

Morgan Stanley Investment Funds

US Property Fund

Important information

- The Fund invests primarily in equity securities of companies in the US 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 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 U.S. dollars, by investing in equity securities of companies in the U.S. real estate industry.

Class A shares vs. benchmark¹

Performance of 100 U.S. dollars invested since inception



Returns in U.S. dollars vs. benchmark¹

Fund (net of fees) %

Period	A	Index
One month	5.18	2.63
Last three months	3.57	1.39
YTD	1.42	4.37
One year	5.71	9.06
Three years (cumulative)	6.74	16.25
Five years (cumulative)	39.79	54.30
Ten years (cumulative)	51.09	72.22

% 12 month returns

31.12.15 - 31.12.16	3.09	7.34
31.12.14 - 31.12.15	(1.17)	2.02
31.12.13 - 31.12.14	29.71	28.65
31.12.12 - 31.12.13	2.26	1.31
31.12.11 - 31.12.12	11.94	16.78

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.

Fund facts

Fund launch	January 1996
Portfolio Managers	Ted Bigman, Bill Grant
Location	New York
Base currency	U.S. dollars
Benchmark	FTSE NAREIT Equity REITs (Net) Index
Total assets	\$ 256.0 million
NAV Class A	\$ 72.72

Portfolio characteristics

Portfolio characteristics	Fund
Dividend Yield	3.59
Number of holdings	59

Top 10 holdings (% of Total Net Assets)

Top 10 holdings (% of Total Net Assets)	Fund
Simon Property Group	9.95
Ggp Inc	7.60
Boston Properties Inc	6.47
Vornado Realty Trust	6.39
Public Storage Inc	5.32
Equity Residential Properties	4.09
Regency Centers Corp	3.26
Sl Green Realty Corp	3.06
Camden Property Trust	2.96
Prologis Inc	2.87
Total	51.97

Sector allocation (% of Total Net Assets)

Sector allocation (% of Total Net Assets)	Fund
Regional Malls	21.67
Office	17.01
Apartments	11.23
Diversified	8.66
Self Storage	7.42
Health Care	7.02
Lodging/Resorts	6.70
Industrial	6.08
Shopping Centers	5.22
Other	8.09
Cash & Equivalents	0.90
Total	100.00

Statistics (Class A shares)

Statistics (Class A shares)	Fund
Alpha	(2.95)
Beta	0.99
R squared	0.89
Information ratio	(0.62)
Tracking error	4.74
Fund volatility (Standard deviation)	13.99
Index volatility (Standard deviation)	13.27

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	USD	LU0073233958	MORUSRI LX	31.01.1997
B	USD	LU0073234097	MORUSRB LX	01.03.1997
F	USD	LU1244752280	MSTUSPF LX	30.09.2015
I	USD	LU0073233875	MORIUSR LX	09.01.1996
Z	USD	LU0360477474	MSUSPRZ LX	27.11.2009

Footnotes

Publication date: 15 December 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.

Important information

This document has been prepared by Morgan Stanley Investment Management Limited ("MSIM") solely for informational purposes and does not seek to make any recommendation to buy or sell any particular security (including Shares in the Fund) or to adopt any specific investment strategy. MSIM has not authorised financial intermediaries to use and to distribute this document, unless such use and distribution is made in accordance with applicable law and regulation. Additionally, financial intermediaries are required to satisfy themselves that the information in this document and an investment in Shares of the Fund is suitable for any person to whom they provide this document in view of that person's circumstances and purpose. MSIM shall not be liable for, and accepts no liability for, the use or misuse of this document by any such financial intermediary. If such a person considers an investment in Shares of the Fund, she/he should always ensure that she/he has satisfied herself/himself that she/he has been properly advised by that financial intermediary about the suitability of an investment.

This communication was issued by Morgan Stanley Asia Limited for use in Hong Kong, and its contents have not been reviewed by the Securities & Futures Commission of Hong Kong.

Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested. There are additional risks involved with this type of investment. Please refer to the Prospectus and relevant Key Facts document for full risk disclosure.

This Financial Promotion has been issued and approved in the UK by Morgan Stanley Investment Management Limited, 25 Cabot Square, Canary Wharf, London E14 4QA, authorised and regulated by the Financial Conduct Authority.

This document contains information relating to the sub-funds ("Funds") of Morgan Stanley Investment Funds, a Luxembourg domiciled Société d'Investissement à Capital Variable. Morgan Stanley Investment Funds (the "Company") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part 1 of the Law of 17th December 2010, as amended. The Company is an Undertaking for Collective Investment in Transferable Securities ("UCITS").

This communication is only intended for and will only be distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations. In particular, the Shares are not for distribution in the United States or to US persons.

If you are a distributor of the Morgan Stanley Investment Funds, some or all of the funds, or Shares in individual funds, may be available for distribution. Please refer to your sub-distribution agreement, for these details before forwarding fund information to your clients.

Applications for shares in Morgan Stanley Investment Funds should not be made without first consulting the current Prospectus, Key Investor Information Document, Annual Report and Semi-Annual Report ("Offering Documents"), or other documents available in your local jurisdiction, which are available free of charge from our Registered Office: European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192. In addition, all Italian investors should refer to the 'Extended Application Form', and all Hong Kong investors should refer to the 'Additional Information for Hong Kong Investors' section, outlined within the Prospectus.

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.

This document may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this document in another language, the English version shall prevail.