

China Equity Fund - Z Shares (Accumulation Share Class)

Investment Objective

Attractive risk-adjusted annualised returns on your investment.

Investment Approach

The Fund seeks long-term capital appreciation, measured in U.S. dollars, through investment primarily in the equity securities of companies located in or operating in China and Hong Kong. The Portfolio will invest mainly in Chinese companies listed in various exchanges and including ADRs and GDRs. The investment philosophy is to invest in high quality, growing business at attractive valuation with relatively long-term investment horizon. Structural growth and competitive advantage with financial strength are among the most important criteria for the Fund's bottom-up stock selection.

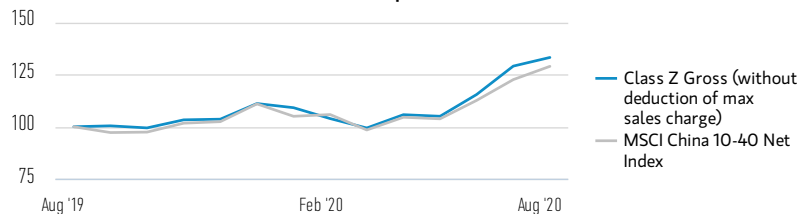
Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
May Yu, Managing Director	2012	21

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)



12 Month Performance Periods to Latest Month End (%)^{12†}

	AUG '19 - AUG '20	AUG '18 - AUG '19	AUG '17 - AUG '18	AUG '16 - AUG '17	AUG '15 - AUG '16
Class Z Gross (without deduction of max sales charge) ¹	32.74	--	--	--	--
Class Z Net (with the deduction of max sales charge) ²	31.31	--	--	--	--
MSCI China 10-40 Net Index	32.76	--	--	--	--

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 Gross (without deduction of max sales charge) ¹	3.22	26.92	19.94	32.74	--	--	--	30.45
Class Z Net (with the deduction of max sales charge) ²	2.19	25.65	18.74	31.31	--	--	--	29.24
MSCI China 10-40 Net Index	5.20	24.31	16.27	32.76	--	--	--	26.58

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. The sources for all performance and Index data is Morgan Stanley Investment Management.

¹ Figure shown assumes reinvestment of all distributions and deduction of fund level costs, but does not reflect the deduction of any sales charge applicable at investor level.

² Figure shown assumes reinvestment of all distributions and deduction of fund level costs, and includes the deduction of the maximum sales charge applicable at investor level that may be taken out of your money before it is invested.

Please see the Fund's current prospectus and the share class' Key Investor Information Document for complete details on fees and sales charges.

[†] Example: An investor wishes to purchase shares of USD 100. At the maximum sales charge of 5.75% the investor has to expend USD 106.10. The sales charge is only incurred upon subscription.

Share Class

	CLASS Z
Currency	U.S. dollars
ISIN	LU2025529277
Bloomberg	MSCEZUA LX
Inception date	01 August 2019
Net asset value	\$ 33.33

Fund Facts

Launch date	01 August 2019
Base currency	U.S. dollars
Index	MSCI China 10-40 Net Index
Total net assets	\$ 13.33 million
Structure	Luxembourg SICAV

Charges (%)

	CLASS Z
Max Entry Charge	1.00
Ongoing Charges	0.95
Management Fee	0.70

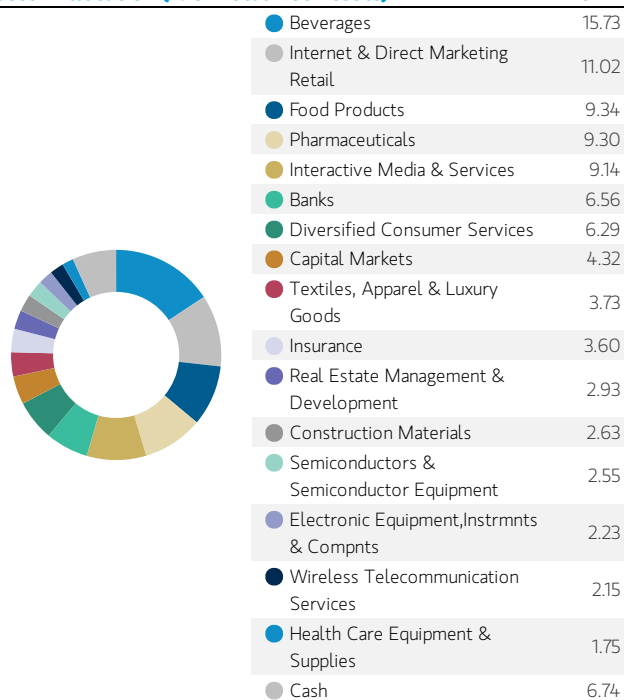
Entry Charge is a maximum possible figure. In some cases you might pay less, you can find this out from your financial adviser. Ongoing Charges reflect the payments and expenses incurred during the fund's operation and are deducted from the assets of the fund over the period. It includes fees paid for investment management (Management Fee), trustee/custodian, and administration charges. For more information please see the Charges and Expenses section of the prospectus.

Subscriptions (USD)

	CLASS Z
Minimum initial investment	0
Minimum subsequent Investment	0

Characteristics

	FUND
Active share (%)	62.81
Price/earnings	21.53
Price/cash flow	10.15
Price/book	3.05
Return on equity (%)	19.38
Weighted average market capitalization (\$B)	218.65
Weighted median market capitalization (\$B)	35.54
Dividend Yield (%)	1.34
Number of holdings	30

Sector Allocation (% of Total Net Assets)^{3,4}**Top Holdings (% of Total Net Assets)⁵**

	FUND
Alibaba Group Holding Ltd	11.02
Kweichow Moutai Co.	10.75
Tencent Holdings Ltd	9.14
China Resources Beer Holdings	4.98
China Mengniu Dairy Co. Ltd	4.94
New Oriental Education	3.74
Shenzhou International Group H	3.73
Ping An	3.60
Cspc Pharmaceutical Group Ltd	3.56
Hong Kong Exchanges & Clearing	2.86
Total	58.32

³ May not sum to 100% due to the exclusion of other assets and liabilities.

⁴ For additional information regarding sector classification/definitions please visit www.msci.com/gics and the glossary at www.morganstanley.com/im.

⁵ 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. All data as of 31.08.2020 and subject to change daily.

Share Class Z Risk and Reward Profile

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 the 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.

DEFINITIONS

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. Active Share calculation may consolidate holdings with the same economic exposure. **Bloomberg** stands for 'Bloomberg Global Identifier (BBGID)'. This is a unique 12 digit alphanumeric 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. **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. **Price/book (P/BV)** compares a stock's market value to the book value per share of total assets less total liabilities. This number is used to judge whether a stock is undervalued or overvalued. **Price/cash flow (P/CF)** is a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's per-share stock price by the per-share operating cash flow. **Price/earnings (P/E)** is the price of a stock divided by its earnings per share for the past 12 months. Sometimes called the multiple, P/E gives investors an idea of how much they are paying for a company's earning power. The higher the P/E, the more investors are paying, and therefore the more earnings growth they are expecting. **Return on equity (ROE)** is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **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. **Weighted median market capitalization** is the point at which half of the market value of a portfolio or index is invested in stocks with a greater market cap, while the other half of the market value is invested in stocks with a lower market cap.

INDEX INFORMATION

The **MSCI China 10/40 Equity Index** captures large and mid-cap representation across China A-shares, B-shares, H-shares, Red-chips and P-chips. It reflects the Mainland China and Hong Kong opportunity set from an international investor's perspective. The Index seeks to comply with the European Union's UCITS '5/10/40' diversification rule. This rule says that a maximum of 10 per cent of net assets may be invested in securities from a single issuer, and that investments of more than 5 per cent with a single issuer may not make up more than 40 per cent of the whole portfolio. UCITS stands for Undertakings for the Collective Investment in Transferable Securities.

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