

MORGAN STANLEY
GROWTH FUND

HALF – YEARLY REPORT

Dear Unit Holder,

For the quarter ended September 30, 1999 the Net Asset Value (“NAV”) of the Morgan Stanley Growth Fund (“Fund”) rose by 33.9%. The Fund’s NAV has outperformed the benchmark indices – BSE 200 and S&P CNX 500 – which have increased by 24.2% and 26.3% respectively during the quarter. For the one year ended September 30, 1999, the Fund’s NAV has risen by 86.8% while the BSE 200 rose by 59.4% and the S&P CNX 500 by 64.6%.

***NAV: record high of Rs.18.49
(as at Oct. 8, 1999)***

Across the global investing community, it is a widely known fact that while churning out absolute returns is an obviously easier task in bull markets, to outperform market benchmarks is a lot more difficult during bull phases. For example, less than ten per cent of all funds investing in US equities have out-performed the S&P 500 (standard performance benchmark in the U.S.) over the past decade when the US market has been in the midst of the one of the most powerful bull phases in history. Now in India a grueling four-year bear market, the longest in the market’s history, seems to have given way to a new bull market this year. Absolute returns have been stellar and India is one of the best performing markets year-to-date in Asia (Source: MSCI).

What encourages us is that not only have our investors participated in this bull market, but we have further added value to the return profile by considerably outperforming the benchmarks. It has always been our endeavour to ensure consistency in performance through a distinct bottom-up approach to investing. Long alternating bull and bear market cycles in India, where we are oldest foreign investors, have taught us the importance of maintaining a certain discipline that in turn will bring about consistent outperformance.

***Ranked # 1 in 3 year
NAV performance amongst
closed end mutual funds.***

Our investing approach entails that we restrict our universe of stocks in the portfolio to companies with (a) high-quality, pro-active management that is high on integrity; (b) a dominant share in business; (c) a rising if not high return on equity profile; and (d) businesses that don’t require routine dilution of capital. It is mandatory for us to visit every company prior to investing in its stock and our reliance is more on qualitative inputs and basic corporate strategy than quantitative financials. There is no bias towards a particular investing style and stock selection over the years has reflected an open mind towards buying both growth and value plays.

Performance has been the primary driver of our investing style. Over the years, we have bought both high P/E stocks as well as low P/E stocks. What is common to all the stocks in our portfolio is that they meet our basic criteria of stock selection as listed above. Overlaid on this essentially bottom-up approach to investing is a consideration for market psychology, macro-economic variables and international trends, all of which we track incessantly and look to have insight in consistently.

***Units placed as eligible securities
with Central Depository Services
(India) Ltd. for dematerialisation***

Given the way the portfolio is positioned, we think the Fund should continue to more than capture the market’s improving performance for our investors. Our conviction has been strengthened by the victory of Mr. Chandrababu Naidu, Chief Minister of Andhra Pradesh, in the recently concluded elections as his electoral success has lent credibility to the growing worldwide belief that good economics makes for smart politics and India should follow the same path. We hope for a continuation of both the absolute and relative performance run that should help the Fund in the future.

Sincerely,

Vinod Sethi
Portfolio Manager

Michael F. Klein
Principal Trustee

November 3, 1999

MSGF v/s Competition as of October 1999

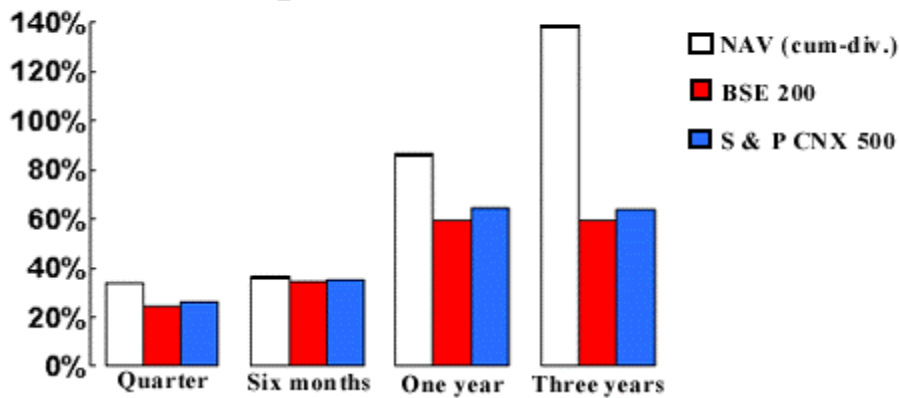
Period	No. of Funds	MSGF Rank
3 Years	18	1
1 Year	20	2
3 Months	20	2

**Source : Value Research rankings of closed end growth funds.
Business Standard (Smart Investor) November 1, 1999**

**Top 25 Holdings by Market Value
as at September 30, 1999
(Represents 79% of total portfolio)**

1. Infosys Technologies	13. Dabur
2. Hero Honda	14. Larsen & Toubro
3. Zee Telefilms	15. TVS Suzuki
4. TELCO	16. Cummins India
5. Bharat Heavy Electricals	17. Indian Hotels
6. Tata Tea	18. Essel Packaging
7. Container Corporation of India	19. Sundaram Fasteners
8. Cipla	20. E. Merck
9. HDFC	21. MTNL
10. Glaxo India	22. Asahi India Safety Glass
11. ITC	23. Agrevo India
12. MRF	24. Indo Gulf Corporation
	25. Wyeth Lederle

***MSGF-NAV vis-à-vis indices upto
September 30, 1999***



UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 1999

ABRIDGED BALANCE SHEET AS AT SEPTEMBER 30, 1999			
(Rs. in Lacs)			
		As at Sep 30, 1999	As at Sep 30, 1998
LIABILITIES			
1. Unit Capital		75,947	77,891
2. Reserves & Surplus			
2.1 Unit Premium Reserve	5,523		4,765
2.2 Revenue Reserves	<u>52,121</u>	57,644	(6,162)
3. Loans & Borrowings			
3.1 From Banks	-		-
3.2 From Others	<u>-</u>	-	-
4. Current Liabilities & Provisions			
4.1 Provision for doubtful Income/Deposits (Refer Note 2)	-		-
4.2 Proposed Income Distribution	-		-
4.3 Other Current Liabilities & Provisions	<u>4,175</u>	4,175	1,827
TOTAL		<u><u>137,766</u></u>	<u><u>78,321</u></u>
ASSETS			
1. Investments			
1.1 Equity & Preference Shares	130,503		76,011
1.2 Privately Placed Debentures / Bonds	-		-
1.3 Debenture & Bond Listed/Awaiting Listing on Recognised Stock Exchange	62		63
1.4 Term Loans	-		-
1.5 Government Securities	-		-
1.6 Others	<u>-</u>	130,565	-
2. Deposits			
2.1 With Scheduled Banks	321		1,595
2.2 With Others	<u>-</u>	321	-
3. Other Current Assets			
3.1 Cash & Bank Balances	1		1
3.2 Others	<u>6,879</u>	6,880	650
4. Fixed Assets (At depreciated value)		-	-
5. Deferred Revenue Expenditure (to the extent not written off)		-	1
TOTAL		<u><u>137,766</u></u>	<u><u>78,321</u></u>

NOTES

- (1) Investments are stated at market / fair value at the Balance Sheet date / valuation date. In valuing the Fund's investments:-
- (i) Securities listed on a recognised stock exchange, including dematerialised securities, are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported, the previous quoted price is used, when it is not more than thirty days prior to the valuation date. Non pari passu (new) shares are valued as above less the previous year's dividend, if any.
 - (ii) Securities not listed on a recognised stock exchange, for which over-the-counter quotations are readily available, are valued at the mean between the last current bid and asked price.
 - (iii) Non - traded securities, including those not traded within thirty days prior to the valuation date, are valued at fair value as determined in good faith by Morgan Stanley Dean Witter Investment Management Private Limited under procedures approved by the Board of Trustees.
- (2) Other Current Assets are net of provision for doubtful income.

**ABRIDGED REVENUE ACCOUNT FOR THE
HALF - YEAR ENDED SEPTEMBER 30, 1999**

	(Rs. in Lacs)	
	April 1, 1999 to Sep 30, 1999	April 1, 1998 to Sep 30, 1998
1. INCOME		
1.1 Dividend	1,172	714
1.2 Interest	194	27
1.3 Net Profit on sale/redemption of investments (other than inter-scheme transfer/sale)	30,784	4,704
1.4 Net Profit on inter-scheme transfer/sale of investments	-	-
1.5 Other income	-	-
TOTAL	32,150	5,445
2. EXPENSES & LOSSES		
2.1 Management, Trusteeship, Administrative & other Operating Expenses	1,113	783
2.2 Provision for Doubtful Income	5	5
2.3 Provision For Doubtful Deposits/Current Assets	-	-
2.4 Net Loss on sale /redemption of investments (other than inter-scheme transfer/sale)	-	-
2.5 Net Loss on inter-scheme transfer/sale of investments	-	-
TOTAL	1,118	788
Excess of Income Over Expenses & Losses	31,032	4,657
Interim dividend paid	(5,696)	-
Tax paid on dividend (@ 11% on dividend amount)	(627)	-
Net change in unrealised depreciation/appreciation of investments	7,033	(121)
Net Surplus/(Deficit) transferred to Revenue Reserve	31,742	4,536

1. Perspective Historical per unit Statistics *			
	April 1, 1999 to Sept 30, 1999 Rs.	April 1, 1998 to Sept 30, 1998 Rs.	April 1, 1997 to Sept 30, 1997 Rs.
(a) Net Asset Value per unit at end of period	17.59	9.82	9.30
(b) (i) Gross income other than profit from sale of investments	0.18	0.09	0.11
(ii) Gross income from profit on inter-scheme sales/ transfer of investments	-	-	-
(iii) Gross income from profit on sale of investments to third parties	4.05	0.60	-
(iv) Transfer to revenue account from past year's reserve	-	-	-
Gross Income and Gains	<u>4.23</u>	<u>0.69</u>	<u>0.11</u>
(c) Aggregate of expenses and net realised losses	0.15	0.10	0.77
(d) Net Income / (Loss) (b) - (c)	4.08	0.59	(0.66)
(e) Net change in unrealised appreciation/ depreciation in value of investments	0.93	(0.02)	1.83
(f) Repurchase price (Market Buyback)			
(i) Highest	Not Applicable	6.30	7.90
(ii) Lowest	Not Applicable	6.00	5.85
(g) Resale Price			
(i) Highest	Not Applicable	Not Applicable	Not Applicable
(ii) Lowest	Not Applicable	Not Applicable	Not Applicable
(h) Market Price			
(i) Highest	11.00	7.15	7.75
(ii) Lowest	6.00	3.25	5.50
(i) Price Earning Ratio	Not Applicable	Not Applicable	Not Applicable
* The above per unit calculation with the exception of the Net Asset Value are based on the weighted average number of units in issue over the relevant period.			
2. The unaudited half-yearly financial results have been placed by Morgan Stanley Dean Witter Investment Management Private Limited and approved by the Trustees in the meeting of the Board of Trustees held on November 3, 1999.			
3. The previous period's figures have been regrouped/rearranged where appropriate.			

Morgan Stanley Dean Witter Investment Management Private Limited (MSDWIM), the asset management company, has business continuity plans in place and where necessary, contingency plans have been expanded or developed to address specific Year 2000 risk scenarios. The costs associated with remediation of systems at MSDWIM and the service providers to the Fund will not be charged to the Fund.

MSGF units are included in the SEBI's list of securities that can be mandatorily traded only in dematerialized ("demat or electronic") form for all investors effective November 29, 1999. MSGF units are placed with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for transacting in demat form.

MORGAN STANLEY

MUTUAL FUND

Forbes Building, Charanjit Rai Marg,
Mumbai 400 001