

Morgan Stanley Funds (UK)

Global Brands Fund - I Accumulation Shares

Investment Objective

Long term growth of your investment.

Investment Approach

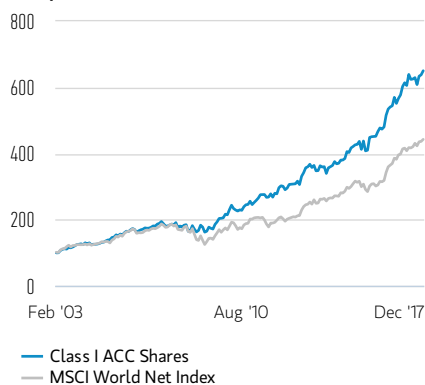
The investment team believes that high-quality companies can generate superior returns over the long term. Such companies are typically built on dominant market positions, underpinned by powerful, hard to replicate intangible assets that can generate high, unlevered returns on operating capital and strong free cash flows. Other characteristics are recurring revenue streams, pricing power, low capital intensity and organic growth.

Investment Team	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
William Lock, Head of International Equity Team	1994	26
Bruno Paulson, Managing Director	2009	16
Dirk Hoffmann-Becking, Executive Director	2013	20
Nic Sochovsky, Executive Director	2015	20
Vladimir A. Demine, Executive Director	2009	16
Nathan Wong, Executive Director	2017	18
Marcus Watson, Executive Director	2008	10
Alex Gabriele, Executive Director	2012	9
Richard Perrott, Vice President	2015	12

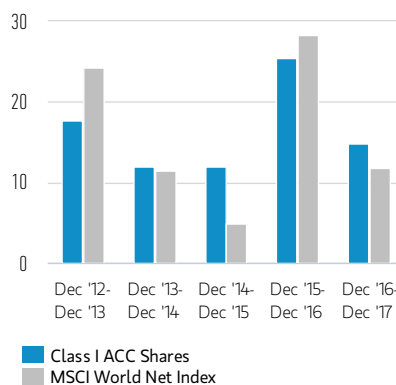
Team members may be subject to change at any time without notice. The investment team took over management of the fund in June 2009.

Class I ACC shares (% net of fees) vs. Index in GBP

Performance of 100 GBP Invested Since Inception (Cash Value)



12 Month Performance Periods to Latest Month End (%)



Investment Performance (% net of fees) in GBP

	Cumulative (%)				Annualised (% p.a.)				
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION	
Class I ACC Shares	1.94	6.88	14.76	14.76	17.29	16.27	13.03	13.39	
MSCI World Net Index	1.42	4.64	11.80	11.80	14.56	15.82	9.17	10.50	

Calendar Year Returns (%)

	2017	2016	2015	2014	2013	2012	2011
Class I ACC Shares	14.76	25.51	12.01	11.92	17.66	9.40	9.39
MSCI World Net Index	11.80	28.24	4.87	11.46	24.32	10.74	(4.84)

Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. All performance data is calculated NAV to NAV, net of fees, and does not take account of commissions and costs incurred on the issue and redemption of units. The sources for all performance and Index data is Morgan Stanley Investment Management.

ACTIVE FUNDAMENTAL EQUITY

FACTSHEET | 31 December 2017

Investors should read the Key Investor Information Document and Prospectus before investing.



MORNINGSTAR OVERALL RATING*

EAA FUND SECTOR EQUITY CONSUMER GOODS & SERVICES

CLASS I ACC SHARES

Out of 290 Funds. Based on Risk Adjusted Return. Class I ACC Shares Fund ratings out of 5 Stars: 3Yrs. 5 Stars; 5Yrs. 4 Stars; 10Yrs. 5 Stars.

Share Class

	CLASS I ACC
Currency	Sterling
ISIN	GB0032482498
Bloomberg	MSFGBIA LN
Inception Date	03 February 2003
NAV	£ 81.31

Fund Facts

Launch date	03 February 2003
Base currency	Sterling
Index	MSCI World Net Index
Total assets	£ 1.0 billion
Structure	UK OEIC

Charges (%)

	CLASS I ACC
Max Entry Charge	0.00
Ongoing Charges	0.90
Management Fee	0.75

Entry Charge is a maximum possible figure. In some cases you might pay less, you can find this out from your financial adviser. Ongoing Charges reflect the payments and expenses incurred during the fund's operation and are deducted from the assets of the fund over the period. It includes fees paid for investment management (Management Fee), trustee/custodian, and administration charges. For more information please see the Charges and Expenses section of the prospectus.

Subscriptions (GBP)

	CLASS I ACC
Minimum Initial Investment	50,000
Minimum Subsequent Investment	2,500

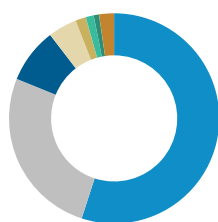
Statistics (3 Year annualised)

	CLASS I ACC	INDEX
Alpha (%)	2.72	--
Beta	1.04	1.00
Information ratio	0.48	--
R squared	0.75	1.00
Sharpe ratio	1.49	1.50
Tracking error (%)	5.68	--
Volatility (Standard deviation) (%)	11.40	9.47

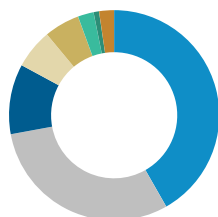
Characteristics

	FUND	INDEX
Active share (%)	93.09	--
Number of holdings	27	1,653
Free cash flow yield (Next 12 Months) (%) ¹	4.68	5.06
Price/earnings (Next 12 months)	21.17	16.96
Dividend Yield (Next 12 Months) (%)	2.15	2.47

¹ Financials and Real Estate sectors are excluded from characteristics where income statement, balance sheet, or cash flow statement ratios are not economically meaningful.

Top Countries (% of Total Net Assets)²

	FUND	INDEX
United States	55.00	59.21
United Kingdom	26.12	6.63
France	8.47	3.97
Germany	4.41	3.66
Italy	1.63	0.87
Netherlands	1.23	1.33
Switzerland	0.82	2.99
Cash & equivalents	2.30	--
Total	100.00	--

Sector Allocation (% of Total Net Assets)^{2,3}

	FUND	INDEX
Consumer Staples	41.77	9.04
Information Technology	30.35	16.76
Consumer Discretionary	10.79	12.26
Industrials	6.06	11.66
Health Care	5.47	11.76
Financials	2.43	18.10
Materials	0.84	5.25
Cash & equivalents	2.30	--
Total	100.00	--

Top Holdings (% of Total Net Assets)⁴

	FUND	INDEX
British American Tobacco plc	8.57	0.38
Microsoft Corp	7.73	1.55
Accenture plc	7.71	0.23
Reckitt Benckiser plc	6.37	0.15
Unilever plc	6.35	0.17
Visa Inc	4.70	0.52
L'Oreal	4.56	0.14
Sap Se	4.41	0.27
Twenty-First Century Fox Inc	4.17	0.13
Philip Morris Inc	3.98	0.41
Total	58.55	--

² May not sum to 100% due to rounding.

³ For additional information regarding sector classification/definitions please visit <https://www.msci.com/gics>.

⁴ These securities and percentage allocations are only for illustrative purposes and do not constitute, and should not be construed as, investment advice or recommendations with respect to the securities or investments mentioned.

Please refer to the Prospectus for full risk disclosures. All data as of 31.12.2017 and subject to change daily.

Share Class I ACC Risk and Reward Profile



The risk and reward category shown is based on historic data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The fund is in this category because it invests in company shares and the fund's simulated and/or realised return has experienced high rises and falls historically.
- The fund may be impacted by movements in the exchange rates between the fund's currency and the currencies of the fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- The fund relies on other parties to fulfill certain services, investments or transactions. If these parties become insolvent, it may expose the fund to financial loss.
- There may be an insufficient number of buyers or sellers which may affect the fund's ability to buy or sell securities.
- Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. The value of investments and the income from them can go down as well as up and investors may lose all or a substantial portion of his or her investment.
- The value of the investments and the income from them will vary and there can be no assurance that the Fund will achieve its investment objectives.
- Investments may be in a variety of currencies and therefore changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Furthermore, the value of investments may be adversely affected by fluctuations in exchange rates between the investor's reference currency and the base currency of the investments.

Additional I Share Classes

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
I INC	GBP	25.02.2011	GB00B45K0579	MSFGBII LN

DEFINITIONS

Alpha is the excess return or value added (positive or negative) of the fund's return relative to the return of the index. **Beta** is a measure of the relative volatility of a fund to the market's upward or downward movements. A beta greater than 1.0 identifies an issue or fund that will move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The Beta of the Market is always equal to 1. **Bloomberg** stands for 'Bloomberg Global Identifier (BBGID)'. This is a unique 12 digit alphanumeric code designed to enable the identification of securities, such as the Morgan Stanley Investment Funds sub-funds at share class level, on a Bloomberg Terminal. The Bloomberg Terminal, a system provided by Bloomberg L.P., enables analysts to access and analyse real-time financial market data. Each Bloomberg code starts with the same BBG prefix, followed by nine further characters that we list here in this guide for each share class of each fund. **Cash & Equivalents** are defined as the value of assets that can be converted into cash immediately. These include commercial paper, open FX transactions, Treasury bills and other short-term instruments. Such instruments are considered cash equivalents because they are deemed liquid and not subject to significant risk of changes in values. **Dividend yield** is the ratio between how much a company pays out in dividends each year relative to its share price. **Free cash flow yield (Next 12 months)** is a financial ratio that measures a company's operating free cash flow minus its capital expenditures per share and dividing by its price per share. Free cash flow

yield ratio is calculated by using the underlying securities of the fund.

Information ratio is the portfolio's alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio's benchmark. **ISIN** is the international securities identification number (ISIN), a 12 digit code consisting of numbers and letters that distinctly identifies securities. **NAV** is the Net Asset Value per share of the Fund (NAV), which represents the value of the assets of a fund less its liabilities. **Number of holdings** provided are a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades. **Price/earnings (P/E)** is the price of a stock divided by its earnings per share for the past 12 months. Sometimes called the multiple, P/E gives investors an idea of how much they are paying for a company's earning power. The higher the P/E, the more investors are paying, and therefore the more earnings growth they are expecting. **R squared** measures how well an investment's returns correlate to an index. An R squared of 1.00 means the portfolio performance is 100% correlated to the index's, whereas a low r-squared means that the portfolio performance is less correlated to the index's. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Tracking error** is the standard deviation of the difference between the returns of an investment and its benchmark. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

INDEX INFORMATION

The **MSCI World Net Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors.

IMPORTANT INFORMATION

This marketing communication has been issued by Morgan Stanley Investment Management Limited ("MSIM"). Authorised and regulated by the Financial Conduct Authority. Registered in England No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

Morgan Stanley Funds (UK), an investment company with variable capital incorporated in England and Wales under registered number, IC000012. The Company is an Undertaking for Collective Investment in Transferable Securities ("UCITS"). Applications for shares in Morgan Stanley Funds (UK) should not be made without first consulting the current Prospectus, Key Investor Information Document (KIID), Annual Report and Semi-Annual Report ('Offering Documents'), or other documents available in your local jurisdiction, which are available free of charge from the Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

All investments involve risks, including the possible loss of principal.

The material contained herein has not been based on a consideration of any individual client circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the European Communities (Markets in Financial Instruments) Regulations 2007 or applicable Swiss regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

MSIM has not authorised financial intermediaries to use and to distribute this document, unless such use and distribution is made in accordance with applicable law and regulation. MSIM shall not be liable for, and accepts no liability for, the use or misuse of this document by any such financial intermediary. If you are a distributor of the Morgan Stanley Funds (UK), some or all of the funds or shares in individual funds may be available for distribution. Please refer to your sub-distribution agreement for these

details before forwarding fund information to your clients.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without MSIM's express written consent.

This document may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this document in another language, the English version shall prevail.

All information contained herein is proprietary and is protected under copyright law.

*MORNINGSTAR

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account sales loads.

The **Europe/Asia and South Africa category (EAA)** includes funds domiciled in European markets, major cross-border Asian markets where material numbers of European UCITS funds are available (principally Hong Kong, Singapore and Taiwan), South Africa, and selected other Asian and African markets where Morningstar believes it is of benefit to investors for the funds to be included in the EAA classification system.

© 2018 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**