Morgan Stanley Investment Funds
US Advantage Fund

30 November 2011

Important Information

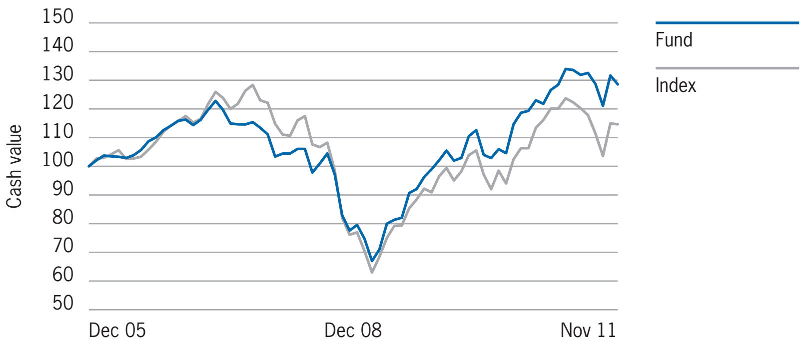
- The Fund invests primarily in equity securities of companies domiciled or exercising the predominant part of their economic activity in the US.
- The Fund has a more concentrated portfolio which, as a result, may be more volatile and less liquid than those of more diversified funds.
- There is a risk that you may potentially lose your entire investment in this Fund.
- The investment decision is yours but you should not invest unless the intermediary who sells it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.

RETURNS IN US DOLLARS VS. S&P 500 INDEX[1]

	Fund (net of fees) %			
Period	**Class A**	**Class I**	**Class B**	**Index**
One month	(2.36)	(2.31)	(2.47)	(0.22)
Last three months	(0.09)	0.09	(0.39)	2.90
YTD	4.53	5.24	3.54	1.08
One year	7.73	8.55	6.62	7.84
Three years (cumulative)	65.66	69.44	60.69	50.58
Five years (cumulative)	12.65	17.05	7.22	0.41
12 months to:				
December 2010	16.59	17.50	15.47	14.12
December 2009	32.60	33.61	31.29	29.17
December 2008	(28.42)	(27.88)	(29.12)	(37.00)
December 2007	(4.09)	(3.34)	(5.03)	5.49
December 2006	15.87	16.58	14.73	15.79

Past performance is no indication of current or future performance. These performance data do not take account of commissions and costs incurred on the issue and redemption of units.

CLASS A SHARES VS. S&P 500 INDEX[2]
Performance of 100 US dollars invested since inception



Facts and figures

Launch date	December 2005
Fund manager	Dennis Lynch
	David Cohen
	Sam Chainani
	Alexander Norton
	Jason Yeung
	Armistead Nash
Location	New York
Base currency	US dollars
Management Fee A	1.40%
Sales Charge A	5.75%
TER Class A[3]	1.67%
TER Class I[3]	0.88%
Total assets	$ 1.6 billion
NAV Class A $	32.32

Statistics[4]	Fund	Index
Alpha	4.60	-
Beta	0.81	-
R squared	0.83	-
Information ratio	0.58	-
Tracking error	7.97	-
Standard deviation	17.08	19.06

ISIN Class A	LU0225737302
ISIN Class B	LU0225744001
ISIN Class C	LU0362496845
ISIN Class I	LU0225741247

Portfolio valuations	Fund	Index
P/CF	13.17	6.72
P/BV	3.20	1.99
P/E	17.89	13.56
Yield	1.44	2.19
Number of holdings	39	500

Top 10 holdings	%
APPLE INC	5.73
MEAD JOHNSON NUTRITION CO.	4.69
MOTOROLA SOLUTIONS INC	4.52
GOOGLE INC CL A	4.49
AMAZON.COM INC	4.18
EBAY INC	3.74
STARBUCKS CORP	3.57
BROOKFIELD ASSET MANAGE-CL A	3.44
YUM BRANDS INC	3.32
EDENRED	3.23
Total	**40.91**

Sector distribution	%
Consumer Staples	27.38
Consumer Discretionary	23.14
Information Technology	18.48
Industrials	12.85
Financials	10.04
Energy	1.67
Health Care	1.24
Cash & equivalents	5.21
Total	**100.00**

INVESTMENT OBJECTIVE

Seeks long term capital appreciation, measured in US Dollars, by investing primarily in securities issued by US companies and on an ancillary basis in securities issued by companies that are not from the US.

INVESTMENT PROCESS

- We seek to invest in established franchise companies with sustainable competitive advantages. Valuation focuses on current period free cash flow yields, which are typically at or above the market.
- We find these companies through a bottom-up stock selection process, focusing on franchise companies with rising returns on invested capital, above average business visibility, strong free cash flow generation and an attractive risk/reward profile.
- We have a long-term investment horizon. The portfolio will hold between 30 and 45 names, and turnover typically will be less than 50%.

Please refer to the back cover for endnotes, important information and risk warnings.

Publication date: 14 December 2011.

[1] Launch date of Class I, Class A & Class B shares was December 2005. The benchmark for the Fund is a blend of the S&P 500 Index to 31 August 2009, the Russell 1000 Growth Net 30% Withholding Tax TR Index to 31 March 2010 and the S&P 500 Index thereafter. The benchmark is calculated by geometrically chain-linking the monthly returns.

[2] Calculations are NAV to NAV. Performance of the Morgan Stanley Investment Funds is calculated net of fees.

[3] Total expenses charged to share class open as at 30 June 2011, calculated net of any fee waivers and expressed as a percentage of average net assets for the six month period (or since inception if fund launched within this period).

[4] Based on monthly observations over last 3 years.

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

Please note variances between fund and index performance figures may occur due to the price differences between the time the NAV is calculated and the time of the index close.

Applications for shares in Morgan Stanley Investment Funds should not be made without first consulting the current Prospectus, Annual Report and Semi-Annual Report ('Offering Documents').

Registered Office: European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxemburg B 29 192.

Important information

If you are in any doubt about this investment, you should consult your independent financial adviser. The investments described in this document will not be suitable for all investors. Recipients of this document should not treat the contents as advice relating to legal, taxation or investment matters.

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

Risk warnings

Past performance is not necessarily a guide to future performance and the value of the Shares and income from them may fall as well as rise. On redemption of Shares, an investor may receive back an amount less than the original amount of his investment. The assets of the funds will be in a variety of currencies and therefore movements in the value of currencies may also affect the value of an investor's holdings. Furthermore, the value of Shares may be adversely affected by fluctuations in exchange rates between the investor's reference currencies and the base currencies of the Funds.

There are special risk considerations associated with investing in:

1) Emerging country securities; including (1) restrictions on foreign investment and on repatriation of capital (2) currency fluctuations, (3) potential price volatility and lesser liquidity of shares, (4) political and economic risks, including the risk of nationalisation or expropriation of assets and the risk of war (5) settlement systems may be less well organised and less developed and (6) debt may not be rated by any internationally recognised credit rating organisation.

   There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, accounting, auditing, financial and other reporting standards are not equivalent to those of more developed countries, and therefore less information may be available than in more developed countries.

2) High yield securities; investment in higher yielding securities is speculative as it generally entails increased credit and market risks. Such securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk) and may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the credit worthiness of the issuer and general market liquidity.

3) Securities of small capitalisation companies; these securities involve greater risk than large capitalisation companies and the markets for such securities may be more volatile and less liquid.

4) Securities of companies engaged in the real estate industry; including the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zonal laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the relevant Fund.

5) Investments in derivative instruments carries certain inherent risks such as the risk of counterparty default. Before investing you should ensure you fully understand these risks. Use of leverage may also magnify losses as well as gains to the extent that leverage is employed.

6) Securities of companies engaged in the infrastructure industry are subject to a variety of factors that may adversely affect their business or operations; including high interest costs in connection with capital construction programs, costs associated with compliance and with changes in environmental and other regulations, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, the effects of surplus capacity, increased competition from other providers of services in a developing deregulatory environment, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Please refer to the Prospectus for full disclosure of the individual fund Investment Objectives, risk factors and other details.

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