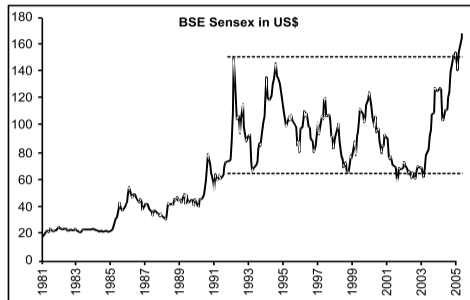


Morgan Stanley Growth Fund

Quarterly Newsletter

Dear Unit Holder,

These are heady times for emerging market investors. Almost every emerging market across the world is trading at an all-time high. India's benchmark Sensex, too, finally broke past its 1992 high in dollar terms during the last quarter. Following the rupee's depreciation in the 1990s, a level north of 7,000 on the Sensex currently corresponds with an index level of 4,200-4,600 in the 1992-94 period. Long-term foreign portfolio investors in India are finally feeling well rewarded.



The Sensex has been converted into US\$ by dividing the Sensex values by the then prevailing exchange rate

As a long-term chart of the Indian equity market shows, most of the gains were made in the late eighties and the early nineties. Foreign investors were not allowed to invest in the Indian equity market during those years. By the time they were given permission to invest - in 1994 - the Indian market was in the process of forming what came to be a multi-year top.

The story is similar for several other emerging markets. Only over the past few months have markets from Mexico to South Africa overshot their 1994 peaks and lived down the image of high risk, low return markets. And now, on the back of this much improved performance profile, global investors cannot seem to satisfy their appetite for risk.

Inflows to emerging markets are running at historic highs and sentiment towards Indian stocks is extremely bullish. Global investors are scrambling to get a piece of the action in India. In their search for returns, these players have combed through valuations across sectors and priced out any anomalies, possibly to the extent that some analysts believe investors are not distinguishing too much between high-and low-quality assets.

Our long investing experience in emerging markets such as India suggests that there is no need for compromising on quality to generate meaningful returns. There will be spells when lower quality stocks outperform, but investing in companies with higher management quality is a more sustainable model for effective stock selection. We continue to adopt a low turnover strategy, sticking largely with select companies that we think will generate relatively high return on equity over long periods of time. In fast-growing emerging markets, the key is to identify those companies that will more than capture the economy's high headline growth rates and historical evidence suggests only few companies make that cut.

Sridhar Sivaram and Amay Hattangadi

Portfolio Managers

July 20, 2005

Ruchir Sharma

Co-Head Global Emerging Markets

MSGF NAV Performance v/s benchmark Indices (as of June 30, 2005)

Period	MSGF NAV*	BSE Sensex	BSE 100
Returns during the half year [(+) (-)]	8.99%	8.95%	6.14%
Returns during the year [(+) (-)]	54.17%	50.01%	48.38%
Compounded Annualised Growth Rate			
(i) Last 3 years	34.77%	30.40%	32.05%
(ii) Last 5 years	14.82%	8.66%	9.65%
(iii) Since the launch of the scheme (6th January 1994)	11.86%	6.06%	6.98%

Past performance is no indication of future performance and may not necessarily provide basis for comparison with other investments. Past performance may or may not be sustained in future. Distribution tax has been included in the calculation of returns. All returns except for half year and 1 year are compounded annualised returns.

* Performance of the fund has been calculated based on the assumption that all dividends during the period have been reinvested in the scheme at the then prevailing NAV

MSGF NAV as of June 30, 2005 is Rs. 28.12 per unit

Holdings of MSGF as of June 30, 2005		
Sr. No.	Name of the Security	% of Total Net Assets
1	Bharat Heavy Electricals	7.30%
2	Infosys Technologies	4.71%
3	Oil and Natural Gas Corporation	4.69%
4	ITC	4.69%
5	HDFC Bank**	4.43%
6	Siemens	4.08%
7	ABB	3.95%
8	HDFC	3.71%
9	Hero Honda	3.03%
10	Wipro**	2.92%
11	Hindustan Lever	2.80%
12	Punjab National Bank	2.51%
13	Container Corporation of India	2.50%
14	State Bank of India	2.47%
15	Gujarat Ambuja Cement	2.45%
16	Hindustan Construction Co	2.43%
17	UTI Bank**	2.21%
18	Cipla	2.12%
19	Tata Consultancy Services	1.95%
20	Aventis Pharma	1.88%
21	Hindalco Industries	1.70%
22	Mahindra & Mahindra	1.69%
23	Rico Auto Industries	1.69%
24	ACC	1.69%
25	Hotel Leelaventure	1.64%
26	MTNL	1.61%
27	Gammon India	1.55%
28	Glenmark Pharma	1.55%
29	Jet Airways (India)	1.44%
30	TISCO	1.41%
31	New Delhi Television	1.37%
32	MICO	1.33%
33	National Thermal Power Corporation	1.32%
34	Indian Oil Corporation	1.32%
35	HCL Technologies	1.24%
36	Sun Pharmaceutical Industries	1.10%
37	Ballarpur Industries	1.06%
38	I-Flex Solutions	0.94%
39	Marico Industries	0.80%
40	Welspun India	0.75%
	Cash and Others	5.97%
	Total Net Assets	100.00%

* Includes Local Shares and ADRs / GDRs

UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED JUNE 30, 2005

ABRIDGED BALANCE SHEET AS AT JUNE 30, 2005		ABRIDGED REVENUE ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2005	
As at 30-06-2005 (Rs. in Lacs)		01-04-2005 to 30-06-2005 (Rs. in Lacs)	
LIABILITIES		1. INCOME	
1. Unit Capital	60,018	1.1 Dividend	974
2. Reserves & Surplus		1.2 Interest	91
2.1 Unit Premium Reserve	4,124	1.3 Net Profit on sale/redemption of Investments (other than inter-scheme transfer/sale)	9,462
2.2 Revenue Reserves	104,617	1.4 Realised Gain/(Loss) on Foreign Currency Transactions	-
3. Current Liabilities & Provisions	1,836	TOTAL	10,527
TOTAL	170,595	2. EXPENSES & LOSSES	
ASSETS		2.1 Management, Trusteeship, Administrative & other Operating Expenses	609
1. Investments		TOTAL	609
1.1 Equity & Preference Shares	162,321	Excess of Income Over Expenses & Losses	9,918
1.2 Government Securities (Treasury Bills)	2,983	Net change in unrealised (depreciation)/appreciation in value of Investments and Foreign currency	
2. Deposits	1,422	Denominated Assets and Liabilities	4,406
3. Other Current Assets		Net Surplus/(Deficit) transferred to Revenue Reserve	14,324
3.1 Cash & Bank Balances	466		
3.2 Others	3,403		
TOTAL	170,595		
RECONCILIATION TO NET ASSET VALUE PER UNIT			
Net Assets as per Balance Sheet			
(Total Assets less Current Liabilities and Provisions)	168,759		
Number of Units in Issue (in Lacs)	6,002		
Net Asset Value per Unit (in Rs.)	28.12		

NOTES : (1) Investments are stated at market/fair value at the Balance Sheet date/valuation date. The investments have been valued in accordance with the guidelines for valuation of securities for Mutual Funds dated September 18, 2000 and amendments thereto, as applicable by the Securities and Exchange Board of India (SEBI) and approved by the Board of Trustees. (2) During the quarter ended June 30, 2005 the AMC has not utilized the services of the sponsor or any of its affiliate, employees or their relatives for the purpose of any securities transaction as specified under Regulation 25(8) of SEBI Regulations. (3) In terms of Regulation 25(11) of SEBI Regulations, no investments have been made in companies, which have invested more than 5% of the NAV of the Scheme. (4) No unitholders hold over 25% of the NAV of the Scheme as at June 30, 2005 (5) The Scheme has not declared any bonus, not borrowed any money, not invested in derivative products during the period and no deferred revenue expenditure. (6) No changes have been carried out in the accounting policies during the period

Name of the Mutual Fund - Morgan Stanley Mutual Fund

Name of the Scheme - Morgan Stanley Growth Fund

Investment Objective - Morgan Stanley Growth Fund is a closed end Fund with long-term capital appreciation as its investment objective. The Scheme will seek to achieve this objective through investment, primarily in equity and equity-related securities of Indian companies.

Dividend History

Record Date	Date of Declaration	Dividend per unit	NAV as of	NAV per unit
July 09, 1999	June 23, 1999	Rs. 0.75	June 25, 1999	Rs. 12.83
April 29, 2000	April 18, 2000	Rs. 0.75	April 20, 2000	Rs. 16.60
June 11, 2001	June 4, 2001	Rs. 1.00	June 06, 2001	Rs. 10.72
May 13, 2004	April 28, 2004	Rs. 1.50	April 29, 2004	Rs. 21.82

Unit holders who have either not received or encashed their dividend warrants are requested to forward a duly signed written request to Karvy Computershare Private Limited, at the address mentioned herein, indicating the details of their investment in the fund.

Registrars to the Fund : Karvy Computershare Private Limited

Unit: Morgan Stanley Growth Fund, 21 Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. Tel: 040 - 2331 2454, 2332 0251

Risk Factors : All investments in Mutual Funds and securities are subject to market and other risks and the NAV of units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. There can be no assurance that the objectives of the Scheme of the fund will be achieved. Investments in close-ended schemes are subject to market risks of infrequent trading, possibility of market price of units being traded at a discount to NAV etc. The name of the Scheme does not indicate the quality of the Scheme, its future prospects or returns. Please read the Offer Document before investing.

The past performance of the Mutual Funds managed by the Sponsors and their affiliates/associates is not necessarily indicative of the future performance of the Scheme. Investors in the Scheme are not being offered a guaranteed or assured rate of return. The liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.

Statutory Details : Morgan Stanley Mutual Fund has been set up as a Trust by Morgan Stanley (liability restricted to the seed corpus contributed). The Board of Trustees of Morgan Stanley Mutual Fund have appointed Morgan Stanley Investment Management Private Limited as the asset management company.

Visit us at www.msgfindia.com

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Morgan Stanley