

Morgan Stanley

Addendum

Morgan Stanley A.C.E. Fund, an open-ended Across Capitalisations Equity Scheme

The Board of Trustees of Morgan Stanley Mutual Fund has approved the following revisions to the features of Morgan Stanley A.C.E. Fund, an open-ended equity scheme, [“the Scheme”] of Morgan Stanley Mutual Fund:

[a] Revision in the exit load structure:

Existing Exit Load Structure	Revised Exit Load Structure
For purchases of less than Rs. 5 crore: If redeemed on or before the expiry of one year from the date of allotment: 1%, After the expiry of one year from the date of allotment: Nil	For purchases of less than Rs. 5 crore: No change No change
For purchases of Rs. 5 crore and above but less than Rs. 10 crore: If redeemed on or before the expiry of 6 months from the date of allotment: 0.5%, If redeemed after the expiry of 6 months from the date of allotment: Nil. For purchases of Rs. 10 crore and above: Nil	For purchases of Rs. 5 crore and above: Nil

Please note that there is no change in the Entry Load and Exit Load for purchases of less than Rs. 5 crore. Should you require the details of entry load structure of the Scheme, please refer to the disclosure below in this regard under the section on Statutory Details and Risk Factors.

The revised exit load structure mentioned above will be applicable on a prospective basis for applications processed from Monday, May 12, 2008 onwards. The Board of Trustees reserves the right to modify the load structure at any time in future on a prospective basis. However, such revision would be subject to the limits prescribed under the Securities & Exchange Board of India [Mutual Funds] Regulations, 1996 as amended from time to time.

[b] Addition to specified date/s for Systematic Investment Plan:

Effective May 2008, the specified dates for commencing Systematic Investment Plan [“SIP”] under the Scheme would be 1st, 10th, 15th and 25th of every month as against 1st, 10th and 15th earlier.

This addendum dated May 7, 2008 forms an integral part of the offer document and Key Information Memorandum of the Scheme. All the other terms and conditions mentioned in the offer document and Key Information Memorandum of the Scheme remains unchanged.

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 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 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 that dividends will be paid regularly. Investors in the Scheme are not being offered any guaranteed/assured 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. **Scheme Specific Risk Factors:** The scheme proposes to invest in equity and equity related securities, which are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. **Morgan Stanley A.C.E. Fund**, an open-ended equity scheme, is only the name of the Scheme and does not indicate either the quality of the Scheme, its future prospects and returns. **Investment Objective:** The investment objective of the Scheme is to generate long-term capital growth from an actively managed portfolio of equity and equity-related securities including equity derivatives. **Asset Allocation Pattern:** \$Equity and equity related instruments: 65%-100%, Debt and Money Market Instruments (including securitized debt) 0%-35% (\$including investment in derivatives instruments up to 50%, and foreign securities up to 30% of the net assets of the Scheme). **Load Structure: Entry Load:** For purchases of less than Rs. 5 crore: 2.25%, For purchases of Rs. 5 crore and above: Nil, In case of purchases in SIPs under salary saving schemes for groups of employees through an arrangement with their employer: Nil. **Exit Load:** (a) For purchases of less than Rs. 5 crore: If redeemed on or before the expiry of one year from the date of allotment: 1%, After the expiry of one year from the date of allotment: Nil. b) For purchases of Rs. 5 crore and above: Nil. No entry load will be levied where application for investments in the Scheme is not routed through any distributor/agent/broker. Investors may note that the "Exit Load" will be levied as applicable. **Investors should read the Offer Document/Key Information Memorandum (available at Investor Service Centres, Distributors, and on the Mutual Fund website www.morganstanley.com/indiamf), carefully before investing.**