

Morgan Stanley Investment Funds

Eurozone Equity Alpha Fund - Z Shares (Accumulation Share Class)

Investment Objective

Long term growth of your investment.

Investment Approach

Seeks long-term capital growth, measured in euro, through investment primarily in a concentrated portfolio of equity securities of companies domiciled or exercising the predominant part of their economic activity in the Eurozone. Investments will be sought in equity securities that the Company believes to have the highest potential for long term capital appreciation based primarily on fundamental market factors and stock-specific research.

Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Matthew Leeman, Head of European Equity Team	2006	26
Riccardo Bindi, Executive Director	2006	26
Jonathan Day, Executive Director	2006	23
Jaymeen Patel, Executive Director	1998	17

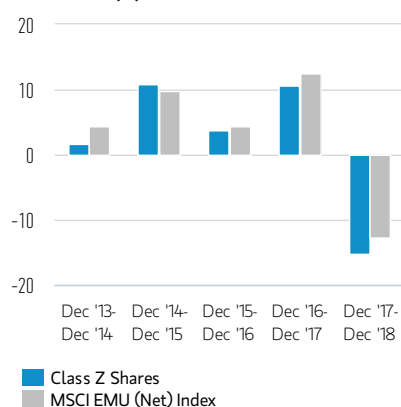
Team members may be subject to change at any time without notice.

Class Z Shares (% net of fees) vs. Index in EUR

Performance of 100 EUR Invested Since Inception (Cash Value)



12 Month Performance Periods to Latest Month End (%)



Investment Performance (% net of fees) in EUR

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class Z Shares	-7.29	-14.29	-15.29	-15.29	-0.95	1.85	7.69	4.39
MSCI EMU (Net) Index	-5.90	-12.73	-12.71	-12.71	0.82	3.26	6.73	2.81

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class Z Shares	-15.29	10.67	3.66	10.83	1.76	29.57	22.88
MSCI EMU (Net) Index	-12.71	12.49	4.37	9.81	4.32	23.36	19.31

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.

The Blended Index performance shown is calculated using the MSCI Europe (Net) Index from inception through 31 October 2006, the MSCI Europe (Net) Hedged Index to 31 May 2007 and the MSCI EMU (Net) Index thereafter.

This fund received a windfall compensation payment in connection with Prudential Equity Group's settlement with the US SEC relating to market timing charges. Consequently, the net cash injection received in March 2010 and the related withholding tax, accrued in September 2010 and received in August 2011, have increased the fund's AUM by EUR 2,106,232 and EUR 947,197, respectively, enhancing the overall 2010 fund's performance by 458bps.



MORNINGSTAR OVERALL RATING*

EAA FUND EUROZONE LARGE-CAP EQUITY
CLASS Z SHARES

Out of 1010 Funds. Based on Risk Adjusted Return. Class Z Shares: 3yr. rating 3 Stars; 5yr. rating 3 Stars; 10yr. rating 4 Stars.

Share Class

	CLASS Z
Currency	Euro
ISIN	LU0360482128
Bloomberg	MSEZOZU LX
Inception Date	27 June 2008
NAV	€ 39.28

Fund Facts

Launch date	05 April 2000
Base currency	Euro
Index	MSCI EMU (Net) Index
Total assets	€ 919.60 million
Structure	Luxembourg SICAV

Charges (%)

	CLASS Z
Max Entry Charge	1.00
Ongoing Charges	0.90
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

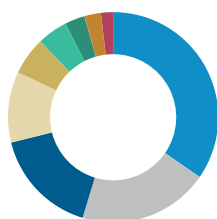
Statistics

(3 Year annualised)

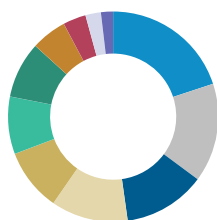
	CLASS Z	INDEX
Excess Return (%)	-1.77	--
Alpha (%)	-1.82	--
Beta	1.04	1.00
Information ratio	-0.56	--
R squared	0.94	1.00
Tracking error (%)	3.16	--
Volatility (Standard deviation) (%)	12.76	11.86

Characteristics

	FUND	INDEX
Active share (%)	74.78	--
Price/cash flow	8.08	7.65
Price/book	1.54	1.39
Price/earnings	12.98	12
Dividend Yield (%)	3.80	3.64
Number of holdings	30	246

Top Countries (% of Total Net Assets)¹

	FUND	INDEX
Germany	34.62	27.87
France	20.08	35.09
Netherlands	16.43	10.85
Spain	10.89	9.79
United Kingdom	5.80	--
Italy	4.67	7.14
Ireland	3.09	1.71
Sweden	2.54	--
Cash & equivalents	1.87	--
Total	100.00	--

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

	FUND	INDEX
Financials	19.96	17.80
Industrials	15.19	14.43
Information Technology	12.64	8.68
Consumer Staples	11.84	10.87
Health Care	9.61	7.63
Energy	8.83	6.01
Materials	8.68	7.24
Consumer Discretionary	5.46	12.86
Communication Services	3.54	6.06
Other	2.37	--
Cash & equivalents	1.87	--
Total	100.00	--

Top Holdings (% of Total Net Assets)³

	FUND	INDEX
Sap Se	5.34	2.47
Allianz Se	5.07	2.18
Unilever NV	5.03	2.12
Bayer AG	4.15	1.63
Asml Holding NV	4.12	1.63
Airbus Se	4.04	1.41
AXA	3.71	1.06
Koninklijke Ahold Delhaize NV	3.67	0.80
ING Groep NV	3.61	1.06
Bnp Paribas	3.54	1.28
Total	42.28	--

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. **Alpha** (Jensen's) is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. Prior to 6/30/2018 Alpha was calculated as the excess return of the fund versus benchmark. **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

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 company shares 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.
- 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.

'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. **Excess Return** or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. **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. **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.

INDEX INFORMATION

The **MSCI Europe (Net) Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. 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 performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The **MSCI EMU (European Economic and Monetary Union) Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of countries within EMU.

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