

Morgan Stanley Investment Funds

### Asia Opportunity Fund - Z Shares (Accumulation Share Class)

#### Investment Objective

Long term growth of your investment.

#### Investment Approach

The Portfolio seeks long-term capital appreciation by investing in high-quality established and emerging companies located in Asia (excluding Japan) that the investment team believes are undervalued at the time of purchase. To achieve its objective, the investment team seeks companies with sustainable competitive advantages and long-term growth that creates value, rather than focusing on short-term events, with stock selection informed by rigorous fundamental analysis.

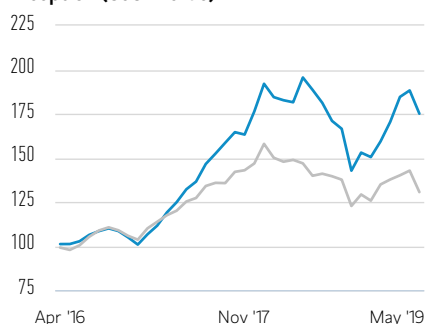
#### Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Kristian Heugh, Managing Director	2001	18
Krace Zhou, Managing Director	2008	11

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

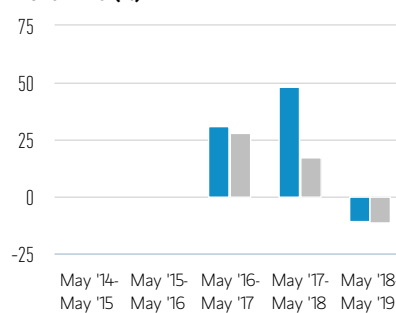
#### Class Z Shares (% net of fees) vs. Index in USD

##### Performance of 100 USD Invested Since Inception (Cash Value)



— Class Z Shares  
— MSCI All Country Asia ex Japan Index

##### 12 Month Performance Periods to Latest Month End (%)



■ Class Z Shares  
■ MSCI All Country Asia ex Japan Index

#### Investment Performance (% net of fees) in USD

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class Z Shares	-7.01	2.70	16.35	-10.49	20.07	--	--	19.34
MSCI All Country Asia ex Japan Index	-8.53	-5.19	3.86	-11.10	10.12	--	--	8.79

#### Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class Z Shares	-14.68	74.92	--	--	--	--	--
MSCI All Country Asia ex Japan Index	-14.37	41.72	--	--	--	--	--

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.

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



MORNINGSTAR OVERALL RATING\*  
EAA FUND ASIA EX-JAPAN EQUITY  
CLASS Z SHARES

Out of 753 Funds. Based on Risk Adjusted Return. Class Z Shares: 3yr. rating 5 Stars.

#### Share Class

	CLASS Z
Currency	U.S. dollars
ISIN	LU1378878604
Bloomberg	MSAIOPZ LX
Inception Date	31 March 2016
Net Asset Value	\$ 43.76

#### Fund Facts

Launch date	31 March 2016
Base currency	U.S. dollars
Index	MSCI All Country Asia ex Japan Index
Total assets	\$ 825.99 million
Structure	Luxembourg SICAV

#### Charges (%)

	CLASS Z
Max Entry Charge	1.00
Ongoing Charges	<b>0.95</b>
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 (USD)

	CLASS Z
Minimum Initial Investment	0
Minimum Subsequent Investment	0

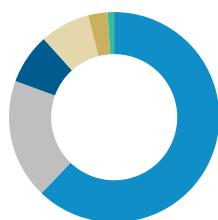
#### Statistics

##### (3 Year annualised)

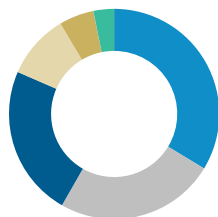
	CLASS Z	INDEX
Excess Return (%)	9.95	--
Alpha (%)	9.24	--
Beta	1.08	1.00
Information ratio	0.99	--
R squared	0.70	1.00
Sharpe ratio	1.03	0.62
Tracking error (%)	10.03	--
Volatility (Standard deviation) (%)	18.22	14.12

#### Characteristics

	FUND	INDEX
Active share (%)	85.54	--
Return on capital (%)	16.22	10.68
5 year EPS growth (%)	20.75	10.44
Sales growth (%)	24.09	15.61
Net cash to equity (%)	14.00	-27.00
Weighted average market capitalization (\$B)	69.18	51.99
Number of holdings	30	978

**Top Countries (% of Total Net Assets)<sup>1</sup>**

	FUND	INDEX
China	62.99	36.38
India	18.69	11.17
Taiwan	7.84	12.88
Hong Kong	7.78	11.77
South Korea	3.04	14.13
Philippines	1.00	1.35
United States	-0.06	--
Cash & equivalents	-1.28	--
<b>Total</b>	<b>100.00</b>	<b>--</b>

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

	FUND	INDEX
Consumer	34.13	12.86
Discretionary		
Consumer Staples	24.88	5.27
Financials	23.59	24.41
Communication Services	10.05	12.11
Information Technology	5.42	16.06
Health Care	3.21	2.95
Other	0.01	--
Cash & equivalents	-1.28	--

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

	FUND	INDEX
Hdfc Bank Ltd	8.35	--
Tal Education Group	7.51	0.27
Foshan Haitian Flavouring	7.29	0.02
Meituan Dianping	5.52	0.17
Jiangsu Yanghe Brewery	5.16	0.02
Aia Group Ltd	4.89	2.55
China Resources Beer Holdings	4.68	0.14
Kweichow Moutai Co.	4.56	0.11
Kotak Mahindra Bank Ltd	4.42	--
Ctrip.com International Ltd	3.79	0.32
<b>Total</b>	<b>56.17</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 [www.msci.com/gics](http://www.msci.com/gics) and the glossary at [www.morganstanley.com/im](http://www.morganstanley.com/im).

<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, available at [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com). All data as of 31.05.2019 and subject to change daily.

**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 manager's 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. Active Share calculation may consolidate holdings with the same economic exposure. **Alpha** (Jensen's) is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. Prior to 6/30/2018 Alpha was calculated as the excess return of the fund versus benchmark. **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

**Share Class Z Risk and Reward Profile**

Potentially Lower Rewards

Potentially Higher Rewards

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.
- 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.

**Additional Z Share Classes**

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
ZH (EUR)	EUR	31.03.2016	LU1378879081	MSAIZHE LX
ZH (GBP)	GBP	31.03.2016	LU1378878943	MSAIZHG LX

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. **Excess Return** or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. **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. **Net cash to equity** is the ratio of a company's cash on hand against the total net worth of the company. **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. **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. **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. **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. **Weighted average market capitalization** is an average of the market capitalization of stocks comprising a portfolio or index, adjusted by each stock's weight in the portfolio or index.

## 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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