

Morgan Stanley Investment Funds

Emerging Leaders Equity Fund - Z Shares (Accumulation Share Class)

Investment Objective

Long term growth of your investment.

Investment Approach

We focus on the future drivers of growth across the emerging markets in a way that is benchmark agnostic, and seek the most compelling opportunities by building an actively managed, focused portfolio of companies positioned to benefit from these growth themes.

Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Ashutosh Sinha, Managing Director	(Rejoined) 2011	25
Vishal Gupta, Executive Director	2014	14

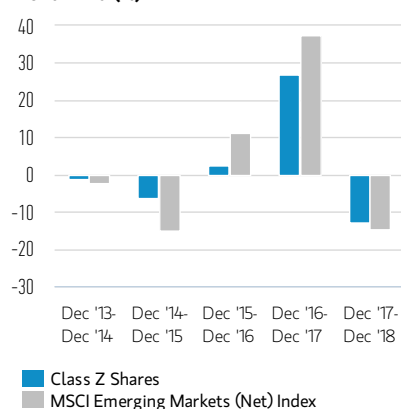
Team members may be subject to change at any time without notice.

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 (%)



Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualised (% p.a.)				INCEPTION
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	
Class Z Shares	-1.02	-2.38	-12.78	-12.78	4.26	0.93	--	2.44
MSCI Emerging Markets (Net) Index	-2.66	-7.47	-14.58	-14.58	9.25	1.65	--	2.29

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class Z Shares	-12.78	26.73	2.53	-6.44	-1.22	5.06	--
MSCI Emerging Markets (Net) Index	-14.58	37.28	11.19	-14.92	-2.19	-2.60	--

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.

Share Class

	CLASS Z
Currency	U.S. dollars
ISIN	LU0815264279
Bloomberg	MSEMLEZ LX
Inception Date	17 August 2012
NAV	\$ 29.15

Fund Facts

Launch date	17 August 2012
Base currency	U.S. dollars
Index	MSCI Emerging Markets (Net) Index
Total assets	\$ 318.74 million
Structure	Luxembourg SICAV

Charges (%)

	CLASS Z
Max Entry Charge	1.00
Ongoing Charges	0.95
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

	CLASS Z	INDEX
Beta	0.79	1.00
Information ratio	-0.67	--
R squared	0.75	1.00
Sharpe ratio	0.24	0.56
Tracking error (%)	7.41	--
Volatility (Standard deviation) (%)	13.44	14.81
Up-capture ratio (%)	73.56	100.00
Down-capture ratio (%)	92.94	100.00

Characteristics

	FUND	INDEX
Active share (%)	86.79	--
Number of holdings	27	1,125
Price/earnings (last 12 months)	23.67	10.85
Price/cash flow	23.03	6.54
Price/book	3.90	1.49
Return on equity (%)	20.27	15.42
Dividend Yield (%)	1.32	2.91

Sector Allocation (% of Total Net Assets)^{1,2}

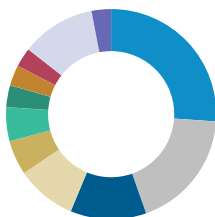
	FUND	INDEX
Consumer Discretionary	27.64	10.43
Financials	26.85	24.80
Health Care	11.56	2.82
Information Technology	9.84	14.24
Industrials	7.74	5.52
Consumer Staples	6.90	6.71
Communication Services	6.47	14.12
Cash & equivalents	3.00	--
Total	100.00	--

**Top Holdings (% of Total Net Assets)³**

	FUND	INDEX
Apollo Hospitals Enterprises Ltd	8.98	--
Tencent Holdings Ltd	6.47	4.77
Taiwan Semiconductor Mfg Co. Ltd	5.69	3.76
Aia Group Ltd	5.37	--
Adidas AG	5.32	--
Alibaba Group Holding Ltd	5.23	3.70
Voltronic Power Technology Corp.	4.17	--
Indusind Bank Ltd	4.08	--
Samsonite International S.A.	3.87	--
King Slide Works Co. Ltd	3.57	--
Total	52.75	--

Top Countries (% of Total Net Assets)¹

	FUND	INDEX
India	26.12	9.39
Taiwan	18.49	11.39
China	11.69	30.34
Hong Kong	9.24	0.06
Germany	5.32	--
Indonesia	5.22	2.31
South Africa	3.38	6.24
Thailand	3.16	2.42
Peru	2.97	0.43
Other	11.42	--
Cash & equivalents	3.00	--
Total	100.00	--



¹May not sum to 100% due to rounding.

²For additional information regarding sector classification/definitions please visit www.msci.com/gics and the glossary at www.morganstanley.com/im.

³These 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 31.12.2018 and subject to change daily.

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. **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 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

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 shares of companies from emerging markets 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.

Additional Z Share Classes

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
ZH (EUR)	EUR	25.01.2013	LU0877222447	MSEMLZH LX
ZH (GBP)	GBP	13.01.2016	LU1341423918	MSEZHGB LX

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. **Down Capture Ratio** is a statistical measure of an investment manager's overall performance in down-markets. Downside capture indicates how correlated a fund is to a market, when the market declines. **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. **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. **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 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. **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. **Upside/downside market capture** measures annualized performance in up/down markets relative to the market benchmark. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

INDEX INFORMATION

The **MSCI Emerging Markets Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The MSCI Emerging Markets Index currently consists of 23 emerging-market country indices. The performance of the index is listed in U.S. dollars and assumes reinvestment of net dividends. The index does not include any expenses, fees or sales charges, which would lower performance. The index is unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

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