

# High Conviction U.S. Equity Investing

## ISIN CODES

### MS INVF US Growth Fund

Class I	LU0042381250
Class Z	LU0360477805
Class A	LU0073232471

### MS INVF US Advantage Fund

Class I	LU0225741247
Class Z	LU0360484686
Class A	LU0225737302

“We believe the long-term ownership of unique companies whose market value can increase significantly for underlying fundamental reasons is a strong foundation for successful investing” says Dennis Lynch, head of Counterpoint Global.<sup>1</sup>

The *MS INVF US Growth* and *MS INVF US Advantage Funds* are U.S. large cap equity funds managed by Counterpoint Global. They share a common philosophy and process, but are distinct in the types of companies owned, resulting in different return profiles.

## Shared attributes

### COMPANIES WITH SUSTAINABLE COMPETITIVE ADVANTAGES

The investment team looks for unique companies with sustainable competitive advantages and the potential to redeploy capital at attractive rates of return.

### LONG TERM OWNERSHIP MINDSET

The team focuses on End Game—each business' long term market cap potential—rather than short-term events.

### UNIQUE PERSPECTIVE

The team gains unique perspective in managing assets across the market cap spectrum and globally, to understand competitive dynamics more completely in an effort to identify the best positioned companies early.

### DIFFERENTIATED PILLARS OF RESEARCH

Fundamental analysis is combined with disruptive change research to identify companies that can benefit from disruption or are relatively insulated from it. Environmental Social and Governance (ESG) research focuses on corporate approach, commitment, and impact on enterprise value creation.

## Key distinctions

As of 31 December 2022

	US Growth	US Advantage
<b>PROCESS DISTINCTIONS</b>		
<b>Types of companies</b>	Established and emerging businesses	Established businesses
<b>Source of company uniqueness</b>	Switching costs, network effects, brands, efficient scale and intellectual property	Switching costs, network effects, brands and efficient scale
<b>OUTPUT DISTINCTIONS</b>		
<b>Number of holdings</b>	40	29
<b>Overlap<sup>2</sup></b>	67% (18 common holdings)	
<b>Volatility<sup>3</sup></b>	<ul style="list-style-type: none"> <li>Beta of 1.18</li> <li>Std. dev of 37.14</li> </ul>	<ul style="list-style-type: none"> <li>Beta of 1.07</li> <li>Std. dev of 32.62</li> </ul>
<b>Active share<sup>3</sup></b>	99%	96%
<b>Upside capture<sup>3</sup></b>	87%	58%
<b>Downside capture<sup>3</sup></b>	119%	109%

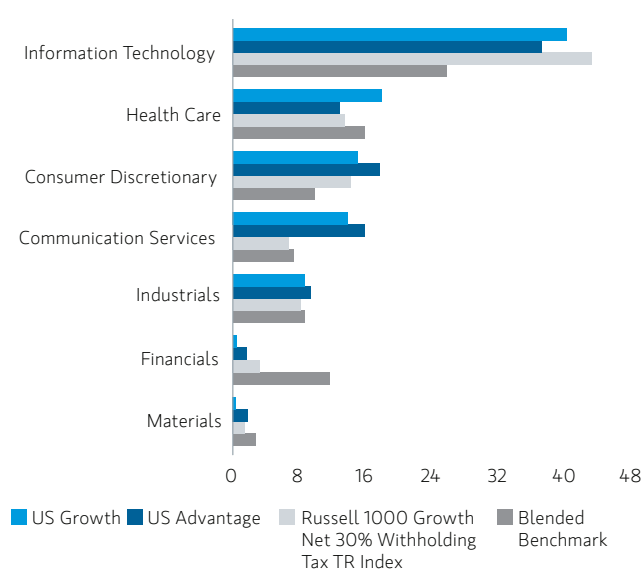
## Top holdings

As of 31 December 2022

	US Growth (%)	US Advantage (%)
Snowflake	8.07	7.33
Royalty Pharma	7.18	6.91
Uber Technologies	6.59	7.13
Shopify	6.17	5.57
The Trade Desk	6.07	5.53
Cloudflare	5.90	5.25
Bill.com	5.30	–
Datadog	4.66	4.40
Roblox	4.41	–
Doordash	4.34	–
ASML Holding	–	6.49
Amazon.com	–	4.53
ZoomInfo Technologies	–	4.09
<b>% OF PORTFOLIO IN TOP 10 HOLDINGS</b>	<b>58.69</b>	<b>57.23</b>

## Sector breakdown

As of 31 December 2022



The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.

Source: FactSet Research Systems Inc., Morgan Stanley Investment Management. Subject to change daily. Sector breakdown may not sum to 100%. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or in the sectors shown above.

## Long-term track records (As of 31 December 2022)

### US Growth Fund (Class I)

Past performance is no guarantee of future results.

	PERCENTILE RANK	RANK/TOTAL IN CATEGORY	ANNUALIZED RETURN (%)		
			FUND	INDEX <sup>4</sup>	EXCESS RETURN
1 Year	100	872/878	-60.29	-29.34	-30.95
3 Year	96	672/698	-4.23	7.50	-11.73
5 Year	93	536/563	2.56	10.61	-8.05
10 Year	58	191/323	10.87	13.66	-2.79
SI(01/08/1992)	45	17/33	8.70	9.08	-0.38

### CALENDAR YEAR RETURNS (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-60.29	1.88	117.14	22.32	5.58	44.14	-2.40	11.38	7.01	47.49
Index <sup>4</sup>	-29.34	27.32	38.08	35.88	-1.89	29.67	6.56	5.19	12.54	32.83

Morningstar rankings are based on total returns. Both funds are part of the Large Growth Morningstar Category.

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.

Applications for shares in the Fund should not be made without first consulting the current Prospectus and the Key Information Document ("KID") or Key Investor Information Document ("KIID"), which are available in English and in the official language of your local jurisdiction at [morganstanleyinvestmentfunds.com](http://morganstanleyinvestmentfunds.com) or free of charge from the Registered Office of Morgan Stanley Investment Funds, European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192.

Information in relation to sustainability aspects of the Fund and the summary of investor rights is available at the aforementioned website.

If the management company of the relevant Fund decides to terminate its arrangement for marketing that Fund in any EEA country where it is registered for sale, it will do so in accordance with the relevant UCITS rules.

<sup>1</sup> The view and opinions are those of the portfolio manager as of 31 December 2022 and are subject to change at any time due to market or economic conditions and may not necessarily come to pass.

<sup>2</sup> Method for calculating overlap percentage: For each common holding, the smaller percentage allocation among the portfolios is considered overlap. These percentages of each holding overall are then summed to arrive at the total overlap between portfolios.

<sup>3</sup> **Active Share** is the fraction of the portfolio or fund that is invested differently than its benchmark as of the last day of the reporting period. A portfolio with a high degree of Active Share does not assure a fund's relative outperformance. 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. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Upside/downside market capture** measures annualized performance in up/down markets relative to the market benchmark.

Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Performance for one year or more is based on average annual total returns. The returns are reported for Class I shares. Performance for other share classes will vary.

<sup>4</sup> 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<sup>®</sup> Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000<sup>®</sup> 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.

<sup>5</sup> 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.

The **Standard & Poor's 500<sup>®</sup> Index (S&P 500<sup>®</sup>)** 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.

**Morningstar:** Rankings as of 31 December 2022. **Rankings:** The percentile rankings are based on the average annual total returns for the periods stated and do not include any sales charges, but do include reinvestment of dividends and capital

### US Advantage Fund (Class I)

Past performance is no guarantee of future results.

	PERCENTILE RANK	RANK/TOTAL IN CATEGORY	ANNUALIZED RETURN (%)		
			FUND	INDEX <sup>5</sup>	EXCESS RETURN
1 Year	98	838/878	-54.65	-18.11	-36.54
3 Year	97	683/698	-8.07	7.66	-15.73
5 Year	97	553/563	-0.01	9.42	-9.43
10 Year	89	299/323	8.37	12.56	-4.19
SI(01/12/2005)	47	94/175	7.49	8.97	-1.48

### CALENDAR YEAR RETURNS (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-54.65	-3.18	76.93	26.49	1.71	32.12	2.28	11.53	8.86	36.26
Index <sup>5</sup>	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39

gains and Rule 12b-1 fees. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1.

The **Europe/Asia and South Africa category (EAA)** includes funds domiciled in European markets, major cross-border Asian markets where material numbers of European UCITS funds are available (principally Hong Kong, Singapore and Taiwan), South Africa, and selected other Asian and African markets where Morningstar believes it is of benefit to investors for the funds to be included in the EAA classification system.

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### 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.
- Sustainability factors can pose risks to investments, for example: impact asset values, increased operational costs.
- 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.

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