Performance Review
In the one month period ending 30 November 2020, the Fund’s I shares returned 11.98% (net of fees), while the benchmark returned 12.77%.

The Fund underperformed the FTSE EPRA/NAREIT Asian Real Estate Net Total Return Index in November. Our overweight to China/Hong Kong and underweight to the Japan REITs contributed positively to performance.

Market Review
Asian real estate securities rebounded alongside the broader equity market on the announcement of a COVID-19 vaccine and benefitted from the rotation into value stocks.

In the real estate market, leasing demand and cash collection continued to improve. Physical occupancy in office buildings picked up as the workforce began to return to the central business districts, albeit in phases. Retail sales have recovered across product and service categories, except for cinemas, gyms and food & beverage outlets. Primary residential continues to experience strong demand due to low interest rates and abundant liquidity. Governments continued to explore the establishment of travel bubbles and border openings. Monetary and fiscal policies remain supportive to asset prices and economic activity.

Portfolio Activity
The portfolio was broadly unchanged in November.

Strategy and Outlook
We have maintained our core investment philosophy as a real estate value investor. This results in owning stocks whose share prices provide real estate exposure at the best valuation relative to their underlying asset values.

We continue to favour companies that trade at a discount to their net asset value and stocks that showed prospects for net asset value enhancement. We ensure that companies in the Fund have well-positioned balance sheets, as well as a capital plan that is appropriately conservative due to the uneven economic recovery and financing conditions across Asia. We generally avoid companies that have been unable (or unwilling) to take the appropriate actions to improve their strained balance sheets. We focus on companies with assets that could benefit from a recovery in real estate market fundamentals.

We have maintained our strategy of overweighting real estate operating companies in Hong Kong and China. We believed that these companies continued to offer attractive relative valuation opportunities on strong real estate market fundamentals and attractive private real estate values for prime assets. We have remained largely underweight to the Asian REITs on relative valuation grounds.

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

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FUND FACTS
Launch date
01 September 1997

Base currency
U.S. dollars

Index
FTSE EPRA/NAREIT Asian Real Estate Net Total Return Index

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This document constitutes a commentary and does not constitute investment advice nor a recommendation to invest. The value of investments may rise as well as fall. Independent advice should be sought before any decision to invest.
INDEX INFORMATION

The GPR General Quoted Asia Net Index is a sub-index of the GPR General Index and is composed of listed real estate securities in the Asian real estate markets.

FTSE EPRA/NAREIT Asian Real Estate Net Total Return Index is a free float-adjusted market capitalization weighted index composed of listed real estate securities in the Asia Pacific real estate market, designed to represent general trends in eligible real estate equities in the Asia Pacific region. The Index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an Index.

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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. Please visit our website www.morganstanley.com/im to see the latest performance returns for the fund’s other share classes.

The Blended Index performance shown is calculated using the GPR General Quoted Asia Net Index from inception through 31 January 2009 and the FTSE EPRA/NAREIT Asian Real Estate Net Total Return Index thereafter.

Share Class I Risk and Reward Profile

<table>
<thead>
<tr>
<th>Potential Lower Rewards</th>
<th>Potential Higher Rewards</th>
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<tbody>
<tr>
<td>Lower Risk</td>
<td>Higher Risk</td>
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<td>Category 1</td>
<td>Category 2</td>
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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 property 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 are additional risks associated with investing in real estate.
  - There may be an insufficient number of buyers or sellers which may affect the funds ability to buy or sell securities.
  - Investment in China A-Shares via Shanghai-Hong Kong Stock Connect program may also entail additional risks, such as risks linked to the ownership of shares.
  - 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.
  - Please refer to the Prospectus for full risk disclosures. All data as of 30 November 2020 and subject to change daily.
IMPORTANT INFORMATION

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Applications for shares in the Fund 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 is available free of charge from the Registered Office: European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192. In addition, all Italian investors should refer to the 'Extended Application Form, and all Hong Kong investors should refer to the 'Additional Information for Hong Kong Investors' section, outlined within the Prospectus. Copies of the Prospectus, KIID, the Articles of Incorporation and the annual and semi-annual reports, in German, and further information can be obtained free of charge from the representative in Switzerland. The representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l’Ile, 1204 Geneva. The document has been prepared solely for informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy.

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