

Morgan Stanley Investment Funds

US Advantage Fund - ZX Shares (Distributing Share Class)

Investment Objective

Long term growth of your investment.

Investment Approach

We seek high-quality established companies with strong brand recognition, sustainable competitive advantages, strong current free-cash-flow yields and favorable returns on invested capital trends. We focus on long-term growth rather than short-term events, with our stock selection informed by rigorous fundamental analysis.

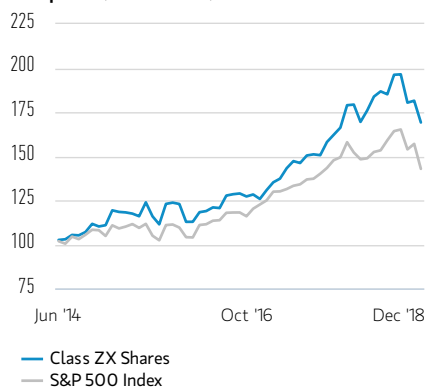
Investment Team	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Dennis Lynch, Head of Counterpoint Global	1998	25
Sam Chainani, Managing Director	1996	23
Jason Yeung, Managing Director	2002	22
Armistead Nash, Managing Director	2002	19
David Cohen, Managing Director	1993	31
Alexander Norton, Executive Director	2000	24

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

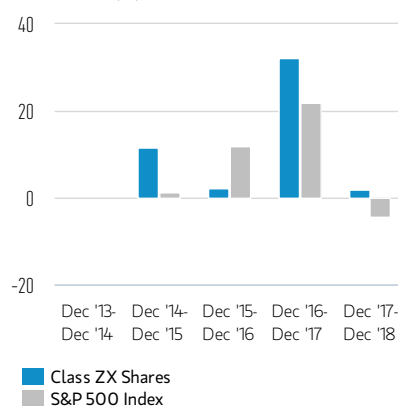
Dennis Lynch, Sam Chainani, Jason Yeung, Armistead Nash, David Cohen and Alexander Norton started to manage the fund in June 2009.

Class ZX 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 ZX Shares	-6.80	-13.90	1.77	1.77	11.23	--	--	12.17
S&P 500 Index	-9.03	-13.52	-4.38	-4.38	9.26	--	--	8.11

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class ZX Shares	1.77	32.14	2.33	11.57	--	--	--
S&P 500 Index	-4.38	21.83	11.96	1.38	--	--	--

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.

The Blended Index performance shown is calculated using the S&P 500 Index from inception through 31 August 2009, the Russell 1000 Growth Net 30% Withholding Tax TR Index to 31 March 2010 and the S&P 500 Index thereafter.



MORNINGSTAR OVERALL RATING*

EAA FUND US LARGE-CAP GROWTH EQUITY

CLASS ZX SHARES

Out of 481 Funds. Based on Risk Adjusted Return. Class ZX Shares: 3yr. rating 5 Stars.

Share Class CLASS ZX

Currency	U.S. dollars
ISIN	LU0360613169
Bloomberg	MORAMZX LX
Inception Date	04 June 2014
NAV	\$ 70.85

Fund Facts

Launch date	01 December 2005
Base currency	U.S. dollars
Index	S&P 500 Index
Total assets	\$ 6.7 billion
Structure	Luxembourg SICAV

Charges (%) CLASS ZX

Max Entry Charge	1.00
Ongoing Charges	0.85
Management Fee	0.70

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 ZX

Minimum Initial Investment	0
Minimum Subsequent Investment	0

Statistics

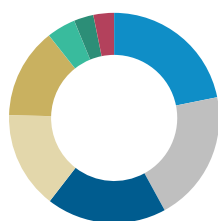
(3 Year annualised)

	CLASS ZX	INDEX
Excess Return (%)	1.97	--
Alpha (%)	2.32	--
Beta	0.96	1.00
Information ratio	0.26	--
R squared	0.67	1.00
Sharpe ratio	0.80	0.75
Tracking error (%)	7.44	--
Volatility (Standard deviation) (%)	12.85	10.95

Characteristics FUND INDEX

Active share (%)	85.47	--
Number of holdings	36	505
Return on capital (%)	16.65	17.84
5 year EPS growth (%)	22.69	9.13
Sales growth (%)	17.26	11.06
Weighted median market capitalization (\$B)	54.69	97.81
D/E weighted median (%)	64.98	82.52
Dividend Yield (%)	0.67	2.15

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



	FUND	INDEX
Information Technology	21.85	20.12
Consumer Discretionary	20.18	9.94
Communication Services	18.46	10.12
Health Care	14.97	15.54
Industrials	13.91	9.20
Materials	4.44	2.73
Financials	3.01	13.31
Other	-0.01	--
Cash & equivalents	3.18	--
Total	100.00	--

Top Holdings (% of Total Net Assets)³

	FUND	INDEX
Amazon.com Inc	8.74	2.93
Workday Inc	6.14	--
Servicenow Inc	5.35	--
Intuitive Surgical Inc	4.94	0.26
Starbucks Corp	4.91	0.38
Twitter Inc	4.73	0.10
Salesforce.com Inc	3.77	0.50
Adobe Inc	3.56	0.53
Alphabet Inc	3.56	3.00
Lvmh Moet Hennessy Louis Vuitton	3.55	--
Total	49.25	--

¹ May not sum to 100% due to rounding.

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 31.12.2018 and subject to change daily.

DEFINITIONS

The **5 year Earnings Per Share (EPS) growth rate** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past five fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **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. **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. **Debt/equity (D/E)** is a measure of a company's financial leverage calculated by dividing

Share Class ZX 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 fund's 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.

Additional Z Share Classes

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
Z	USD	05.09.2008	LU0360484686	MORAMFZ LX
ZH (EUR)	EUR	04.11.2008	LU0360484769	MORAMZH LX
ZH (GBP)	GBP	13.01.2016	LU1341423751	MORZHGB LX

its total liabilities by stockholders' equity. **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. **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. **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 capital** is a measure of a company's efficiency at allocating the capital under its control to profitable investments, calculated by dividing net income minus dividends by total capital. **Sales growth** is the increase in sales over a specific period of time, often but not necessarily annually. **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. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap.

INDEX INFORMATION

The **Standard & Poor's 500® Index (S&P 500®)** measures the

performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

The **Russell 1000 Growth Net 30% Withholding Tax TR Index** measures the performance of the large-cap growth segment of the U.S. equity universe, net 30% withholding tax TR. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an index of approximately 1,000 of the largest U.S. companies based on a combination of market capitalization and current index membership.

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because it is included in all three rating periods. Ratings do not take into account sales loads.

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