

Morgan Stanley Funds (UK)

## US Advantage Fund - I Accumulation Shares

### Investment Objective

Long term growth of your investment.

### Investment Approach

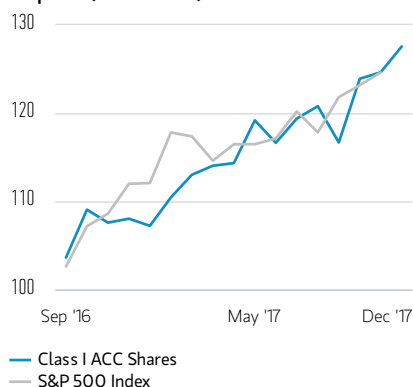
We seek high-quality established companies with strong brand recognition, sustainable competitive advantages, strong current free-cash-flow yields and favorable returns on invested capital trends. We focus on long-term growth rather than short-term events, with our stock selection informed by rigorous fundamental analysis.

Investment Team	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Dennis Lynch, Head of Growth Investing	1998	24
David Cohen, Managing Director	1993	30
Sam Chainani, Managing Director	1996	22
Alexander Norton, Executive Director	2000	23
Jason Yeung, Managing Director	2002	21
Armistead Nash, Managing Director	2002	18

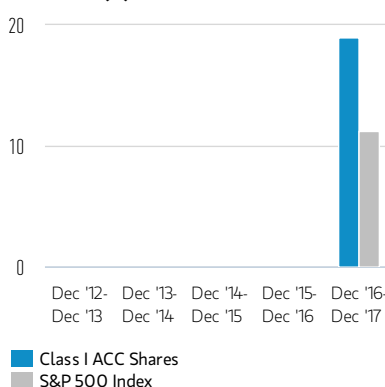
Team members may be subject to change at any time without notice.

### 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	2.35	9.34	18.98	18.98	--	--	--	20.72
S&P 500 Index	1.18	5.77	11.29	11.29	--	--	--	18.56

### Calendar Year Returns (%)

	2017	2016	2015	2014	2013	2012	2011
Class I ACC Shares	18.98	--	--	--	--	--	--
S&P 500 Index	11.29	--	--	--	--	--	--

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.

### Share Class

### CLASS I ACC

Currency	Sterling
ISIN	GB00BZ4CG750
Bloomberg	MSUSAIA LN
Inception Date	15 September 2016
NAV	£ 12.76

### Fund Facts

Launch date	15 September 2016
Base currency	Sterling
Index	S&P 500 Index
Total assets	£ 33.02 million
Structure	UK OEIC

### Charges (%)

### CLASS I ACC

Max Entry Charge	0.00
Ongoing Charges	0.85
Management Fee	0.70

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

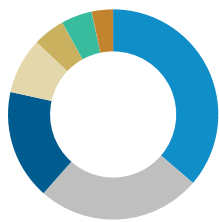
Minimum Initial Investment	50,000
Minimum Subsequent Investment	2,500

### Characteristics

### FUND INDEX

Active share (%)	87.67	--
Number of holdings	34	505
Return on capital (%)	12.40	11
5 year EPS growth (%)	10.86	6.70
Sales growth (%)	4.48	6.89
Weighted median market capitalization (\$B)	82.19	94.86
D/E weighted median (%)	48.72	83.72
Dividend Yield (%)	1.03	1.84

**Sector Allocation (% of Total Net Assets)<sup>1,2</sup>**



	FUND	INDEX
Consumer Discretionary	36.30	12.20
Information Technology	25.23	23.76
Industrials	16.91	10.26
Financials	8.62	14.78
Health Care	4.89	13.84
Materials	4.75	3.00
Other	0.03	--
Cash & equivalents	3.27	--
<b>Total</b>	<b>100.00</b>	<b>--</b>

**Top Holdings (% of Total Net Assets)<sup>3</sup>**

	FUND	INDEX
Amazon.com Inc	8.41	2.05
Alphabet Inc	5.99	2.76
Union Pacific Corp	5.47	0.46
United Technologies Corp	5.14	0.42
Berkshire Hathwy	5.14	1.67
Starbucks Corp	4.90	0.36
Lvmh Moet Hennessy Louis Vuitton	4.88	--
Disney Walt Holding Co.	4.39	0.71
Facebook Inc	4.32	1.84
TJX Cos Inc	3.67	0.21
<b>Total</b>	<b>52.31</b>	<b>--</b>

<sup>1</sup> May not sum to 100% due to rounding.  
<sup>2</sup> For additional information regarding sector classification/definitions please visit <https://www.msci.com/gics>.  
<sup>3</sup> 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 simulated historic performance 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.
- There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets.
- 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.

**DEFINITIONS**

The **5 year Earnings Per Share (EPS) growth rate** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past five fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **Active share** is a measure of the percentage of stock holdings in a managers portfolio that differ from the benchmark index (based on holdings and weight of holdings). Active share scores range from 0%-100%. A score of 100% means you are completely different from the benchmark. **Bloomberg** stands for 'Bloomberg Global Identifier (BBGID)'. This is a unique 12 digit alphanumerical 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. **Debt/equity (D/E)** is a measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. **Dividend yield** is the ratio between how much a company pays out in dividends each year relative to its share price. **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. **Return on capital** is a measure of a company's efficiency at allocating the capital under its control to profitable investments, calculated by dividing net income minus dividends by total capital. **Sales growth** is the increase in sales over a

specific period of time, often but not necessarily annually. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap.

**INDEX INFORMATION**

The **Standard & Poor's 500® Index (S&P 500®)** measures the performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

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