

Morgan Stanley Investment Funds

European Property Fund

Important information

- The Fund invests primarily in the equity securities of companies in the European real estate industry.
- Investment involves risks. Key risks for this fund include Risk of Investment in the Real Estate Industry and REITs, Risk of Investment in Equity, 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 objective

Seeks to provide long term capital appreciation, measured in euro, through investment in the equity securities of companies in the European real estate industry.

Class A shares vs. benchmark¹

Performance of 100 Euro invested since inception



Returns in Euro vs. benchmark¹

Fund (net of fees) %

Period	A	Index
One month	0.94	0.97
Last three months	0.23	1.58
YTD	3.53	7.36
One year	1.84	4.06
Three years (cumulative)	21.56	30.63
Five years (cumulative)	62.00	78.23
Ten years (cumulative)	9.98	30.72

% 12 month returns

31.12.15 - 31.12.16	(6.57)	(3.70)
31.12.14 - 31.12.15	16.93	17.60
31.12.13 - 31.12.14	24.17	23.38
31.12.12 - 31.12.13	8.83	10.63
31.12.11 - 31.12.12	28.69	27.34

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.

Morningstar Overall Rating

Class A shares



EAA Fund Property - Indirect Europe
Out of 145 Funds. Based on Risk Adjusted Return.

Fund facts

Fund launch	September 1997
Portfolio Managers	Ted Bigman, Sven van Kemenade, Michiel te Paske
Location	New York/Amsterdam
Base currency	Euro
Benchmark	GPR General Quoted Europe Net Index
Total assets	€ 214.9 million
NAV Class A	€ 34.28

Portfolio characteristics

	Fund
Dividend Yield	3.46
Number of holdings	41

Top 10 holdings (% of Total Net Assets)

	Fund
Unibail-Rodamco Se	7.84
Land Securities Group plc	6.45
Klepierre	5.93
Gecina	5.88
Vonovia Se	5.39
British Land Co. Ltd	5.37
Psp Swiss Property AG	4.03
Eurocommercial Properties NV	3.42
Merlin Properties Socimi S.A	3.23
Derwent London plc	3.03
Total	50.57

Geographic allocation (% of Total Net Assets)

	Fund
United Kingdom	29.86
France	27.63
Germany	9.93
Spain	5.54
Sweden	5.17
Ireland	4.80
Switzerland	4.03
Netherlands	3.58
Norway	2.98
Other	5.00
Cash & Equivalents	1.50
Total	100.00

Sector allocation (% of Total Net Assets)	Fund
Diversified	37.56
Retail	30.32
Office	17.78
Residential	12.33
Industrial	0.50
Cash & Equivalents	1.50
Total	100.00

Statistics (Class A shares)	Fund
Alpha	(2.59)
Beta	1.11
R squared	0.96
Information ratio	(0.72)
Tracking error	3.60
Fund volatility (Standard deviation)	16.05
Index volatility (Standard deviation)	14.18

Based on monthly observations, annualised over last 3 years.

Charges	A
Ongoing charges % ²	1.64
Management Fee %	1.40
Sales Charge %	5.75

Share Class ³	CCY	ISIN	Bloomberg	Launch
A	EUR	LU0078113650	MOREPIL LX	01.09.1997
AH (USD)	USD	LU1209887436	MSEPAHU LX	31.03.2015
AX	EUR	LU0988535968	MSEPRAX LX	04.11.2013
B	EUR	LU0078114898	MOREPBI LX	01.07.1998
I	EUR	LU0078115192	MORECPI LX	01.09.1997
IH (USD)	USD	LU1209887279	MSEPIHU LX	31.03.2015
Z	EUR	LU0360481740	MSTEPBZ LX	30.06.2008

Footnotes

Publication date: 16 October 2017.

¹ See the 'Share Class' section for inception date(s).

² The Ongoing Charges Figure ("OCF") reflects the payments and expenses which cover aspects of operating the fund and is deducted from the assets over the period. It includes fees paid for investment management, trustee/custodian, and administration charges.

³ 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.

The fund is not authorised by the SFC under the Code on REITs, but is authorised under the Code on Unit Trusts and Mutual Funds. Such authorisation does not imply official approval or recommendation. Furthermore, please note that any underlying Real Estate Investment Trusts (REITs) of which the fund invests in may not necessarily be authorised by the SFC and the dividend policy/payout policy of the fund is not representative of the dividend policy/payout policy of the underlying REITs.

Morningstar

Morningstar

Ratings: The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account sales loads. © 2017 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

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The source for all performance and index data is Morgan Stanley Investment Management Limited. Calculations are NAV to NAV. Performance is quoted net of fees and with income reinvested.

For cash management purposes the Fund may invest in shares in Morgan Stanley liquidity funds.

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