

Morgan Stanley Investment Funds

Asian Equity Fund

Investment objective

Seeks long-term capital appreciation, measured in U.S. dollars, through investment primarily in the equity securities of companies, for the avoidance of doubt including Real Estate Investment Trusts (REITs), domiciled in or exercising the predominant part of their economic activity in Asia, excluding Japan, thereby taking advantage of the dynamic economic growth capabilities of the region.

Share Class I Risk and Reward profile

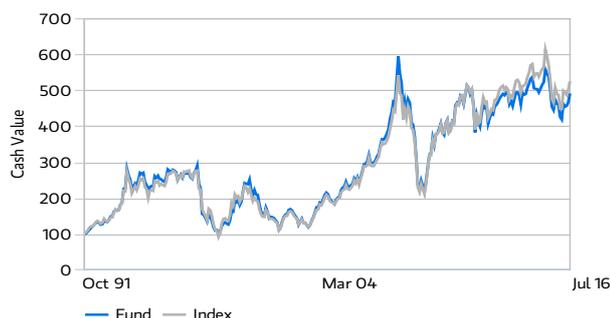


The higher the category (1 - 7), the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.

Download the fund's Key Investor Information document for share class tailored risk ratings and warnings at: www.morganstanleyinvestmentfunds.com

Class I shares vs. benchmark^{1,2}

Performance of 100 U.S. dollars invested since inception



Returns in U.S. dollars vs. benchmark¹

Fund (net of fees) %

| Period | I | A | B | Index |
|------------------------------|--------|--------|--------|--------|
| One month | 5.36 | 5.30 | 5.21 | 4.85 |
| Last three months | 8.24 | 8.05 | 7.79 | 6.21 |
| YTD | 6.83 | 6.39 | 5.77 | 7.81 |
| One year | (2.19) | (2.88) | (3.87) | (0.70) |
| Three years (annualised) | 1.55 | 0.81 | (0.19) | 2.62 |
| Five years (annualised) | (0.34) | (1.07) | (2.06) | 0.87 |
| Ten years (annualised) | 5.11 | 4.35 | 3.30 | 6.13 |
| Since inception (annualised) | 6.63 | n/a | n/a | 6.91 |

% 12 month returns

| | | | | |
|---------------------|---------|---------|---------|--------|
| 31.07.15 - 31.07.16 | (2.19) | (2.88) | (3.87) | (0.70) |
| 31.07.14 - 31.07.15 | (5.53) | (6.21) | (7.13) | - |
| 31.07.13 - 31.07.14 | 13.32 | 12.48 | 11.38 | - |
| 31.07.12 - 31.07.13 | 7.89 | 7.10 | 6.02 | - |
| 31.07.11 - 31.07.12 | (12.99) | (13.63) | (14.52) | - |

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.

Morningstar Overall Rating

Class I shares



Asia ex Japan Equity

Out of 603 Funds. Based on Risk Adjusted Return.

Fund facts

| | |
|------------------------------------|-----------------------|
| Fund launch | October 1991 |
| Investment team³ | Munib Madni, Sam Rhee |
| Location | Singapore |
| Base currency | U.S. dollars |
| Benchmark² | Blended Index |
| Total assets | \$ 274.0 million |
| NAV Class I | \$ 49.12 |

| Portfolio characteristics | Fund | Index |
|---------------------------|-------|-------|
| P/CF | 7.79 | 6.48 |
| P/BV | 1.98 | 1.45 |
| P/E | 13.68 | 12.75 |
| Yield | 2.15 | 2.59 |
| Number of holdings | 103 | 623 |

| Top 10 holdings (% of Total Net Assets) | Fund | Index |
|---|-------|-------|
| Tencent Holdings Ltd | 6.75 | 4.08 |
| Samsung Electronics Co. Ltd | 6.00 | 0.62 |
| Taiwan Semiconductor Mfg Co. Ltd | 3.82 | 4.01 |
| China Mobile Ltd | 3.65 | 2.28 |
| Aia Group Ltd | 2.76 | 2.24 |
| China Construction Bank Corp | 2.56 | 1.70 |
| Ck Hutchison Holdings Ltd | 2.42 | 0.95 |
| Bank of China Ltd | 1.91 | 0.98 |
| Alibaba Group Holding Ltd | 1.86 | 2.46 |
| Naver Corp | 1.78 | 0.53 |
| Total | 33.51 | - |

Geographic distribution (% of Total

| Net Assets) | Fund | Index |
|--------------------|--------|-------|
| China | 25.14 | 30.25 |
| South Korea | 18.39 | 17.48 |
| Taiwan | 14.83 | 14.05 |
| India | 13.20 | 9.95 |
| Hong Kong | 10.40 | 11.78 |
| Indonesia | 4.89 | 3.31 |
| Philippines | 3.53 | 1.79 |
| Singapore | 2.79 | 4.96 |
| Thailand | 1.74 | 2.71 |
| Other | 0.82 | - |
| Cash & equivalents | 4.27 | - |
| Total | 100.00 | - |

| Statistics (Class I shares) | Fund | Index |
|--------------------------------------|--------|-------|
| Alpha | (1.07) | - |
| Beta | 0.89 | 1.00 |
| R squared | 0.92 | 1.00 |
| Information ratio | (0.25) | - |
| Tracking error | 4.36 | - |
| Fund volatility (Standard deviation) | 14.61 | 15.78 |

Based on monthly observations, annualised over last 3 years.

| Charges | Z | I | A | B |
|--------------------------------|------|------|------|------|
| Ongoing charges % ⁴ | 0.99 | 1.03 | 1.75 | 2.75 |
| Management Fee % | 0.75 | 0.75 | 1.40 | 1.40 |

| Share Class | CCY | ISIN | Bloomberg | Launch |
|-------------|-----|--------------|------------|------------|
| A | USD | LU0073229253 | MORASEI LX | 01.02.1997 |
| B | USD | LU0073229410 | MORASEB LX | 01.07.1997 |
| I | USD | LU0034260769 | MORIASE LX | 01.10.1991 |
| N | USD | LU0365480960 | MSASEQN LX | 03.01.2011 |
| Z | USD | LU0360480692 | MSASEQZ LX | 24.06.2008 |

Footnotes

Publication date: 15 August 2016.

¹ See the 'Share Class' section for inception date(s).

² The benchmark for the Fund is a blend of the MSCI AC Far East Free Ex-Japan Index (Gross Returns) from inception to 31 December 2000, the MSCI AC Far East Free Ex-Japan Index (Net Returns) to 29 February 2016 and the MSCI AC Asia ex Japan Index (Net Returns) thereafter. The benchmark is calculated by geometrically chain-linking the monthly returns.

³ Munib Madni and Sam Rhee started to manage the fund in January 2013.

⁴ 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.

This fund received a compensation payment in connection with Prudential Equity Group's settlement with the U.S. SEC relating to market timing charges. Consequently, the net cash injection received in March 2010 and the related withholding tax, accrued in September 2010 and received in August 2011, have enhanced the fund's performance by 72bps and 33bps, respectively.

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The source for all performance and index data is Morgan Stanley Investment Management Limited. Calculations are NAV to NAV. Performance is quoted net of fees and with income reinvested.

For cash management purposes the Fund may invest in shares in the Liquidity Funds of Morgan Stanley Liquidity Funds.

Morningstar

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