

MS INVF Quarterly Global Opportunity Spotlight

ACTIVE FUNDAMENTAL EQUITY | GLOBAL OPPORTUNITY TEAM | SPOTLIGHT | 31 MARCH 2019

TEAM OVERVIEW: Kristian Heugh is the lead investor of the Morgan Stanley Investment Funds (MS INVF) Opportunity portfolios. With a long-term ownership mind-set that emphasizes perspective and insight, supported by fundamental bottom-up analysis, the portfolios invest in high-quality companies that the investment team believes are undervalued at the time of purchase.

PRODUCT	MS INVF GLOBAL OPPORTUNITY		MS INVF ASIA OPPORTUNITY	
Share Class: ISIN	A: LU0552385295 B: LU0552385378 I: LU0834154790 Z: LU0552385535		A: LU1378878430 B: LU1378878513 I: LU1378878869 Z: LU1378878604	
Inception Dates: Fund Strategy	30 November 2010 31 December 2007		31 March 2016 31 December 2015	
Index	MSCI All Country World Index		MSCI All Country Asia ex Japan Index	
Investment Universe	Global		Asia ex-Japan	
Turnover Range	Typically 20-50% annually		Typically 20-50% annually	
Process¹	<ul style="list-style-type: none"> Warren Buffett principles applied to growing companies Resulting portfolio: A concentrated portfolio of undervalued, high-quality companies globally 		<ul style="list-style-type: none"> Warren Buffett principles applied to growing companies in Asia Resulting portfolio: A concentrated portfolio of undervalued, high-quality companies in Asia 	
Total Assets: Fund Strategy	\$7.8 Bn \$20.2 Bn		\$940.67 Mn \$1.0 Bn	
Ongoing Charges²	0.90%		0.95%	
Morningstar Category	EAA Fund Global Large-Cap Growth Equity		EAA Fund Asia ex Japan Equity	
Morningstar Rating™ (# of funds)*	★★★★★ (746 Funds)		★★★★★ (774 Funds)	
Investment Performance (% net of fees)	Class Z Shares	Index	Class Z Shares	Index
3 Months	18.64	12.18	22.68	11.43
YTD	18.64	12.18	22.68	11.43
1 YR	7.24	2.60	1.03	-5.22
3 YR	20.30	10.67	22.66	11.89
5 YR	16.35	6.45	--	--
INCEPTION	15.27	8.41	22.66	11.89
Statistics (3 Year annualised)	Class Z Shares	Index	Class Z Shares	Index
Beta	1.18	1.00	1.10	1.00
Sharpe ratio	1.34	0.95	1.23	--
Tracking error (%)	8.27	--	10.05	--
Volatility (Standard deviation) (%)	14.30	10.01	17.52	13.09
Characteristics	Fund	Index	Fund	Index
Active share (%)	93.15	--	84.54	--
Return on capital (%)	20.51	14.17	16.19	11.53
5 year EPS growth (%)	25.55	10.06	20.19	10.63
Sales growth (%)	20.94	10.30	25.14	15.28
Net cash to equity (%)	23.00	-52.00	7	-24.00
Weighted average market capitalization (\$B)	171.62	129.63	77.98	58.52

¹ The information presented represents how the investment team generally applies their investment processes under normal market conditions. There can be no guarantee that any strategy will achieve its investment objectives or that a portfolio consisting of the team's "best ideas" will experience positive performance. The team applies what they believe to be investment principles similar to those of Warren Buffett. No representation is being made that the team's investment results will be similar to those produced by investment portfolios managed by Warren Buffett.

² 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.

Source: Morgan Stanley Investment Management

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.

Portfolio Management Team



KRISTIAN HEUGH
Managing Director

Joined the firm in 2001 and has 18 years
of industry experience

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

12 Month Performance Periods to Latest Month End (%)

	MAR '18 - MAR '19	MAR '17 - MAR '18	MAR '16 - MAR '17	MAR '15 - MAR '16	MAR '14 - MAR '15
Global Opportunity - Z Shares	7.24	34.19	20.98	7.12	14.33
Asia Opportunity - Z Shares	1.03	53.46	19.04	--	--
MSCI All Country World Index	2.60	14.85	15.04	-4.34	5.42
MSCI All Country Asia ex Japan Index	-5.22	25.82	17.47	--	--

Risk Considerations:

- The funds rely on other parties to fulfill certain services, investments or transactions. If these parties become insolvent, it may expose the funds 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.
- 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.

INDEX INFORMATION: The **MSCI All Country Asia Ex-Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

The **MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and 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 performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

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***Global Opportunity Fund:** Class Z Shares 3 year 5 Stars out of 746 funds, 5 year 5 Stars out of 657 funds. **Asia Opportunity:** Class Z Shares 3 year 5 Stars out of 774 funds.

MORNINGSTAR INFORMATION: 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.

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