

Notice-cum-Addendum

Change in Exit Load of Morgan Stanley A.C.E. Fund, an open-ended Across Capitalisations Equity Scheme

NOTICE is hereby given that the Board of Trustees of Morgan Stanley Mutual Fund has approved a revision in the exit load structure of Morgan Stanley A.C.E. Fund, an open-ended equity scheme, ("the Scheme"), launched on February 11, 2008, as mentioned below:

Existing Exit Load (for purchases of less than Rs. 5 crore)	Revised Exit Load (for purchases of less than Rs. 5 crore)
If redeemed on or before the expiry of 6 months from the date of allotment : 1%	If redeemed on or before the expiry of 1 year from the date of allotment : 1%
If redeemed after the expiry of 6 months, but before one year from date of allotment : 0.5%	After the expiry of one year from the date of allotment : Nil
After the expiry of one year from the date of allotment : Nil	

Please note that there is no change in the Entry Load and Exit load for purchases of Rs. 5 crore and above.

The above will be applicable with immediate effect. 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.

This notice cum addendum 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.

This addendum is dated February 11, 2008.

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

For more information, please contact
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Call: 1800 425 1313

Sd/-

Sonali Bendke

Vice President - Compliance

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 unitholders 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 securitised debt): 0%-35%, (Including investment in derivatives instruments up to 50%, and foreign securities up to 30% of the net assets of the Scheme). **Terms of Issue:** Issue of units at Rs. 10 per unit plus applicable entry load during the New Fund Offer, and at applicable NAV on an on going basis. **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: 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. 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.**