

Morgan Stanley

INVESTMENT MANAGEMENT

MORGAN STANLEY INVESTMENT FUNDS (MS INVF)

Global Balanced Risk Control Fund

SOLUTIONS & MULTI-ASSET
GLOBAL BALANCED RISK
CONTROL TEAM
INVESTMENT IDEA
DECEMBER 2020

★★★★

MORNINGSTAR OVERALL RATING*

EAA FUND EUR FLEXIBLE
ALLOCATION GLOBAL
CLASS Z SHARES

Out of 2246 Funds. Based on
Risk Adjusted Return. Class Z
Shares: 3yr. rating 4 Stars; 5yr.
rating 4 Stars.

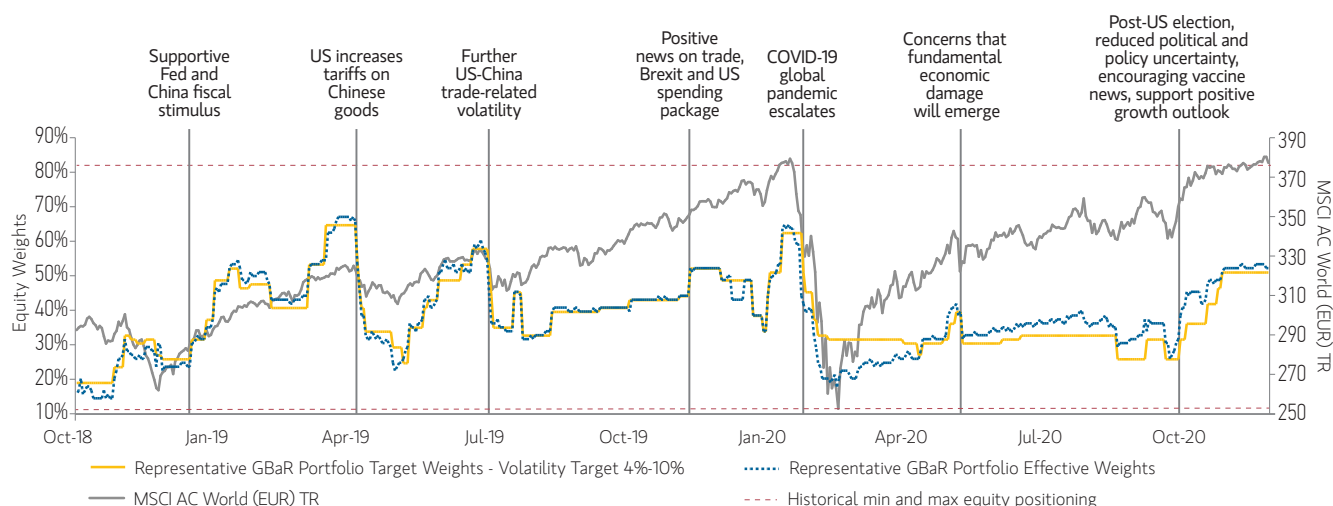
The Global Balanced Risk Control (GBaR) team aims to build multi-asset portfolios that harness the power of risk. By targeting a risk level in the range of 4% - 10%,¹ the team has managed to sustain attractive returns without unexpected spikes in volatility. The fund's focus on risk control can help investors mitigate market volatility through an effective multi-asset allocation.

MS INVF Global Balanced Risk Control Fund

- 1 Dynamic allocation**
By continually adjusting the fund's allocation—a mix of equities, fixed income, commodity-linked assets and cash—the team expresses its forward-looking views to capitalise on trends that will drive future risk and returns (chart).
- 2 Controlled risk**
By anticipating and controlling risk, the team seeks to maintain fund volatility within a target range. The fund has typically exhibited a stable level of risk and attractive risk-adjusted returns.
- 3 Sustainable process**
By applying research-based academic principles to the real world, including in particular work by investing pioneer William F. Sharpe,² the GBaR team aims to make their process both repeatable and scalable.

Equities exposure is actively adjusted to reflect anticipated changes in volatility

MS INVF Global Balanced Risk Control Fund's equity weight and MSCI All Country World (ACWI) index value from 31 October 2018 to 31 December 2020



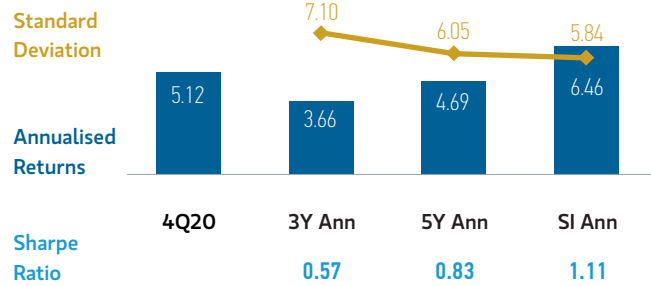
Source: MS INVF Global Balanced Risk Control Fund, MSIM, DataStream, 31 December 2020. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the asset class shown above.

¹ Volatility target is an indicative range.

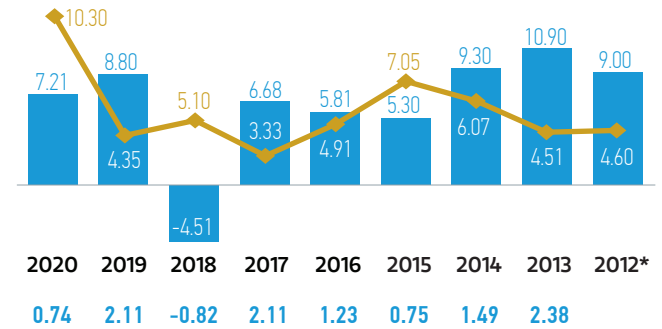
² Approach draws on theory from William F. Sharpe's 1974 paper 'Imputing Expected Security Returns From Portfolio Composition'.

A strong, consistent track record

MS INVF Global Balanced Risk Control Fund – Class Z (net of fees Euro %) as of 31 December 2020



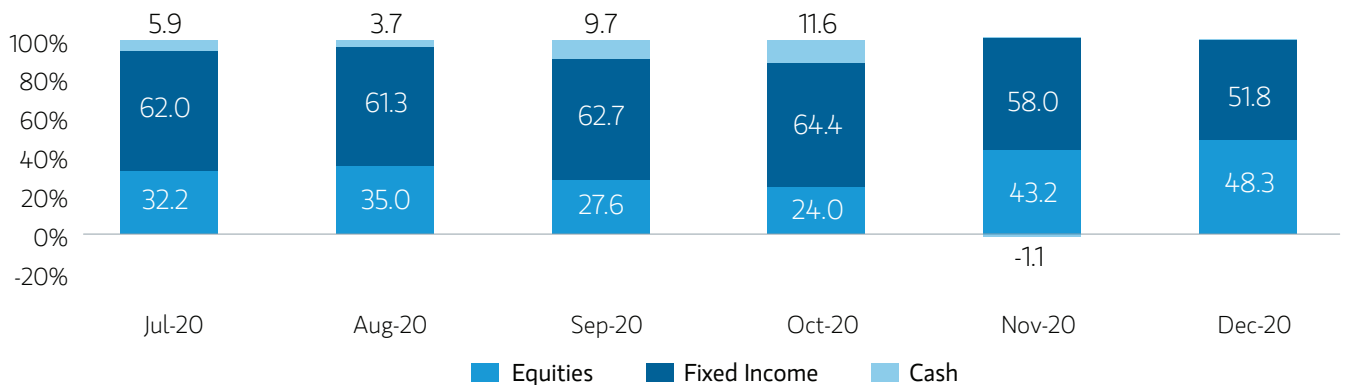
MS INVF Global Balanced Risk Control Fund – Class Z (net of fees Euro %) Calendar Year Returns



Source: MSIM, 31 December 2020. **Past performance is not a reliable indicator of future performance.** The Fund results shown are net of investment advisory/management fees, are quoted in euros and include the reinvestment of dividends and income. There can be no assurance that any portfolio will achieve its investment objective or target returns. Inception date of the Z (institutional) share class is 24 January 2012. * Return figures for periods less than one year are not annualised, though standard deviation is.

Rolling asset class weights (%) as of 31 December 2020

MS INVF Global Balanced Risk Control Fund



Source: MSIM, 31 December 2020. Provided for illustrative purposes only.

Experienced management team

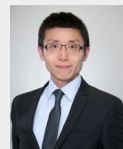
The MS INVF Global Balanced Risk Control Fund is managed by senior members of the Global Balanced Risk Control team. Since 2009, the Global Balanced Risk Control team has managed multi-asset portfolios for clients worldwide. Today, the team oversees more than \$23.5 billion in client assets as of 31 December 2020. The team's philosophy is to harness the power of risk by employing a dynamic, controlled and sustainable process.



ANDREW HARMSTONE

Managing Director

Joined the Global Multi-Asset team in 2008 and has 40 years of investment experience.



MANFRED HUI

Managing Director, CFA

Joined the Global Multi-Asset team in 2007 and has 15 years of investment experience.

Team members are subject to change from time to time without notice

Risks Considerations

- 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

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. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

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