

Morgan Stanley Investment Funds

International Equity (ex US) Fund - Z Shares (Accumulation Share Class)

Investment Objective

Long term growth of your investment.

Investment Approach

The investment team believes that the best route to superior returns is through long-term compounding and seeking a measure of downside protection. The International Equity (ex-U.S.) Fund is actively managed by consistently applying strict investment criteria to help identify attractive businesses at a discount to their long-term fair value. In-depth fundamental company research is paramount to the team's bottom-up stock selection process with emphasis on companies with high or improving returns on operating capital, recurring cash flows and capable management. This investment discipline is maintained by strict adherence to the team's longstanding investment process and cash-flow-based valuation criteria.

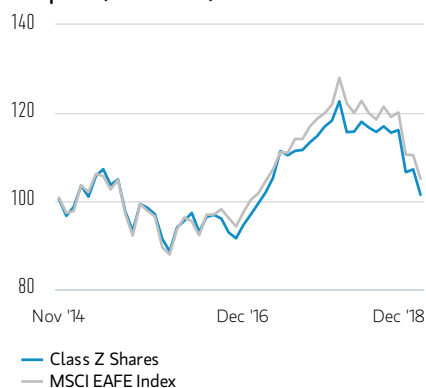
Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
William Lock, Head of International Equity Team	1994	27
Bruno Paulson, Managing Director	2009	25
Dirk Hoffmann-Becking, Executive Director	2013	21
Nic Sochovsky, Executive Director	2015	21
Vladimir A. Demine, Executive Director	2009	17
Nathan Wong, Executive Director	2017	19
Marcus Watson, Executive Director	2008	11
Alex Gabriele, Executive Director	2012	10
Richard Perrott, Vice President	2015	13

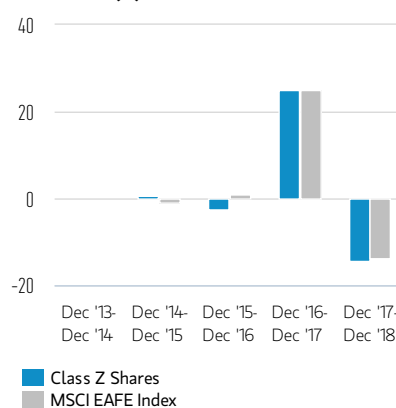
Team members may be subject to change at any time without notice.

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	-5.37	-12.64	-14.24	-14.24	1.49	--	--	0.35
MSCI EAFE Index	-4.85	-12.54	-13.79	-13.79	2.87	--	--	1.20

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class Z Shares	-14.24	25.03	-2.51	0.41	--	--	--
MSCI EAFE Index	-13.79	25.03	1.00	-0.81	--	--	--

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.

Share Class

	CLASS Z
Currency	U.S. dollars
ISIN	LU1121079674
Bloomberg	MSIEXUZ LX
Inception Date	18 November 2014
NAV	\$ 25.36

Fund Facts

Launch date	18 November 2014
Base currency	U.S. dollars
Index	MSCI EAFE Index
Total assets	\$ 69.30 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

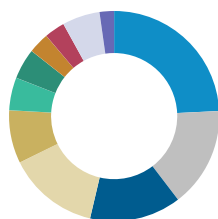
(3 Year annualised)

	CLASS Z	INDEX
Excess Return (%)	-1.38	--
Alpha (%)	-1.24	--
Beta	0.93	1.00
Information ratio	-0.35	--
R squared	0.88	1.00
Tracking error (%)	4.00	--
Volatility (Standard deviation) (%)	11.24	11.40

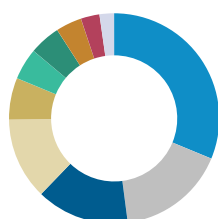
Characteristics

	FUND	INDEX
Active share (%)	82.88	--
Number of holdings	56	920
Free cash flow yield (Next 12 Months) (%) ¹	6.13	6.72
Price/earnings (Next 12 months)	13.13	11.86
Dividend Yield (Next 12 Months) (%)	3.20	3.58

¹ Financials and Real Estate sectors are excluded from characteristics where income statement, balance sheet, or cash flow statement ratios are not economically meaningful.

Top Countries (% of Total Net Assets)²

	FUND	INDEX
United Kingdom	24.24	16.91
France	15.38	11.10
Japan	14.08	24.61
Germany	14.04	8.82
Netherlands	8.17	3.43
Switzerland	5.04	8.65
Canada	4.69	--
Hong Kong	3.20	3.91
China	3.15	--
Other	5.78	--
Cash & equivalents	2.24	--
Total	100.00	--

Sector Allocation (% of Total Net Assets)^{2,3}

	FUND	INDEX
Consumer Staples	31.25	11.57
Health Care	16.68	11.18
Financials	14.30	19.49
Industrials	12.59	14.31
Information Technology	6.42	5.96
Energy	4.86	5.86
Materials	4.79	7.37
Communication Services	3.99	5.55
Consumer Discretionary	2.88	11.23
Cash & equivalents	2.24	--
Total	100.00	--

Top Holdings (% of Total Net Assets)⁴

	FUND	INDEX
Reckitt Benckiser plc	4.39	0.41
Unilever NV	4.22	0.67
Kirin Holdings Company, Limited	3.49	0.14
Novartis AG	3.46	1.48
GlaxoSmithKline plc	3.34	0.75
Sanofi	3.28	0.78
Sap Se	3.17	0.78
Pernod Ricard	3.06	0.28
Henkel AG & Co. KgaA	3.02	0.16
British American Tobacco plc	2.75	0.58
Total	34.18	--

² May not sum to 100% due to rounding.

³ For additional information regarding sector classification/definitions please visit www.msci.com/gics and the glossary at www.morganstanley.com/im.

⁴ 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.

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

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.
- 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 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.

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. **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. **Free cash flow yield (Next 12 months)** is a financial ratio that measures a company's operating free cash flow minus its capital expenditures per share and dividing by its price per share. Free cash flow yield ratio is calculated by using the underlying securities of the fund. **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. **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 EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the international equity market performance of developed markets, excluding the US & Canada. 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 MSCI EAFE Index currently consists of 21 developed market country indices. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

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