

Morgan Stanley Investment Funds

### Japanese Equity Fund - I Shares (Accumulation Share Class)

#### Investment Objective

Long term growth of your investment.

#### Investment Approach

Seeks long-term capital appreciation measured in Japanese yen, by investing primarily in the equity securities of companies domiciled in or exercising the predominant part of their economic activity in Japan and which are listed on any exchanges or over-the-counter markets.

#### Investment Team

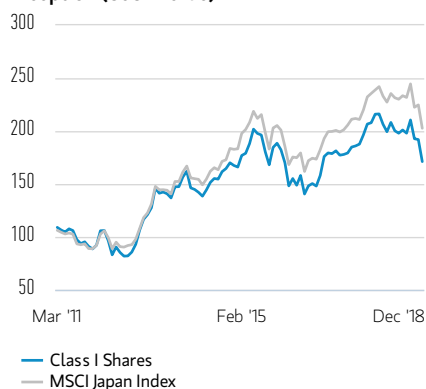
	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Yasuyuki Ochi, CMA, Mitsubishi UFJ Asset Management Co., Ltd.	2014	18

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

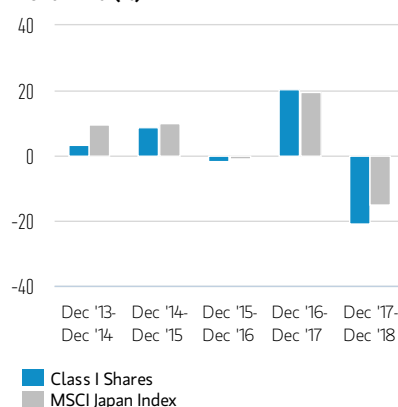
Mitsubishi UFJ Asset Management (UK) Ltd started to manage the fund in July 2014.

#### Class I Shares (% net of fees) vs. Index in JPY

##### Performance of 100 JPY Invested Since Inception (Cash Value)



##### 12 Month Performance Periods to Latest Month End (%)



#### Investment Performance (% net of fees) in JPY

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class I Shares	-10.86	-18.71	-20.75	-20.75	-2.08	1.09	--	7.14
MSCI Japan Index	-9.83	-17.16	-15.15	-15.15	0.29	3.95	--	9.49

#### Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class I Shares	-20.75	20.38	-1.60	8.83	3.35	52.31	20.09
MSCI Japan Index	-15.15	19.75	-0.74	9.93	9.48	54.58	21.57

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.

Calculations are based on the close of business NAV which is valued at the close of the Tokyo Stock Exchange (15.00 JST). This NAV may differ from the official NAV of the fund which is calculated during the Luxembourg business day. All subscriptions and redemptions will be dealt at the official NAV.

#### Share Class

	CLASS I
Currency	Japanese yen
ISIN	LU0512094193
Bloomberg	MSJPEQI LX
Inception Date	16 March 2011
NAV	¥ 4,279.21

#### Fund Facts

Launch date	14 June 2010
Base currency	Japanese yen
Index	MSCI Japan Index
Total assets	¥ 13.6 billion
Structure	Luxembourg SICAV

#### Charges (%)

	CLASS I
Max Entry Charge	3.00
Ongoing Charges	<b>0.94</b>
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 I
Minimum Initial Investment	0
Minimum Subsequent Investment	0

#### Statistics

##### (3 Year annualised)

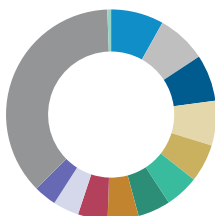
	CLASS I	INDEX
Excess Return (%)	-2.37	--
Alpha (%)	-2.40	--
Beta	1.15	1.00
Information ratio	-0.39	--
R squared	0.91	1.00
Tracking error (%)	6.05	--
Volatility (Standard deviation) (%)	18.60	15.47

#### Characteristics

	FUND	INDEX
Number of holdings	34	322
Price/cash flow	3.37	4.80
Price/book	0.94	1.18

Top Holdings (% of Total Net Assets) <sup>1</sup>	FUND	INDEX
Nippon Telegraph & Telephone Corp	4.75	0.92
Toray Industries Inc	4.49	0.32
Itochu Corp	4.45	0.78
Sony Corp	3.99	2.00
Sumitomo Mitsui Financial Group	3.88	1.44
Mitsubishi Corp	3.67	1.21
Tokio Marine Holdings	3.59	1.05
Japan Post Holdings Co. Ltd	3.58	0.59
Softbank Corp	3.50	1.79
Honda Motor Co. Ltd	3.47	14.0
<b>Total</b>	<b>39.37</b>	<b>--</b>

Industry Distribution (% of Total Net Assets) <sup>2,3</sup>	FUND	INDEX
Trading Companies & Distributors	8.12	4.01
Chemicals	7.61	4.10
Insurance	7.17	3.31
Banks	6.87	6.29
Specialty Retail	5.83	1.74
Household Durables	5.18	3.59
Pharmaceuticals	5.03	6.18
Diversified		
Telecommunication Services	4.75	0.92
Food Products	4.56	1.76
Real Estate		
Management & Development	3.99	2.90
Wireless		
Telecommunication Services	3.50	4.14
Other	36.83	--
Cash & equivalents	0.58	--
<b>Total</b>	<b>100.00</b>	<b>--</b>



<sup>1</sup>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.

<sup>2</sup>May not sum to 100% due to rounding.

<sup>3</sup>For additional information regarding sector classification/definitions please visit [www.msci.com/gics](http://www.msci.com/gics) and the glossary at [www.morganstanley.com/im](http://www.morganstanley.com/im).

Please refer to the Prospectus for full risk disclosures, available at [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com). All data as of 31.12.2018 and subject to change daily.

**DEFINITIONS**

**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 '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. **Excess**

**Share Class I Risk and Reward Profile**



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.

**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. **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 Japan Index** is a free-floated adjusted market capitalization weighted index that is designed to track the equity market performance of Japanese securities listed on the Tokyo Stock Exchange, Osaka Stock Exchange, JASDAQ and Nagoya Stock Exchange. The MSCI Japan Index is constructed based on the MSCI Global Investable Market Indices Methodology, targeting a free-float market capitalization coverage of 85%.

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