

Morgan Stanley Investment Funds

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

Investment Objective

Long term growth of your investment.

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

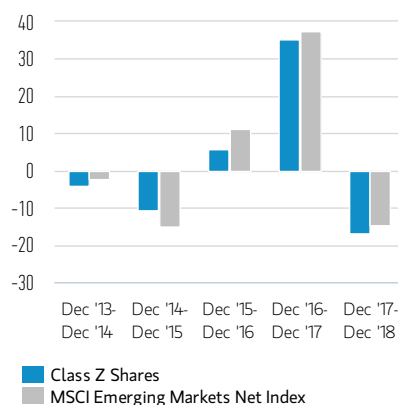
Team members may be subject to change at any time without notice.

Class 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.)				
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class Z Shares	-1.93	-5.56	-16.97	-16.97	5.93	0.34	7.23	-0.02
MSCI Emerging Markets Net Index	-2.66	-7.47	-14.58	-14.58	9.25	1.65	8.02	1.12

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class Z Shares	-16.97	35.28	5.81	-10.60	-4.28	0.41	19.05
MSCI Emerging Markets Net Index	-14.58	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 Z
Currency	U.S. dollars
ISIN	LU0360480858
Bloomberg	MOREMKZ LX
Inception Date	25 June 2008
NAV	\$ 24.96

Fund Facts

Launch date	01 July 1993
Base currency	U.S. dollars
Index	MSCI Emerging Markets Net Index
Total assets	\$ 1.2 billion
Structure	Luxembourg SICAV

Charges (%)

	CLASS Z
Max Entry Charge	1.00
Ongoing Charges	0.95
Management Fee	1.10

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

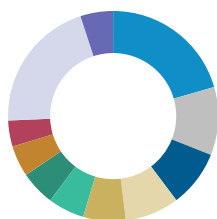
Statistics

(3 Year annualised)

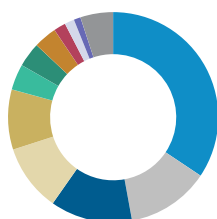
	CLASS Z	INDEX
Beta	0.95	1.00
Information ratio	-0.94	--
R squared	0.94	1.00
Sharpe ratio	0.34	0.56
Tracking error (%)	3.52	--
Volatility (Standard deviation) (%)	14.54	14.81

Characteristics

	FUND	INDEX
Active share (%)	65.37	--
Number of holdings	113	1,125
Price/earnings (last 12 months)	13.38	10.85
Price/cash flow	7.60	6.54
Price/book	2.02	1.49
Return on equity (%)	18.26	15.42
Weighted average market capitalization (\$B)	64.78	43.65
Weighted median market capitalization (\$B)	18.60	11.31
Dividend Yield (%)	2.59	2.91

Top Countries (% of Total Net Assets)¹

	FUND	INDEX
China	20.55	30.34
India	10.47	9.39
Brazil	8.74	7.49
Taiwan	8.33	11.39
South Korea	6.52	13.78
South Africa	5.60	6.24
Indonesia	5.37	2.31
Mexico	4.75	2.78
Poland	4.01	1.26
Other	20.64	--
Cash & equivalents	5.03	--
Total	100.00	--

Sector Allocation (% of Total Net Assets)¹²

	FUND	INDEX
Financials	34.38	24.80
Consumer Staples	12.74	6.71
Consumer Discretionary	12.62	10.43
Information Technology	10.28	14.24
Communication Services	9.25	14.12
Materials	3.98	7.68
Energy	3.76	7.96
Industrials	3.57	5.52
Health Care	1.85	2.82
Real Estate	1.47	3.03
Other	1.06	--
Cash & equivalents	5.03	--
Total	100.00	--

Top Holdings (% of Total Net Assets)³

	FUND	INDEX
Taiwan Semiconductor Mfg Co. Ltd	4.34	3.76
Tencent Holdings Ltd	3.79	4.77
Samsung Electronics Co. Ltd	3.18	3.98
China Construction Bank Corp	2.75	1.65
Alibaba Group Holding Ltd	2.17	3.70
Petroleo Brasileiro S.A.	1.96	0.89
Bank of China Ltd	1.95	0.72
Itau Unibanco Holding S.A.	1.75	0.92
Bradesco S.A.-Pref	1.71	0.88
Bank Central Asia Pt	1.58	0.37
Total	25.18	--

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

Share Class Z Risk and Reward Profile

Lower Risk

Higher Risk



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 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.

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 a stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half 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.

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