

MS INVF Global Emerging Markets Team Spotlight

ACTIVE FUNDAMENTAL EQUITY | GLOBAL EMERGING MARKETS TEAM | SPOTLIGHT | 30 JUNE 2020

TEAM OVERVIEW: The Global Emerging Markets Team believes in adding value by integrating top-down country allocation and bottom-up stock selection with a growth bias, based on the belief that both country-level and stock-specific factors drive returns and the dynamics of emerging markets are beneficial to the earnings of selective growth companies in the long term. The Global Emerging Markets Team is led by Ruchir Sharma.

PRODUCT	MS INVF EMERGING MARKETS EQUITY	EMERGING MARKETS SMALL CAP EQUITY [^]	MS INVF EMERGING LEADERS EQUITY	MS INVF BREAKOUT NATIONS
Share Class: ISIN	A: LU0073229840 B: LU0073229923 C: LU0176158821 I: LU0054793475 Z: LU0360480858	A: LU0898765168 B: LU0898771059 C: LU0898771216 I: LU0898765242 Z: LU0898765598	A: LU0815263628 B: LU0815263891 C: LU0819839092 I: LU0864381354 Z: LU0815264279	A: LU1258507075 B: LU1258505962 C: LU1258506184 Z: LU1258507232
Fund Inception Date	01 July 1993	28 March 2013	17 August 2012	31 July 2015
Index	MSCI Emerging Markets Net Index	MSCI Emerging Markets Small Cap Index	MSCI Emerging Markets Net Index	Blended Index
Frontier Markets Exposure¹	0-5%	80-100%	0-5%	0-30%
Investment Universe	Global Emerging Markets	Frontier Markets	Global Emerging Markets	Global Emerging Markets and Frontier Markets
Investment Style	Core with quality growth bias	Growth	Quality growth	Growth
Investment Process²	Integrated top-down (50%) & bottom-up (50%)	Integrated top-down (70%) & bottom-up (30%)	Bottom-up (80%)	Integrated top-down (70%) & bottom-up (30%)
Benchmark Awareness	Aware	Aware	Agnostic	Agnostic
Portfolio Managers	Ruchir Sharma, Eric Carlson, Paul Psaila, May Yu, Amay Hattangadi	Omar M. Ansari, Steven Quattry	Vishal Gupta	Jitania Kandhari, Ruchir Sharma
Total Assets: Fund Strategy	\$1.2 Bn \$7.1 Bn	\$14.39 Mn \$95.13 Mn	\$329.90 Mn \$737.38 Mn	\$4.71 Mn \$43.84 Mn
Management Fee	1.10%	1.20%	0.75%	0.75%
Ongoing Charges³	0.95%	1.40%	0.95%	0.90%
Morningstar Category	EAA Fund Global Emerging Markets Equity	EAA Fund Global Emerging Markets Small/Mid-Cap Equity	EAA Fund Global Emerging Markets Equity	EAA Fund Global Emerging Markets Equity
Morningstar RatingTM (# of funds)[*]	★★★★ (2221 Funds)	N/A	★★★★★ (2221 Funds)	★ (2221 Funds)
Investment Performance (% net of fees)	Class Z Shares Index	Class Z Shares Index	Class Z Shares Index	Class Z Shares Index
YTD	-12.20 -9.78	-13.90 -12.74	6.01 -9.78	-21.34 -16.80
1 YR	-4.81 -3.39	-13.07 -8.82	16.15 -3.39	-20.88 -11.76
3 YR	-0.53 1.90	-8.34 -2.46	7.69 1.90	-7.47 -1.44
5 YR	1.31 2.86	-3.67 -0.56	7.10 2.86	-- --
INCEPTION	0.37 1.54	0.55 2.20	5.81 2.71	-4.18 2.33
Statistics (3 Year annualised)	Class Z Shares Index	Class Z Shares Index	Class Z Shares Index	Class Z Shares Index
Excess Return (%)	-2.43 --	-5.88 --	5.80 --	-6.04 --
Alpha (%)	-2.42 --	-5.89 --	5.82 --	-6.08 --
Beta	0.99 1.00	1.00 1.00	0.87 1.00	0.99 1.00
Tracking error (%)	3.16 --	4.49 --	9.83 --	5.75 --
Volatility (Standard deviation) (%)	18.58 18.52	21.39 20.95	18.65 18.52	20.81 20.30
Characteristics¹	Fund	Fund	Fund	Fund
Number of holdings	97	34	30	70
Price/earnings (Last 12 months)	18.69	N/A	37.19	18.81
Annual Turnover	49.70	106.89	54.57	--

[^] Effective 12th September 2017, the Morgan Stanley Investment Funds Frontier Emerging Markets Equity Fund was renamed to Morgan Stanley Investment Funds Frontier Markets Equity Fund. Subsequently, effective 2nd January 2019, the Morgan Stanley Investment Funds Frontier Markets Equity Fund was renamed to the Morgan Stanley Investment Funds Emerging Markets Small Cap Equity Fund, and the fund's benchmark changed from the MSCI Frontier Index to the MSCI Emerging Markets Small Cap Index, and the fund's investment objective changed. Please refer to the fund's prospectus for further information on these changes.

All data shown as of 30 June 2020, unless otherwise noted. Source: Morgan Stanley Investment Management and FactSet.

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.

12 Month Performance Periods to Latest Month End (%)

	JUN '19 - JUN '20	JUN '18 - JUN '19	JUN '17 - JUN '18	JUN '16 - JUN '17	JUN '15 - JUN '16
Emerging Markets Equity - Z Shares	-4.81	1.29	2.07	20.46	-9.97
Emerging Markets Small Cap Equity - Z Shares	-13.07	-4.41	-7.34	20.26	-10.40
Emerging Leaders Equity - Z Shares	16.15	7.46	0.06	14.45	-14.1
Breakout Nations - Z Shares	-20.88	4.32	-4.03	8.39	--
MSCI Emerging Markets Net Index	-3.39	1.21	8.20	23.75	-12.05
MSCI Emerging Markets Small Cap Index	-8.82	0.06	1.69	19.22	-12.09
Blended Index	-11.76	0.28	8.20	23.75	--

Risk Considerations:

- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Sub-Fund.
- 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.
- Investment in China A-Shares via Shanghai-Hong Kong Stock Connect program 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.

¹ Number of holdings is subject to change from time to time. Information provided represents a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades.

² Represents how the portfolio management team generally implement their investment process under normal market conditions.

³ The Ongoing Charges Figure ("OCF") reflects the payments and expenses which cover aspects of operating the fund and is deducted from the assets over the period. It includes fees paid for investment management, trustee/custodian, and administration charges.

DEFINITIONS

Targeted number of positions 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-Earnings Ratio (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. **Earnings per share (EPS)** growth is the weighted average of earnings per share growth for all securities in the portfolio projected for the past three fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **Annual turnover** measures the percentage of securities within the portfolio that changed during the most recent fiscal year. Turnover shown is based on the fund's current prospectus. **Market capitalization** is the total dollar market value of all of a company's outstanding shares. **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 volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. Tracking error is the amount by which the performance of the portfolio differs from that of the benchmark. **Excess Return** or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. 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 Frontier Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier 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 indices do not include any expenses, fees or sales charges, which would lower performance. The indices are unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

DISTRIBUTION: This communication is only intended for and will only be distributed to persons resident in jurisdictions

where such distribution or availability would not be contrary to local laws or regulations. In particular, the Shares are not for distribution to US persons.

Ireland: Morgan Stanley Investment Management (Ireland) Limited. Registered Office: The Observatory, 7-11 Sir John Rogerson's Quay, Dublin 2, Ireland. Registered in Ireland under company number 616662. Regulated by the Central Bank of Ireland. **United Kingdom:** Morgan Stanley Investment Management Limited is authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA. **Dubai:** Morgan Stanley Investment Management Limited (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158). **Germany:** Morgan Stanley Investment Management Niederlassung Deutschland, Grosse Gallusstrasse 18, 60312 Frankfurt am Main, Germany (Gattung: Zweigniederlassung (FDI) gem. § 53b KWG). **Italy:** Morgan Stanley Investment Management Limited, Milan Branch (Sede Secondaria di Milano) is a branch of Morgan Stanley Investment Management Limited, a company registered in the UK, authorised and regulated by the Financial Conduct Authority (FCA), and whose registered office is at 25 Cabot Square, Canary Wharf, London, E14 4QA. Morgan Stanley Investment Management Limited Milan Branch (Sede Secondaria di Milano) with seat in Palazzo Serbelloni Corso Venezia, 16 20121 Milano, Italy, is registered in Italy with company number and VAT number 08829360968. **The Netherlands:** Morgan Stanley Investment Management, Rembrandt Tower, 11th Floor Amstelplein 1 1096HA, Netherlands. Telephone: 31 2-0462-1300. Morgan Stanley Investment Management is a branch office of Morgan Stanley Investment Management Limited. Morgan Stanley Investment Management Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom. **Switzerland:** Morgan Stanley & Co. International plc, London, Zurich Branch Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered with the Register of Commerce Zurich CHE-115415.770. Registered Office: Beethovenstrasse 33, 8002 Zurich, Switzerland, Telephone +41 (0) 44 588 1000. Facsimile Fax: +41(0)44 588 1074.

Hong Kong: This document has been issued by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this document have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this document shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore:** This publication should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"), (ii) to a "relevant person" (which includes an accredited investor) pursuant to section 305 of the SFA, and such distribution is in accordance with the conditions specified in section 305 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In particular, for investment funds that are not authorized or recognized by the MAS, units in such funds are not allowed to be offered to the retail public; any written material issued to persons as

forementioned in connection with an offer is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and investors should consider carefully whether the investment is suitable for them. This publication has not been reviewed by the Monetary Authority of Singapore.

Australia: This publication is disseminated in Australia by Morgan Stanley Investment Management (Australia) Pty Limited ACN: 122040037, AFSL No. 314182, which accepts responsibility for its contents. This publication, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

IMPORTANT INFORMATION: EMEA: This marketing communication has been issued by Morgan Stanley Investment Management Limited ("MSIM"). Authorised and regulated by the Financial Conduct Authority. Registered in England No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

This document contains information relating to the sub-fund ("Fund") of Morgan Stanley Investment Funds, a Luxembourg domiciled Société d'Investissement à Capital Variable. Morgan Stanley Investment Funds (the "Company") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part 1 of the Law of 17th December 2010, as amended. The Company is an Undertaking for Collective Investment in Transferable Securities ("UCITS").

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. Luxembourg 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'Île, 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.

Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

All investments involve risks, including the possible loss of principal. The material contained herein has not been based on a consideration of any individual client circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

The views and opinions expressed are those of the portfolio management team at the time of writing/of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. These comments are not representative of the opinions and views of the firm as a whole.

The information contained in this communication is not a research recommendation or 'investment research'

and is classified as a 'Marketing Communication' in accordance with the applicable European or Swiss regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

MSIM has not authorised financial intermediaries to use and to distribute this document, unless such use and distribution is made in accordance with applicable law and regulation. MSIM shall not be liable for, and accepts no liability for, the use or misuse of this document by any such financial intermediary. If you are a distributor of the Morgan Stanley Investment Funds, some or all of the funds or shares in individual funds may be available for distribution. Please refer to your sub-distribution agreement for these details before forwarding fund information to your clients.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without MSIM's express written consent.

All information contained herein is proprietary and is protected under copyright law.

This document may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this document in another language, the English version shall prevail.

***Emerging Markets Equity:** Class Z Shares 3 year 3 Stars out of 2221 funds, 5 year 3 Stars out of 1790 funds, 10 year 4 Stars out of 751 funds. **Emerging Leaders Equity:** Class Z Shares 3 year 5 Stars out of 2221 funds, 5 year 5 Stars out of 1790 funds. **Breakout Nations:** Class Z Shares 3 year 1 Stars out of 2221 funds.

MORNINGSTAR INFORMATION: Ratings as 30 June 2020. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account sales loads.

© 2020 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.** Morningstar information is based on quarter-end data. Please visit morganstanley.com/im for the latest month-end Morningstar information.