

UNAUDITED HALF-YEARLY FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2008 AND PORTFOLIO AS ON THAT DATE.
(Pursuant to the provisions of Regulation 59 and 59A of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996).**Portfolio Statement of Morgan Stanley Growth Fund (a closed-ended equity scheme) as of September 30, 2008.**

| Sr. No. | Name of the Instrument | Industry @ | Quantity | Mkt. Value (Rs. in Lakhs) | % to NAV |
|---|--|--------------------------|-------------------|---------------------------|---------------|
| INDIAN SECURITIES | | | | | |
| Equity & Equity Related | | | | | |
| Listed/Awaiting listing on Stock Exchanges | | | | | |
| 1 | Reliance Industries Limited | Petroleum Products | 1,081,000 | 21,072 | 8.34% |
| 2 | Infosys Technologies Limited | Software | 1,467,436 | 20,515 | 8.12% |
| 3 | HDFC Bank Limited | Banks | 1,277,018 | 15,703 | 6.22% |
| 4 | HDFC Limited | Finance | 653,500 | 14,011 | 5.55% |
| 5 | Bharti Airtel Limited | Telecom - Services | 1,749,778 | 13,733 | 5.44% |
| 6 | Bharat Heavy Electricals Limited | Industrial Capital Goods | 834,166 | 13,274 | 5.26% |
| 7 | Hindustan Unilever Limited | Diversified | 4,678,700 | 11,802 | 4.67% |
| 8 | Larsen and Toubro Limited | Diversified | 435,600 | 10,657 | 4.22% |
| 9 | Axis Bank Limited | Banks | 1,111,500 | 8,006 | 3.17% |
| 10 | State Bank Of India | Banks | 545,000 | 7,975 | 3.16% |
| 11 | Glenmark Pharmaceuticals Limited | Pharmaceuticals | 1,429,801 | 6,991 | 2.77% |
| 12 | Nestle India Limited | Consumer Non Durables | 407,808 | 6,896 | 2.73% |
| 13 | ABB Limited | Industrial Capital Goods | 794,303 | 6,271 | 2.48% |
| 14 | Maruti Suzuki India Limited | Auto | 859,300 | 5,931 | 2.35% |
| 15 | Welspun Gujarat Stahl Rohren Limited | Ferrous Metals | 2,342,500 | 5,562 | 2.20% |
| 16 | United Phosphorus Limited | Pesticides | 1,715,700 | 5,311 | 2.10% |
| 17 | Geodesic Information Systems Limited | Software | 2,905,813 | 4,292 | 1.70% |
| 18 | ICICI Bank Limited | Banks | 798,200 | 4,275 | 1.69% |
| 19 | Tata Consultancy Services Limited | Software | 584,200 | 3,888 | 1.54% |
| 20 | Praj Industries Limited | Industrial Capital Goods | 3,083,000 | 3,840 | 1.52% |
| 21 | Aban Offshore Limited | Oil | 187,216 | 3,837 | 1.52% |
| 22 | Bank Of Baroda | Banks | 1,190,000 | 3,540 | 1.40% |
| 23 | Deccan Chronicle Holdings Limited | Media & Entertainment | 3,675,000 | 3,065 | 1.21% |
| 24 | Jindal Steel and Power Limited | Ferrous Metals | 232,500 | 2,954 | 1.17% |
| 25 | Cairn India Limited | Oil | 1,288,000 | 2,733 | 1.08% |
| 26 | Balrampur Chini Mills Limited | Consumer Non Durables | 3,357,500 | 2,726 | 1.08% |
| 27 | Jyoti Structures Limited | Power | 2,872,063 | 2,548 | 1.01% |
| 28 | India Cements Limited | Cement | 1,980,447 | 2,454 | 0.97% |
| 29 | Pantaloon Retail (India) Limited | Retailing | 916,100 | 2,379 | 0.94% |
| 30 | Ess Dee Aluminium Limited | Industrial Products | 868,652 | 2,368 | 0.94% |
| 31 | Phoenix Mills Limited | Construction | 1,543,524 | 2,223 | 0.88% |
| 32 | Television Eighteen India Limited | Media & Entertainment | 1,073,700 | 1,977 | 0.78% |
| 33 | Bajaj Hindusthan Limited | Consumer Non Durables | 1,746,771 | 1,804 | 0.71% |
| 34 | Tata Steel Limited | Ferrous Metals | 399,000 | 1,704 | 0.67% |
| 35 | Jaiprakash Associates Limited | Construction | 1,263,000 | 1,404 | 0.56% |
| 36 | Arshiya International Limited | Transportation | 956,900 | 1,391 | 0.55% |
| 37 | GVK Power and Infrastructure Limited | Power | 5,022,270 | 1,331 | 0.53% |
| 38 | Madhucon Projects Limited | Construction | 746,371 | 1,305 | 0.52% |
| 39 | IDFC Limited | Finance | 1,762,500 | 1,266 | 0.50% |
| 40 | Gujarat Fluorochemicals Limited | Gas | 742,180 | 1,120 | 0.44% |
| 41 | Housing Development and Infrastructure Limited | Construction | 389,957 | 664 | 0.26% |
| 42 | Balkrishna Industries Limited | Auto Ancillaries | 191,624 | 648 | 0.26% |
| 43 | IOL Netcom Limited | Software | 796,900 | 581 | 0.23% |
| 44 | Ranbaxy Laboratories Limited | Pharmaceuticals | 172,402 | 426 | 0.17% |
| 45 | Hero Honda Motors Limited | Auto | 750 | 7 | * |
| Total | | | 62,129,650 | 236,458 | 93.62% |
| (b) Unlisted ** | | | | | |
| 1 | Eastern Medikit Limited | Pharmaceuticals | 340,000 | - | * |
| 2 | Patheja Brothers Forging and Stamping Limited | Industrial Products | 340,000 | - | * |
| Total | | | 680,000 | - | 0.00% |
| Money Market Instruments | | | | | |
| 1 | Reverse Repos | | | 3,460 | 1.37% |
| 2 | CBLO | | | 8,960 | 3.55% |
| Total | | | 12,420 | 4.92% | |
| Others | | | | | |
| Cash and Current Assets | | | | 3,698 | 1.46% |
| Total | | | 3,698 | 1.46% | |
| Grand Total | | | 252,576 | 100.00% | |

@ Industry classification as recommended by AMFI.

*Indicates percentage to Net Asset Value for that security is less than 0.01%.

**Indicates thinly traded/non traded and illiquid Securities as defined in SEBI Regulations and Guidelines.

Notes :

(1) The provision made for Non Performing Assets as of September 30, 2008 is NIL and its percentage to Net Asset Value is NIL.

(2) Aggregate value of illiquid equity shares of the fund is NIL and their percentage to Net Asset Value is NIL.

(3) Net Asset Value as at March 31, 2008 is Rs. 52.85 and as at September 30, 2008 is Rs. 42.08. The scheme has not declared any dividend or bonus during the half year ended September 30, 2008.

(4) During the period, there was no exposure in derivative products.

(5) Total market value of Investments in Foreign Securities, Fixed Deposits of Scheduled Commercial Bank & Securitised Debt Instruments as at September 30, 2008 is NIL.

(6) During the current half-year, the portfolio turnover ratio for the scheme is 0.37. The portfolio turnover ratio has been calculated by dividing A by B (details given below)

A : The number as obtained by division of Sum of Total Purchases and Total Sales for the half year ended September 30, 2008 by 2.

B : The number as obtained by division of sum of Market Values of Portfolio as on March 31, 2008 and as on September 30, 2008 by 2.

Portfolio Statement of Morgan Stanley A.C.E. Fund (an open-ended equity scheme) as of September 30, 2008.

| Sr. No. | Name of the Instrument | Industry @ | Quantity | Mkt. Value (Rs. in Lakhs) | % to NAV |
|---|--|--------------------------|----------|---------------------------|----------|
| INDIAN SECURITIES | | | | | |
| Equity & Equity Related | | | | | |
| Listed/Awaiting listing on Stock Exchanges | | | | | |
| 1 | Reliance Industries Limited | Petroleum Products | 29,000 | 565 | 6.14% |
| 2 | Bharti Airtel Limited | Telecom - Services | 55,000 | 432 | 4.69% |
| 3 | HDFC Limited | Finance | 17,600 | 377 | 4.10% |
| 4 | Bharat Heavy Electricals Limited | Industrial Capital Goods | 23,300 | 371 | 4.03% |
| 5 | Larsen and Toubro Limited | Diversified | 13,700 | 335 | 3.64% |
| 6 | HDFC Bank Limited | Banks | 19,200 | 236 | 2.57% |
| 7 | Axis Bank Limited | Banks | 32,100 | 231 | 2.51% |
| 8 | Punjab National Bank | Construction | 80,200 | 230 | 2.50% |
| 9 | GAIL (India) Limited | Gas | 52,100 | 213 | 2.31% |
| 10 | Infosys Technologies Limited | Software | 14,700 | 206 | 2.23% |
| 11 | Sintex Industries Limited | Industrial Products | 65,900 | 187 | 2.03% |
| 12 | ICICI Bank Limited | Banks | 34,500 | 185 | 2.01% |
| 13 | Shaw Wallace and Company Limited | Consumer Non Durables | 68,400 | 181 | 1.97% |
| 14 | Colgate - Palmolive (India) Limited | Consumer Non Durables | 42,900 | 174 | 1.89% |
| 15 | Bank Of Baroda | Banks | 57,900 | 172 | 1.87% |
| 16 | ING Vysya Bank Limited | Banks | 78,894 | 170 | 1.85% |
| 17 | Reliance Infrastructure Limited | Power | 21,200 | 168 | 1.82% |
| 18 | Exide Industries Limited | Auto Ancillaries | 273,900 | 164 | 1.79% |
| 19 | GlaxoSmithkline Consumer Healthcare Limited | Consumer Non Durables | 26,315 | 164 | 1.78% |
| 20 | Consolidated Construction Consortium Limited | Construction | 32,600 | 163 | 1.77% |
| 21 | Piramal Healthcare Limited | Pharmaceuticals | 47,900 | 158 | 1.72% |
| 22 | Federal Bank Limited | Banks | 75,900 | 156 | 1.69% |
| 23 | GVK Power and Infrastructure Limited | Power | 574,600 | 152 | 1.65% |
| 24 | Punjab National Bank | Banks | 31,500 | 150 | 1.63% |
| 25 | CESC Limited | Power | 52,500 | 144 | 1.57% |
| 26 | Kotak Mahindra Bank Limited | Banks | 24,300 | 135 | 1.46% |
| 27 | Crompton Greaves Limited | Industrial Capital Goods | 58,003 | 134 | 1.46% |
| 28 | Jaiprakash Associates Limited | Construction | 119,100 | 132 | 1.44% |
| 29 | Tata Steel Limited | Ferrous Metals | 30,200 | 129 | 1.40% |
| 30 | The Great Eastern Shipping Company Limited | Transportation | 41,400 | 126 | 1.37% |
| 31 | Volta Limited | Consumer Durables | 132,799 | 123 | 1.33% |
| 32 | Bank Of India | Banks | 37,500 | 107 | 1.16% |
| 33 | Suzlon Energy Limited | Industrial Capital Goods | 68,200 | 104 | 1.13% |
| 34 | Marico Limited | Consumer Non Durables | 177,800 | 104 | 1.13% |
| 35 | United Phosphorus Limited | Pesticides | 31,800 | 98 | 1.07% |
| 36 | Britannia Industries Limited | Consumer Non Durables | 7,200 | 97 | 1.06% |
| 37 | Dena Bank | Banks | 234,756 | 97 | 1.05% |
| 38 | Tata Chemicals Limited | Fertilizers | 39,500 | 89 | 0.97% |
| 39 | Elecon Engineering Company Limited | Industrial Capital Goods | 97,200 | 85 | 0.93% |
| 40 | Reliance Communications Limited | Telecom - Services | 25,200 | 84 | 0.91% |
| 41 | IRB Infrastructure Developers Limited | Transportation | 65,100 | 78 | 0.85% |
| 42 | Bharat Forge Limited | Industrial Products | 40,200 | 74 | 0.81% |
| 43 | B. L. Kashyap and Sons Limited | Construction | 9,600 | 72 | 0.78% |
| 44 | Reliance Petroleum Limited | Petroleum Products | 50,100 | 72 | 0.78% |

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. **Investment Objectives and Scheme Classification:** Morgan Stanley Growth Fund, a close-ended equity scheme seeks to achieve long term capital appreciation by investing primarily in equity and equity related securities of Indian companies. Morgan Stanley A.C.E. Fund, an open-ended equity scheme, aims to generate long-term capital growth from an actively managed portfolio of equity and equity related securities including equity derivatives. **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 will that dividends be paid regularly. Investors in the Scheme are not being offered any guaranteed/assured returns. Morgan Stanley Growth Fund and Morgan Stanley A.C.E. Fund are only the names of the schemes and do not in any manner indicate the quality of the scheme, their 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 Scheme Information Document (SID)/Offer Document/Key Information Memorandum (available at Investor Service Centres, Distributors, and on the Mutual Fund website www.morganstanley.com/indiamf), carefully before investing.

| Sr. No. | Name of the Instrument | Industry @ | Quantity | Mkt. Value (Rs. in Lakhs) | % to NAV |
|---------------------------------|---|-----------------------------------|------------------|---------------------------|----------------|
| 45 | Sterlite Technologies Limited | Telecom - Equipment & Accessories | 54,400 | 64 | 0.69% |
| 46 | Century Textiles and Industries Limited | Cement | 16,300 | 54 | 0.59% |
| 47 | Kaipataru Power Transmission Limited | Power | 7,200 | 53 | 0.57% |
| Total | | | 3,189,667 | 7,796 | 84.71% |
| Money Market Instruments | | | | | |
| CBLO | | | | 1,144 | 12.43% |
| Total | | | | 1,144 | 12.43% |
| Others | | | | | |
| Cash and Current Assets | | | | 263 | 2.86% |
| Total | | | | 263 | 2.86% |
| Grand Total | | | | 9,203 | 100.00% |

@ Industry classification as recommended by AMFI.

Notes :

(1) The provision made for Non Performing Assets as of September 30, 2008 is NIL and its percentage to Net Asset Value is NIL.

(2) Aggregate value of illiquid equity shares of the fund is NIL and their percentage to Net Asset Value is NIL.

(3) Net Asset Value as at September 30, 2008 are as follows:

Morgan Stanley A.C.E. Fund-Dividend Option - Rs. 8.224

Morgan Stanley A.C.E. Fund-Growth Option - Rs. 8.224

The scheme has not declared any dividend or bonus during the half year ended September 30, 2008.

(4) During the period, there was no exposure in derivative products.

(5) Total market value of Investments in Foreign Securities, Fixed Deposits of Scheduled Commercial Bank & Securitised Debt Instruments as at September 30, 2008 is NIL.

(6) During the current half-year, the portfolio turnover ratio for the scheme is 2.75. The portfolio turnover ratio has been calculated by dividing A by B (details given below):

A : The number as obtained by division of Sum of Total Purchases and Total Sales for the half year ended September 30, 2008 by 2.

B : The number as obtained of Average AUM for the period April 10, 2008 (first NAV date) to September 30, 2008.

Unaudited Half Yearly Financial Results for the period ended September 30, 2008

| Sr. No. | Particulars | Morgan Stanley Growth Fund | Morgan Stanley A.C.E. Fund \$ |
|-----------------|--|----------------------------|-------------------------------|
| 1.1 | Unit Capital at the beginning of the half-year period | (Rs. in Crores) 600.18 | 73.31 @@ |
| 1.2 | Unit Capital at the end of the period | (Rs. in Crores) 600.18 | 111.90 |
| 2 | Reserves & Surplus | (Rs. in Crores) 1,925.58 | (19.87) |
| 3.1 | Total Net Assets at the beginning of the half-year period | (Rs. in Crores) 3,172.15 | 74.26 @@ |
| 3.2 | Total Net Assets at the end of the period | (Rs. in Crores) 2,525.76 | 92.03 |
| 4.1 | NAV at the beginning of the half-year period | (Rs.) 52.85 | - |
| | Growth Option | (Rs.) - | 10.000 |
| | Dividend Option | (Rs.) - | 10.000 |
| 4.2 | NAV at the end of the period | (Rs.) 42.08 | - |
| | Growth Option | (Rs.) - | 8.224 |
| | Dividend Option | (Rs.) - | 8.224 |
| 4.3 | Dividend paid per unit during the half-year | (Rs.) - | - |
| INCOME | | | |
| 5.1 | Dividend | (Rs. in Crores) 19.07 | 0.62 |
| 5.2 | Interest | (Rs. in Crores) 4.66 | 0.82 |
| 5.3 | Profit/(Loss) on sale/redemption of investments (other than inter scheme transfer/sale.) | (Rs. in Crores) 82.28 | (5.25) |
| 5.4 | Profit/(Loss) on inter-scheme transfer/sale of investments | (Rs. in Crores) - | - |
| 5.5 | Other Income (Gain on Foreign Currency operations) | (Rs. in Crores) 3.91 | - |
| 5.6 | Total Income (5.1 to 5.5) | (Rs. in Crores) 109.92 | (3.82) |
| EXPENSES | | | |
| 6.1 | Management Fees | (Rs. in Crores) 15.18 | 0.65 |
| 6.2 | Trustee Fees | (Rs. in Crores) 0.01 | 0.01 |
| 6.3 | Total Recurring Expenses (including 6.1 and 6.2) | (Rs. in Crores) 27.50 | 1.24 |
| 6.4 | Investments/Miscellaneous Receivables written off/(written back) | (Rs. in Crores) - | - |
| 6.5 | Percentage of Management Fees to daily/weekly average net assets # | (%) 1.01% | 1.37% ^ |
| 6.6 | Total Recurring expenses as a percentage of daily/weekly average net assets # | (%) 1.83% | 2.64% ^^ |
| 7.1 | Returns during the half year * [(+/-)] | -20.38% | -17.76% @@ |
| 7.2 | Compounded Annualised yield in case of schemes in existence for more than 1 year ** | - | - |
| | (i) Last 1 year | [%] -30.91% | N.A. |
| | (ii) Last 3 years | [%] 8.13% | N.A. |
| | (iii) Last 5 years | [%] 21.39% | N.A. |
| | (iv) Since the launch of the scheme | [%] 12.58% | -17.76% \$\$ |
| 8.1 | Returns on Benchmark Index during the half year | -18.72% | -20.23% @@ |
| 8.2 | Compounded Annualised yield on Benchmark Index | - | - |
| | (i) Last 1 year | [%] -25.38% | N.A. |
| | (ii) Last 3 years | [%] 13.58% | N.A. |
| | (iii) Last 5 years | [%] 23.65% | N.A. |
| | (iv) Since the launch of the scheme | [%] 8.99% | -20.23% \$\$ |
| 9 | Provision for Doubtful Income/Debts | (Rs. in Crores) - | - |
| 10 | Payments to associate/group companies (if applicable) | (Rs. in Crores) - | - |
| 11 | Investments made in associate/group companies (if applicable) | (Rs. in Crores) - | - |
| 12 | Launch Date of the Scheme | 6 th Jan. 1994 | 11 th Feb. 2008 |
| | Date of allotment | 18 th Feb. 1994 | 3 rd April 2008 |
| | Benchmark for the scheme | BSE 100 | BSE 200 |

* Considering Movement of NAV during the half-year and after adjustment of dividend, bonus, etc.