

Notice

Potential Indirect Change in the Shareholding Pattern of Morgan Stanley Investment Management Private Limited

Notice is hereby given in respect of a potential indirect change in the shareholding of Morgan Stanley Investment Management Private Limited, which is the asset management company (the "**AMC**") to Morgan Stanley Mutual Fund ("**MSMF**"). The majority shareholder of the AMC, Morgan Stanley Mauritius Company Limited, holds 74.99% of the AMC's shares and Morgan Stanley Mauritius Company Limited is in turn indirectly and ultimately held by Morgan Stanley, the Sponsor of MSMF. The indirect change in the AMC's shareholding could arise due to changes in the shareholding in Morgan Stanley as a result of an issuance of Morgan Stanley's common stock due to the exercise of existing securities issued by Morgan Stanley pursuant to the terms of those securities as described below:

1. On December 28, 2007, China Investment Corporation ("**CIC**") invested approximately US \$5.6 billion in Morgan Stanley through an affiliate of CIC, in exchange for certain securities (the "**Equity Units**") that requires another CIC affiliate to purchase, and Morgan Stanley to sell, shares of Morgan Stanley's common stock on a date in the near future, subject to adjustment (the "**CIC Issuance**"). Based on the number of shares of Morgan Stanley's common stock issued and outstanding as of April 30, 2010, as a result of the CIC Issuance, CIC's shareholding could be greater than 10% of Morgan Stanley's common stock (the "**CIC Stake**"); however, the CIC Stake would nevertheless be under 10% of Morgan Stanley's common stock upon the full conversion of the Series B Preferred Stock held by MUFG, as described below.

2. On October 13, 2008 Mitsubishi UFJ Financial Group, Inc. ("**MUFG**") invested US \$9 billion in Morgan Stanley. The investment consisted of approximately US \$7.8 billion in exchange for shares of Morgan Stanley's 10% Series B Non-Cumulative Non-Voting Perpetual Convertible Preferred Stock (the "**Series B Preferred Stock**"), which are convertible into shares of Morgan Stanley's common stock either (i) at the election of MUFG at any time, subject to obtaining the relevant regulatory approvals, or (ii) mandatorily in the event that certain conditions are fulfilled with respect to the trading price of Morgan Stanley's common stock. The remainder of MUFG's investment consisted of approximately US \$1.2 billion in exchange for shares of Morgan Stanley's 10% Series C Non-Cumulative Non-Voting Perpetual Preferred Stock, which are not convertible into Morgan Stanley's common stock. Based on the number of shares of Morgan Stanley's common stock issued and outstanding as of April 30, 2010, (i) shares of common stock that MUFG previously purchased would represent approximately 3.08% of Morgan Stanley's outstanding common stock (following the CIC Issuance), and (ii) assuming full conversion of all of the Series B Preferred Stock, and further assuming that no other securities convertible, exercisable or exchangeable into shares of Morgan Stanley's common stock have been so converted, exercised or exchanged (other than the Equity Units), MUFG would own approximately 19.57% of Morgan Stanley's common stock.

3. In light of the terms of these securities, it is possible that the conditions precedent to triggering these issuance and conversion events could be fulfilled in the near future. In the event that certain combinations of issuance/conversion events occurred, MUFG and CIC could each hold more than 10% of Morgan Stanley's outstanding common stock. The said holding by each of MUFG and/or CIC will be deemed to be an indirect change in the controlling interest of the AMC in terms of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "**Regulations**"). SEBI, vide its letter dated August 05, 2010 bearing reference no. OW/15073/2010, has taken note of the referred transactions and has advised us to comply with Regulation 22(e) of the Regulations.

4. **In this regard, investors are requested to note that there is no direct change or impact on the management of the AMC/MSMF, including with respect to the constitution of the Board of Directors of the AMC and Board of Trustees of MSMF, on account of the above-mentioned potential indirect change in the controlling interest of the AMC. It is affirmed that Morgan Stanley continues in its capacity as Sponsor of MSMF. Further, the said changes will not affect the basic characteristics of the Scheme/s of MSMF nor will they constitute any change in the fundamental attributes of the Scheme/s, including their investment objectives.**

5. In view of the transactions referenced above, the Regulations require, amongst other things that an advertisement be given in one English daily newspaper having nationwide circulation and in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, and the unitholders be given an option to exit on the prevailing Net Asset Value without any exit load. Accordingly, an option is hereby given to the unit holders of the schemes of MSMF as of the close of business hours of August 11, 2010 to redeem their units at prevalent NAV without payment of any exit load. The said option will be available for 30 days commencing from August 16, 2010 up to and including September 15, 2010. **Unit holders who wish to remain invested, need not take any action.**

6. Individual communication in this regard is being despatched to all the unit holders of the schemes of MSMF.

7. Please also note that the above notification shall be treated as a combined notice for the aforesaid potential events which may occur at different points of time in the future dependent upon the fulfillment of the respective conditions precedent. Accordingly, investors are requested to note that no additional notice shall be given to the investors irrespective of the timing of events, should individual events occur in the future.

In case you have any questions regarding this Notice, you may please contact the Registrar, M/s Karvy Computershare Private Limited, 21 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500034 or please contact the Investor Relations Officer at 5th Floor, Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400 001 or visit us at www.morganstanley.com/indiamf or email us at mfinvestorcare@morganstanley.com or call our Toll Free No.: 1800 425 1313 or our Non Toll Free No.: 040 2342 8757.

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

Sd/
Sonali Bendke
Vice President

Date: August 11, 2010

For more information, please contact

Morgan Stanley Investment Management Private Limited

Registered Office: Forbes Building, Charanjit Rai Marg, Mumbai 400 001

Tel: 22 2209 6000 Fax: 22 2209 6606 Toll Free: 1800 425 1313, Non-toll-free: 040 2342 8757

www.morganstanley.com/indiamf

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/s will be achieved. As with any securities investment, the NAV of the units issued under the Scheme/s 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/s, 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/s are not being offered any guaranteed/assured returns. The liquidity of investments made in the Scheme/s 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/s 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 Documents and Key Information Memorandums [available at Investor Service Centres, Distributors, and on the Mutual Fund website www.morganstanley.com/indiamf], carefully before investing.**