

Morgan Stanley Active Bond Fund

NFO opens May 12, 2009

NFO closes May 25, 2009

Credit Risk Rating mfAAA by ICRA*

An Open ended Debt Scheme

Interest rates are at a cyclical downturn on the back of global economic slowdown and low inflation. Given this, Morgan Stanley Active Bond Fund will be actively managed to take advantage of any fall in the overall interest rate structure. A flexible investment strategy is best positioned to generate an optimal risk adjusted return, given market opportunities.

FUND OBJECTIVE:

To generate optimal returns through active management of the portfolio consisting of debt and money market securities.

INDICATIVE ASSET ALLOCATION:

Debt* and Money market instruments: 0-100%

*including securitized debt up to 100% of the net assets. No investment shall be made in foreign securitized debt.

Investment in Fixed Income Derivatives: up to 50% of the Net Assets of the Scheme.

Investment in foreign securities: up to 30% of the Net Assets of the Scheme. However, as mentioned above, no investment shall be made in foreign securitized debt.

BENCHMARK INDEX:

CRISIL Composite Bond Fund Index

RATING:

Credit Risk Rating mfAAA*

*ICRA has assigned the "Credit Risk Rating mfAAA" to Morgan Stanley Active Bond Fund which means that Morgan Stanley Active Bond Fund carries the lowest credit risk, similar to that associated with long-term debt obligations rated in the highest-credit-quality category. This rating should however, not be construed as an indication of the performance of the aforesaid Fund or of volatility in its returns. Further, the above rating should not be treated as ICRA's recommendation to buy, sell or hold the units issued under the said Fund.

PLANS:

Regular and Institutional Plus plan.

OPTIONS:

Regular Plan will offer Growth and Dividend Option having Quarterly Dividend Reinvestment and Quarterly Dividend Payout as sub-option.

Institutional Plus Plan will offer Growth and Dividend Option having Quarterly Dividend Reinvestment and Quarterly Dividend Payout as sub-option.

SIP:

Only through Auto-Debit facility during the NFO period and available only for Regular Plan.

MINIMUM APPLICATION AMOUNT:

Lumpsum:

Regular Plan- Rs. 5,000/- plus in multiples of Re. 1/-

Institutional Plus Plan- Rs. 50 lac plus in multiples of Re. 1/-

SIP: Rs. 1,000/- via minimum 6 installments.

LOAD STRUCTURE:

For applications received during the New Fund Offer Period:

Regular Plan:

Entry Load: Nil

Exit Load: 0.25% if redeemed within 3 months of allotment.

Institutional Plus Plan:

Entry Load: Nil

Exit Load: Nil

The Load Structure is subject to change on an ongoing basis. Please contact your nearest Investor Service Centre or log on to our website for the latest Load Structure.

FUND MANAGER:

Ritesh Jain.

Ritesh is the Head of Fixed Income and is the Lead Portfolio Manager for the India Fixed Income boutique. Ritesh joined Morgan Stanley in March 2009 and has over 10 years of experience in investment management. Prior to joining Morgan Stanley, Ritesh Jain was Head of Fixed Income at Principal PNB Asset Management Company Pvt. Ltd.

WHY MORGAN STANLEY?

- One of the largest securities firm in the world
- One of the largest global Asset Management organizations with US \$356 billion under management (Mar. 31, 2009)
- More than 600 offices in 36 countries
- The first foreign Investment Management firm to start investing in India
- Local presence and stock picking track record since 1989

www.morganstanley.com/indiamf

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Risk Factors for NFO campaign: Morgan Stanley Active Bond Fund Statutory Details: Morgan Stanley Mutual Fund has been set up as a Trust under Indian Trusts Act, 1882. **Sponsor:** Morgan Stanley. **Trustee:** The Board of Trustees. **Investment Manager:** Morgan Stanley Investment Management Pvt. Ltd. **Terms of Issue:** Issue of units at Rs. 10 per unit during the New Fund Offer period, and at applicable NAV on an ongoing basis. **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:** This being a Debt Scheme, it is to be noted that the NAV of Units of the Scheme will fluctuate with the movement in the broader fixed income, money market and derivatives market in addition to the general market factors. Morgan Stanley Active Bond Fund, an open-ended debt scheme, is only the name of the Scheme and does not indicate either the quality of the Scheme, its future prospects and returns. **Investors should read the Statement of Additional Information [SAI] / The Scheme Information Document [SID] and the Key Information Memorandum [KIM], available at Investor Service Centres, Distributors, and on the Mutual Fund website www.morganstanley.com/indiamf, carefully before investing.**