

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.

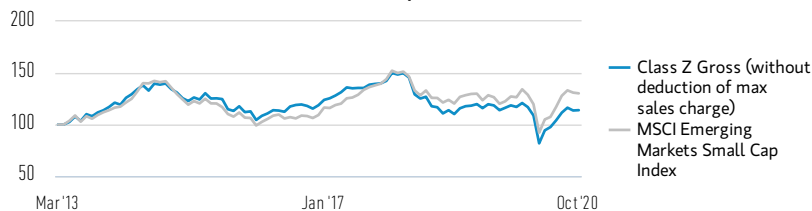
Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Omar M. Ansari, Executive Director	2016	14
Steven Quattri, Executive Director	2011	16

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*}

	OCT '19 - OCT '20	OCT '18 - OCT '19	OCT '17 - OCT '18	OCT '16 - OCT '17	OCT '15 - OCT '16
Class Z Gross (without deduction of max sales charge) ¹	-3.91	7.04	-20.55	18.10	0.31
Class Z Net (with the deduction of max sales charge) ²	-4.87	5.97	-21.34	16.91	-0.70
MSCI Emerging Markets Small Cap Index	2.39	4.83	-12.07	27.51	-3.05

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 Gross (without deduction of max sales charge) ¹	0.28	2.19	-5.73	-3.91	-6.51	-0.65	--	1.73
Class Z Net (with the deduction of max sales charge) ²	-0.72	1.17	-6.67	-4.87	-6.82	-0.85	--	1.60
MSCI Emerging Markets Small Cap Index	-0.55	1.83	-2.94	2.39	-1.91	3.13	--	3.54

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013
Class Z Gross (without deduction of max sales charge) ¹	9.69	-22.60	19.92	5.25	-10.17	3.56	--
MSCI Emerging Markets Small Cap Index	11.50	-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. 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	LU0898765598
Bloomberg	MSFEMEZ LX
Inception date	28 March 2013
Net asset value	\$ 28.48

Fund Facts

Launch date	28 March 2013
Base currency	U.S. dollars
Index ^{3,4}	MSCI Emerging Markets Small Cap Index
Total net assets	\$ 14.60 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

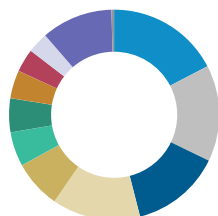
(3 Year Annualised)	CLASS Z	INDEX
Beta	1.00	1.00
Information ratio	-1.11	--
R squared	0.96	1.00
Sharpe ratio	-0.37	-0.16
Tracking error (%)	4.16	--
Volatility (Standard deviation) (%)	21.98	21.61
Up-capture ratio (%)	85.46	100.00
Down-capture ratio (%)	104.64	100.00

⁴ 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.

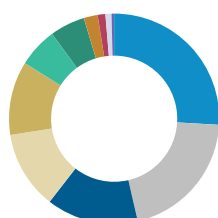
³ The Blended Index performance shown is calculated using the MSCI Frontier Index from inception through 2 January 2019 and the MSCI Emerging Markets Small Cap Index thereafter.

Characteristics

	FUND	INDEX
Active share (%)	97.29	--
Number of holdings	69	1,550
Price/earnings (Next 12 months)	18.23	11.66
5 year EPS growth (%)	16.00	6.32

Top Countries (% of Total Net Assets)⁵

	FUND	INDEX
India	17.48	12.74
Taiwan	14.90	23.85
South Korea	13.95	18.36
China	13.66	12.70
Brazil	7.46	6.47
Indonesia	5.31	1.83
Hong Kong	5.26	--
Egypt	4.35	0.39
Philippines	3.59	0.76
United States	3.20	--
Other	11.05	--
Cash	0.41	--

Sector Allocation (% of Total Net Assets)^{5,6}

	FUND	INDEX
Consumer Discretionary	26.10	12.90
Information Technology	20.58	19.20
Communication Services	14.22	4.13
Industrials	12.07	13.88
Financials	11.40	9.15
Consumer Staples	6.14	5.39
Health Care	5.43	10.54
Energy	2.15	1.61
Materials	1.20	11.88
Utilities	0.92	3.94
Cash	0.41	--

Top Holdings (% of Total Net Assets)⁷

	FUND	INDEX
Baozun Inc	2.79	--
Cholamandalam DBS Finance Ltd.	2.63	0.10
Afreecatv Co. Ltd	2.55	0.06
Mitra Keluarga Karyasehat Tb	2.20	--
Poya Company Ltd.	2.19	0.17
Nac Kazatomprom Jsc	2.15	--
Afya Ltd	2.13	--
Merida Industry Co. Ltd	2.10	0.29
Lexinfintech Holdings Ltd	2.06	--
Indiamart Intermesh Ltd	2.00	0.07
Total	22.80	--

Please refer to the Prospectus for full risk disclosures, available at www.morganstanleyinvestmentfunds.com. All data as of 31.10.2020 and subject to change daily.

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 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 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.

⁵ May not sum to 100% due to the exclusion of other assets and liabilities.

⁶ For additional information regarding sector classification/definitions please visit www.msci.com/gics and the glossary at www.morganstanley.com/im.

⁷ 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.

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 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 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. **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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