Performance Review

In the three month period ending 31 December 2019, the Fund’s Z shares returned 11.82% (net of fees)\(^1\), while the benchmark returned 11.78%.

The long-term investment horizon and conviction-weighted approach embraced by the Global Opportunity team can result in periods of performance deviation from the benchmark and peers. Over time, this has led to the strong record we have developed over our product set. The Fund outperformed the MSCI All Country ("AC") Asia ex Japan Index this period due to favourable stock selection and sector allocation.

Our team continues to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio and we continue to find new ideas which meet our strict criteria for quality and long-term value creation.

Asia ex Japan equities advanced during the period led by the information technology, consumer discretionary, health care and real estate sectors. The utilities, consumer staples, energy and industrials sectors underperformed the MSCI AC Asia ex Japan Index.

Stock selection and a sector overweight position in consumer discretionary were the greatest overall contributors to the relative performance of the portfolio during the period. Shares in China’s leading math and science tutoring provider TAL Education, social commerce platform Meituan Dianping and an online K-12 after school tutoring service provider contributed positively. TAL Education is the leading provider of math and science tutoring with over three million student enrolments across 758 learning centres in 69 cities in China (Source: Company data as of 24 October 2019). We believe TAL Education is unique because of its strong Xueersi brand, excellent teaching quality and leadership in mathematics, as well as its proven track record of scalability and capital efficient business model. As a leading social commerce platform for local services such as food delivery, dine-in and travel, Meituan enjoys strong network effect by offering integrated local services on a single platform with the largest coverage of merchants and users. We believe that Meituan may continue to benefit from urbanization and consumption growth in China. Strength in these shares was partially offset by weakness in shares of Chinese hot pot restaurant Haidilao and an underweight position in Chinese social commerce platform Alibaba.

Stock selection in information technology also contributed positively despite an underweight position in the sector which contributed negatively. Shares in Silergy outperformed. The company is a Taiwan-based power management integrated circuit (PMIC) fabless integrated design manufacturer. We believe that Silergy has a cost focus advantage against its U.S. competitors through its access to low cost research and development (R&D) engineers in China and capability to customize its PMIC to optimize customers’ cost performance ratio.

The portfolio’s sector underweight positions in the industrials and utilities sectors contributed positively.

Stock selection in communication services was the greatest detractor from the relative performance of the portfolio as shares in the leading live-streaming gaming platform HUYA and an underweight position in Chinese social networking platform Tencent detracted. The weakness was partially offset by strength in shares of Naver, which is the leading search engine in Korea as well as a leading mobile social network through LINE in Japan. We believe the company can benefit from network effect with continuous growth in the advertisement segment and the next leg driven by e-commerce and payments in Korea leveraging user traffic to transition its business model from meta search to an e-commerce marketplace.

Conversely, stock selection in financials and a sector overweight position in consumer staples contributed negatively as shares in Jiangsu Yanghe Brewery declined. The Fund currently has a small derivative position in foreign exchange put options for the purpose of helping mitigate against a significant devaluation of the Chinese currency which modestly detracted from relative performance during the period.

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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.
Outlook

As a team, we continue to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio. We assess company prospects over a three- to five-year time horizon and own a portfolio of what we believe are undervalued, high quality companies with diverse business drivers not tied to any particular market environment.

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

<table>
<thead>
<tr>
<th>FUND FACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch date</td>
</tr>
<tr>
<td>31 March 2016</td>
</tr>
</tbody>
</table>

12 Month Performance Periods to Latest Month End (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>December '18</th>
<th>December '17</th>
<th>December '16</th>
<th>December '15</th>
<th>December '14</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS INVF Asia Opportunity Fund - Z Shares</td>
<td>41.66</td>
<td>-14.68</td>
<td>74.92</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>MSCI All Country Asia ex Japan Index</td>
<td>18.17</td>
<td>-14.37</td>
<td>41.72</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

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.

Share Class Z Risk and Reward Profile

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Risk</td>
<td>1 2 3 4 5 5 7</td>
</tr>
<tr>
<td>Higher Risk</td>
<td></td>
</tr>
</tbody>
</table>

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 funds ability to buy or sell securities.
- Investment in China A-Shares via Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programs 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 31 December 2019 and subject to change daily.

INDEX INFORMATION

The MSCI All Country Asia Ex-Japan Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to directly invest in an index.
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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 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’île, 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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