

## INVESTMENT MANAGEMENT

Morgan Stanley Investment Funds

### Emerging Markets Equity Fund - A Shares (Accumulation Share Class)

#### Important information

- The Fund invests primarily in emerging country equity securities.
- Investment involves risks. Key risks for this fund include Risk of Investment in Equity, Emerging Market Risk, Exchange Rate Risk and Risk of Exposure to the Euro and Eurozone.
- There is a risk that you may potentially lose your entire investment in this Fund.
- The investment decision is yours but you should not invest unless the intermediary who sells it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives. You should not make any investment decision solely based on this document. Please read the relevant offering document carefully for further fund details including risk factors.

#### Investment Approach

We seek long-term capital appreciation by investing in emerging market countries where economies are developing strongly and markets are becoming more sophisticated. We believe that future economic growth matters a great deal for stock returns and that identifying those countries where growth could beat expectations over three to five years is critical to amplifying the portfolio's potential returns. We seek to translate our original macro-thematic research and fundamental bottom-up analysis into a growth-oriented portfolio.

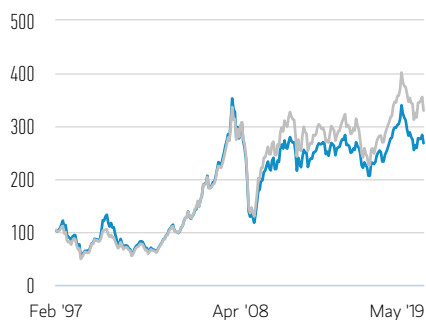
#### Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Ruchir Sharma, Head of Emerging Markets and Chief Global Strategist	1996	25
Eric Carlson, Managing Director	1997	23
Paul Psaila, Managing Director	1994	25
May Yu, Managing Director	(Rejoined) 2012	20
Amay Hattangadi, Managing Director	1997	21

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

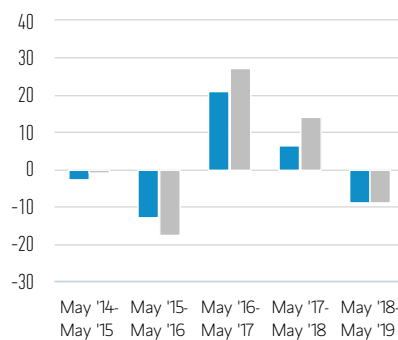
#### Class A Shares (% net of fees) vs. Index in USD

Performance of 100 USD Invested Since Inception (Cash Value)



— Class A Shares  
— MSCI Emerging Markets Net Index

12 Month Performance Periods to Latest Month End (%)



■ Class A Shares  
■ MSCI Emerging Markets Net 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 A Shares	-5.56	-2.89	3.45	-8.95	5.46	-0.17	4.12	4.51
MSCI Emerging Markets Net Index	-7.26	-4.51	4.09	-8.70	9.88	1.79	5.03	5.49

#### Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class A Shares	-17.52	34.45	5.23	-11.17	-4.83	-0.23	18.28
MSCI Emerging Markets Net Index	-14.57	37.28	11.19	-14.92	-2.19	-2.60	18.22

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 A
Currency	U.S. dollars
ISIN	LU0073229840
Bloomberg	MOREMKI LX
Inception Date	01 February 1997
Net Asset Value	\$ 39.26

#### Fund Facts

Launch date	01 July 1993
Base currency	U.S. dollars
Index	MSCI Emerging Markets Net Index
Total assets	\$ 1.3 billion
Structure	Luxembourg SICAV

#### Charges (%)

	CLASS A
Max Entry Charge	5.75
Ongoing Charges	1.89
Management Fee	1.60

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 A
Minimum Initial Investment	0
Minimum Subsequent Investment	0

#### Statistics

##### (3 Year annualised)

	CLASS A	INDEX
Beta	0.94	1.00
Information ratio	-1.32	--
R squared	0.94	1.00
Sharpe ratio	0.32	0.63
Tracking error (%)	3.35	--
Volatility (Standard deviation) (%)	13.23	13.62

**Characteristics**

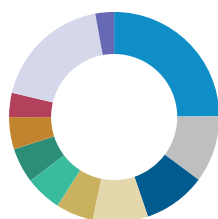
	FUND	INDEX
Active share (%)	65.51	--
Number of holdings	114	1,198
Price/earnings (last 12 months)	14.87	11.92
Price/cash flow	9.79	7.25
Price/book	2.13	1.51
Return on equity (%)	17.62	14.79
Weighted average market capitalization (\$B)	69.75	45.60
Weighted median market capitalization (\$B)	21.12	12.00
Dividend Yield (%)	2.74	2.93

<sup>1</sup>May not sum to 100% due to rounding.

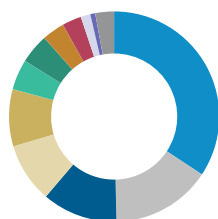
<sup>2</sup>For additional information regarding sector classification/definitions please visit [www.msci.com/gics](http://www.msci.com/gics) and the glossary at [www.morganstanley.com/im](http://www.morganstanley.com/im).

<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.

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

	FUND	INDEX
China	24.89	31.05
India	10.29	9.53
Brazil	9.62	7.60
Taiwan	8.49	10.99
South Africa	5.78	5.92
Mexico	5.59	2.61
Indonesia	5.41	2.14
Russia	4.95	3.99
South Korea	3.73	12.06
Other	18.39	--
Cash & equivalents	2.88	--
<b>Total</b>	<b>100.00</b>	<b>--</b>

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

	FUND	INDEX
Financials	34.30	25.53
Consumer Staples	15.36	6.73
Consumer Discretionary	11.59	13.01
Information Technology	9.17	13.69
Communication Services	8.79	11.56
Materials	4.67	7.60
Energy	4.58	8.11
Industrials	3.45	5.37
Health Care	2.96	2.72
Real Estate	1.48	2.98
Other	0.77	--
Cash & equivalents	2.88	--
<b>Total</b>	<b>100.00</b>	<b>--</b>

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

	FUND	INDEX
Tencent Holdings Ltd	4.59	4.55
Taiwan Semiconductor Mfg Co. Ltd	4.29	3.51
Alibaba Group Holding Ltd	2.76	4.07
Petroleo Brasileiro S.A.	2.08	0.94
Bank Central Asia Pt	1.97	0.39
Bank of China Ltd	1.92	0.64
Samsung Electronics Co. Ltd	1.77	3.26
China Construction Bank Corp	1.75	1.46
Itau Unibanco Holding S.A.	1.65	0.83
Grupo Financiero Banorte S.A. de	1.60	0.27
<b>Total</b>	<b>24.38</b>	<b>--</b>

Only A and C share classes of the Fund are authorized by the Securities & Futures Commission of Hong Kong to be offered to the public in Hong Kong.

## DEFINITIONS

**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. **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 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. **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. **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. **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 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.

## DISTRIBUTION

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