile

Rating Category	
AAA	93.18%
Cash & Current Assets	6.82%
Grand Total	100.00%

Asset Allocation

Asset Class	
Money Market Instruments	86.86%
Corporate Debt	6.32%
Cash & Current Assets	6.82%
Grand Total	100.00%

Performance (in %)

Period	Regular Plan	Institutional Plus Plan	Crisil Short Term Bond Fund Index
1 year	4.94	5.23	5.00
Since inception (May 26, 2009)	4.87	5.18	4.41

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:	10.0351
Monthly Dividend (Payout and Reinvestment):	10.0238
Growth:	10.6643
Regular Plan	
Weekly Dividend	
Reinvestment:	10.0220
Monthly Dividend (Payout and Reinvestment):	10.0224
Growth:	10.6181

Expense Ratio:

Institutional Plus Plan	0.60%
Regular Plan	0.90%

Average Maturity: 3.33 months

Modified Duration: 0.26 years

Yield to Maturity: 6.31%

Rating:

Credit risk rating mfAAA by ICRA[#]

Fund AUM:

₹ 78.81 crore

Dividend History

Plan/Frequency	Record Date	Non-Individuals Per Unit (₹)	Individuals Per Unit (₹)	Ex Dividend NAV (₹)
Regular Plan-Monthly Dividend	Aug. 27, 2010	0.0220	0.0236	10.0174
Regular Plan-Monthly Dividend	Jul. 30, 2010	0.0393	0.0421	10.0182
Regular Plan-Monthly Dividend	Jun. 25, 2010	0.0303	0.0325	10.0269

Note: Face Value ₹ 10 per unit.

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 1-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 Aug. 31, 2010

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	3.68	5.73
Since inception (May 28, 2009)	1.19	4.37

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):	10.1513
Growth:	10.1513
Expense Ratio:	
Institutional Plus Plan	1.20%
Regular Plan	1.75%

Average Maturity: 0.03 months

Modified Duration: 0.003 years

Yield to Maturity: 4.52%

Rating:

Credit risk rating mfAAA by ICRA[#]

Fund AUM:

₹ 0.86 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	<ul style="list-style-type: none"> Growth Dividend Option - Reinvestment and Payout 	<ul style="list-style-type: none"> Growth 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
Minimum Investment Amount	Lumpsum: ₹ 5000 and in multiples of ₹ 1/- thereafter SIP: ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: ₹ 5000 and in multiples of ₹ 1/- thereafter SIP: ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: Regular Plan - ₹ 5000/- and multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 50 lacs and in multiples of ₹ 1/- thereafter SIP: (Regular Plan Only) ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments	Lumpsum: Regular Plan - ₹ 5000/- plus in multiples of ₹ 1/- thereafter Institutional Plus Plan - ₹ 50 lacs plus in multiples of ₹ 1/- thereafter SIP: (Regular Plan Only) ₹ 1000/- via minimum 6 installments Group SIP: ₹ 250/- via minimum 6 installments
Additional Investment	₹ 1000 and in multiples of ₹ 1/- thereafter	₹ 1000 and in multiples of ₹ 1/- thereafter	Regular Plan - ₹ 1000/- and in multiples of ₹ 1/- thereafter Institutional Plus Plan- ₹ 1 lac and in multiples of ₹ 1/- thereafter	Regular Plan - ₹ 1000/- and in multiples of ₹ 1/- thereafter Institutional Plus Plan- ₹ 1 lac and in multiples of ₹ 1/- thereafter
Minimum Repurchase amount	₹ 1000/- and in multiples of ₹ 1/- thereafter	₹ 1000/- and in multiples of ₹ 1/- thereafter	₹ 1000/- and in multiples of ₹ 1/- thereafter	₹ 1000/- and in multiples of ₹ 1/- thereafter
SIP/STP Dates	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter	1st, 5th, 10th, 15th, 20th, 25th of every Month/Quarter
Entry Load	Nil.	Nil.	Nil.	Nil.
Exit Load	1% if redeemed/switched on or before the expiry of one year from the date of allotment; otherwise: Nil.	1% if redeemed/switched on or before the expiry of one year from the date of allotment; otherwise: Nil.	Nil.	Nil.

#For the purpose of this Scheme, any company having a minimum threshold limit of market capitalization which is equal to or more than the market capitalization of the 100th stock in BSE 100, as on the date of investment shall qualify as Large Cap Company.

Morgan Stanley Mutual Fund Branch Offices

• Ahmedabad 079 2644 9132	• Bangalore 080 4180 0702	• Chandigarh 0172 4665 295	• Chennai 044 2830 2091
• Delhi 011 6624 9133	• Hyderabad 040 4002 4168	• Kolkata 033 3984 5315	• Mumbai 022 2209 7130
• Pune 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.**