Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Investment Funds (MS INVF)

Global Balanced Risk Control Fund

SOLUTIONS AND MULTI-ASSET | GLOBAL BALANCED RISK CONTROL TEAM (GBAR)

FUND OVERVIEW | 31 MARCH 2019

Harnessing the power of risk across asset classes

Since 2009, the Global Balanced Risk Control (GBaR) team has been managing globally diversified multi-asset portfolios on behalf of investors. Harnessing the power of risk—the goal being to deliver favourable returns with a stable level of risk, which we define in terms of volatility.

We believe that the following are key to the success of the GBaR Fund:

RISK EXPOSURES MUST BE INTENTIONAL

Investing in a diversified set of global asset classes, taking only risks that we expect to be rewarded, we believe is the best way to deliver the attractive return for the risk taken.

ANTICIPATING VOLATILITY IS CRUCIAL

Only by anticipating volatility can the team manage the Fund's broad asset mix to meet our risk target.

TACTICAL ASSET ALLOCATION CAN ADD VALUE

Allocations within asset classes – e.g., between equity regions and fixed income sub-asset classes – can add value.

FLEXIBILITY IMPROVES OUTCOMES

A flexible approach — in terms of asset weights and implementation — is the way to meet the Fund's objectives.

An academically rigorous, risk-targeted process

We never lose sight of returns, but start with risk: we target a specified level of volatility.

We look at our investments at two levels, before implementing positions in the Fund:

1. Risk Profile: dynamic adjustment of the broad asset mix

First, the team determines the broad asset mix – how much should we allocate to equities, fixed income and cash? We change this allocation over time, as we anticipate future event risks, which may drive market volatility. By adjusting positioning, we aim to 'control' risk, essentially keeping the Fund's risk within a defined target volatility range of 4% - 10%.[1]

In doing so, we seek to protect the Fund from downside risk during volatile markets, by reducing exposure to riskier assets such as equities, in favour of fixed income or cash. At other times, if we anticipate a lower volatility environment we may increase the Fund's equity positioning to benefit from rising markets.

2. Tactical positioning

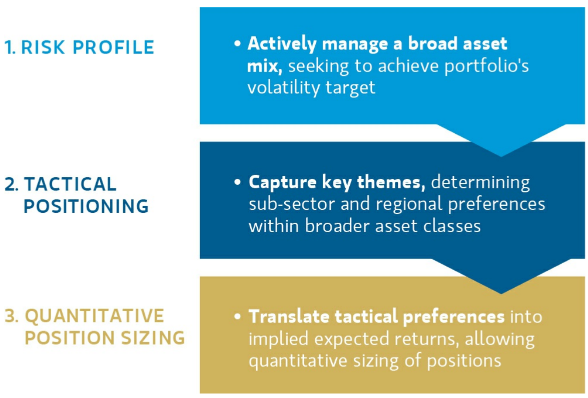
We then determine the 'tactical' allocations within the broad asset classes e.g. between equity regions or in fixed income between high-quality government bonds and lower quality credit. We do this through a combination of quantitative analysis and fundamental research.

3. Quantitative position sizing

Finally, the team uses a quantitative approach to ensure consistent translation of our tactical asset class preferences across all portfolios into position sizes for investment.

The Fund may suit a number of investors' requirements. The team's risk-controlled portfolio can act as a core holding, providing global diversification across a range of asset classes. Alternatively, the Fund can act as a "buffer" within a larger portfolio structure with the aim of controlling total portfolio risk.

Investment process: Repeatable, scalable, efficient[2]



[1] Volatility target is an indicative range. There is no assurance that these targets will be attained.

[2] The portfolio manager has discretion over final tactical allocation decisions and may deviate from research conclusions and other allocation decisions within the Global Multi-Asset team. The information presented represents how the investment team generally applies its investment process under normal market conditions.

This represents how the portfolio management team generally implements its investment process under normal market conditions included here for informational purposes only.

Morningstar Overall Rating*

CLASS Z SHARES

★★★★★

EAA Fund EUR Flexible Allocation - Global
Out of 1870 Funds. Based on Risk Adjusted Return.
Ratings as of 31/03/2019.

Investment Team	INVESTMENT EXPERIENCE
Andrew Harmstone, *Managing Director*	38 years
Manfred Hui, *Managing Director*	13 years

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

Differentiators

1. Designed to mitigate impact from downside volatility and participate in rising markets

We seek to provide downside protection in volatile markets and upside participation in growth markets..

2. Volatility-targeting aims to provide a stable risk profile

Our flexible asset allocation process enables the portfolio managers to dynamically adjust the broad asset mix, to keep risk stable.

3. Dynamic positioning to capture current opportunities

We rebalance the Fund in anticipation of market conditions, at which time; we adjust the broad asset mix so it is consistent with the Fund's target volatility. Typically, we will rebalance 1-2 times per month, though this can be more or less frequent, depending on the environment.

4. Time-tested process, run by an experienced team

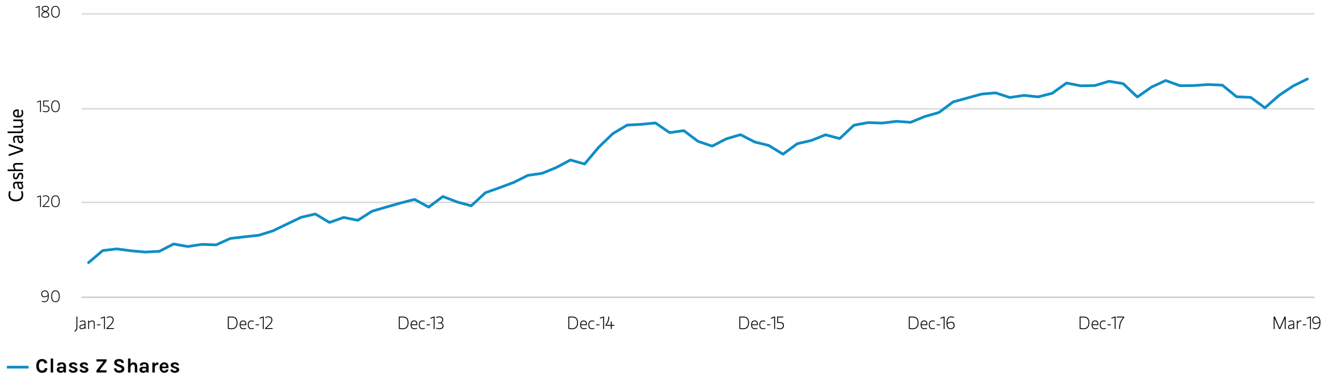
We have a long history of managing portfolios, consistently following the same asset allocation process that we have successfully applied to client portfolios since 2009.

5. Daily Liquidity

The Fund provides diversified exposure in a vehicle with daily liquidity.

MS INVF Global Balanced Risk Control Fund of Funds

Class Z (% net of fees) Performance of 100 EUR Invested Since Inception (24 January 2012)



12 Month Performance Periods to Latest Month End (%)

	MARCH '18 - MARCH '19	MARCH '17 - MARCH '18	MARCH '16 - MARCH '17	MARCH '15 - MARCH '16	MARCH '14 - MARCH '15
Class Z Shares	3.73	0.21	10.48	-4.10	20.32

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. All data as of 31 March 2019 and subject to change daily. Please visit our website www.morganstanley.com/im to see the latest performance returns for the fund's other share classes.

Share Class Z Risk and Reward Profile

Lower Risk — **Higher Risk**

1 2 3 **4** 5 6 7

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 a range of assets with different levels of risk and the fund's simulated and/or realised return has experienced medium 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 value of bonds are likely to decrease if interest rates rise and vice versa.
- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Sub-Fund.
- Issuers may not be able to repay their debts, if this happens the value of your investment will decrease. This risk is higher where the fund invests in a bond with a lower credit rating.
- 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.
- 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.

DEFINITIONS

Diversification does not protect an investor against a loss in a particular market; however it allows an investor to spread that risk across various asset classes. **Top-down** investing is an investment approach that involves looking at the overall picture of the economy and then breaking down the various components into finer details. **Quantitative** traits or characteristics that can be measured with numbers. **Qualitative** traits or characteristics that relate to quality and cannot be measured with numbers. **Volatility** is a statistical measure of the dispersion of returns for a given security or market index. **High-credit securities** are investment grade credit ratings which indicate a low risk of a credit default, making it an attractive investment vehicle. Investors should note that government bonds, or Treasuries, are not subject to credit quality ratings, and these securities are considered to be of the very highest credit quality. **Reverse optimization** is a technique for reverse engineering the expected returns implicit in a diversified market portfolio. **Systematic risks** is the risk of collapse of an entire financial system or entire market, as opposed to risk associated with any one individual entity, group or component of a system, that can be contained therein without harming the entire system. **Tactical Asset Allocation** refers to the asset allocation that involves making short-term adjustments to asset class weights based on short-term predictions of relative performance among asset classes. **Targets** are typical ranges. There is no assurance that these targets will be attained.

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Applications for shares in the Fund should not be made without first consulting the current Prospectus, Key Investor Information Document ("KIID"), Annual Report and Semi-Annual Report ("Offering Documents"), or other documents available in your local jurisdiction which is available free of charge from the Registered Office: European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxemburg 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. Copies of the Prospectus, KIID, the Articles of Incorporation and the annual and semi-annual reports, in German, and further information can be obtained free of charge from the representative in Switzerland. The representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Ile, 1204 Geneva. The document has been prepared solely for informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy.

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