

## Notice-cum-addendum

### Addenda to the Statement of Additional Information, Scheme Information Documents and Key Information Memorandum of Morgan Stanley Mutual Fund [MSMF]

**NOTICE** is hereby given that with a view to mitigate the risk associated with transactions via third party cheques and to enhance compliance with Anti-Money Laundering and Know Your Client requirements, AMFI, vide its circular no: 135/BP/16/2010-11 dated August 16, 2010, has issued process around acceptability of third party cheques which shall be applicable for the transactions made into any of the Schemes of Morgan Stanley Mutual Fund. Accordingly, effective November 15, 2010, the following provisions shall be inserted in Statement of Additional Information under the section titled "How to apply":

#### A. Statement of Additional Information - Section II - How to Apply?

##### 1. Subscription via third party cheques:

When a payment is made through instrument/s issued from a bank account other than that of the beneficiary investor, the same is referred to as "third party payment". It may be noted that in case of payments from a joint bank account, the first holder of the folio has to be one of the joint holders of the bank account from which payment is made.

##### 1.A Third party cheques shall not be accepted except in the following situations:

- Payment by Parents/grand parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000/- [each regular purchase or per Systematic Investment Plan ("SIP") installment];
- Payment by Employer on behalf of employees under SIP through Payroll deductions, and
- Custodian on behalf of an FII or a client.

##### 1.B Documents to be obtained for the above cases:

In case of exceptional situations as above, the following verification may be carried out by Morgan Stanley Investment Management Pvt. Ltd. ["MSIM"] or by its Registrar & Transfer Agent:

- KYC would be mandatory for both the Investor and the person making the payment.
- Such applications must be accompanied by a declaration by the person making the payment giving details of the bank account from which the payment is made and the relationship with the beneficiary.
- Verification to show that the Funds are sourced from the drawer's bank account only.

2. In order to prevent fraud and misuse of payment instrument, investors are urged to make the payment instrument favouring "XYZ Scheme a/c First Investor name" or "XYZ Scheme a/c Permanent Account Number", or "XYZ Scheme a/c Folio Number".

##### 3. Registration of multiple bank accounts:

- Under this facility, Individual investors/HuF may register up to five bank accounts and Non-individual investors may register up to ten bank accounts with the AMC to receive the redemption/dividend proceeds choosing one of these accounts as preferred bank account. Investor can register bank accounts as mentioned above by filling up a form available at the official points of contact and on the Fund website i.e. [www.morganstanley.com/indiamf](http://www.morganstanley.com/indiamf)
- The Investor may choose to receive the redemption/dividend proceeds in any of the bank accounts registered as above. In case where the investor does not specify the same, the default option would be to credit the redemption/dividend proceeds to the bank account mentioned on the application form.
- In case of joint bank accounts, the first holder of the Mutual Fund folio must be one of the joint holders of the bank account from which the investment is made. Investment made through bank accounts other than those registered with the Mutual Fund would be considered as third party payments, and are liable to be rejected.
- It would take a period of 10 calendar days [herein after referred as "cooling-off period"] to effect the change of bank mandate. Accordingly, if the change of bank mandate is accompanied with a redemption request, the said redemption request will be processed with the existing bank mandate only, and the prospective transactions undertaken by the investor post the cooling-off period will be processed with the latest bank mandate received from the said investor.

4. With respect to Source of funds, investors are requested to comply with the following provisions:

##### 4.A Source of funds - if paid by cheque

An investor at the time of his/her purchase of units must provide in the application form the details of his/her pay-in bank account [i.e. account from which a subscription payment is made] and his/her pay-out bank account [i.e. account into which redemption/dividend proceeds are to be paid]. Identification of third party cheques by the AMC/Mutual Fund/Registrar & Transfer Agent will be on the basis of either matching of pay-in bank account details with pay-out bank account details or by matching the bank account number/name/signature of the first named applicant/investor with the name/account number/signature available on the cheque. If the name is not pre-printed on the cheque or signature on the cheque does not match with the application, then the first named applicant/investor should submit any one of the following documents: (a) a copy of the bank passbook or a statement of bank account having the name and address of the account holder and account number;

(b) a letter from the bank on its letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code [where available].

##### 4.B Source of funds – if paid by pre-funded Instruments [e.g. Pay Order, Demand Draft and Banker's cheque]:

- The instrument must be funded from Investor's registered bank account and the application must be accompanied by a certificate from the issuing banker, stating the Account holder's name and the Account number which has been debited for issue of the instrument.
- A pre-funded instrument issued by the Bank against Cash shall not be accepted for investments of Rs. 50,000/- or more.
- Instruments below Rs. 50,000/- issued against cash must be accompanied by a certificate from the issuing banker giving name, address and PAN (if available) of the person who has requested for the demand draft, and the same should match with the Investors' details on the application form.

##### 4.C Source of funds – for Bank Transfer:

- If subscription is made through RTGS, NEFT, ECS, bank transfer, etc., the same shall be made only through Investor's registered bank account or else the same is liable to be rejected. Further, a copy of the instruction to the bank stating the bank account number debited must accompany the purchase application.

##### 4.D Source of funds - for transactions through Channel Partners:

- For transactions via online mode ["herein after referred as "Channel Partners"], the Channel Partners shall ensure that the transactions are made through Investor's bank account[s] registered with them.

5. Investors transacting through Stock Exchange Platforms under the electronic order collection system shall comply with the norms/rules prescribed by the Stock Exchanges.

In case the application for subscription received on or after November 15, 2010, does not comply with the above provisions, the AMC reserves the right to reject such application.

#### B. Change of contact number of Investor Services desk at Mumbai office:

Investors are advised to note a change of contact number of the Investor Services desk at Mumbai office effective December 01, 2010. The new contact number is **022-6118 2929**. Investors can continue to reach our representatives at any of our official points of contact disclosed on [www.morganstanley.com/indiamf](http://www.morganstanley.com/indiamf) or at Toll Free No. 1800 425 1313 or Non-toll-free No. 040 2342 8757. You can also e-mail us at [mfinvestorcare@morganstanley.com](mailto:mfinvestorcare@morganstanley.com)

This addendum dated November 11, 2010 forms an integral part of Statement of Additional Information [SAI], Scheme Information Documents [SID] and Key Information Memorandum [KIM] of the Schemes of MSMF. All references to the above provisions in the said Scheme related documents stand modified accordingly. All the other terms and conditions mentioned therein remain unchanged.

For **Morgan Stanley Investment Management Pvt. Ltd.**  
(Investment Manager of Morgan Stanley Mutual Fund)

Date: November 11, 2010

Sd/-  
Sonali Bendke  
Vice President

For more information, please contact

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**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 Private Limited.

**Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the objectives of the Schemes will be achieved. As with any securities investment, the NAV of the units issued under the Schemes 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 Schemes, 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 Schemes are not being offered any guaranteed/assured returns. The liquidity of investments made in the Schemes 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 Schemes 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 related documents (available at Investor Service Centres, Distributors, and on the Mutual Fund website [www.morganstanley.com/indiamf](http://www.morganstanley.com/indiamf)), carefully before investing.**