

Morgan Stanley Investment Funds

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

Investment Objective

Long term growth of your investment.

Investment Approach

We seek long term capital appreciation, measured in US Dollars, through investment primarily in a portfolio of small cap equity securities in emerging market countries, including frontier market countries.

Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Timothy Drinkall, Managing Director	2007	24
Omar M. Ansari, Vice President	2016	13

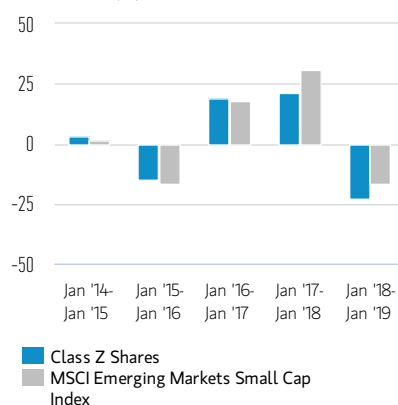
Team members may be subject to change at any time without notice.

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	5.05	4.48	5.05	-22.85	3.49	-0.60	--	2.53
MSCI Emerging Markets Small Cap Index	5.38	4.51	5.38	-16.69	8.58	1.56	--	4.15

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class Z Shares	-22.60	19.92	5.25	-10.17	3.56	--	--
MSCI Emerging Markets Small Cap Index	-16.41	31.86	2.66	-14.46	6.84	--	--

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.

¹ The Blended Index performance shown is calculated using the MSCI Frontier Index from inception through 2 January 2019 and the MSCI Emerging Markets Small Cap Index thereafter.

² Effective 12th September 2017, the Morgan Stanley Investment Funds Frontier Emerging Markets Equity Fund was renamed to Morgan Stanley Investment Funds Frontier Markets Equity Fund. Subsequently, effective 2nd January 2019, the Morgan Stanley Investment Funds Frontier Markets Equity Fund was renamed to the Morgan Stanley Investment Funds Emerging Markets Small Cap Equity Fund, and the fund's benchmark changed from the MSCI Frontier Index to the MSCI Emerging Markets Small Cap Index, and the fund's investment objective changed. Please refer to the fund's prospectus for further information on these changes.

Share Class

	CLASS Z
Currency	U.S. dollars
ISIN	LU0898765598
Bloomberg	MSFEMEZ LX
Inception Date	28 March 2013
NAV	\$ 28.93

Fund Facts

Launch date	28 March 2013
Base currency	U.S. dollars
Index ^{1,2}	MSCI Emerging Markets Small Cap Index
Total assets	\$ 31.44 million
Structure	Luxembourg SICAV

Charges (%)

	CLASS Z
Max Entry Charge	1.00
Ongoing Charges	1.40
Management Fee	1.20

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)

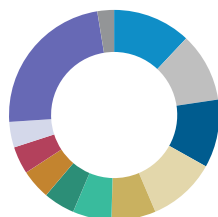
	CLASS Z
Minimum Initial Investment	0
Minimum Subsequent Investment	0

Statistics

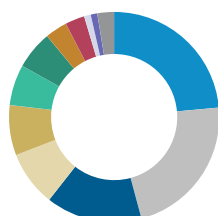
	CLASS Z	INDEX
Beta	0.94	1.00
Information ratio	-1.01	--
R squared	0.82	1.00
Sharpe ratio	0.20	0.65
Tracking error (%)	5.05	--
Volatility (Standard deviation) (%)	11.94	11.54
Up-capture ratio (%)	75.76	100.00
Down-capture ratio (%)	101.21	100.00

Characteristics

	FUND	INDEX
Active share (%)	95.81	--
Number of holdings	93	1,586
Price/earnings (Next 12 months)	14.12	10.93
5 year EPS growth (%)	12.31	7.89

Top Countries (% of Total Net Assets)³

	FUND	INDEX
India	12.02	14.76
South Korea	10.63	18.17
China	10.48	11.80
Taiwan	10.46	18.45
Argentina	6.83	--
Brazil	5.97	7.27
Indonesia	4.83	2.83
Philippines	4.58	0.99
Saudi Arabia	4.23	--
Vietnam	3.94	--
Other	23.47	--
Cash & equivalents	2.57	--
Total	100.00	--

Sector Allocation (% of Total Net Assets)^{3,4}

	FUND	INDEX
Consumer Discretionary	23.57	14.46
Financials	22.25	10.69
Industrials	14.79	14.51
Information Technology	8.50	14.11
Consumer Staples	7.72	7.06
Communication Services	6.26	4.20
Health Care	5.90	8.56
Materials	3.41	11.69
Utilities	2.99	4.91
Real Estate	1.03	7.81
Other	1.01	--
Cash & equivalents	2.57	--
Total	100.00	--

Top Holdings (% of Total Net Assets)⁵

	FUND	INDEX
Dentium Co. Ltd	1.55	0.07
Mitra Adiperkasa	1.55	0.09
Sunny Friend Environmental Technology Co.	1.48	0.08
National Bank of Kuwait	1.48	7.54
Cub Elecparts Inc.	1.47	0.07
Banco ABC Brasil S.A.	1.44	0.07
Security Bank Corp	1.34	--
Jb Financial Group Co. Ltd	1.34	0.12
Koh Young Technology Inc.	1.31	0.13
Ace Hardware Indonesia	1.30	0.15
Total	14.26	--

Please refer to the Prospectus for full risk disclosures, available at www.morganstanleyinvestmentfunds.com. All data as of 31.01.2019 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. **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

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 and frontier 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 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 and frontier 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.

³ May not sum to 100% due to rounding.

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.

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. **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/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. **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 Small Cap Index** includes small cap representation across 23 Emerging Markets countries. With 1,864 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

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