

INVESTMENT MANAGEMENT

Morgan Stanley Investment Funds

Sustainable Emerging Markets Equity Fund - Z Shares

(Accumulation Share Class)

Investment Objective

Long term growth of your investment.

Investment Approach

The Sustainable Emerging Markets Equity fund is a diversified, core portfolio seeking to identify growing countries and the quality companies that could potentially benefit. In our integrated process, we translate macro and thematic research and fundamental bottom-up analysis into a growth-oriented portfolio. We take a thematic approach to help identify longer term trends not fully appreciated by the market and construct a diversified portfolio of 70 - 90 stocks we believe are positioned to benefit. The fund engages with management on ESG and sustainability during both the investment process to limit exposure to ESG risks when seeking out sustainable investment opportunities. The Fund strives to align with the objectives of the Paris Agreement on climate change and seeks a lower carbon footprint than the MSCI EM Net Index.

Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Paul Psaila, Managing Director	1994	28
Amay Hattangadi, Managing Director	1997	25
Eric Carlson, Head of Sustainability, Emerging Markets Equity Team	1997	26

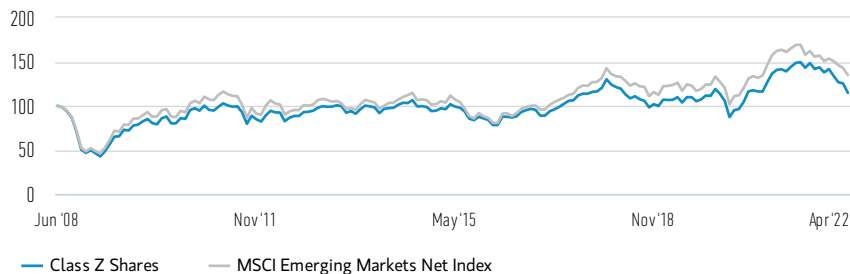
Effective December 31, 2021, Ruchir Sharma is no longer serving as a portfolio manager on the Fund. The Fund will continue to be co-managed by Paul Psaila, Amay Hattangadi and Eric Carlson.

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)

Past performance is not a reliable indicator of future results.



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	-8.46	-14.36	-19.00	-20.50	1.51	2.35	2.20	1.00
MSCI Emerging Markets Net Index	-5.56	-10.45	-12.15	-18.33	2.24	4.32	2.89	2.19

Calendar Year Returns (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Class Z Shares	3.78	14.68	19.23	-16.97	35.28	5.81	-10.60	-4.28	0.41	19.05
MSCI Emerging Markets Net Index	-2.54	18.31	18.42	-14.57	37.28	11.19	-14.92	-2.19	-2.60	18.22

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 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.

Effective 1st November 2021 the Morgan Stanley Investment Funds Emerging Markets Equity Fund was renamed to Sustainable Emerging Markets Equity Fund.

Share Class

	CLASS Z
Currency	U.S. dollars
ISIN	LU0360480858
Bloomberg	MOREMKZ LX
Inception date	25 June 2008
Net asset value	\$ 28.69

Fund Facts

Launch date	01 July 1993
Base currency	U.S. dollars
Index	MSCI Emerging Markets Net Index
Total net assets	\$ 427.46 million
Structure	Luxembourg SICAV
SFDR Classification [†]	Article 8

Charges (%)

	CLASS Z
Max Entry Charge	1.00
Ongoing Charges	0.91
Management Fee	1.10

The ongoing charges figure incorporates a fee reduction by way of a waiver of 0.35% until 30/06/22. This fee reduction will expire 01/07/22.

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

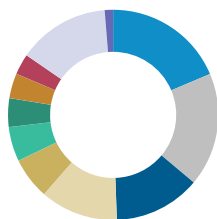
Statistics

(3 Year Annualised)

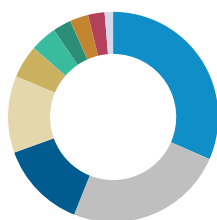
	CLASS Z	INDEX
Beta	1.06	1.00
Information ratio	-0.16	--
R squared	0.95	1.00
Sharpe ratio	0.04	0.08
Tracking error (%)	4.68	--
Volatility (Standard deviation) (%)	20.20	18.59
Down-capture ratio (%)	107.68	100.00
Up-capture ratio (%)	106.05	100.00

Characteristics

	FUND	INDEX
Active share (%)	73.10	--
Number of holdings	76	1,398
Price/earnings (last 12 months)	15.46	11.55
Price/cash flow	8.49	7.87
Price/book	2.58	1.66
Return on equity (%)	19.17	15.03
Weighted average market capitalization (\$B)	118.42	72.38
Weighted median market capitalization (\$B)	29.43	15.68
Dividend Yield (%)	2.40	2.87

Top Countries (% of Total Net Assets)¹

	FUND	INDEX
India	18.60	13.64
Taiwan	17.43	15.45
China	13.30	30.57
South Korea	11.95	12.51
South Africa	6.40	3.72
Mexico	5.29	2.19
United States	4.42	--
Indonesia	3.82	1.92
United Kingdom	3.20	--
Other	14.06	--
Cash	1.30	--

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

	FUND	INDEX
Information Technology	31.51	20.48
Financials	24.44	22.20
Materials	13.42	9.19
Consumer Discretionary	11.79	12.71
Consumer Staples	5.05	5.97
Communication Services	4.09	10.33
Industrials	2.83	5.46
Energy	2.82	4.98
Health Care	2.54	3.76
Cash	1.30	--

Top Holdings (% of Total Net Assets)³

	FUND	INDEX
Taiwan Semiconductor Manufacturing Co. Lt	8.24	6.52
Samsung Electronics Co. Ltd	6.48	3.72
Tencent Holdings Ltd	3.56	4.02
Anglo American plc	3.18	--
Reliance Industries Ltd	2.82	1.51
Grupo Financiero Banorte Sab de Cv	2.77	0.25
Wal-Mart de Mexico Sab de Cv	2.53	0.27
Icici Bank Ltd	2.42	0.72
Delta Electronics Inc	2.29	0.24
Capitec Bank Holdings Ltd	2.03	0.17
Total	36.32	--

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 shares of companies from emerging markets 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.
- Sustainability factors can pose risks to investments, for example: impact asset values, increased operational costs.
- There may be an insufficient number of buyers or sellers which may affect the fund's ability to buy or sell securities.
- Investments in China involves a risk of a total loss due to factors such as government action or inaction, market volatility and reliance on primary trading partners.
- 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.

[†] This Fund is classified as an Article 8 product under the Sustainable Finance Disclosure Regulation. Article 8 products are those which promote environmental or social characteristics and which integrate sustainability into the investment process in a binding manner. Before making any decision to invest in the fund mentioned herein, please refer to all the characteristics and objectives of the Fund noted in the current Prospectus and KIID at morganstanleyinvestmentfunds.com.

¹ May not sum to 100% due to the exclusion of other assets and liabilities.

² For additional information regarding sector classification/definitions please visit www.msci.com/gics and the glossary at www.morganstanley.com/im.

³ 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 30.04.2022 and subject to change daily.

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DEFINITIONS

Active Share is a measure of the percentage of stock holdings in a manager's 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. **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 alphanumerical 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.

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. **Return on equity (ROE)** is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Tracking error** is the standard deviation of the difference between the returns of an investment and its benchmark. **Upside/downside market capture** measures annualized performance in up/down markets relative to the market benchmark. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Weighted average market capitalization** is an average of the market capitalization of stocks comprising a portfolio or index, adjusted by each stock's weight in the portfolio or index. **Weighted median market capitalization** is the point at which half of the market value of a portfolio or index is invested in stocks with a greater market cap, while the other half of the market value is invested in stocks with a lower market cap.

INDEX INFORMATION

The **MSCI Emerging Markets Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets. 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 Emerging Markets Index currently consists of 23 emerging-market country indices. The performance of the index is listed in U.S. dollars and assumes reinvestment of net dividends.

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