

Morgan Stanley Investment Funds

Global Infrastructure Fund

GLOBAL LISTED REAL ASSETS TEAM | MONTHLY COMMENTARY | 31 OCTOBER 2021

Important information

- The Fund invests primarily in equity securities issued by companies located throughout the world that are engaged in the infrastructure business.
- Investment involves risks. Key risks for this fund include Risk of Investment in the Infrastructure Industry, Risk of Investment in Equity, Exchange Rate Risk, Emerging Market Risk, Risk of Exposure to the Euro and Eurozone and Investments in REITs.
- There is a risk that you may potentially lose your entire investment in this Fund.
- The investment decision is yours but you should not invest unless the intermediary who sells it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives. You should not make any investment decision solely based on this document. Please read the relevant offering document carefully for further fund details including risk factors.

Performance Review

In the one month period ending 31 October 2021, the Fund's A shares returned 4.03% (net of fees)¹, while the benchmark returned 4.16%.

The Fund modestly underperformed the benchmark in October, benefiting from bottom-up stock selection, which was offset by adverse top-down sector allocation. From a bottom-up perspective, the Fund benefited from favorable stock selection in the gas midstream, water & waste, airports and toll roads sectors, which was partially offset by adverse stock selection in the gas distribution utilities sector. From a top-down perspective, the Fund benefited from out-of-benchmark positions in certain utilities not contained in the index and renewables, as well as an underweight to gas distribution utilities, which was more than offset by out-of-benchmark positioning in railroads, overweights to toll roads and airports, and underweights to pipeline companies and electricity transmission & distribution.

Market Review

Infrastructure shares (as measured by the Dow Jones Brookfield Global Infrastructure Index) increased 4.16% in October, bouncing back from a weaker September. Overall performance for the asset class is now up a healthy 16.17% year-to-date, modestly trailing the broader equity market (+16.95% year-to-date as represented by the S&P Global BMI). Overall for the month, pipeline companies, electricity transmission & distribution, gas midstream and European regulated utilities outperformed the index, while ports, toll roads, gas distribution utilities, airports, water & waste, and diversified underperformed. The performance of communications was relatively in line with the index.

Portfolio Activity

Trading was once again active in October. We generally rebalanced our positioning within both the communications and energy infrastructure sectors, while we added to select positions in utilities and modestly reduced select transportation positioning.

Strategy and Outlook

We remain committed to our core investment philosophy as an infrastructure value investor. As a value-oriented, bottom-up driven investor, our investment perspective is that, over the medium and long term, the key factor in determining the performance of infrastructure securities will be underlying infrastructure asset values. Given the large and growing private infrastructure market, we believe that there are limits as to the level of premium or discount at which the public sector should trade relative to its underlying private infrastructure value. These limits can be viewed as the point at which the arbitrage opportunity between owning infrastructure in the private versus public markets becomes compelling. In aiming to achieve core infrastructure exposure in a cost-effective manner, we invest in equity securities of publicly listed infrastructure companies we believe offer the best value relative to their underlying infrastructure value and growth prospects.

¹ Source: Morgan Stanley Investment Management Limited. Data as of 31 October 2021.

Our research currently leads us to an overweighting in the Fund to a group of companies in the toll roads, airports and gas midstream sectors, and an underweighting to companies in the electricity transmission & distribution, pipeline companies, European regulated utilities, gas distribution utilities, diversified, communications, ports, and water & waste sectors. Finally, we continue to retain out-of-benchmark positions in renewables, railroads and certain other utilities that are not contained in the index.

For further information, please contact your Morgan Stanley Investment Management representative.

FUND FACTS

Launch date

14 June 2010

Base currency

U.S. dollars

Index

Dow Jones Brookfield Global Infrastructure Index

12 Month Performance Periods to Latest Month End (%), Presented in USD Terms

	OCTOBER '20 - OCTOBER '21	OCTOBER '19 - OCTOBER '20	OCTOBER '18 - OCTOBER '19	OCTOBER '17 - OCTOBER '18	OCTOBER '16 - OCTOBER '17
MS INVF Global Infrastructure Fund - A Shares	26.27	-10.18	18.14	-4.86	8.67
Dow Jones Brookfield Global Infrastructure Index	26.63	-11.48	19.84	-3.99	12.66

Investment involves risks. 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 assume the reinvestment of all dividends and income. The sources for all performance and Index data is Morgan Stanley Investment Management. Please refer to the relevant offering documents for fund details, including risk factors.

Effective 31 December 2020, Ted Bigman is no longer serving as a portfolio manager on the Fund. The Fund continues to be managed by Matt King.

INDEX INFORMATION

The **Dow Jones Brookfield Global Infrastructure Index** is a float-adjusted market capitalization weighted index that measures the stock performance of companies that exhibit strong infrastructure characteristics. The Index intends to measure all sectors of the infrastructure market.

The **S&P Global BMI Index** is a broad market index designed to capture exposure to equities in all countries in the world that meet minimum size and liquidity requirements. The index includes developed and emerging market countries.

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