

Morgan Stanley

INVESTMENT MANAGEMENT



Morgan Stanley Investment Funds (MS INVF) Emerging Leaders Equity Fund

4Q 2020

FOR PROFESSIONAL CLIENTS ONLY. NOT FOR ONWARD DISTRIBUTION

3052680 Exp. 04/30/2021

Competitive Advantages

Focus on continental sized markets with significant runway of growth

Target great businesses with strong quality characteristics

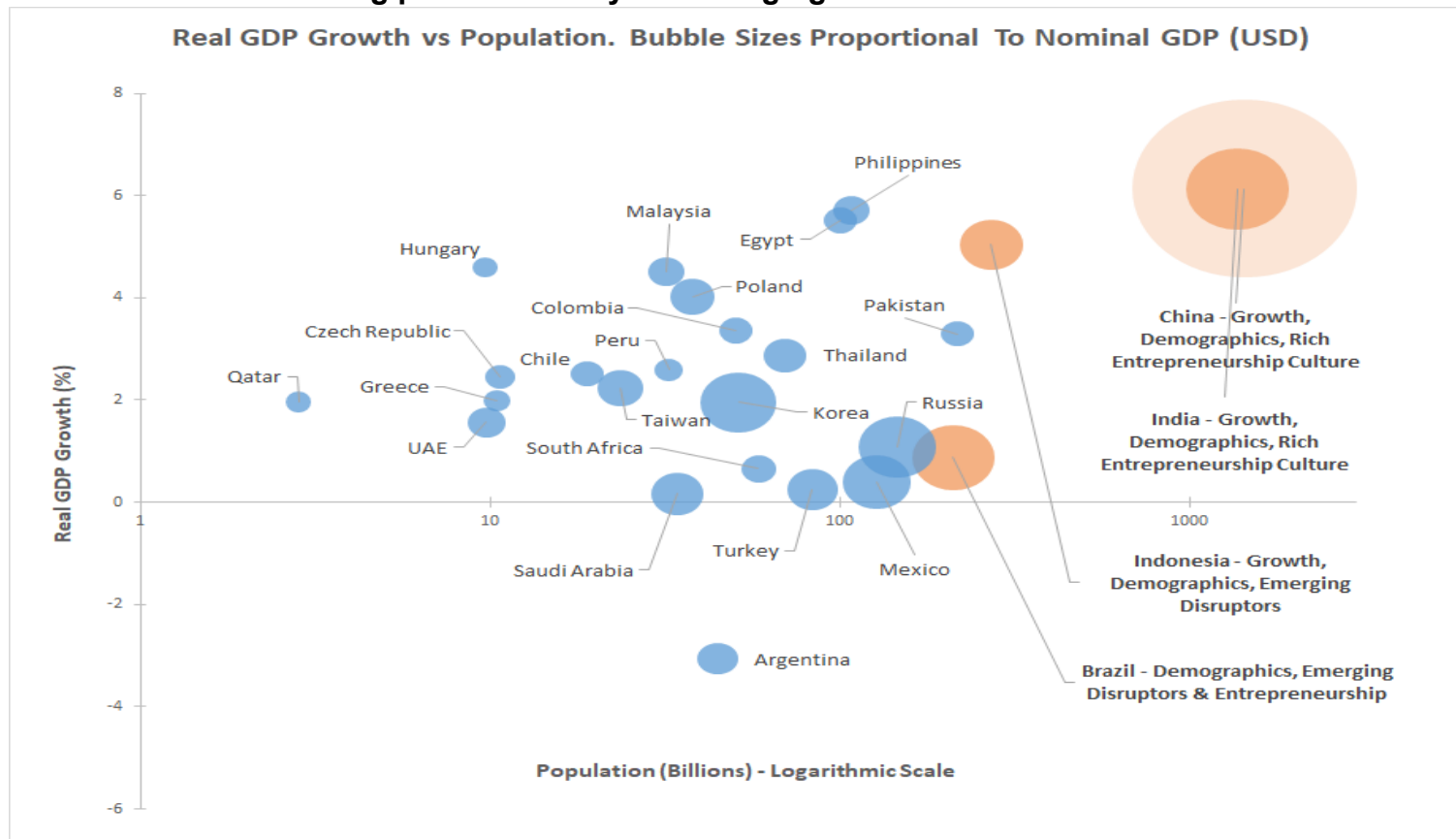
Concentrated portfolio of high conviction investments that can weather the short term market volatility

Leverage an experienced, well-resourced EM team for economic insights to help minimize country risk

We See the Greatest Potential in Continental-Sized Markets

- Focused on 4 of the top 5 demographic markets -- Greater China, India, Brazil, Indonesia
- Large domestic consumption markets with a long runway for premiumization
- Legacy of high quality entrepreneurship DNA, driven by systemic / societal needs

Big picture: Twenty-six emerging market countries¹

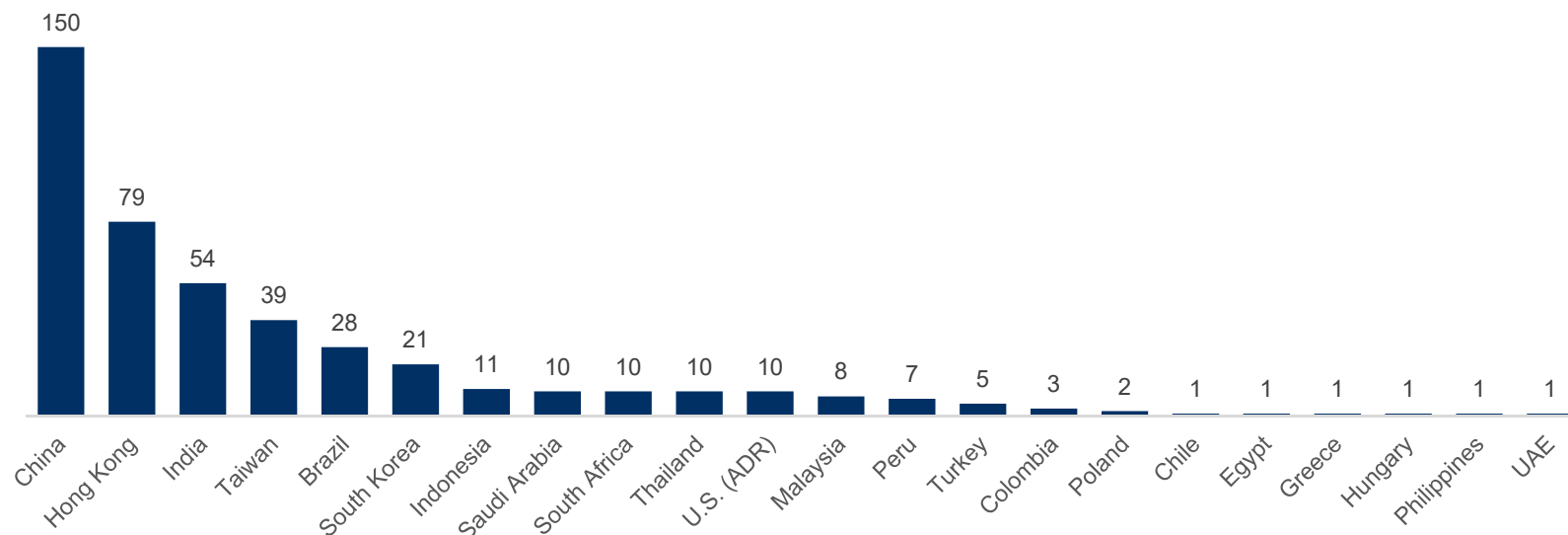


¹ Based on the 26 countries in the MSCI Emerging Market Index Source: Morgan Stanley Investment Management, MSCI as of September 2019. This represents how the portfolio management team generally implements its investment process under normal market conditions.

Compounders by Country – 5 Years

Number of Companies Compounded by >15% CAGR (\$1BN+ Mcap)

By Country of Exchange, Compound Annual Growth Rate 2016 – 2020 (in USD)



Number of Companies >\$1B Mcap

1,915	442	223	114	62	166	57	58	61	61	40	69	15	36	19	31	41	13	11	4	48	29
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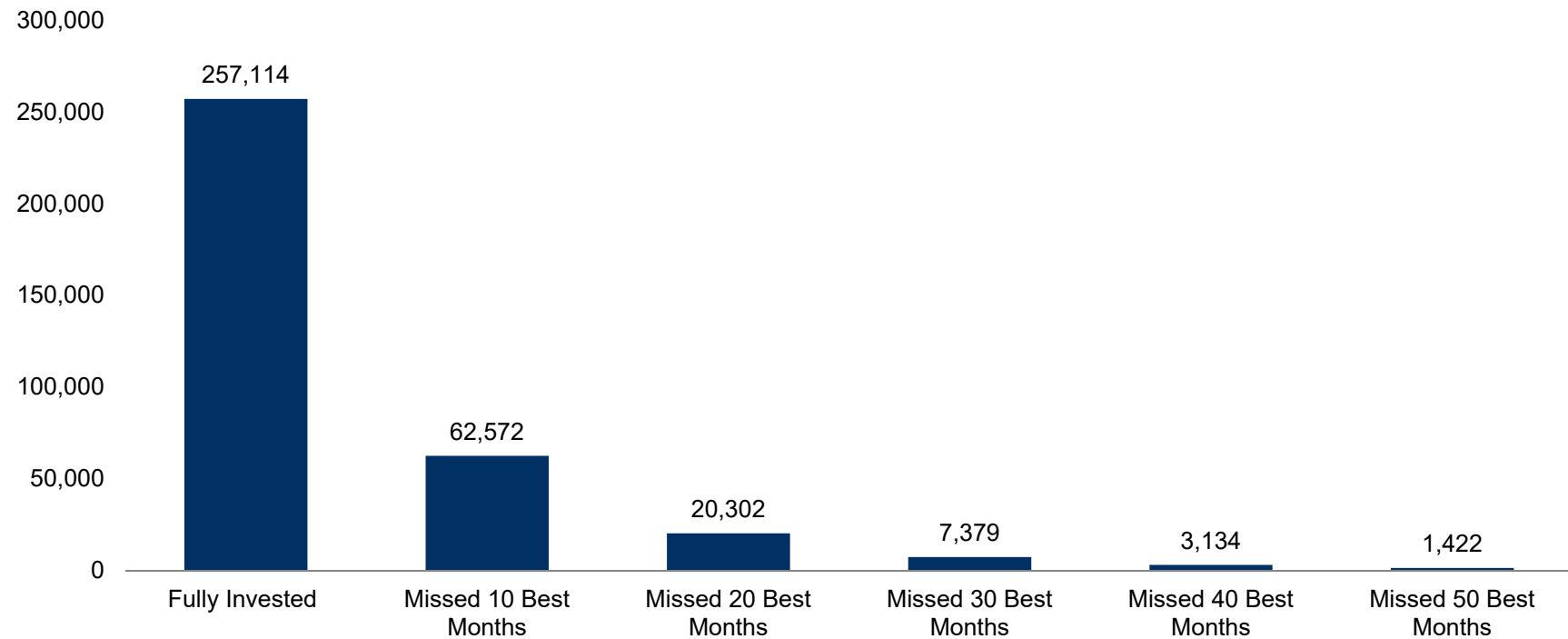
Source: FactSet, MSIM calculations. Data as of December 31, 2020. CAGR represents compound annual growth rate. CAGR calculated for 2016-2020 in USD terms. China includes A shares, Hong Kong includes H shares, United States includes ADR companies.

Hard to Time the Bottom in Markets

Returns of MSCI EM

Performance of \$10,000 Investment Between January, 1988 and December 2019

(\$)



Source: Bloomberg, Factset, Haver, MSIM EM Research as of December 31, 2019

For illustrative purposes only. Past performance is not a guarantee of future results and is not intended to predict or represent the performance of any Morgan Stanley investment or strategy.

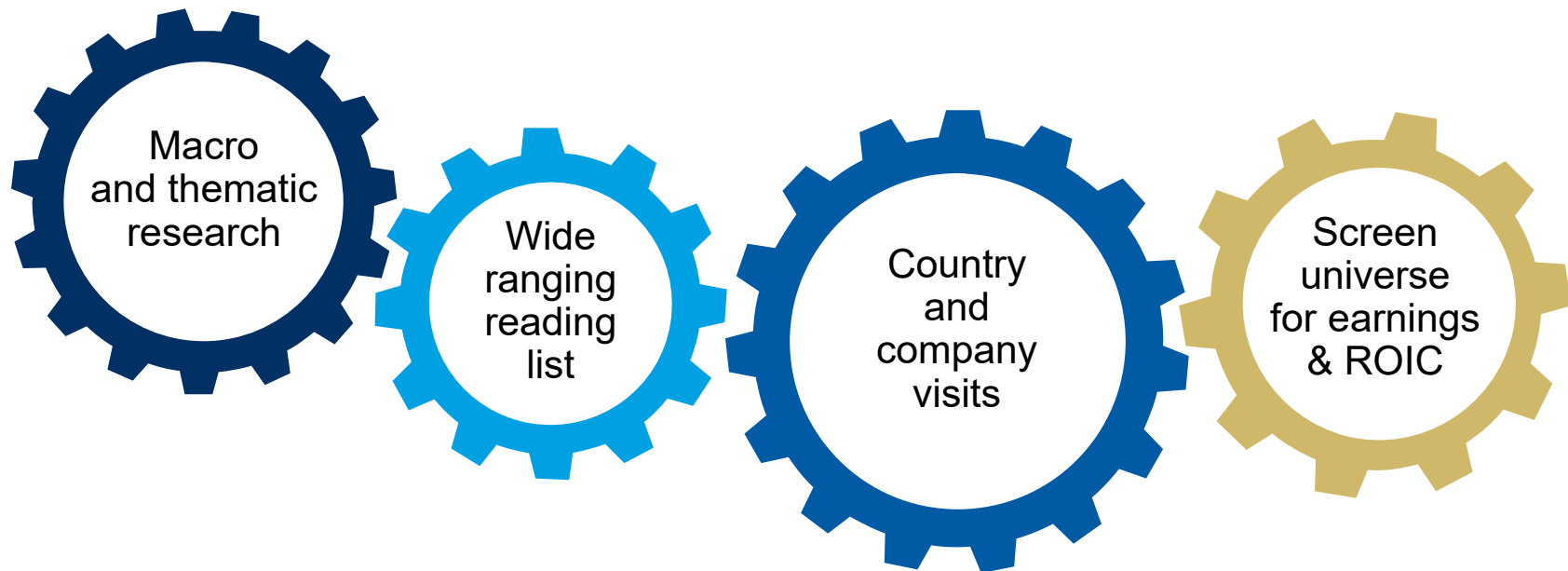
Investment Process: Disciplined & Repeatable



This represents how the portfolio management team generally implements its investment process under normal market conditions.

Step 1: Thematic Analysis

Identify sustainable pockets of growth



Step 2: Company Analysis

Define high quality growth company



- The company has a proven track record of stable earnings growth
- We can identify a visible path for earnings to grow in the future
 - Growing industry
 - Increasing market share
 - Defensible dominant market position
 - Strategy for expansion



- The company can deliver stable/ improving ROIC
 - Low leverage
 - Low capital intensity
 - Operating Leverage
- We believe ROIC is sustainable
 - Management
 - Stable industry structure
 - Ability to fund growth with internal accruals



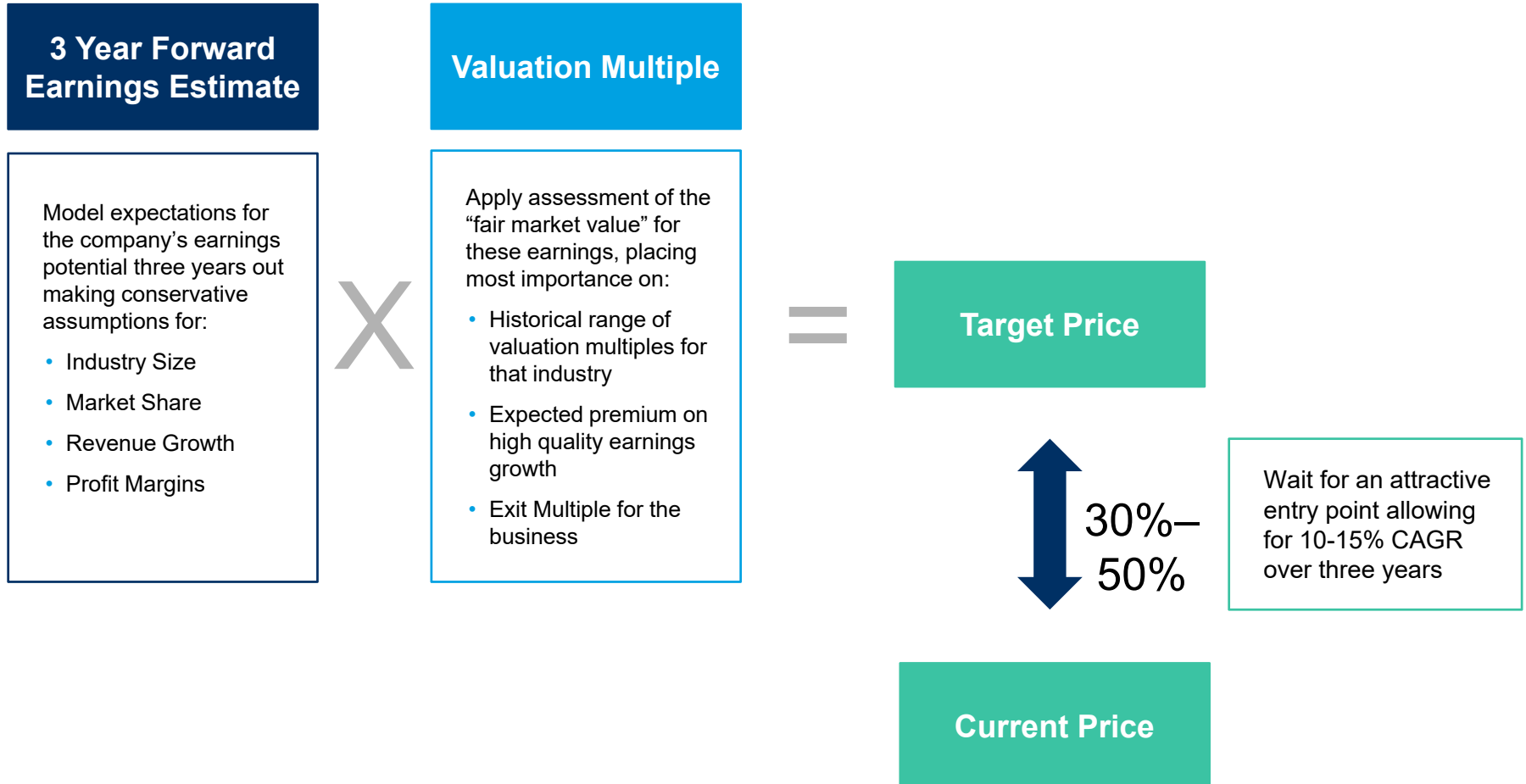
- Management incentives ensure alignment of interests with shareholders
- Demonstrated disciplined capital management in the past
- Return on invested capital for shareholders is a key performance indicator
- Transparency and availability of information
- Engage on policies to maintain a sustainable business model (E,S,G)

“When a management with a reputation for brilliance tackles a business with a reputation for bad economics, it is the reputation of the business that remains intact.” Warren Buffett

This represents how the portfolio management team generally implements its investment process under normal market conditions.

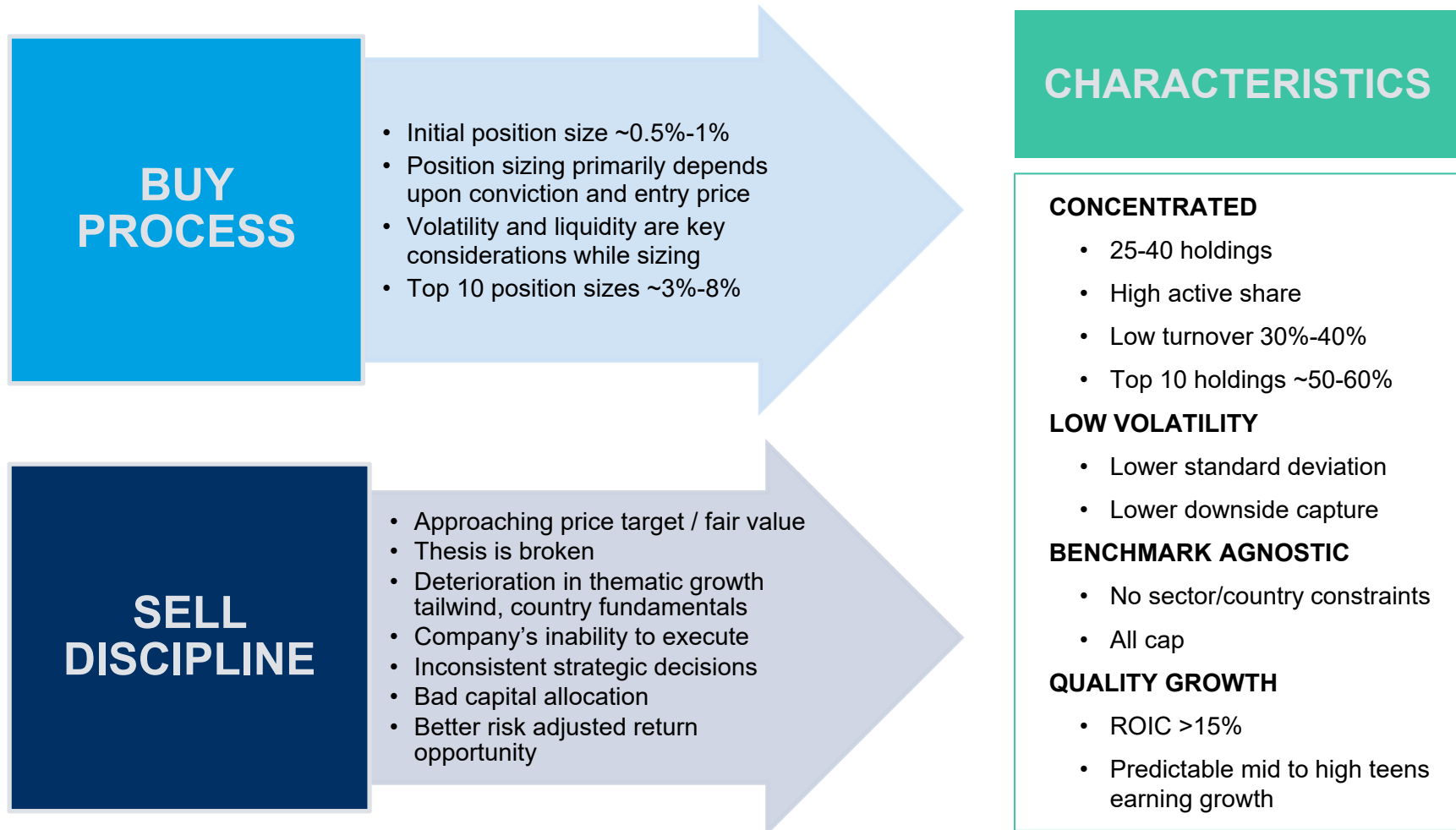
Step 3: Entry and Exit Prices

Recognize attractively priced growth



This represents how the portfolio management team generally implements its investment process under normal market conditions. The targets, turnovers and exposures presented are typical ranges. There is no assurance that these targets will be attained.

Portfolio Construction



Refer to Appendix for examples of Buy Process and Sell Discipline

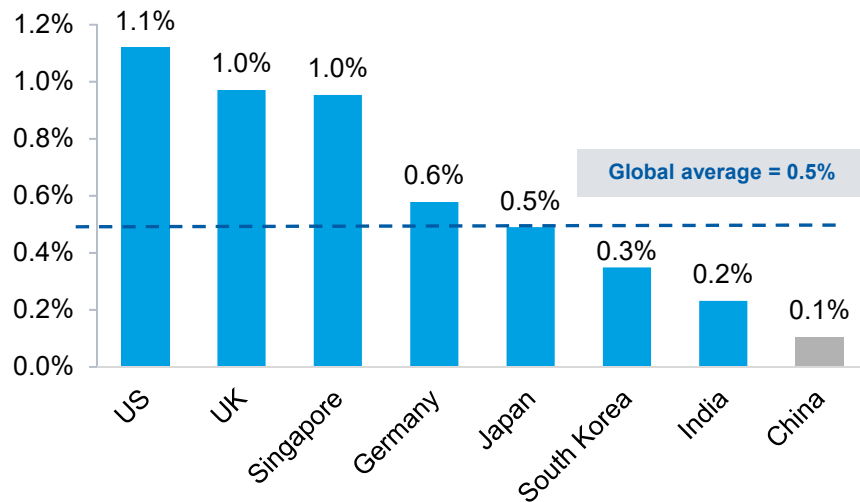
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Thematic : China Cloud & SaaS

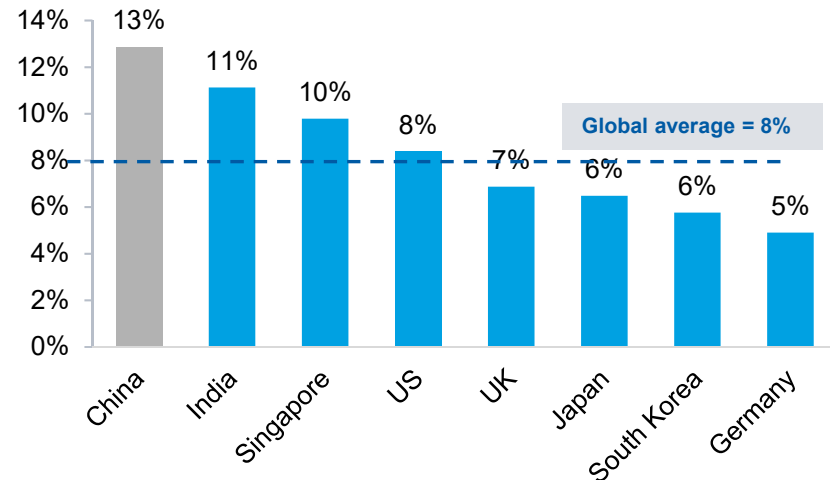
Structural Momentum

- Structural growth of ~35-40% revenue CAGR over 5yrs driven by penetration
- Industry structure increasingly consolidated and accelerating adoption driven by structural digitalization of enterprise workflows
- High Gross Margins as multiple SaaS offerings combine on a platform (PaaS)

Software spending as % of GDP



Software spending CAGR (2019-2024E)



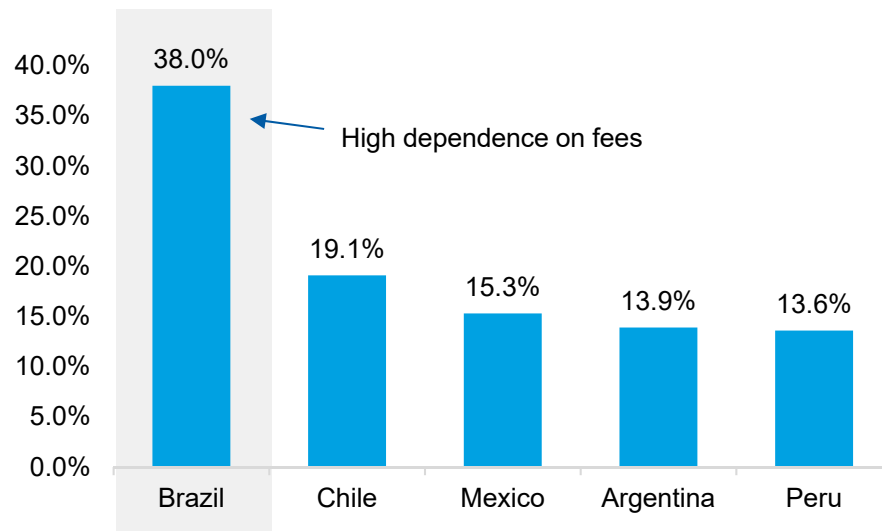
Source: Morgan Stanley Investment Management, JP Morgan, Gartner, World Bank, iResearch. Data as of 2019. For illustrative purposes only. Information on securities is provided for reference only and should not be deemed as a recommendation to buy or sell securities referenced. Securities identified and described herein may or may not be held in the portfolios at the date of this publication. Past performance is not indicative of future performance. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

Thematic : Brazil Fintech

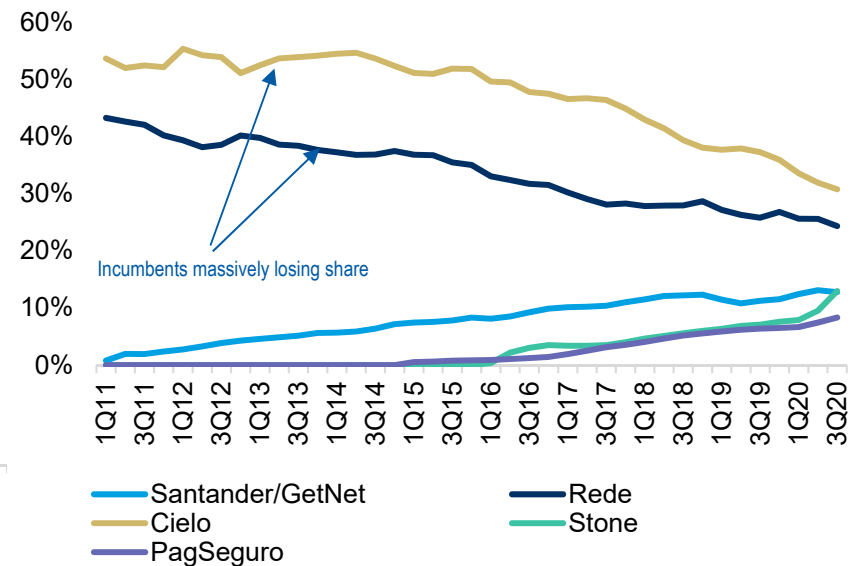
Market Disruption On-Going

- Disrupters growing asymmetrically by breaking inefficient profit pools & democratizing finance
- TPV structural growth of 20%+ CAGR driven by cheap POS adoption & no-frills retail accounts. Regulatory alignment with disruptors to lower financial inefficiency
- New adjacencies around a core offering (PagBank for Pagseguro, SaaS for Stone) = Operating Leverage

Fees-to-Revenue Ratio For LatAm Banks



Incumbents Losing Market Share In Payment (TPV % Share)



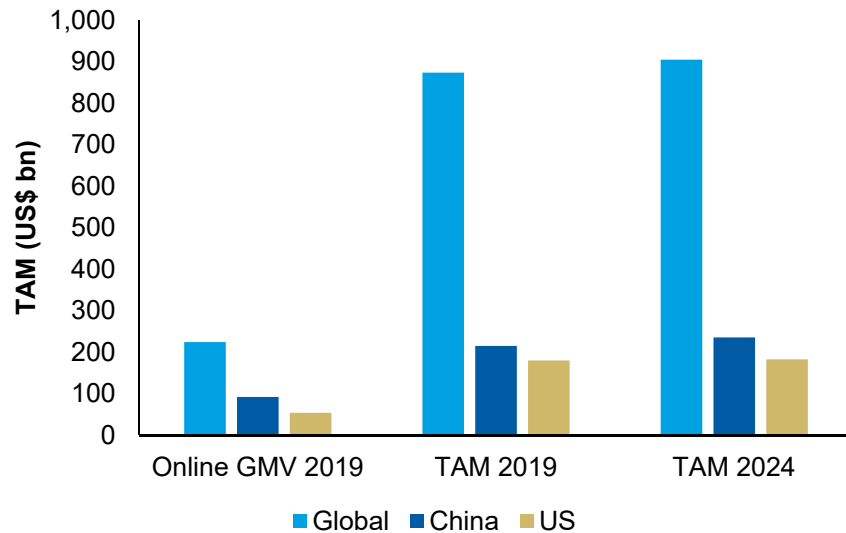
Source: Morgan Stanley Investment Management, JP Morgan, Anbima, ABECS, Company Reports. Data as of September 30, 2020. For illustrative purposes only. Information on securities is provided for reference only and should not be deemed as a recommendation to buy or sell securities referenced. Securities identified and described herein may or may not be held in the portfolios at the date of this publication. Past performance is not indicative of future performance.

Thematic : Global On-Demand / Food Delivery

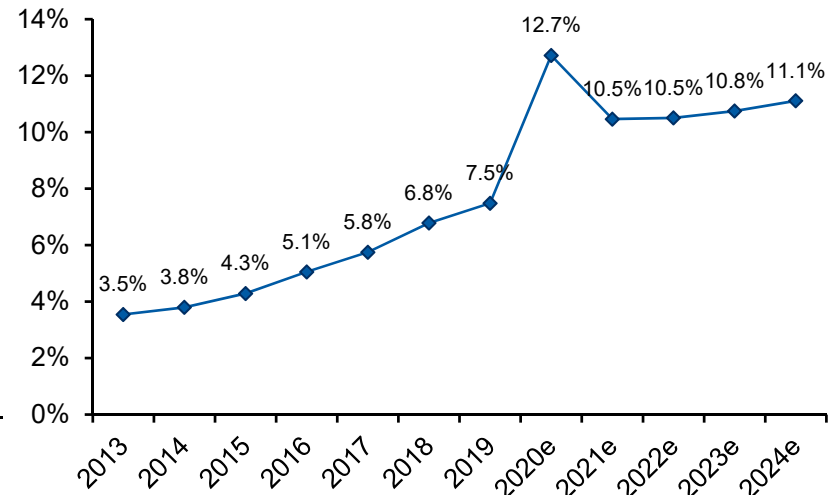
Changing Habits Globally

- One of highest structural growth thematics driven by adoption, aided by Covid / stay at home trend
- Huge market ~US\$ 900bn food delivery TAM (online penetration quite low = long runway) with leadership emerging / strengthening at national levels
- Strong logistics capabilities at hyper-local level combined with network optimization creating moats
- Adjacencies (groceries, express delivery) with primary food delivery bringing operating leverage

Global Online Food Delivery TAM Evolution



Global Food Delivery Penetration Vs Restaurant Sales



Source: Morgan Stanley Investment Management, Bernstein. Data as of 2019. For illustrative purposes only. Information on securities is provided for reference only and should not be deemed as a recommendation to buy or sell securities referenced. Securities identified and described herein may or may not be held in the portfolios at the date of this publication. Past performance is not indicative of future performance. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

MS INV F Emerging Market Leaders Fund

CONSUMER

Brands:
Li Ning, Nike

Delivery Services:
Delivery Hero, Meituan
Dianping

Education:
New Oriental Education

Niche Platforms:
Global Fashion Group

Media & Entertainment:
Bilibili

Premiumization:
Wuliangye Yibin

Specialty Chemicals:
Aarti Industries, PI Industries,
SRF

FINANCIALS

**Structural Market Share
Winners:**
Kotak Mahindra Bank

Niche Lenders:
AU Small Finance Bank, Bajaj
Finance

Insurance:
HDFC Life

HEALTHCARE

Hospitals:
Apollo Hospitals

Telemedicine:
Ping-An Healthcare &
Technology

TECHNOLOGY

**Artificial Intelligence /
Semiconductors:**
AMD, Nvidia, TSMC

Cloud Infrastructure:
Voltronic

Ecosystems:
Allegro, Alibaba,
Mercadolibre, Tencent

Next-gen Ecosystems:
Pinduoduo, SEA Ltd.

Localization:
Silergy

Payments/Fintech:
Pagueguo Digital, Stoneco

SaaS:
Agora, Kingdee

Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or the securities in the sectors shown above. Each portfolio may differ due to specific investment restrictions and guidelines. Emerging Markets Leaders Fund securities shown reflect portfolio holdings over 10 bps within the sub-sectors shown as of 12/31/2020. Holdings are subject to change.

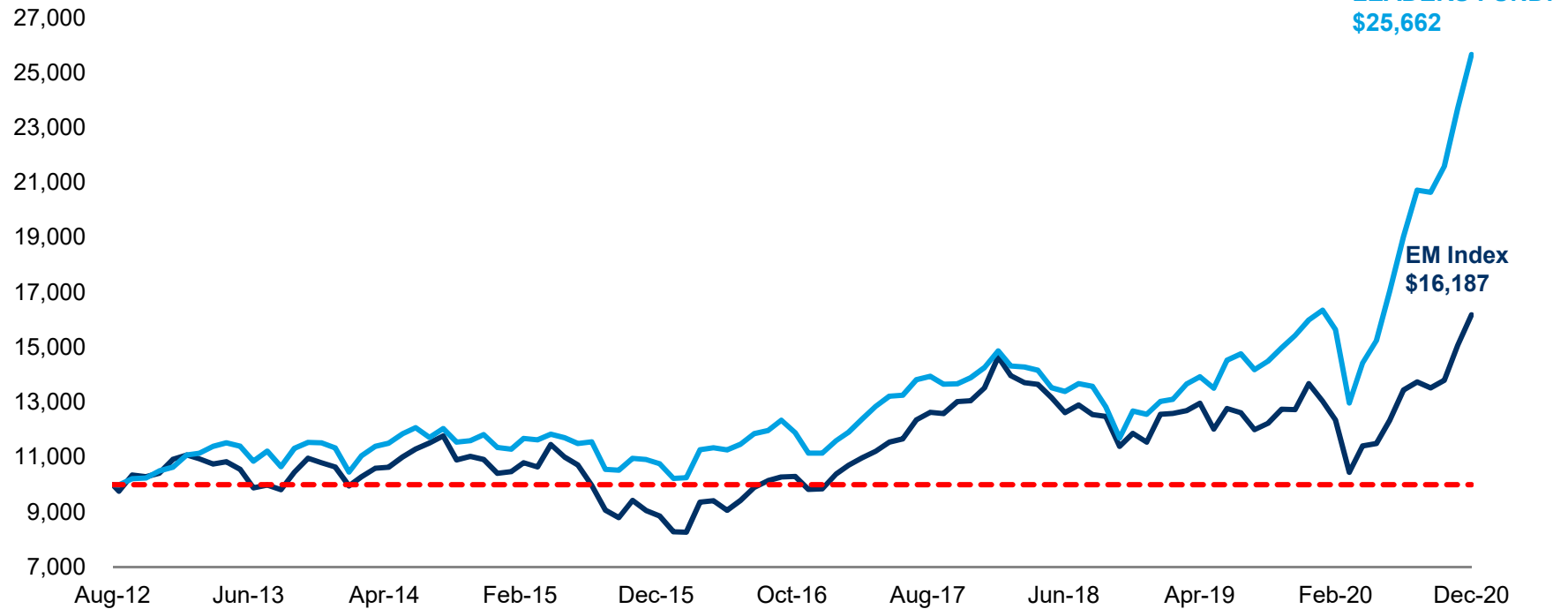
Compounding Effects of Performance

MS INV F Emerging Leaders Fund vs. MSCI Emerging Markets Index

MS INV F Emerging Leaders Fund Inception Date is August 17, 2012

As of December 31, 2020 (USD)

Cash Value



The chart shows the performance of 10,000 USD invested since inception (Cash Value). Performance returns reflect the average annual rates of return. The comparison index is the MSCI Emerging Markets Net Index with cumulative dividends reinvested. **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, gross 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. Had fees been included, returns would be lower. Please refer to slides 13 for year-to-date performance.**

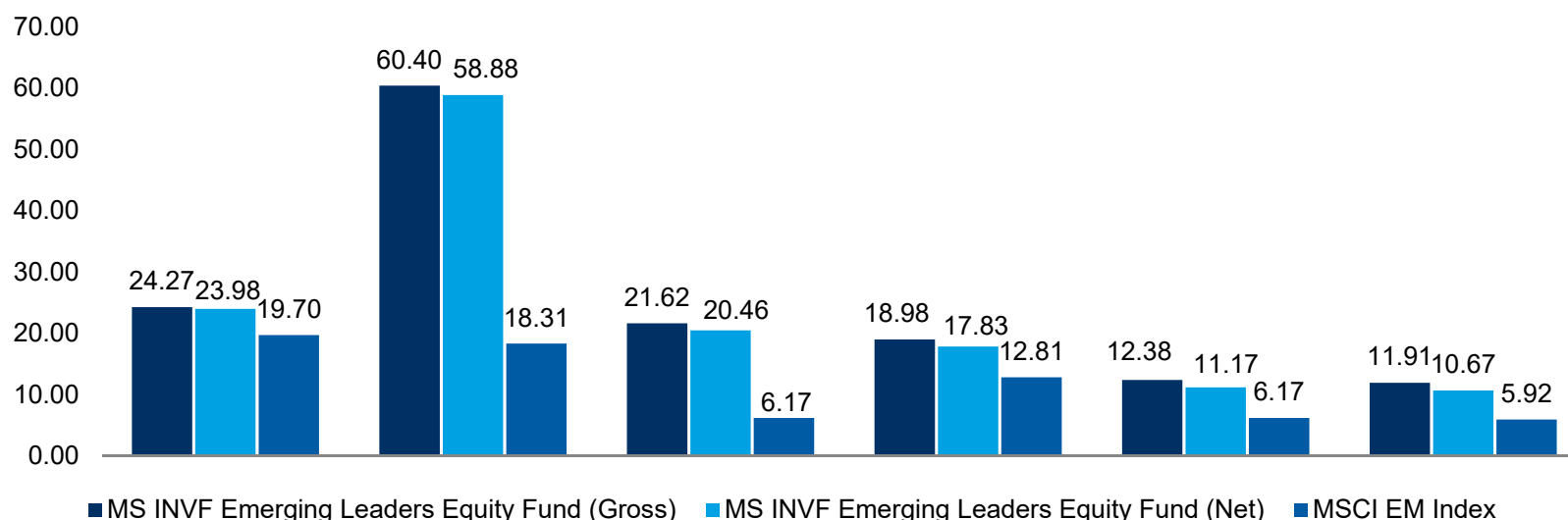
Performance Returns

MS INVF Emerging Leaders Equity Fund

Performance Returns as of December 31, 2020 (USD) (%)

MS INVF Emerging Leaders Equity Fund inception date is August 17, 2012

	QTD	1 YEAR	3 YEARS	5 YEARS	7 YEARS	SINCE INCEPTION
Excess Return (Gross)	4.57%	42.09%	15.45%	6.17%	6.21%	5.99%



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. Performance returns reflect the average annual rates of return. Periods less than 1 year are not annualized. MS INVF Emerging Leaders Equity Fund Class Z shares performance figures are presented GROSS and NET of investment management fees, does not take account of commissions and costs incurred on the issue and redemption of units and are quoted in USD terms. Performance figures are based on price comparison of NAV to NAV. The MSCI EM Net Index assumes the reinvestment of dividends after the deduction of withholding tax and approximates the minimum possible dividend reinvestment.

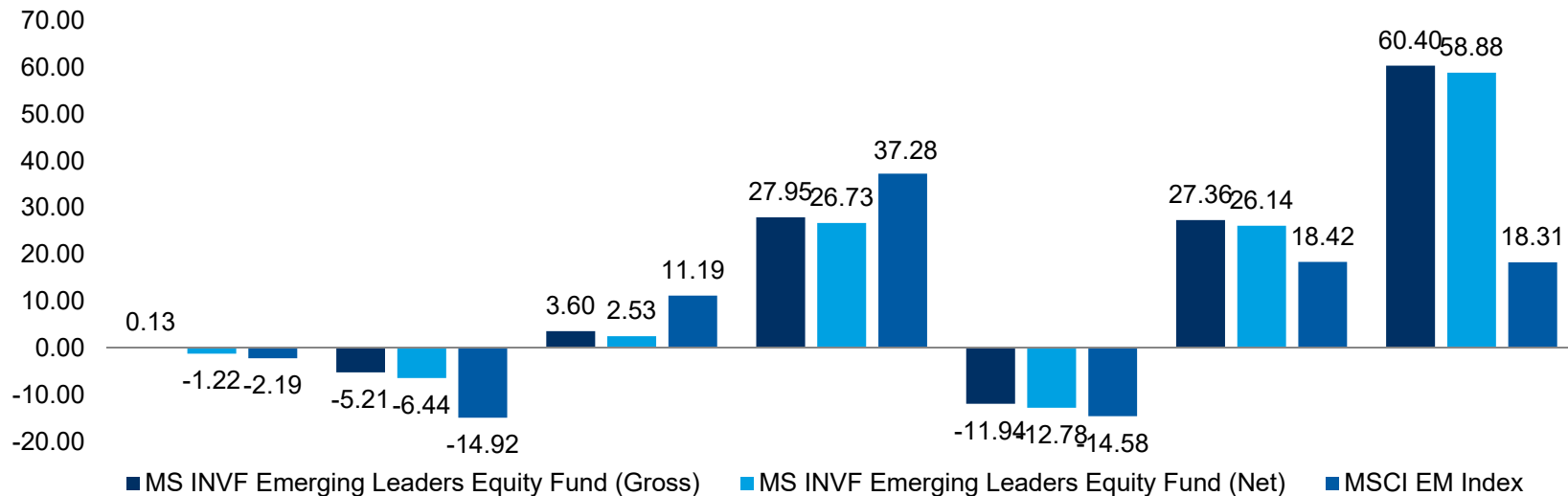
Performance Returns

MS INVF Emerging Leaders Equity Fund

Calendar Year Performance Returns (%)

MS INVF Emerging Leaders Equity Fund inception date is August 17, 2012

	2014	2015	2016	2017	2018	2019	2020
Excess Return (Gross)	2.32%	9.71%	-7.59%	-9.33%	2.64%	8.94%	42.09



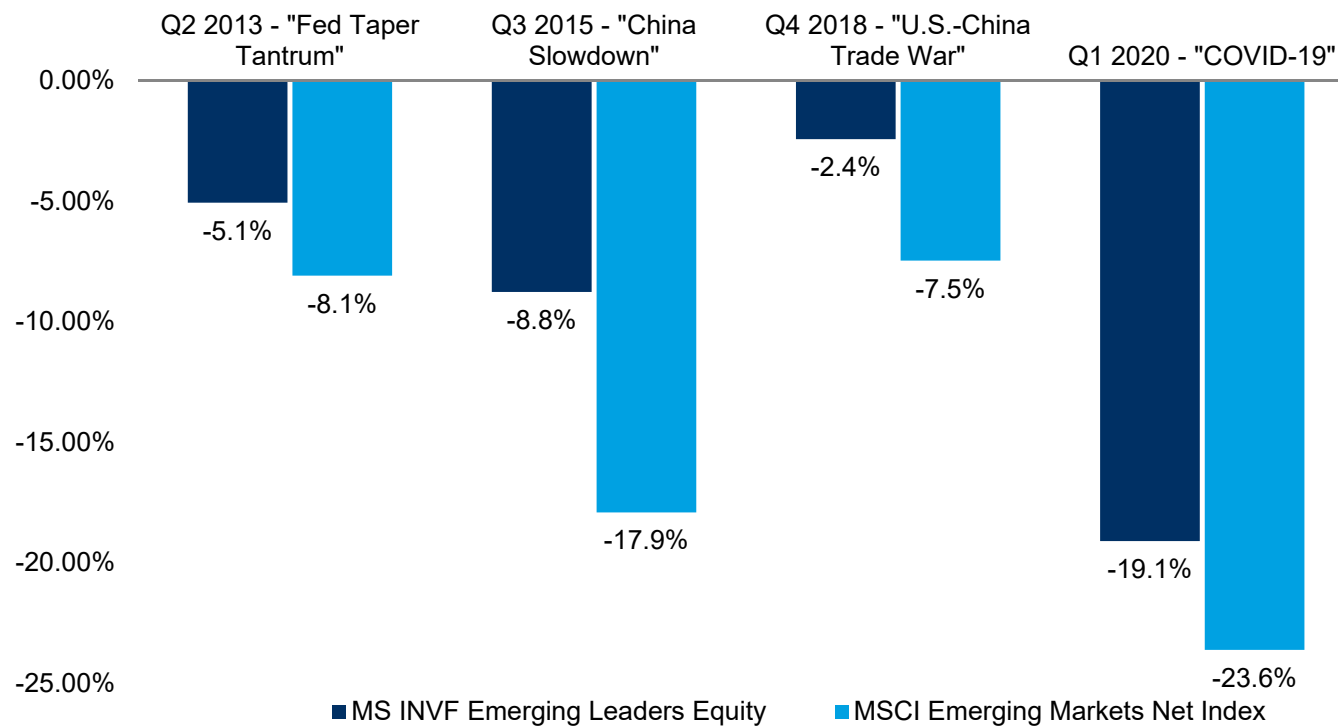
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Record of Outperforming in Tough Times

MS INV Emerging Leaders Equity vs. MSCI Emerging Markets Index in Down Quarters

Returns During Worst Quarters for MSCI Emerging Markets Net Index Since June 2011

Performance (%) Through December 31, 2020



The comparison index is the MSCI Emerging Markets Net Index with cumulative dividends reinvested. **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.**

Consistent Outperformance in Down Markets

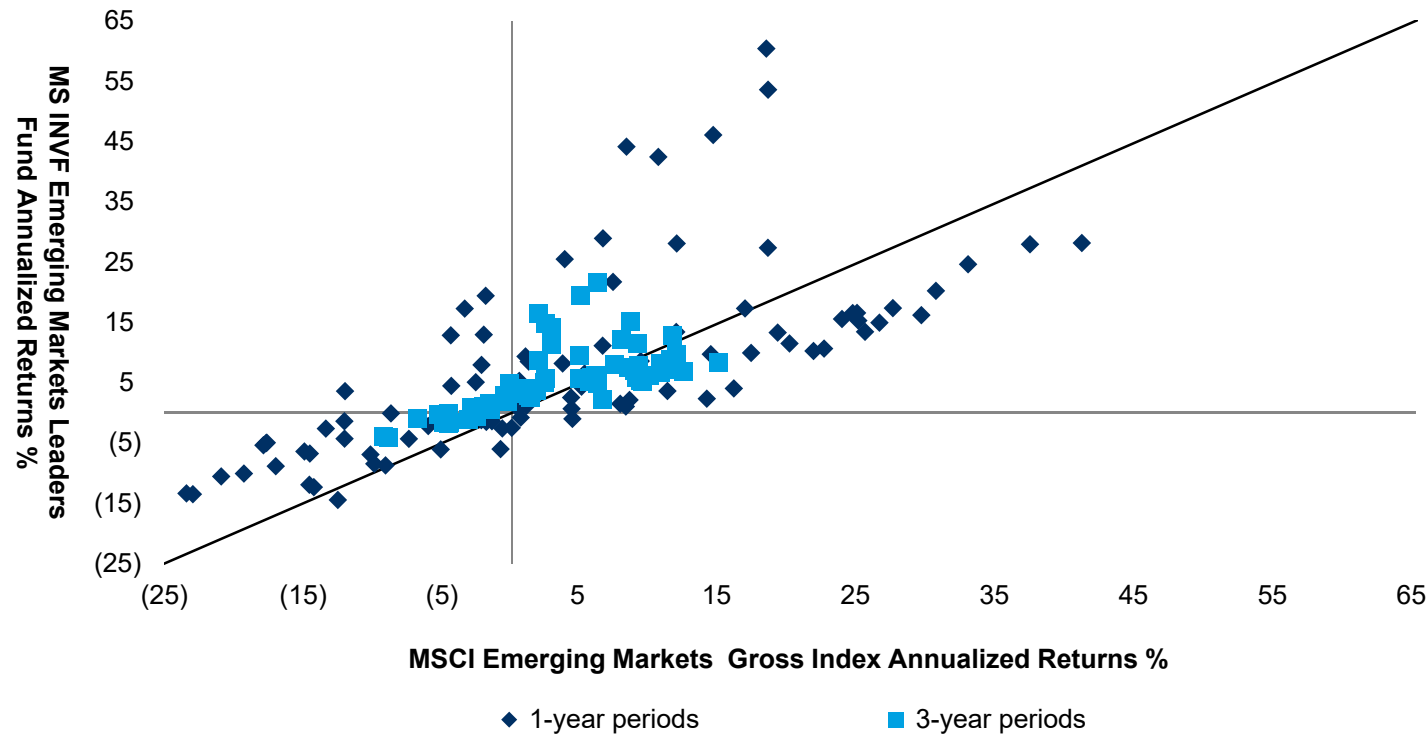
MS INVF Emerging Leaders Equity vs. MSCI Emerging Markets Net Index

Rolling 1- and 3- year periods from inception through December 31, 2020 (USD), monthly data gross of fees

MS INVF Emerging Leaders Equity Inception Date is August 17, 2012

MS INVF Emerging Leaders Equity Annualized Returns (%)

Rolling Periods Beating the Index: 1-year 60%; 3-years 68%



Performance returns reflect the average annual rates of return. The comparison index is the MSCI Emerging Markets Net Index with cumulative dividends reinvested. **Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. Average excess monthly returns are presented GROSS of investment management advisory fees, include the reinvestment of dividends and income and would be lower if fees were deducted. Had portfolio operating expenses been included, the returns would be lower and the results may differ. The sources for all performance and Index data is Morgan Stanley Investment Management. Please refer to slides 13-14 for current performance information. Please refer to slides 13 for year-to-date performance.**

Morgan Stanley

INVESTMENT MANAGEMENT

ESG

ESG Framework: Our Engagement Philosophy

Our approach centers on direct engagements with company management on material ESG issues

Materiality

- We identify key ESG issues for each company based on the industry and country

Direct Engagements

- We conduct in-depth discussions with management teams to understand alignment of sustainability and corporate strategies
- Focus on long-term strategy and material ESG risks



Promote Better Corporate Behavior

- We seek to use our discussions and proxy votes to encourage companies to engage and address ESG risks and opportunities

Track Progress to Achieve Meaningful Change

- We maintain a centralized database to monitor company initiatives and store engagement notes

Incorporate Engagement into Investment Decision

- Updates and information gathered during company meetings along with internal assessment of management's strategy and progress are key inputs to decision-making

EMLead Rankings

MSCI Scores¹

5.0

Portfolio Quality Score

Versus the MSCI EM Index at 4.9

4.8

Environmental

Versus the index at 5.1

5.1

Social

Versus the index at 4.9

3.9

Governance

Versus the index at 3.4

Carbon Footprint²

	Carbon Emissions	Total Carbon Emissions*	Carbon Intensity	Weighted Average Carbon Intensity
Portfolio	15.6	15,634	165.0	105.8
MSCI EM Index	227.2	227,189	418.1	260.9
	t CO2e / \$M invested	t CO2e	t CO2e / \$M Sales	

MSCI Individual Portfolio Position Rankings

Highest Rated Companies by MSCI

1. Taiwanese semiconductor manufacturer (TSMC – 5.32%) - industry leader in water efficiency and employee engagement
2. Multinational semiconductor manufacturer (Nvidia – 1.89%) – strong human capital management and conflict-free sourcing programs
3. Hong Kong software company (Kingdee – 2.62%) -- strong employee management and data security initiatives
4. Chinese e-commerce platform (Meituan – 6.65%) – strong data protection measures, labor challenges persist
5. Latin American e-commerce company (Mercadolibre – 6.33%) – strong employee initiatives, limited measures to mitigate data protection risks

Lowest Rated Companies by MSCI

1. Multinational semiconductor manufacturer (Silergy – 2.79%) – well positioned to capture clean tech opportunities but lags peers in talent retention strategy
2. Chinese alcoholic beverage company (Wuliangye – 2.23%) – weak practices to mitigate water-related risks; lack of a responsible marketing policy
3. Chinese education services provider (New Oriental Education – 1.38%) – vulnerability to potential data breaches continues owing to lack of data security mechanisms
4. Chinese video sharing website (Bilibili – 0.26%) – limited initiatives to develop and maintain a skilled workforce
5. Chinese sportswear company (Li Ning – 4.23%) – lacks programs to sustainably source raw materials

¹ Scale of 0 – 10 (Weak – Strong). As of December 2020. Rankings based on the Morgan Stanley Institutional Fund, Inc. Emerging Markets Leaders Fund. MSCI coverage includes 1,329 of the 1,394 holdings. Quality score is a portfolio weighted-average of individual companies' ESG ratings.

² Source: MSCI ESG. Based on portfolio investment of \$1,000,000,000 in the portfolio and index. Coverage by portfolio weight for carbon analytics is 81.9% for the portfolio and 99.1% for the MSCI EM Index. **Past performance is no guarantee of future results.** Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities in the sectors shown above.

Emerging Markets Leaders Portfolio Proxy Voting

- We vote all shares in the portfolio guided by MSIM's Proxy Voting Policy. No securities lending.
- We make use of third party research vendors (e.g. ISS) for guidance, though all vote recommendations are made by the MSIM team. We have five full time professionals supporting proxy voting across the globe.
- Portfolio managers oversee votes and make their own recommendations.
- Example of voting against management: we voted against approving remuneration and tantiem of directors and commissioners because disclosure was limited and, in our view, needed to improve.

Common reasons we abstain or vote against management

- If we are not given the opportunity to vote on individual nominees to the board of directors
- Nominees appear overcommitted on other boards, or do not attend board meetings regularly
- If disparate issues are combined under one vote
- Long term incentives not sufficiently tied to performance
- Lack of or insufficient information
- Proposals that we believe could dilute existing shareholders

Common reasons we vote with management

- Routine proposals such as approval of financial statements, auditor reports, bylaw amendments
- Nominees for board of directors which meet our requirements
- Proposals aimed at eliminating unequal voting rights
- Dividend payout, share repurchase and stock splits if reasonable
- We support enhanced disclosure on social, political and environmental matters so long as we believe reporting isn't too onerous or costly

This represents how the portfolio management team generally implements its investment process under normal market conditions.

Risk Considerations

- 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.
- 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.

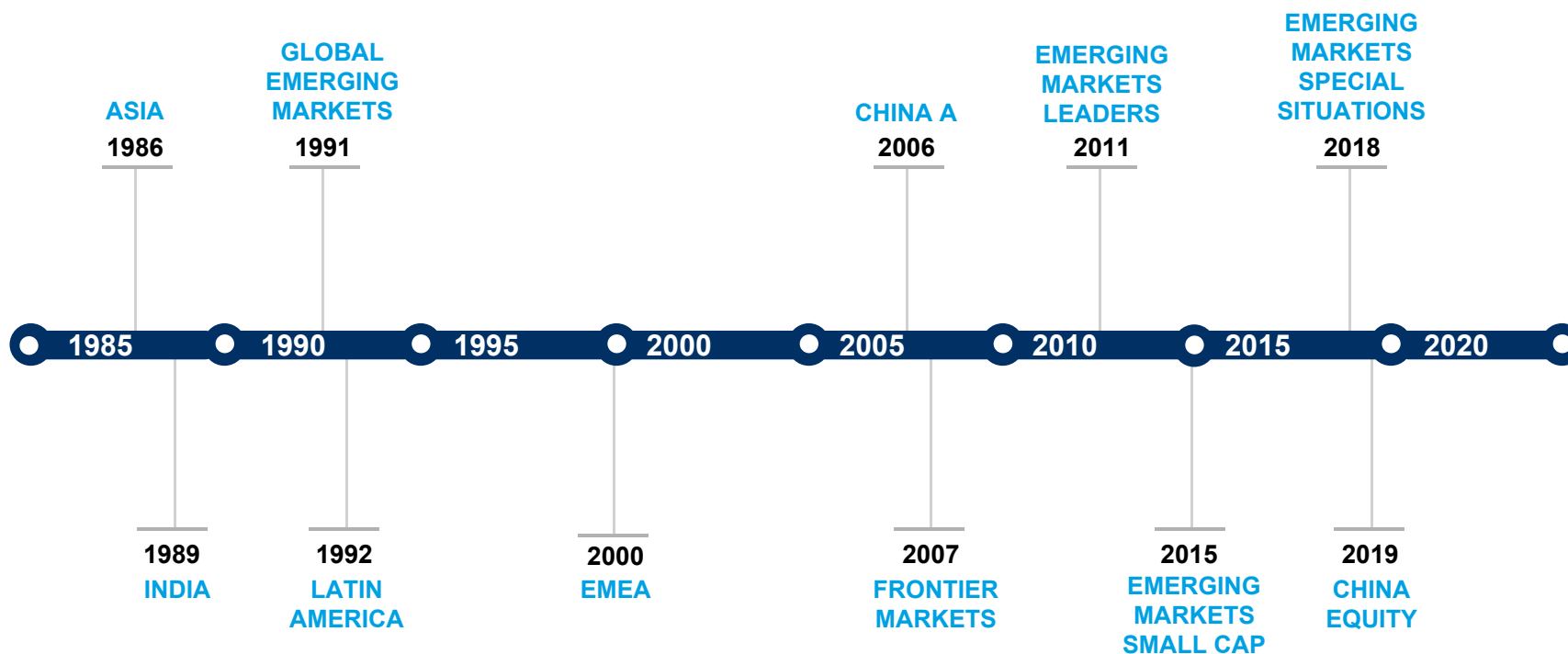
Morgan Stanley

INVESTMENT MANAGEMENT

Appendix and Disclosures

Investment Pioneers in Emerging Markets Since 1986

History of Morgan Stanley Investment Management offerings



Source: MSIM. Data as of December 2020. For illustrative purposes only.

Our Investment Team

Emerging Leaders Strategy Team

Vishal Gupta (16/7)

Arun Kapoor (13/2)

EMERGING MARKETS TEAM

HEAD OF EMERGING MARKETS

Ruchir Sharma (27/25)

Asia

Amay Hattangadi (24/24)
 Gary Cheung (18/13)
 Chelsea Hua (15/8)
 Xijuan Sun (10/3)
 Shawn Li (10/3)
 Samson Hung (15/<1)
 Rose Kim (6/2)

Latam and EMEA

Paul Psaila (27/27)
 Eric Carlson (25/24)
 Jorge Chirino (16/14)
 Eduardo Wisbrun (18/3)

Frontier Markets/EM Small Cap

Steven Quattry (17/10)
 Omair Ansari (15/5)

India

Swanand Kelkar (16/14)
 Saurabh Mishra (12/3)
 Aayushi Kukreja (3/<1)

ESG

Jessica Whitt (16/6)

PORTFOLIO SPECIALISTS

Amy Oldenburg, COO
 James Upton
 Steve Sun
 Louise Teeple
 Dana Phillips
 Jerry Peng
 Ashley Chen
 Candy Chao
 Satyam Sharma

TRADERS

Sherri Cohen
 Jim Carroll
 David Kim
 David Chi
 Lynn Lim
 Ryan Egan
 Stella Liao

GLOBAL MACRO

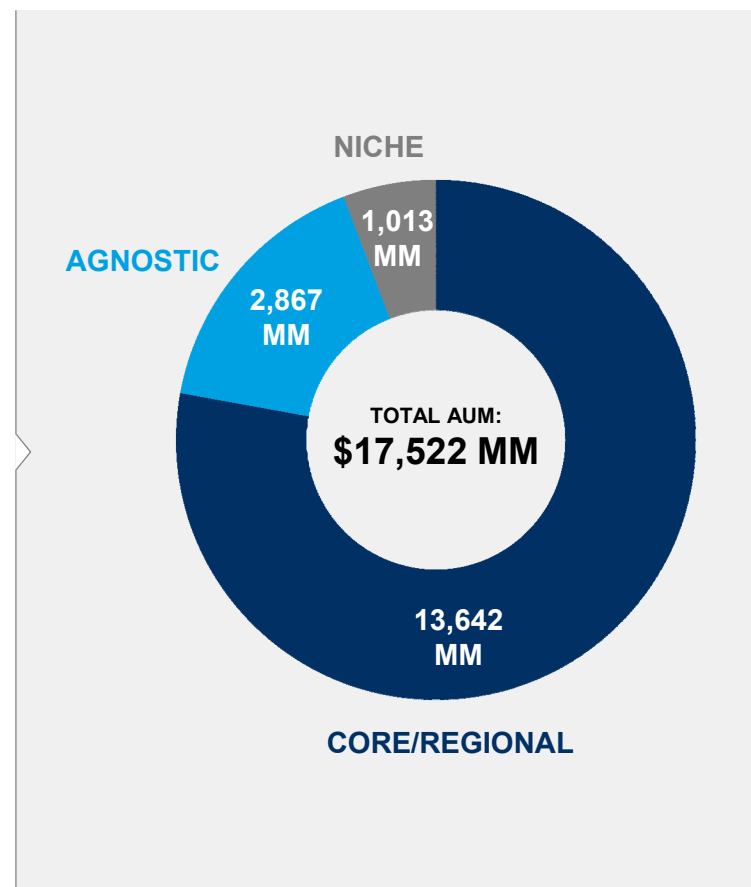
Ruchir Sharma
 Jitania Kandhari
 Eli Wiseman
 Tony Emerson
 Stephan Gabillard
 Amol Rajesh

Source: Morgan Stanley Investment Management. (#) Years of investment experience as of 2021 / Number of Years with the team (rounded up to full year 2021), including previous tenure with the firm. Team members may change, without notice, from time to time.

MSIM Global Emerging Markets Flagship Strategies

Assets Under Management ⁽¹⁾ (MM) as of December 31, 2020

CORE/REGIONAL	
Global Emerging Markets	\$7,912
Asia ⁽²⁾	\$5,279
Latin America	\$359
Eastern Europe, Middle East & Asia	\$92
AGNOSTIC	
Emerging Markets Leaders	\$1,579
China A-Share ⁽³⁾	\$906
India	\$382
NICHE	
Emerging Markets Special Situations	\$679
Frontier Markets	\$190
Emerging Markets Small Cap	\$144



Source: Morgan Stanley Investment Management

1. Assets are presented in millions of US dollars. The figure includes assets managed globally under these strategies within a number of separate products, jurisdictions and mandates.
2. Includes developed Asia as defined by MSCI.
3. China A-Share includes China Equity.

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Investment Philosophy and Objectives

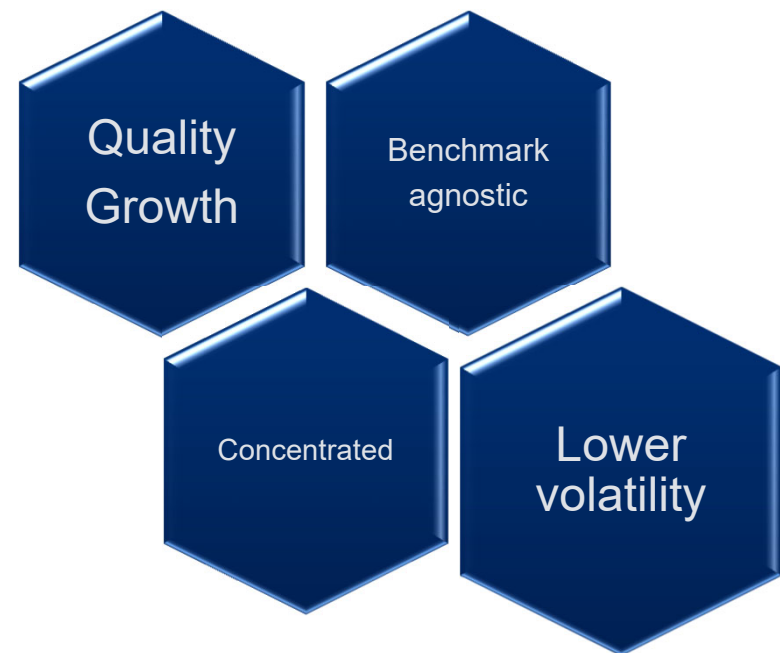
PHILOSOPHY

- Backward looking benchmark is not reflective of best growth opportunities in Emerging Markets and represents a limited opportunity set.
- High quality growth companies bought at the right price offer the best long-term risk adjusted return prospects for investors.
- Country and macro factors matter. Understanding country dynamics helps avoid risks and improve decision making.

OBJECTIVE

- We seek to achieve outperformance over a market cycle with lower volatility than the benchmark.

CHARACTERISTICS



This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. Investing involves risks.

What We Do & We Don't

We invest in..

- ✓ **Structural themes with sustainable and predictable growth**
- ✓ **Leaders / Emerging Leaders**
- ✓ **Family owned or professionally run business**
- ✓ **Large continental size markets**

We don't invest in..

- × **Business which we don't understand**
- × **Businesses where earnings are volatile and visibility is low**
- × **Cyclicals**
- × **High political risk countries, weak institutions**
- × **Business prone to state interference**
- × **Me-too Beneficiaries / Catch-up Players/ Fads**
- × **Trigger-based or Momentum Winners**

Structural, Scalable, Predictable, Reduced Downside

This represents how the portfolio management team generally implements its investment process under normal market conditions.

Comprehensive Approach to Risk

1 st Line of Defense	2 nd Line of Defense	3 rd Line of Defense
<p>Stock Risk</p> <ul style="list-style-type: none"> • Business Risk: Industry structure, vulnerability to disruption, earnings visibility, distinct business drivers, ESG • Financial Risk: Preference for low financial leverage • Valuation Risk: Build downside risk into price targets • Management Risk: Quality, alignment with shareholders • Liquidity Risk: \$1bn market cap, monitor ADTV 	<p>Country Risk</p> <ul style="list-style-type: none"> • Proprietary Macro Framework Analyzes: <ul style="list-style-type: none"> – Country Growth Risk: Avoid countries with decelerating growth – Currency Risk: Minimize exposure to depreciating currencies – Political Risk: Evaluate with country visits and macro research 	<p>Firm Wide Oversight</p> <ul style="list-style-type: none"> • Risk reporting: Monthly BARRA risk reports using EM model, scenario analysis • Global Risk and Analysis Team: Highlight investment & operational risks to team and senior management • Risk Management Committee: Meets quarterly to discuss portfolio risk • CIO Framework: Investment team present quarterly on portfolio and market update • Compliance Department: Pre and post trade compliance Investment guidelines compliance

This represents how the portfolio management team generally implements its investment process under normal market conditions.

Coverage Universe



Exposure

MS INV Emerging Leaders Equity Fund

Country Exposure

As of December 31, 2020

China	33.76%
India	19.78%
Brazil	13.12%
Taiwan	10.69%
Indonesia	7.32%
Germany	6.17%
United States	5.81%
Poland	0.58%

Industry Group Exposure

As of December 31, 2020

Retailing	27.79%
Media & Entertainment	13.60%
Semiconductors & Semiconductor Equipment	10.95%
Software & Services	10.16%
Consumer Durables & Apparel	7.20%
Banks	5.84%
Health Care Equipment & Services	4.93%
Diversified Financials	4.58%
Materials	4.44%
Capital Goods	2.58%
Food, Beverage & Tobacco	2.23%
Insurance	1.56%
Consumer Services	1.38%

Source: Morgan Stanley Investment Management. Excludes cash.

Portfolio data was generated from Morgan Stanley's internal accounting records. Portfolio allocation is based on the total market value of the portfolio. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the countries shown above. Numbers may not add to 100 due to rounding.

Portfolio Characteristics

MS INVF Emerging Leaders Equity Fund

Data as of December 31, 2020

Presented in USD Terms

	MS INVF EMERGING LEADERS EQUITY FUND	MSCI EMERGING MARKETS NET INDEX
Price/Earnings (LTM) ⁽¹⁾	57.91	19.90
Price/Cash Flow	47.28	9.75
Dividend Yield (%)	0.25	1.78
ROE (%)	14.02	12.63
Price/Book	11.04	2.07
Active Share	80.20	–
Name Turnover (1 year %)	50.00	–
Number of Holdings	32	1,129
MARKET CAPITALIZATION		
Weighted Median Market Capitalization (\$M)	54,078	19,484
Over 20 Bn	66.34%	64.78%
5 – 20 Bn	16.05%	27.79%
1 – 5 Bn	14.84%	7.92%
0 – 1 Bn	–	0.01%
Cash	2.77%	–

Risk / Return Statistics – Three Years as of December 31, 2020

Presented in USD Terms based on gross returns

	MS INVF EMERGING LEADERS EQUITY FUND	MSCI EMERGING MARKETS NET INDEX
Tracking Error	9.85	–
Information Ratio	1.57	–
Sharpe Ratio	0.95	0.23
Downside Capture (%)	73%	–
Upside Capture (%)	125%	–
Standard Deviation	21.02	19.88
Beta	0.94	–

Source: Morgan Stanley Investment Management

Past performance is not indicative of future results. Had fees been included, returns would be lower and results may differ. Subject to change daily. Provided for informational purposes. MSCI Emerging Markets Index is shown for comparison purposes only.

1. LTM = Last Twelve Months.

Top Ten Holdings

MS INV Emerging Leaders Equity Fund

As of December 31, 2020

SECURITY	LARGEST EM COUNTRY OF REVENUE	THEME	MS INV EMERGING LEADERS EQUITY FUND (%)	MSCI EM INDEX (%)	INITIAL PURCHASE	MONTHS HELD
SEA Ltd	Indonesia	Ecosystems	7.32	0.00	2020-Mar	9
Meituan Dianping	China	Delivery Services	6.65	1.73	2019-May	19
Mercadolibre Inc	Brazil	Ecosystems	6.33	0.00	2019-Jan	23
Tencent Holdings Ltd	China	Ecosystems	6.01	5.30	2015-Mar	69
Taiwan Semiconductor Mfg Co Ltd	Taiwan	Artificial Intelligence / Semiconductors	5.32	5.89	2016-May	55
Alibaba Group Holding Ltd	China	Ecosystems	4.84	5.59	2017-Apr	44
Delivery Hero AG	Korea	Delivery Services	4.76	0.00	2020-Jul	5
Bajaj Finance Ltd	India	Banks / Structural Market Share Winners	4.58	0.25	2019-Nov	13
Li Ning	China	Brands	4.23	0.18	2019-Sep	15
Kotak Mahindra Bank Ltd	India	Banks / Structural Market Share Winners	3.55	0.19	2019-Feb	22
Top 10 Holdings			53.59	19.15		

Source: Morgan Stanley Investment Management

Subject to change daily. MSCI Emerging Markets Index is shown for comparison purposes only. Top ten holdings are provided for informational purposes only and should not be deemed as a recommendation to purchase or sell the securities mentioned or securities within the countries and industries shown. Investors should not assume that investments in the securities identified were or will be profitable. **Holdings are subject to change.**

Emerging Leaders Strategy Team

Vishal Gupta

Managing Director



Vishal is a Portfolio Manager on the Global Emerging Markets equity team, focusing on the Emerging Markets Leaders strategy, based in Singapore. He joined Morgan Stanley in 2014 and has 16 years of investment experience. Prior to joining the firm, Vishal worked at Sansar Capital as a research analyst covering Asian equities. Previously, he was an analyst covering the India oil & gas and retail sectors at Brics Securities in Mumbai. Vishal received his Bachelor's degree in Mechanical Engineering from Thapar University and an M.B.A. from the Indian Institute of Management, Ahmedabad.

Arun Kapoor

Vice President



Arun is an Analyst on the Global Emerging Markets equity team, focusing on the Emerging Markets Leaders strategy, based in Singapore. He joined Morgan Stanley in 2019 and has 13 years of investment experience. Prior to joining the firm, Arun worked at Ariana Investment Management as an investment analyst covering Asia Pacific ex-Japan equities. Previously, he worked in Asian equities at Macquarie Securities (Singapore, Mumbai) and Indian equities at Bank of America Merrill Lynch (Mumbai). Arun received his Bachelor's degree in Electrical Engineering from Indian Institute of Technology, Delhi.

Steve Sun, CFA

Executive Director



Steve is a Senior Portfolio Specialist for the Global Emerging Markets Equity team. He joined the firm in 2016 and has 27 years of investment experience. Prior to joining the firm, Steve was with Nomura Financial Investment Korea and BNP Paribas Singapore. He worked as Portfolio Manager focusing on Asian markets for J.H. Whitney Investment Mgmt and Tantallon Capital Advisors in Singapore. He was also with Merrill Lynch and Jardine Fleming Securities in New York and Hong Kong. Steve received a B.A. from Northwestern University in economics and a M.B.A. from Columbia University. He holds the Chartered Financial Analyst designation.

Team members may change without notice from time to time.

Important Disclosure

Definitions

Active Share is a measure of the percentage of stock holdings in a manager's 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. Active Share calculation may consolidate holdings with the same economic exposure. **Beta** is a measure of the relative volatility of a security or portfolio to the market's upward or downward movements. A beta greater than 1.0 identifies an issue or fund that will move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The Beta of the Market is always equal to 1. **Dividend yield** is the ratio between how much a company pays out in dividends each year relative to its share price. **Downside Capture Ratio** is a statistical measure of an investment manager's overall performance in down-markets. Downside capture indicates how correlated a fund is to a market, when the market declines. **"ESG" investment: Environmental Social and Governance** based investment is an investment approach which takes explicit account of the environmental, social and corporate governance aspects of all proposed investments. **Information Ratio** is the portfolio's alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio's benchmark. **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. **Price/book** compares a stock's market value to the book value per share of total assets less total liabilities. This number is used to judge whether a stock is undervalued or overvalued. Dividend Yield is the ratio between how much a company pays out in dividends each year relative to its share price. **Price/cash flow** is a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's per-share stock price by the per-share operating cash flow. **Price/earnings (P/E)** is the price of a stock divided by its earnings per share. 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. **Portfolio turnover** is a measure of how frequently assets within a fund are bought and sold by the managers. Portfolio turnover is calculated by taking either the total amount of new securities purchased or the amount of securities sold – whichever is less – over a particular period, divided by the total net asset value of the fund. **Return on equity (ROE)** is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Tracking error** is the standard deviation of the difference between the returns of an investment and its benchmark. The **Sharpe Ratio** determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Upside Capture Ratio** is a statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. The **Weighted Median Market Capitalization** is the point at which half of the market value of a portfolio or index is invested in stocks with a greater market capitalization, and consequently the other half of the market value is invested in stocks with a lower market capitalization.

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