

Morgan Stanley Investment Funds

### US Advantage Fund - BH (EUR) Shares (Accumulating NAV Currency Hedged Share Class)

#### Investment Objective

Long term growth of your investment.

#### Investment Approach

We seek high-quality established companies with strong brand recognition, sustainable competitive advantages, strong current free-cash-flow yields and favorable returns on invested capital trends. We focus on long-term growth rather than short-term events, with our stock selection informed by rigorous fundamental analysis.

#### Investment Team

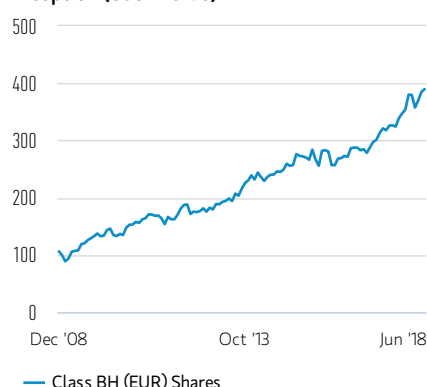
	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Dennis Lynch, Head of Growth Investing	1998	24
David Cohen, Managing Director	1993	30
Sam Chainani, Managing Director	1996	22
Alexander Norton, Executive Director	2000	23
Jason Yeung, Managing Director	2002	21
Armistead Nash, Managing Director	2002	18

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

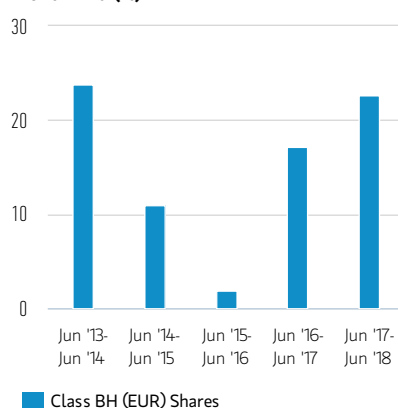
Dennis Lynch, David Cohen, Sam Chainani, Alexander Norton, Jason Yeung and Armistead Nash started to manage the fund in June 2009.

#### Class BH (EUR) Shares (% net of fees) in EUR

##### Performance of 100 EUR Invested Since Inception (Cash Value)



##### 12 Month Performance Periods to Latest Month End (%)



#### Investment Performance (% net of fees) in EUR

	Cumulative (%)				Annualised (% p.a.)				
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION	
Class BH (EUR) Shares	1.26	8.98	10.00	22.62	13.52	14.97	--	15.28	

Calendar Year Returns (%)	2017	2016	2015	2014	2013	2012	2011
Class BH (EUR) Shares	27.26	(0.84)	9.81	6.98	33.14	10.60	2.89

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.

The Blended Index performance shown is calculated using the S&P 500 Index from inception through 31 August 2009, the Russell 1000 Growth Net 30% Withholding Tax TR Index to 31 March 2010 and the S&P 500 Index thereafter.

#### Share Class

	CLASS BH (EUR)
Currency	Euro
ISIN	LU0341469269
Bloomberg	MORAMBH LX
Inception Date	05 December 2008
NAV	€ 97.42

#### Fund Facts

Launch date	01 December 2005
Base currency	U.S. dollars
Index	S&P 500 Index
Total assets	\$ 7.5 billion
Structure	Luxembourg SICAV

#### Charges (%)

	CLASS BH (EUR)
Max Entry Charge	0.00
Ongoing Charges	2.68
Management Fee	1.40

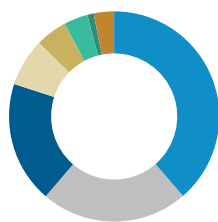
Entry Charge is a maximum possible figure. In some cases you might pay less, you can find this out from your financial adviser. Ongoing Charges reflect the payments and expenses incurred during the fund's operation and are deducted from the assets of the fund over the period. It includes fees paid for investment management (Management Fee), trustee/custodian, and administration charges. For more information please see the Charges and Expenses section of the prospectus.

#### Subscriptions (USD)

	CLASS BH (EUR)
Minimum Initial Investment	0
Minimum Subsequent Investment	0

#### Characteristics

	FUND INDEX	
Active share (%)	87.14	--
Number of holdings	39	505
Return on capital (%)	13.50	11.56
5 year EPS growth (%)	17	7.90
Sales growth (%)	15.11	9.35
Weighted median market capitalization (\$B)	60.11	102.20
D/E weighted median (%)	60.57	81.26
Dividend Yield (%)	0.77	1.89

**Sector Allocation (% of Total Net Assets)<sup>1,2</sup>**

	FUND	INDEX
Information Technology	38.67	25.96
Consumer Discretionary	22.62	12.92
Industrials	18.71	9.51
Materials	7.34	2.60
Health Care	4.85	14.07
Financials	3.70	13.84
Other	0.98	--
Cash & equivalents	3.13	--
<b>Total</b>	<b>100.00</b>	<b>--</b>

**Top Holdings (% of Total Net Assets)<sup>3</sup>**

	FUND	INDEX
Amazon.com Inc	9.29	2.97
Twitter Inc	6.87	0.12
Activision Blizzard Inc	4.99	0.25
Union Pacific Corp	4.95	0.48
Lvmh Moet Hennessy Louis Vuitton	4.93	--
Alphabet Inc	4.87	2.93
Facebook Inc	4.82	2.02
Starbucks Corp	4.35	0.29
Salesforce.com Inc	3.94	0.42
Canadian National Railway Co.	3.54	--
<b>Total</b>	<b>52.55</b>	<b>--</b>

<sup>1</sup>May not sum to 100% due to rounding.

<sup>2</sup>For additional information regarding sector classification/definitions please visit [www.msci.com/gics](http://www.msci.com/gics) and the glossary at [www.morganstanley.com/im](http://www.morganstanley.com/im).

<sup>3</sup>These securities and percentage allocations are only for illustrative purposes and do not constitute, and should not be construed as, investment advice or recommendations with respect to the securities or investments mentioned.

Please refer to the Prospectus for full risk disclosures, available at [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com). All data as of 30.06.2018 and subject to change daily.

**Share Class BH (EUR) Risk and Reward Profile****Lower Risk****Higher Risk****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 company shares and the fund's simulated and/or realised return has experienced high 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:

- In order to achieve the currency hedging, this share class relies on other parties to fulfil certain contractual obligations, as these parties may fail to do so there is a higher risk to your investment.
- 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 and Shenzhen-Hong Kong Stock Connect programs 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.

**Additional B Share Classes**

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
B	USD	01.12.2005	LU0225744001	MORAMFB LX

**DEFINITIONS**

The **5 year Earnings Per Share (EPS) growth rate** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past five fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **Active share** is a measure of the percentage of stock holdings in a managers portfolio that differ from the benchmark index (based on holdings and weight of holdings). Active share scores range from 0%-100%. A score of 100% means you are completely different from the benchmark. **Bloomberg** stands for 'Bloomberg Global Identifier (BBGID)'. This is a unique 12 digit alphanumeric code designed to enable the identification of securities, such as the Morgan Stanley Investment Funds sub-funds at share class level, on a Bloomberg Terminal. The Bloomberg Terminal, a system provided by Bloomberg L.P., enables analysts to access and analyse real-time financial market data. Each Bloomberg code starts with the same BBG prefix, followed by nine further characters that we list here in this guide for each share class of each fund. **Cash & Equivalents** are defined as the value of assets that can be converted into cash immediately. These include commercial paper, open FX transactions, Treasury bills and other short-term instruments. Such instruments are considered cash equivalents because they are deemed liquid and not subject to significant risk of changes in values. **Debt/equity (D/E)** is a measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. **Dividend yield** is the ratio between how much a company pays out in dividends each year relative to its share price. **ISIN** is the international securities identification number (ISIN), a 12 digit code consisting of numbers and letters that distinctly identifies securities. **NAV** is the Net Asset Value per share of the Fund (NAV), which represents the value of the assets of a fund less its liabilities. **Number of holdings** 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. **Return on capital** is a measure of a company's efficiency at allocating the capital under its control to profitable investments, calculated by dividing net income minus

dividends by total capital. **Sales growth** is the increase in sales over a specific period of time, often but not necessarily annually. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap.

**INDEX INFORMATION**

The **Standard & Poor's 500® Index (S&P 500®)** measures the performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

The **Russell 1000 Growth Net 30% Withholding Tax TR Index** measures the performance of the large-cap growth segment of the U.S. equity universe, net 30% withholding tax TR. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an index of approximately 1,000 of the largest U.S. companies based on a combination of market capitalization and current index membership.

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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. 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.

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