

Morgan Stanley

INVESTMENT MANAGEMENT

# City of Fort Pierce Retirement and Benefit System

May 18, 2017

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1767261 Exp. 4/30/2018



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SECTION 1

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# City of Fort Pierce Retirement and Benefit System

## City of Fort Pierce Retirement and Benefit System

Data as of March 31, 2017

Inception Date: June 30, 1997

Original Investment	\$1,869,957.00
+Contributions	\$ -
-Withdrawals	(\$3,741,548.00)
+Income Distribution	\$213,066.83
+Capital Gains	\$1,320,962.27
+/- Market Appreciation/(Depreciation)	\$1,490,555.59
<b>Market Value</b>	<b>\$1,152,993.69</b>

Past performance should not be construed as a guarantee of future performance. Performance returns reflect the average annual rates of return. Periods less than 1 year are not annualized. The Morgan Stanley Institutional Fund Emerging Markets Portfolio Class A shares investment returns are NET of custody as well as investment management fees and include the reinvestment of all dividends and income. The Emerging Markets Portfolio is quoted in USD. Investment returns and principal value will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost. Comparisons of performance assume the reinvestment of all dividends and income.

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SECTION 2

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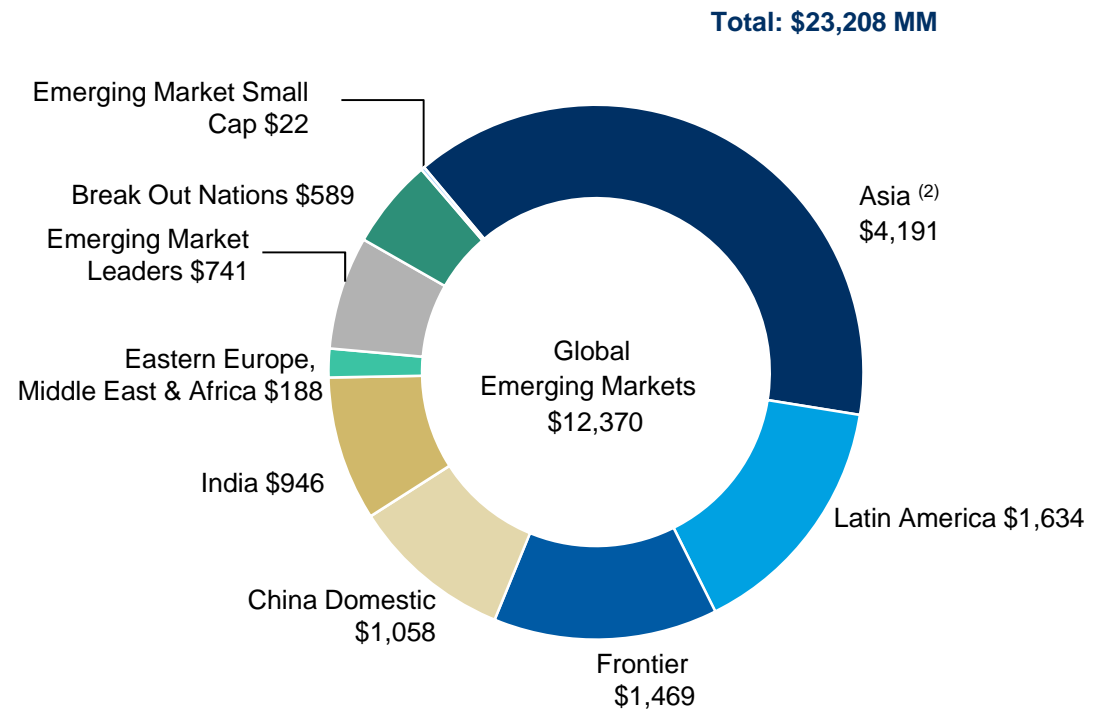
# Investment Team

## MSIM Emerging Market Flagship Strategies

- Pioneers in Emerging Markets investing since 1986—before the creation of the MSCI EM Index
- 25-year track record investing in core Emerging Markets Equity portfolio
- Investment team interests aligned with our clients as we invest in our own strategy
- Careful monitoring of MSCI EM free float, remaining below 1% the total MSCI EM Free Float market cap

### Assets Under Management <sup>(1)</sup> (MM)

As of March 31, 2017



Source: Morgan Stanley Investment Management

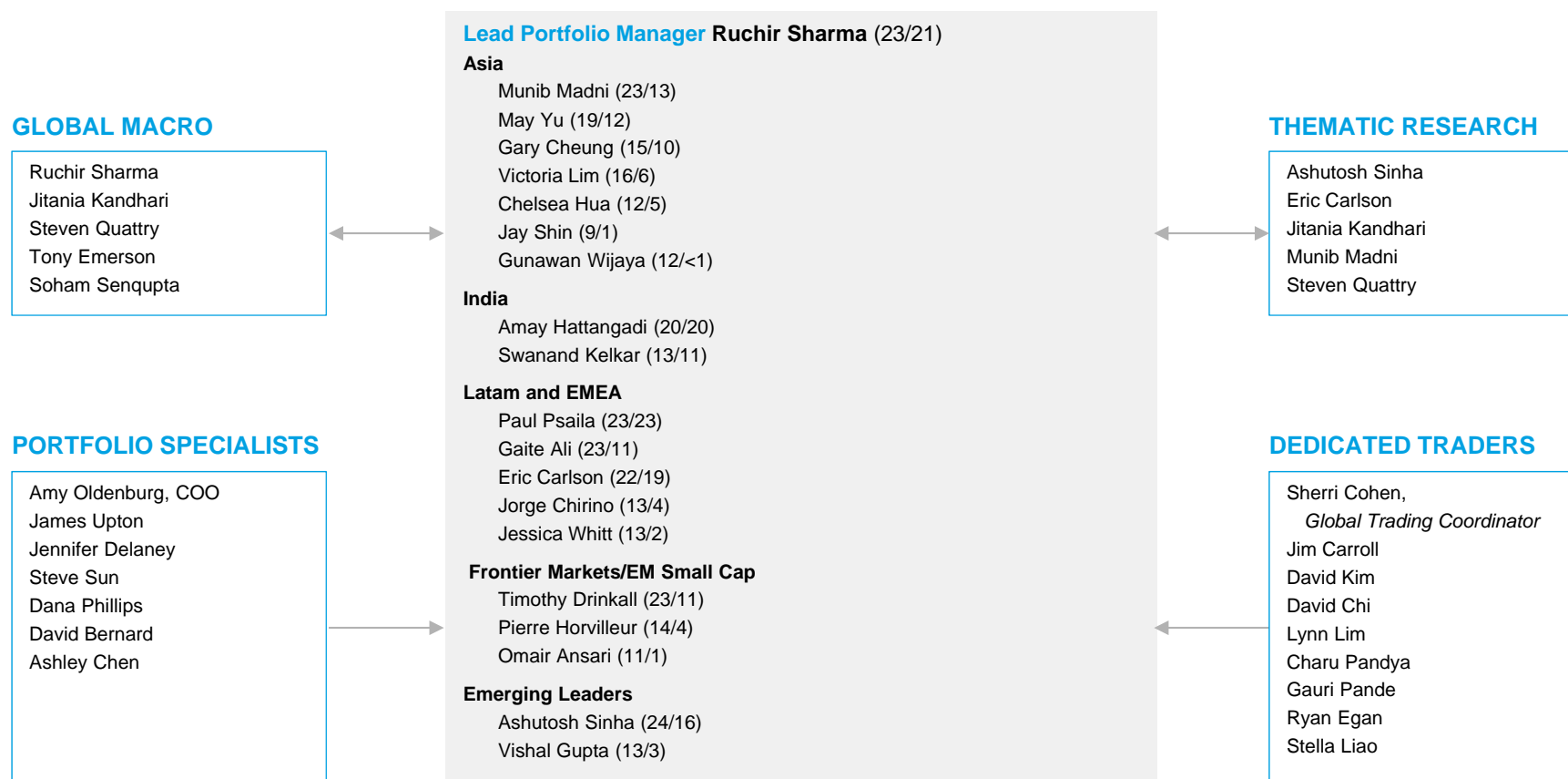
1. Assets are presented in millions of US dollars. The figure includes assets managed globally under these strategies within a number of separate products, jurisdictions and mandates.

2. Includes developed Asia as defined by MSCI.

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

# Our Investment Team

## EMERGING MARKETS TEAM



Source: Morgan Stanley Investment Management. (#) Years of investment experience as of 2017/ Number of Years with the Team, including previous tenure with the firm. Team members may change from time to time.

## Team Dynamics

Investment team, traders and portfolio specialists with main offices in:

- New York
- Mumbai
- Singapore
- Hong Kong



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

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SECTION 3

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## **Performance Review and Portfolio Positions**

# City of Fort Pierce Retirement and Benefit System

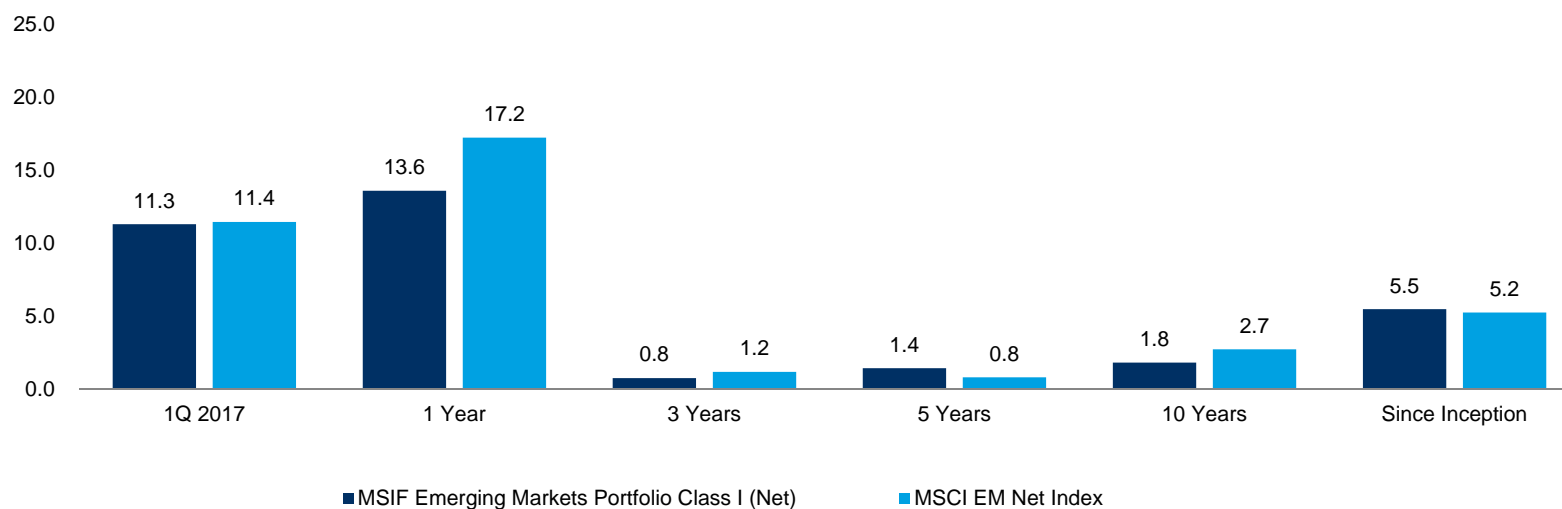
## MSIF Emerging Markets Portfolio, Class I

Market Value as of March 31, 2017: \$1,152,993.69

### Performance Returns (% net of fees) as of March 31, 2017

The inception date of City of Fort Pierce is June 30, 1997

(%)



ALPHA (%)	1Q 2017	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION
vs. MSCI EM NET INDEX	(0.2)	(3.6)	(0.4)	0.6	(0.9)	0.23

Source: Morgan Stanley Investment Management

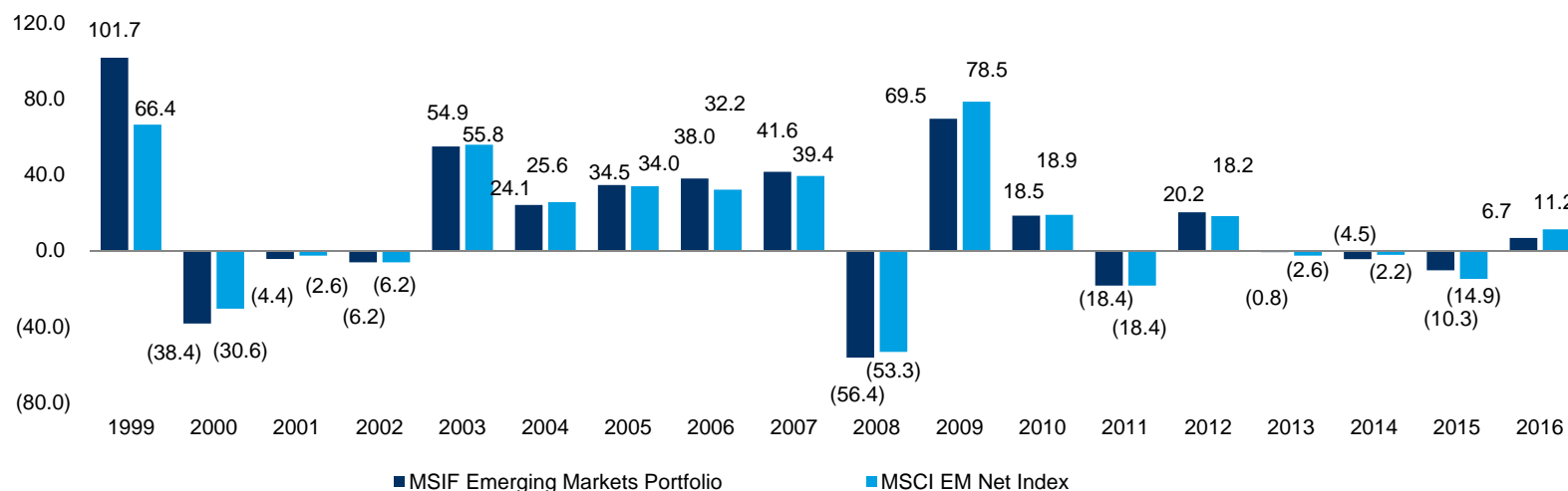
**Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit [morganstanley.com/im](http://morganstanley.com/im) or call 1-800-548-7786. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost. The gross expense ratio is 1.10%. The net expense ratio is 1.05%. Where the net expense is lower than the gross expense ratio, certain fees have been waived and/or reimbursed. The fee waivers and/or expense reimbursements will continue for at least one year from the date of the applicable fund's prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Trustees acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such fee waivers/reimbursements returns would have been lower. Expenses are based on the fund's current prospectus. The minimum initial investment is \$5,000,000. Returns are presented for Class I shares, net of fees and include the reinvestment of all dividends and income. Performance for other shares classes will vary. Class I shares are not subject to sales charges. The MSCI EM Net Index assumes the reinvestment of dividends after the deduction of withholding tax and approximates the minimum possible dividend reinvestment, whereas the MSCI EM Gross Index assumes the maximum possible dividend reinvestment.**

# Emerging Markets Portfolio (cont'd)

## MSIF Emerging Markets Portfolio, Class I

### Performance Returns (% net of fees) as of March 31, 2017

The inception date of the Emerging Markets Portfolio is September 25, 1992 (%)



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Alpha (%)</b>	35.27	(7.79)	(1.80)	0.02	(0.89)	(1.46)	0.54	5.83	2.17	(3.06)	(8.97)	(0.39)	0.01	1.97	1.80	(2.28)	4.59	(4.46)

Source: Morgan Stanley Investment Management

**Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit [morganstanley.com/im](http://morganstanley.com/im) or call 1-800-548-7786. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost. The gross expense ratio is 1.10%. The net expense ratio is 1.05%. Where the net expense is lower than the gross expense ratio, certain fees have been waived and/or reimbursed. The fee waivers and/or expense reimbursements will continue for at least one year from the date of the applicable fund's prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Trustees acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such fee waivers/reimbursements returns would have been lower. Expenses are based on the fund's current prospectus. The minimum initial investment is \$5,000,000. Returns are presented for Class I shares, net of fees and include the reinvestment of all dividends and income. Performance for other shares classes will vary. Class I shares are not subject to sales charges. The MSCI EM Net Index assumes the reinvestment of dividends after the deduction of withholding tax and approximates the minimum possible dividend reinvestment, whereas the MSCI EM Gross Index assumes the maximum possible dividend reinvestment. Please see slide 15 for standardized returns.**

## Key Attribution Factors

### Morgan Stanley Emerging Markets Equity

#### First Quarter 2017

##### WHAT WORKED:

Russia - underweight allocation and stock selection

South Africa - stock selection and underweight allocation

India - stock selection

##### WHAT DID NOT WORK:

Korea - stock selection and underweight allocation

Philippines – stock selection and overweight allocation

Pakistan – stock selection

Brazil – stock selection

#### One Year ending March 31, 2017

##### WHAT WORKED:

Malaysia – underweight allocation

India – stock selection

China – stock selection

##### WHAT DID NOT WORK:

Brazil – stock selection

Korea - stock selection and underweight allocation

Taiwan - stock selection and underweight allocation

Indonesia – stock selection and overweight allocation

Philippines – overweight allocation

**Past performance is no guarantee of future results.** Information shown is based on the strategy's representative account. Portfolio holdings and sectors are subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell any securities in the countries shown. Each portfolio may differ due to investment restrictions and guidelines. Thus, individual results may vary.

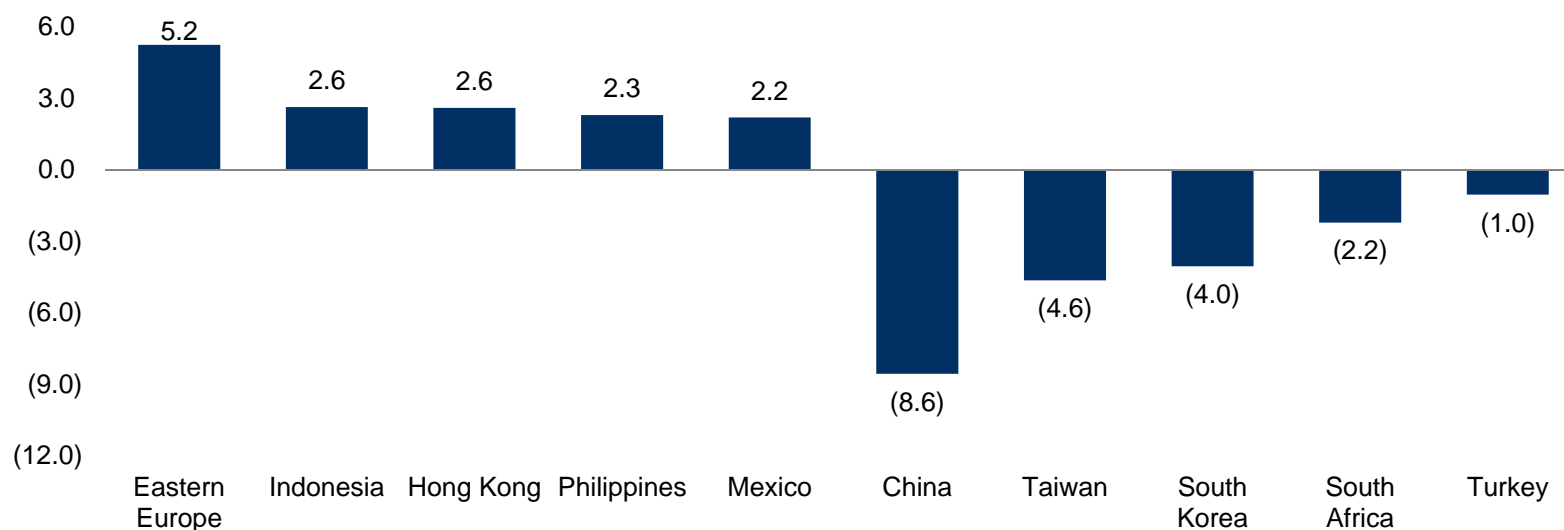
# Active Country Allocation

## MSIF Emerging Markets Portfolio, Class I

### Relative Weightings

Data as of March 31, 2017

(%)



### ABSOLUTE WEIGHTINGS (%)

	Eastern Europe	Indonesia	Hong Kong	Philippines	Mexico	China	Taiwan	South Korea	South Africa	Turkey
<b>MSIF EMERGING MARKETS PORTFOLIO</b>	6.9	5.2	2.8	3.5	5.9	18.2	7.3	11.0	4.4	0.0
<b>MSCI EM NET INDEX</b>	1.7	2.5	0.2	1.2	3.7	26.7	12.0	15.1	6.6	1.0

Source: Morgan Stanley Investment Management

Numbers may not add up to 100% due to rounding. Morgan Stanley Institutional Fund Emerging Markets Portfolio Class I 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.

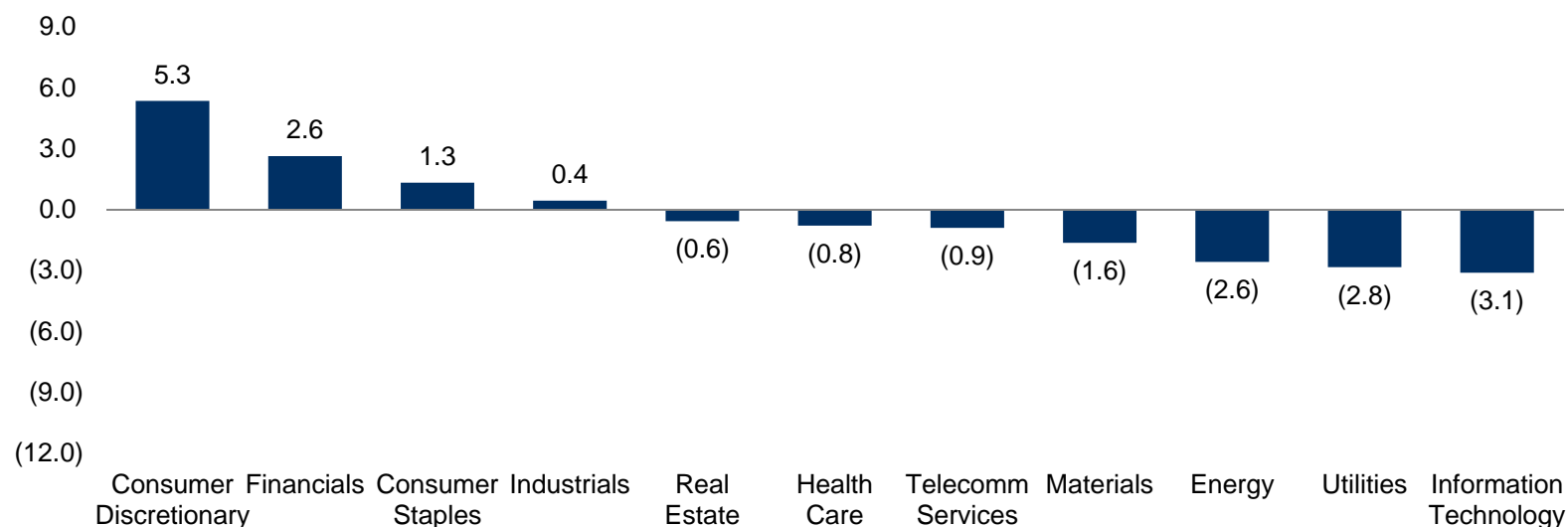
## Sector Allocation

### MSIF Emerging Markets Portfolio, Class I

#### Relative Weightings

Data as of March 31, 2017

(%)



#### ABSOLUTE WEIGHTINGS (%)

#### MSIF EMERGING MARKETS PORTFOLIO

#### MSCI EM NET INDEX

MSIF EMERGING MARKETS PORTFOLIO	15.7	26.7	8.3	6.4	2.0	1.6	4.7	5.8	4.7	0.0	21.4
MSCI EM NET INDEX	10.4	24.1	6.9	5.9	2.6	2.4	5.6	7.5	7.3	2.8	24.5

Source: Morgan Stanley Investment Management

Numbers may not add up to 100% due to rounding. Morgan Stanley Institutional Fund Emerging Markets Portfolio Class I 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 sectors shown above.

# Active Stock Allocations

## MSIF Emerging Markets Portfolio, Class I

Data as of March 31, 2017

SECURITY	COUNTRY	INDUSTRY	MSIF EMERGING MARKETS PORTFOLIO (%)	MSCI EM NET INDEX (%)	ACTIVE WEIGHT (%)
<b>Overweight</b>					
Samsonite International	Hong Kong	Textiles, Apparel & Luxury Goods	1.6	0.0	1.6
Grupo Financiero Banorte	Mexico	Banks	1.9	0.3	1.5
Mercadolibre	Brazil	Internet Software & Services	1.3	0.0	1.3
Bank of China	China	Banks	2.1	0.9	1.2
AIA Group	Hong Kong	Insurance	1.2	0.0	1.2
			<b>8.1</b>	<b>1.2</b>	<b>6.8</b>
<b>Underweight</b>					
Indust & Comm Bank of China	China	Banks	0.0	1.1	(1.1)
Baidu.com	China	Internet Software & Services	0.0	1.1	(1.1)
Naspers	South Africa	Media	0.8	1.7	(0.9)
Housing Development Finance	India	Thriffs & Mortgage Finance	0.0	0.8	(0.8)
Alibaba Group Holding	China	Internet Software & Services	2.0	2.8	(0.8)
			<b>2.8</b>	<b>7.5</b>	<b>(4.6)</b>

Source: Morgan Stanley Investment Management

Morgan Stanley Institutional Fund Emerging Markets Portfolio Class I 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 the securities mentioned or securities in the countries and industries shown above. Each portfolio is actively managed; therefore, the holdings listed may or may not be currently represented in each portfolio. Holdings identified do not represent all securities purchased, sold, or recommended to advisory clients. Investors should not assume that securities identified were or will be profitable. Active Allocation is a method of managing portfolios. This method is commonly contrasted against buy-and-hold investing in which an asset allocation is held for the long-term regardless of changes in the economy or various financial markets.

## Portfolio Characteristics

### MSIF Emerging Markets Portfolio, Class I

Data as of March 31, 2017

Presented in USD Terms

	MSIF EMERGING MARKETS PORTFOLIO (%)	MSCI EMERGING MARKETS NET INDEX
Price/Earnings	16.89	14.46
Price/Cash Flow	8.08	7.13
ROE (%)	16.41	14.08
P/Book	2.19	1.68
<b>Market Capitalization</b>		
Median Market Cap (\$M)	9,062	2,541
>20Bn	42.99%	50.43%
5 – 20Bn	38.54%	37.07%
1 – 5Bn	15.40%	12.49%
<1Bn	0.17%	0.02%
Cash	2.91%	–

Risk / Return Statistics – Three Years as of March 31, 2017

Presented in USD Terms based on gross returns

	MSIF EMERGING MARKETS PORTFOLIO (%)	MSCI EMERGING MARKETS NET INDEX
Tracking Error	4.54	–
Information Ratio	0.18	–
Sharpe Ratio	0.13	0.06
Downside Capture (%)	86.20%	–
Upside Capture (%)	82.15%	–
Standard Deviation	14.14	16.11
Beta	0.85	–
Turnover (1 year %)	37.10%	–
Number of Holdings	126	813

Source: Morgan Stanley Investment Management

Subject to change daily. Morgan Stanley Institutional Fund Emerging Markets Portfolio Class I data was generated from Morgan Stanley's internal accounting records. Past performance is no guarantee of future results. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the or securities in the market capitalizations shown above. MSCI EM Index is shown for comparison purposes only.

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SECTION 4

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# Outlook

# Last Year Value Outperformed Growth

## EM Value Versus Growth



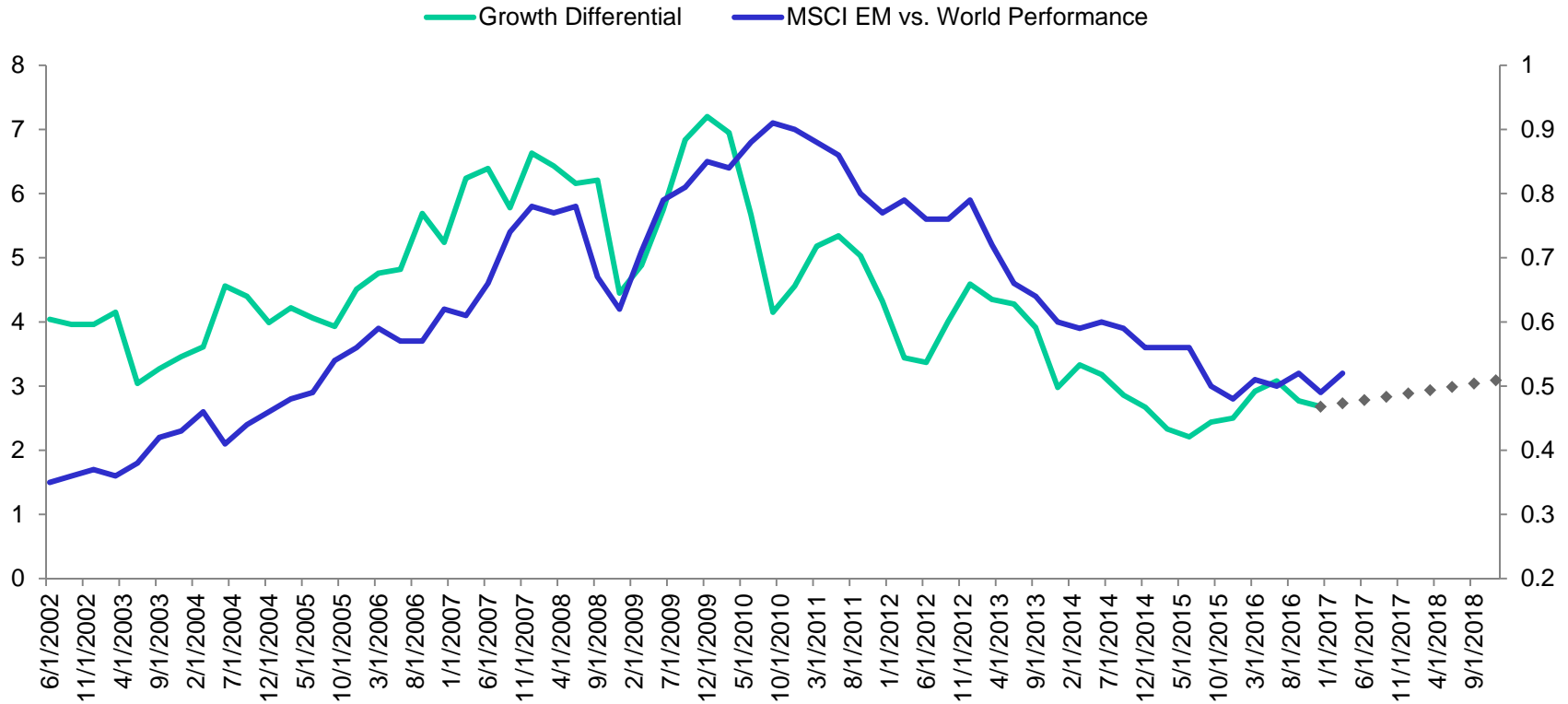
Source: Factset. Data as of Q4-2016 (This Index Performance is Provided for Illustrative Purposes Only and is Not Meant to Depict The Performance of a specific investment. **Past performance is no guarantee of future results.**)

# EM Growth Relative to DM Drives EM Relative Performance

## EM Growth Rate Relative to DM Growth Rate Should Increase

Growth Differential

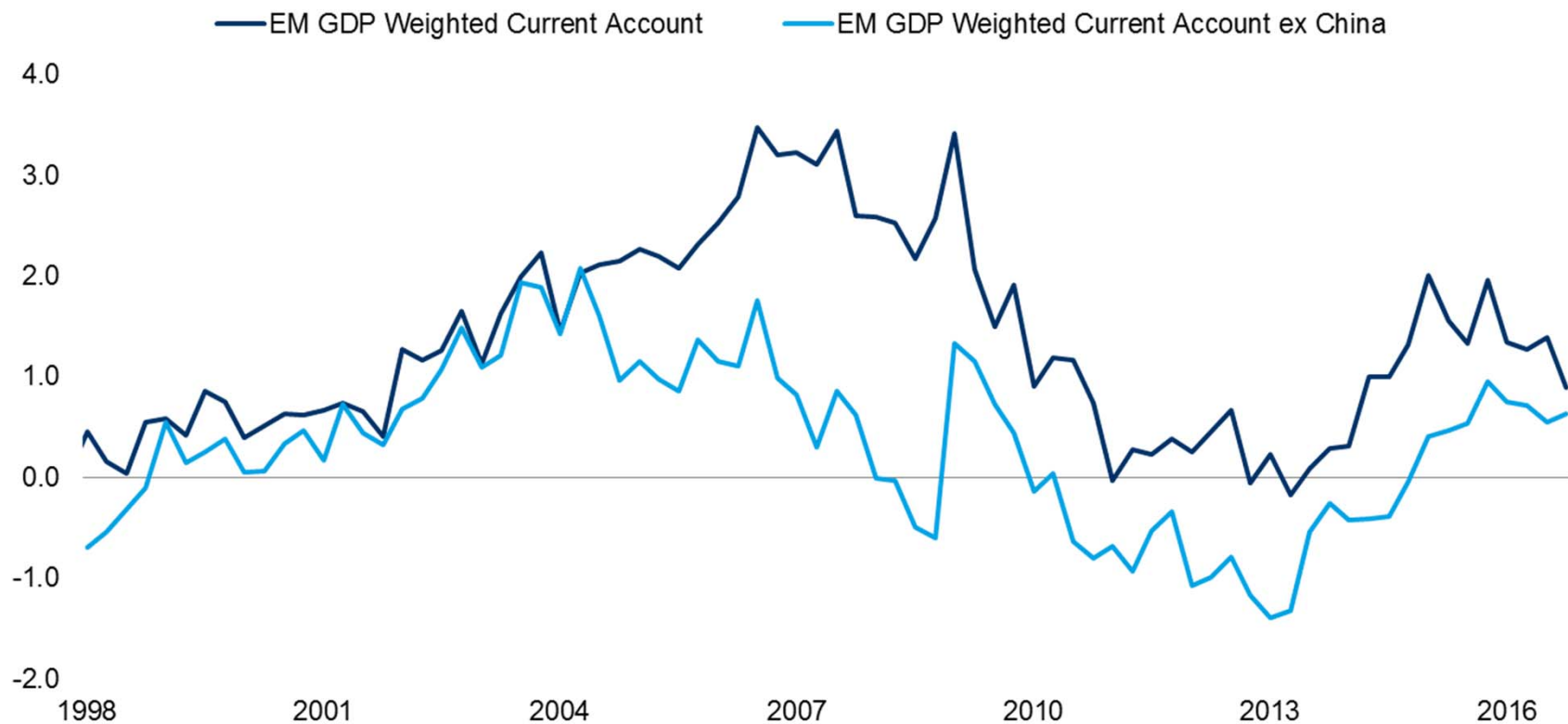
MSCI EM vs. MSCI World Performance



Source: Haver Analytics, Morgan Stanley Investment Management, FactSet as of March 2017. Forecast using Bloomberg Consensus forecasts

## EM Current Account is in Surplus

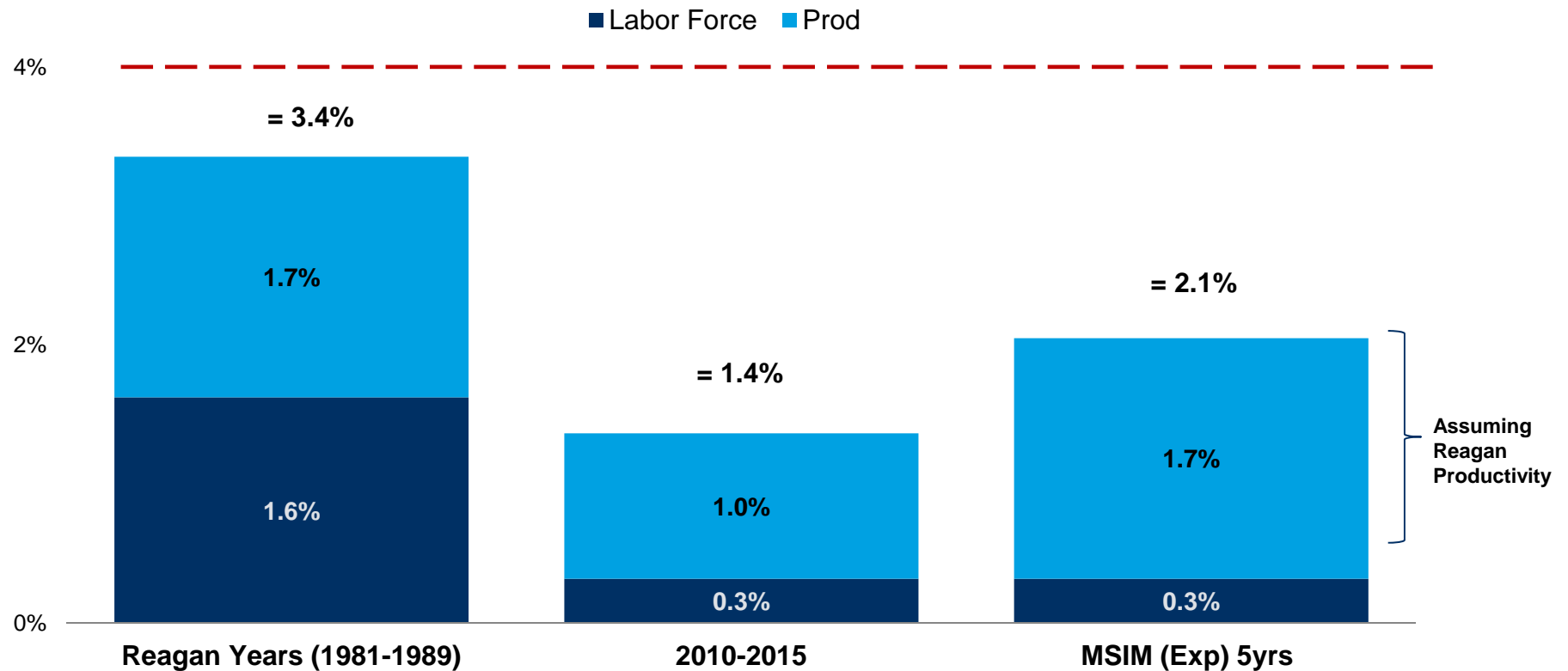
(% of GDP, GDP weighted)



Source: MSIM Emerging Markets calculations using data from Haver/national sources

## Economic Growth Will Likely be Held Back by the Two P's

Trump promises 3.5 percent growth, but population and productivity trends won't allow it  
(%) CAGR

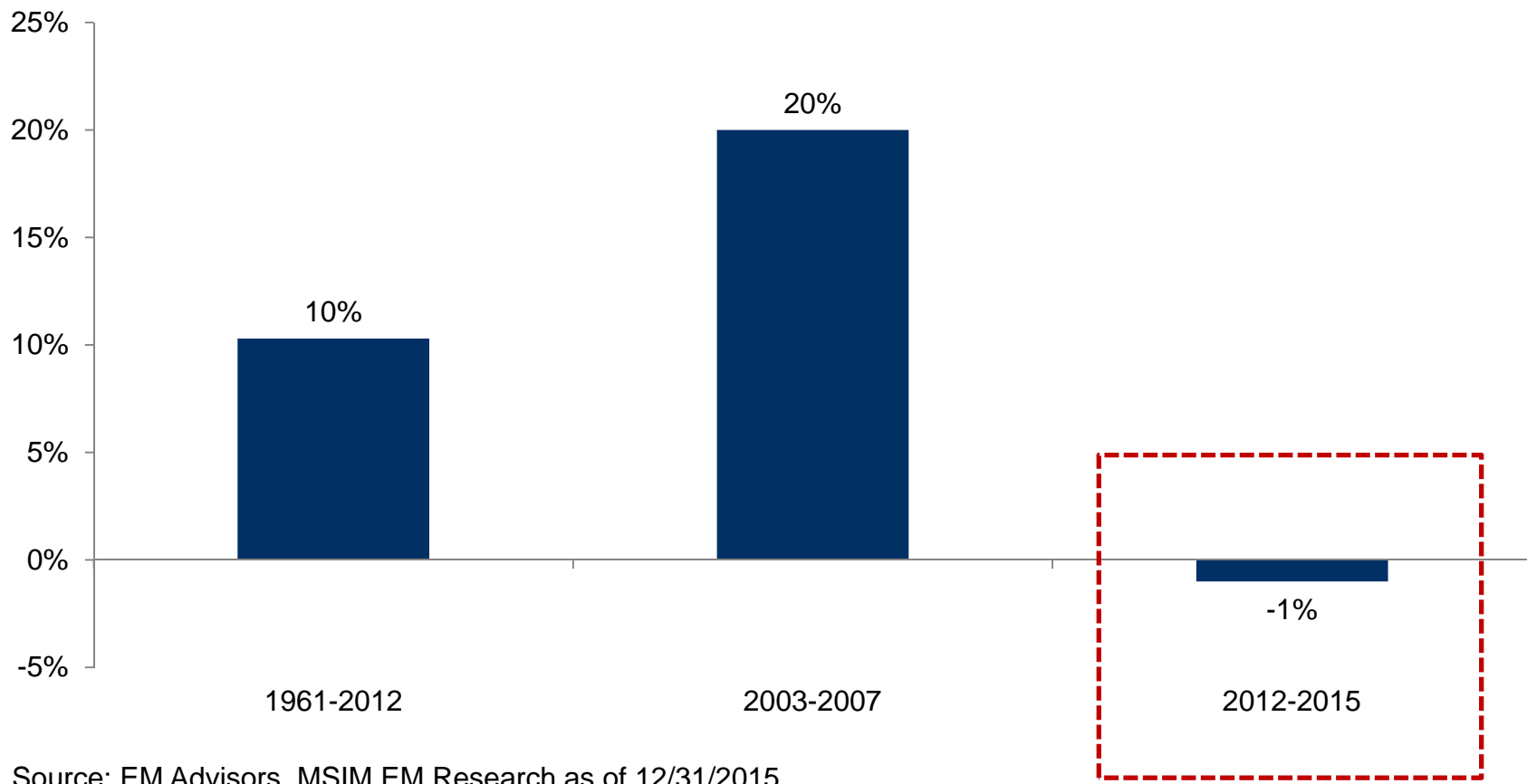


Source: MSIM Calculations. Haver. Data as of Q4-2016 (Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.)

## Now Exporting Your Way to Prosperity is Dead

### Export Growth is Below Long Term Average, and Far Below Boom Period

Average Annual Nominal USD Export Growth for Emerging Markets (GDP Weighted Average)

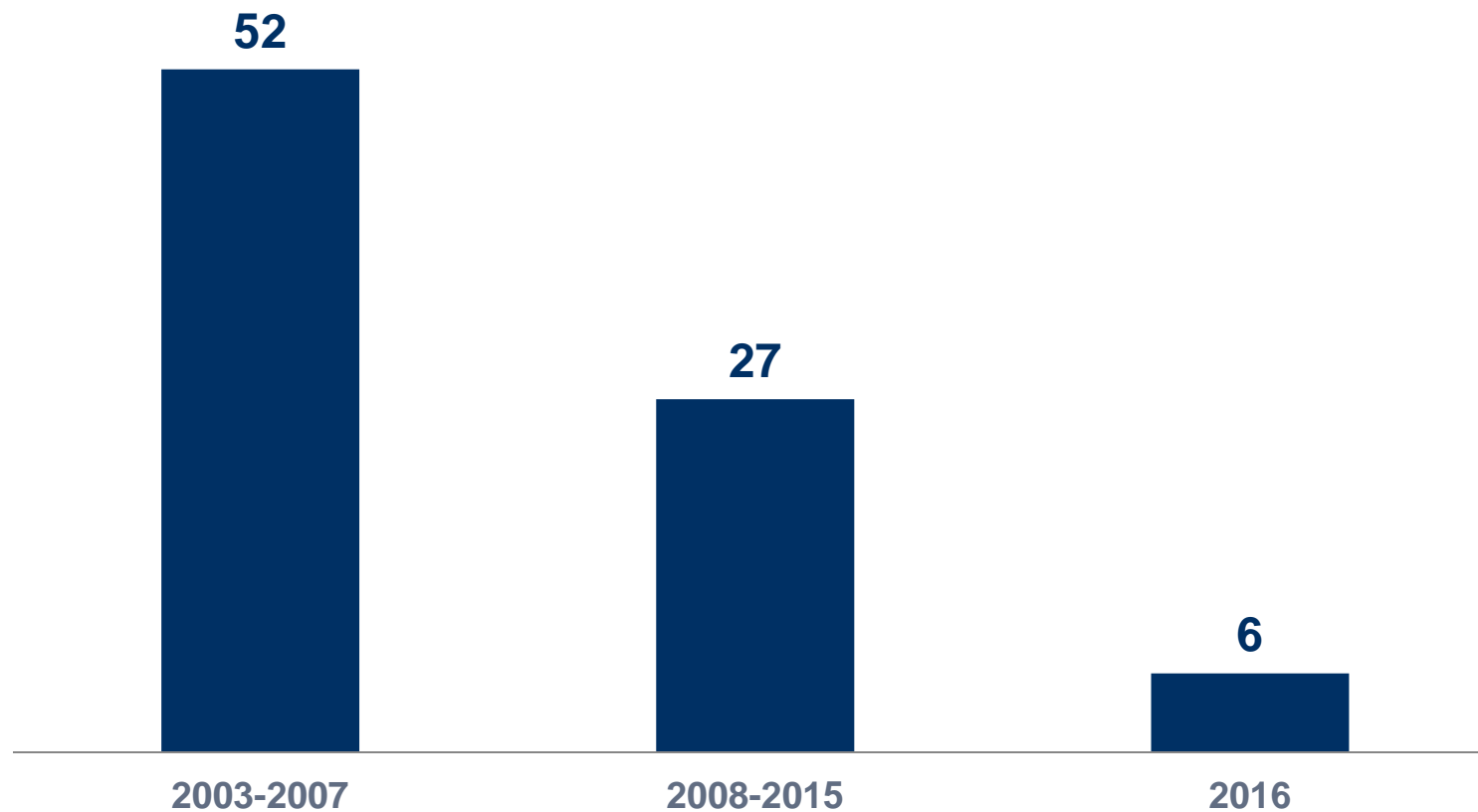


Source: EM Advisors, MSIM EM Research as of 12/31/2015

## Rapid Growth Even More Rare

**Average Number of Countries Growing at 7 percent growth rate.**

Number of countries (out of 188 countries)



Source: MSIM Calculations, IMF, Haver Analytics

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## Investing in Countries Where Domestic Demand Is High

Domestic Demand (% of GDP)

High Domestic Demand  
(% of GDP)

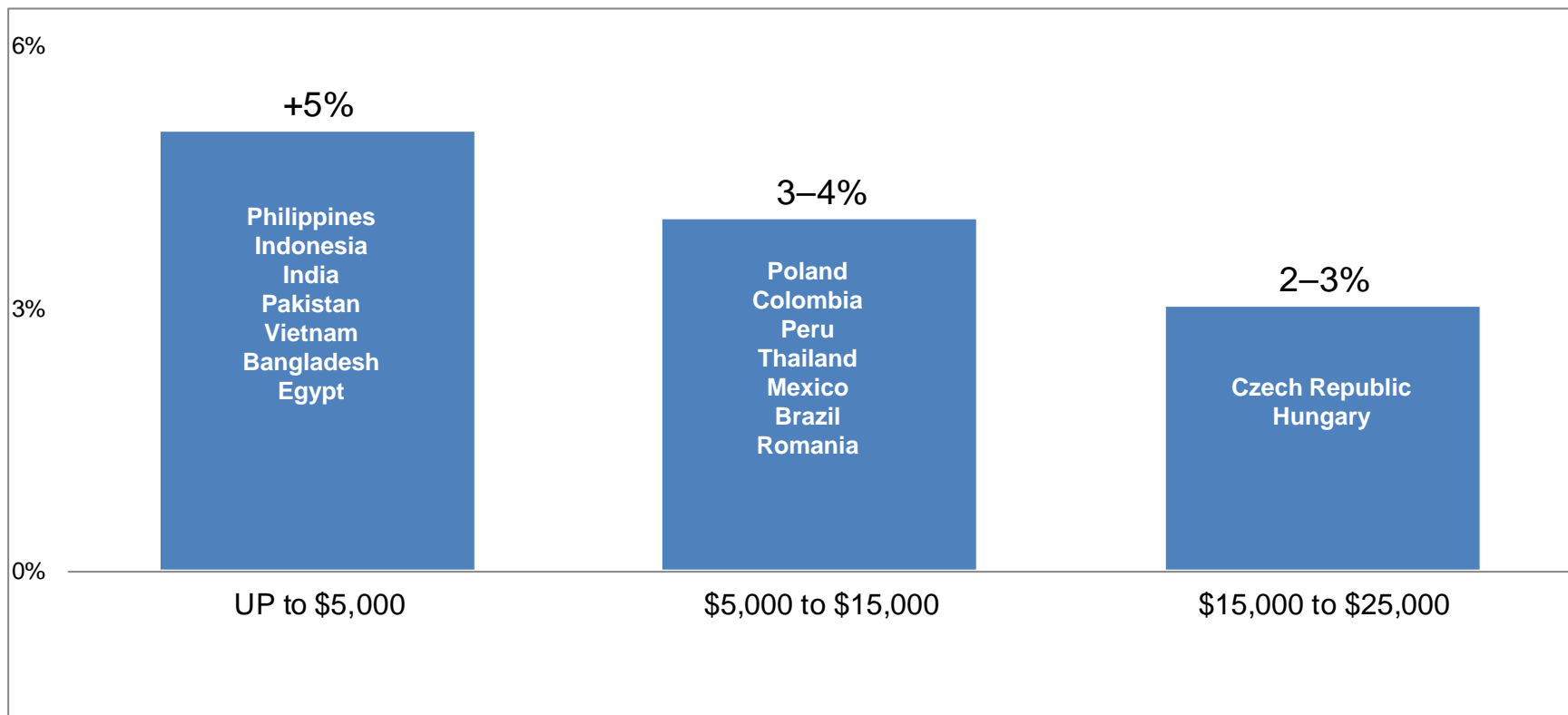
Low Domestic Demand  
(% of GDP)



Source: Haver Analytics. Data as of 1Q-2016. This is provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the countries referenced

# The New Math of Economic Success: Our Favored Emerging Markets

## The New, Reduced Benchmarks for Fast Growth

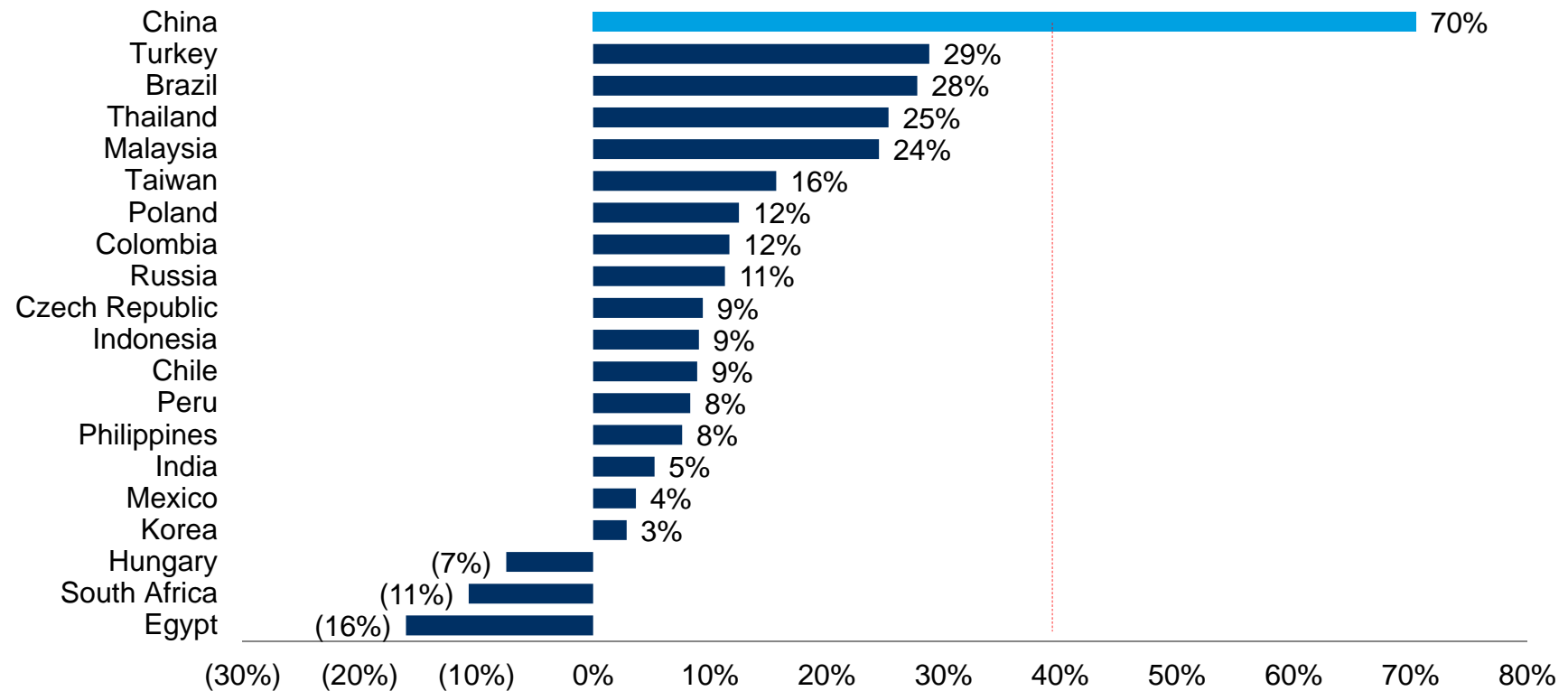


Source: MSIM EM Research, World Bank as of December 2016

## The Debt Rule

### Current: Five Year Change In Credit / GDP (2010 – 2015)

vs. GDP Ratio (%)

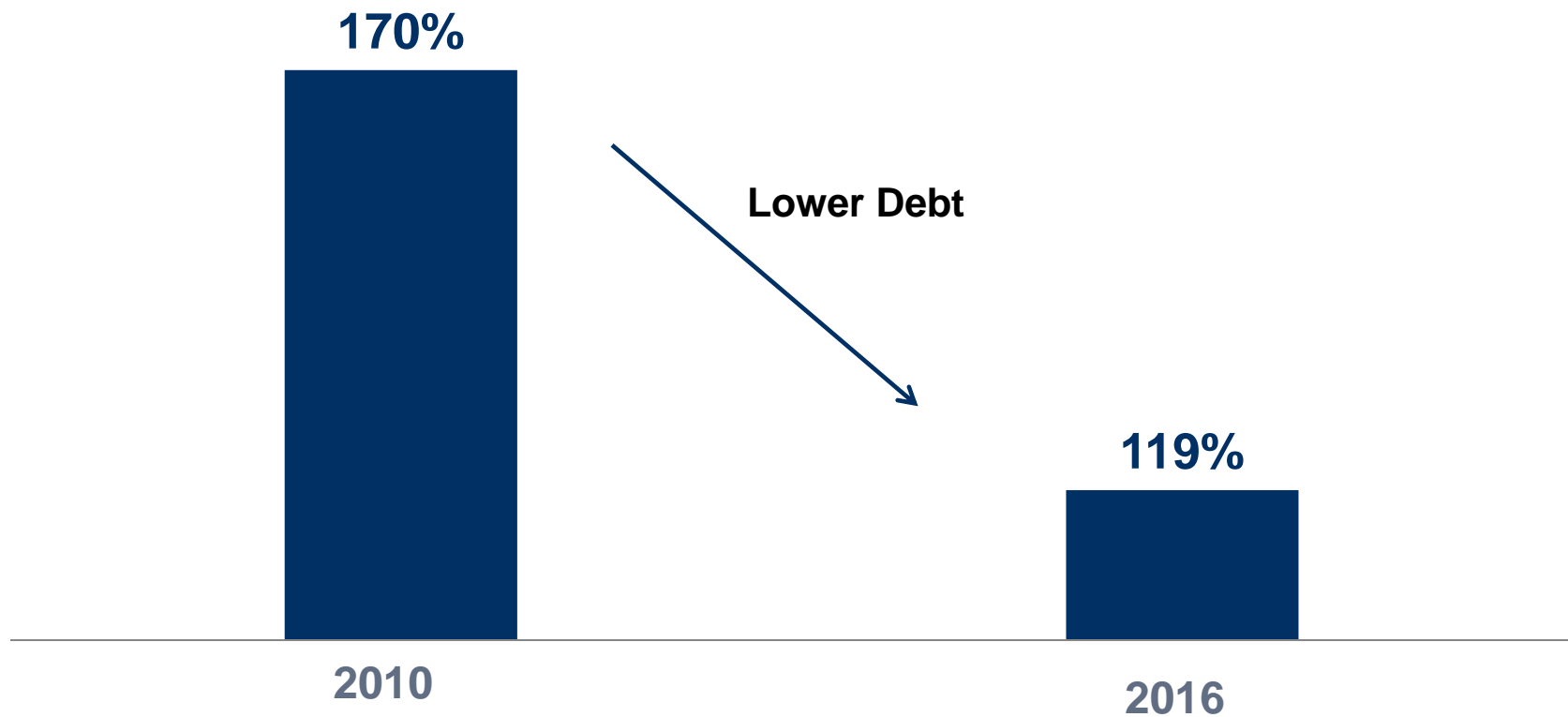


Source: Morgan Stanley Investment Management, Emerging Advisors

## Good News Breaks Where it is Least Expected: Europe

### Could Europe Be The Good News?

Bank Debt as % of GDP (Wholesale, External, and Interbank Debt)

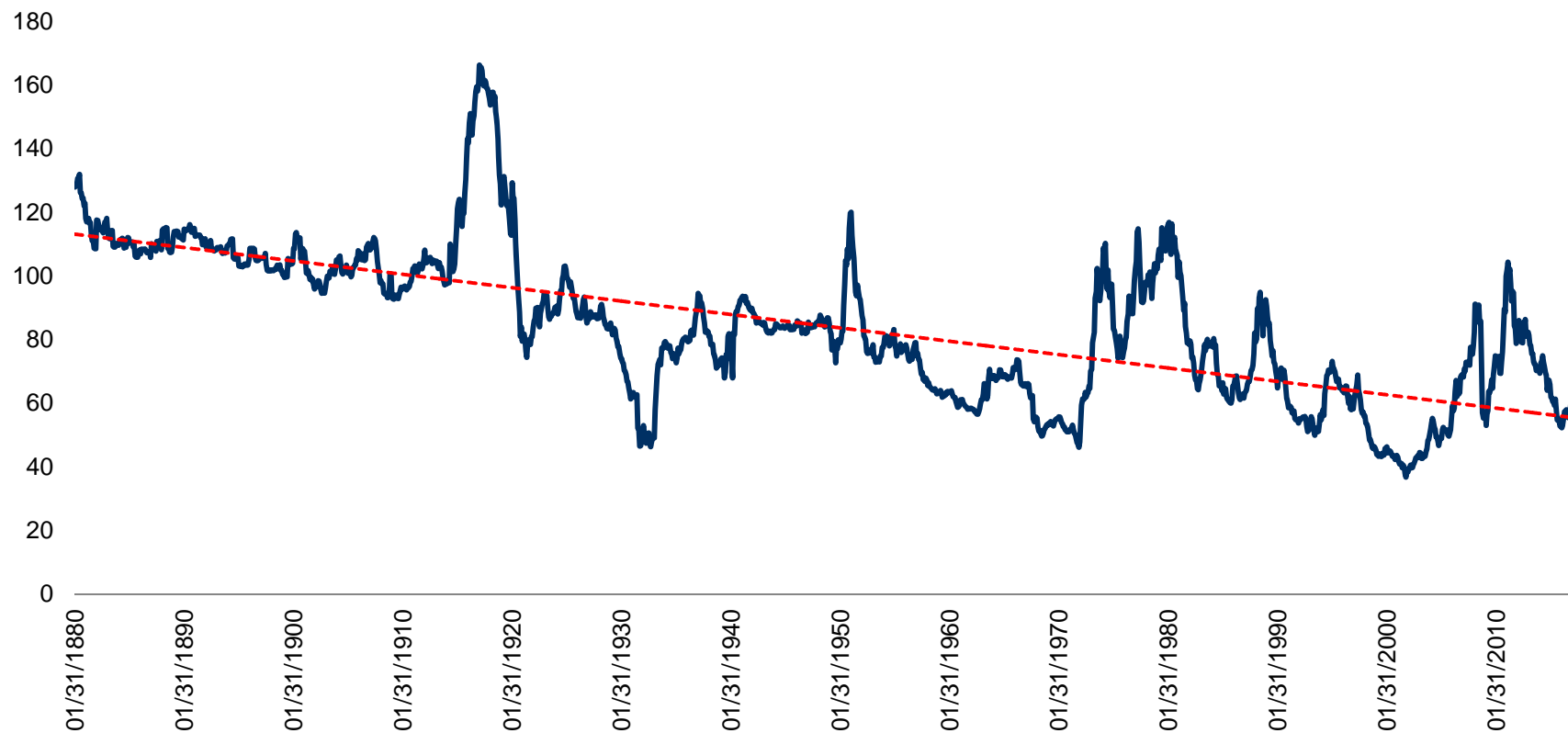


Source: UBS

# Long-Term, Commodity Prices Have Fallen Steadily

## And they are now only slightly above trend

Real Prices: Economist Index

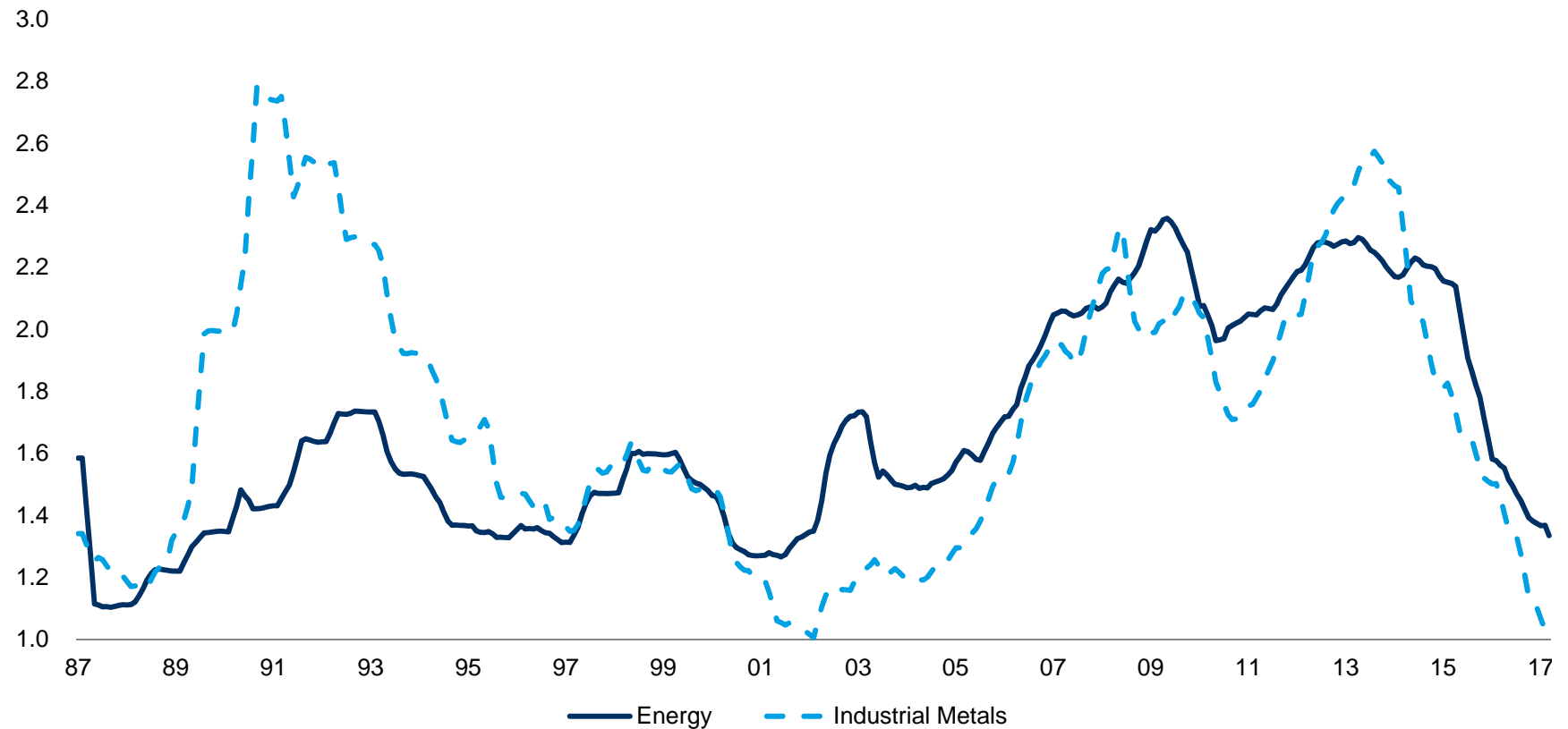


Source: Morgan Stanley Investment Management

## Supply Factors Suggest Some Sectors Will Stay Afloat

Energy and materials: capex discipline suggests there is no coming glut

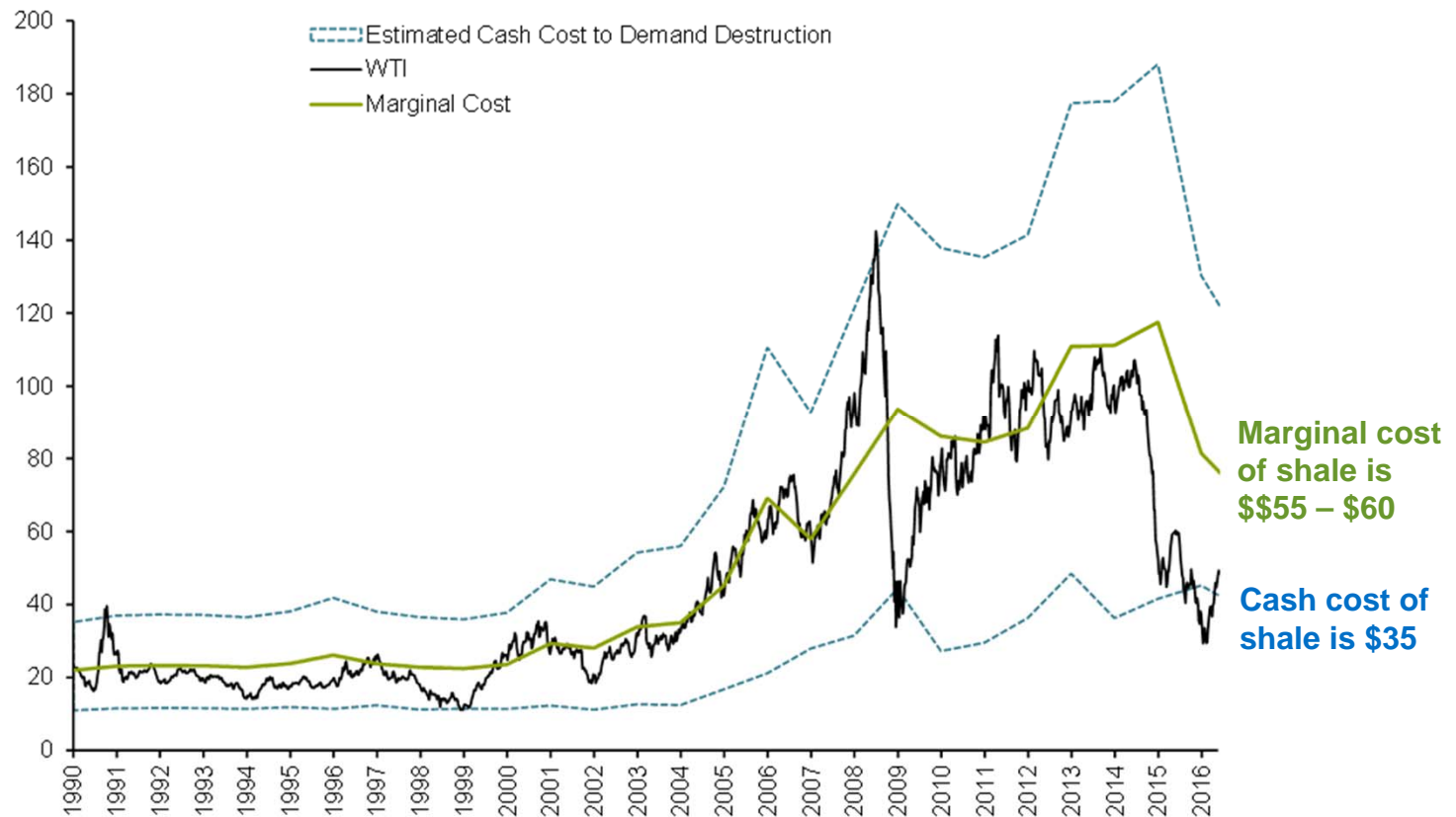
(x) Share of Capex to Depreciation for Global Publicly Traded Stocks



Source: Corporate Reports, Empirical Research Partners Analysis  
1. Smoothed on a trailing three-month basis.

## And If Prices Fall Below \$35, Cash Costs Will Cut Supply

Oil Price  
(\$/bbl)

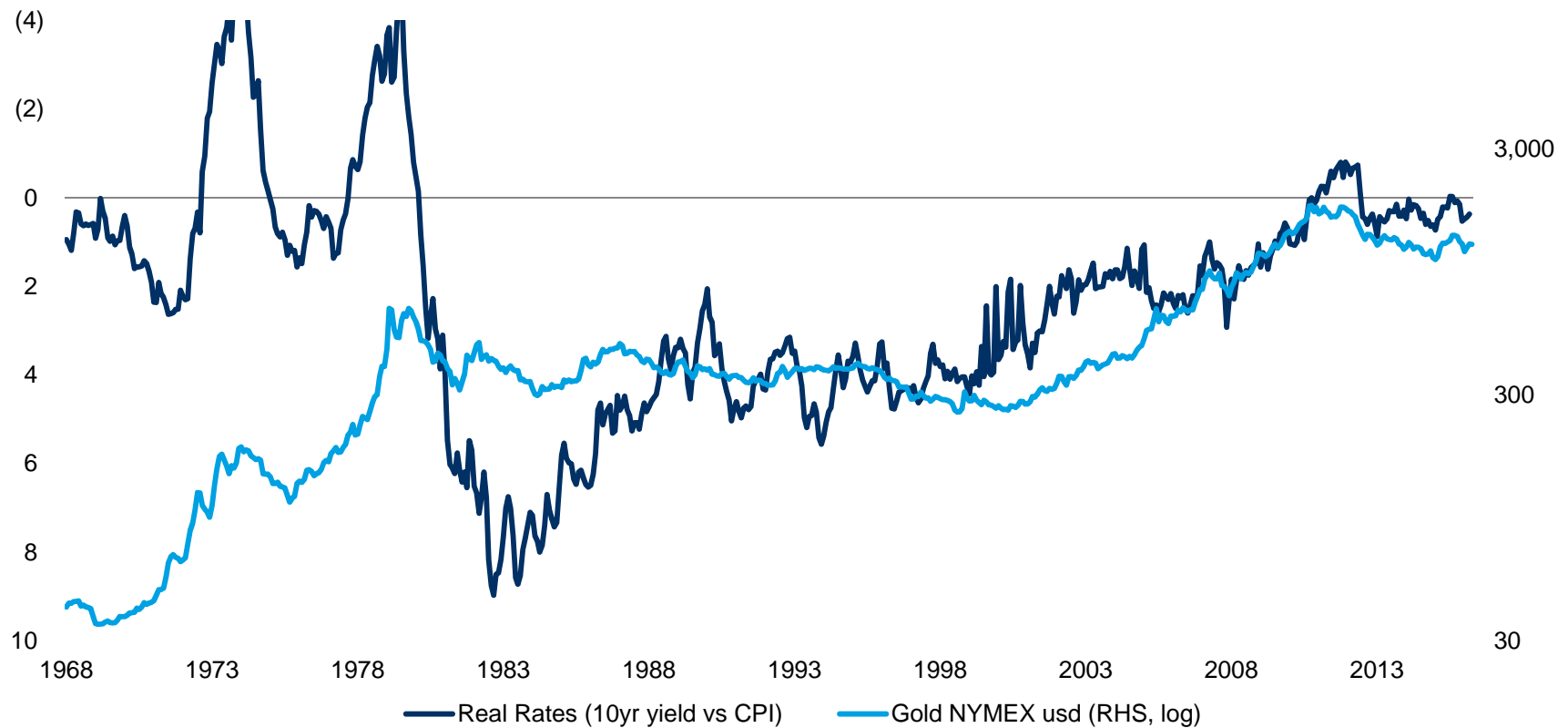


Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

# There Are Commodities With a Brighter Future

Gold: The Key to Gold Prices Is Real Rates, Which Remain Low and Supportive

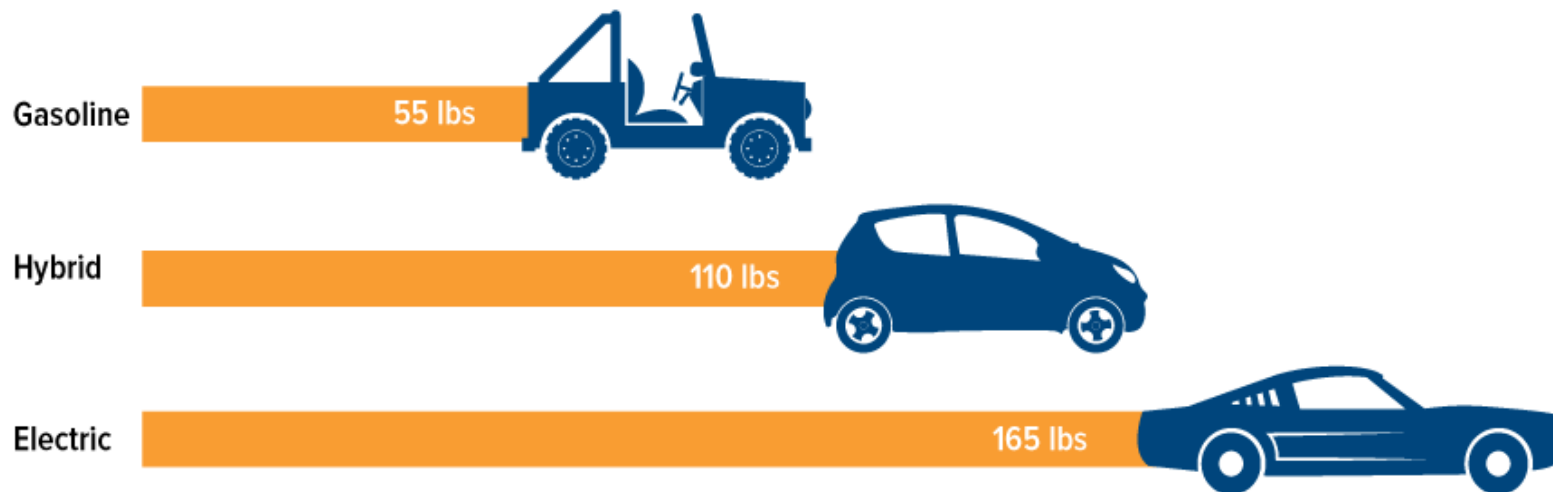
Gold prices and real rates (inverted)



## Copper Could Get a Huge Boost from Green Tech

- Electric vehicles use 3x copper of traditional vehicles
- 200 wind turbines require more copper than 1 coal plant, despite similar energy output
- Decentralized power movement (solar batteries as personal home power plants) require copper
- Interconnected devices (internet of things sensors and devices) all require copper

### Each New Generation of Car Needs More Copper Wiring



Source: Visual Capitalist, U.S. Global Investors, Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

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INVESTMENT MANAGEMENT

SECTION 5

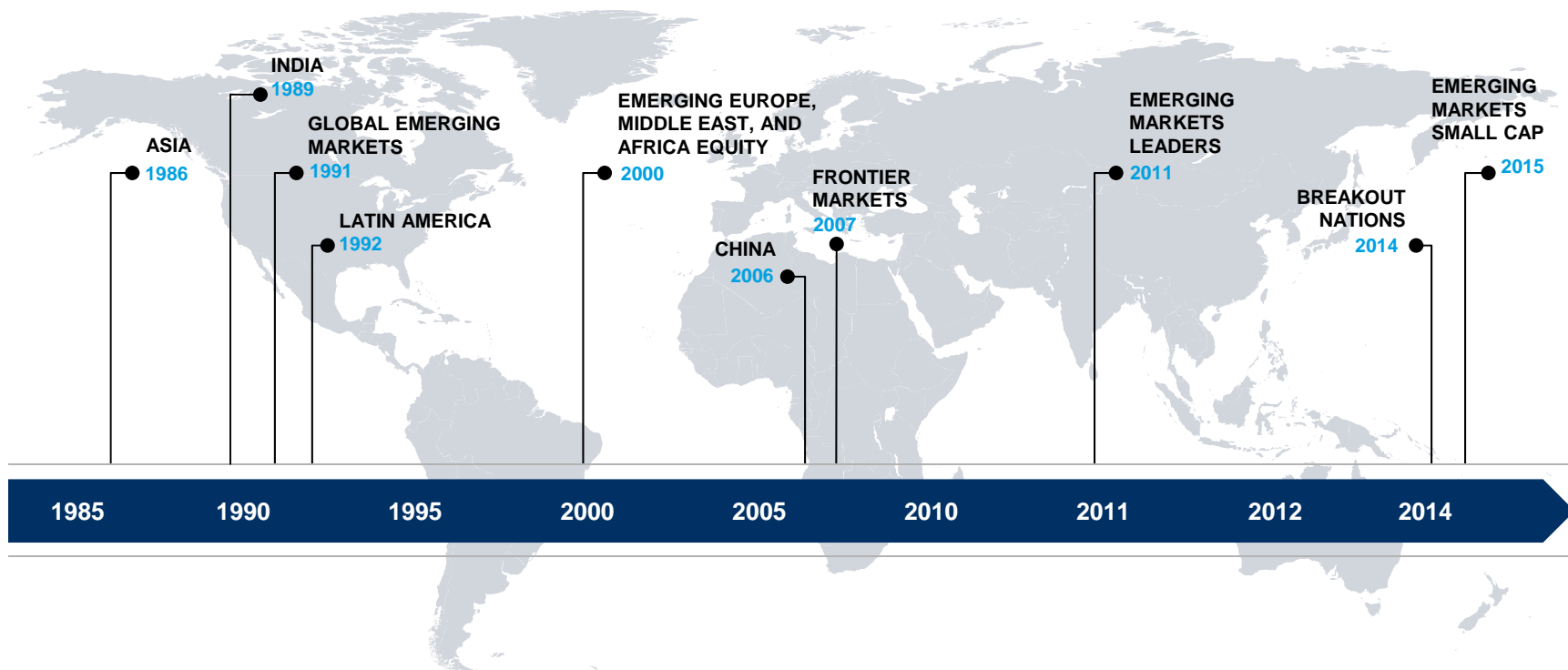
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## **Appendix and Biographies**

# Investment Pioneers in Emerging Markets

## History of Morgan Stanley Investment Management Offerings

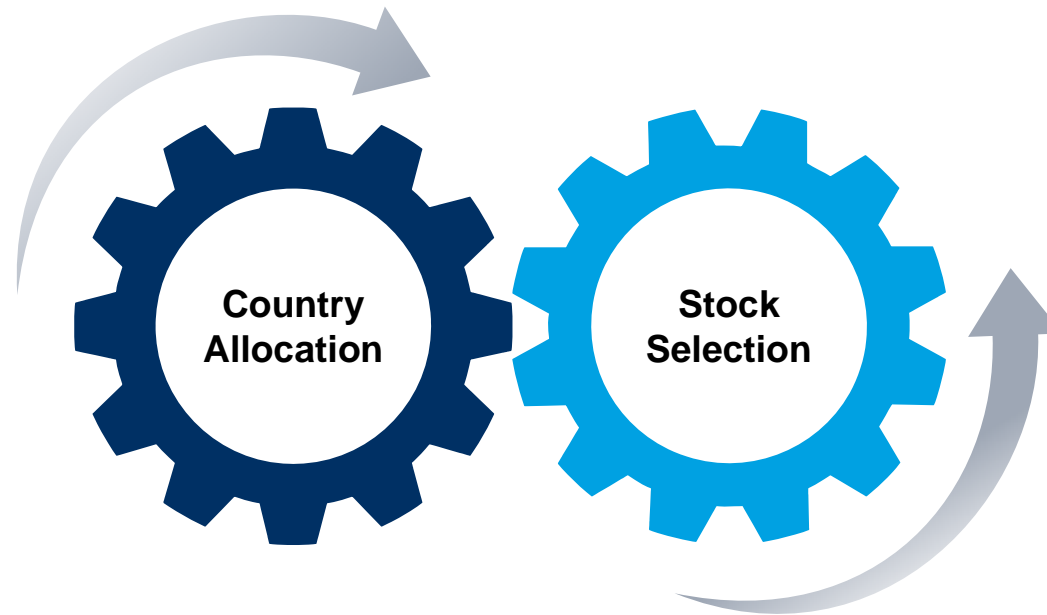
- Pioneers in Emerging Markets investing since 1986



For illustrative purposes only.

## Our Integrated Process

We translate **Macro-thematic Research** and Fundamental **Bottom-up Analysis** into a growth-oriented portfolio



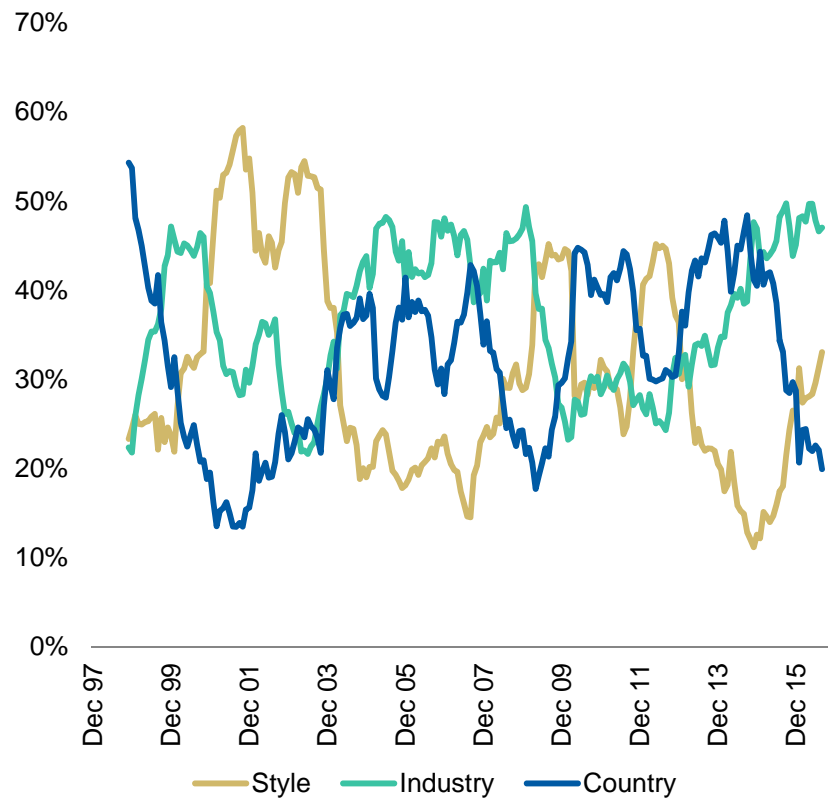
This represents how the portfolio management team generally implements its investment process under normal market conditions.

# Country Effect Dominates in EM

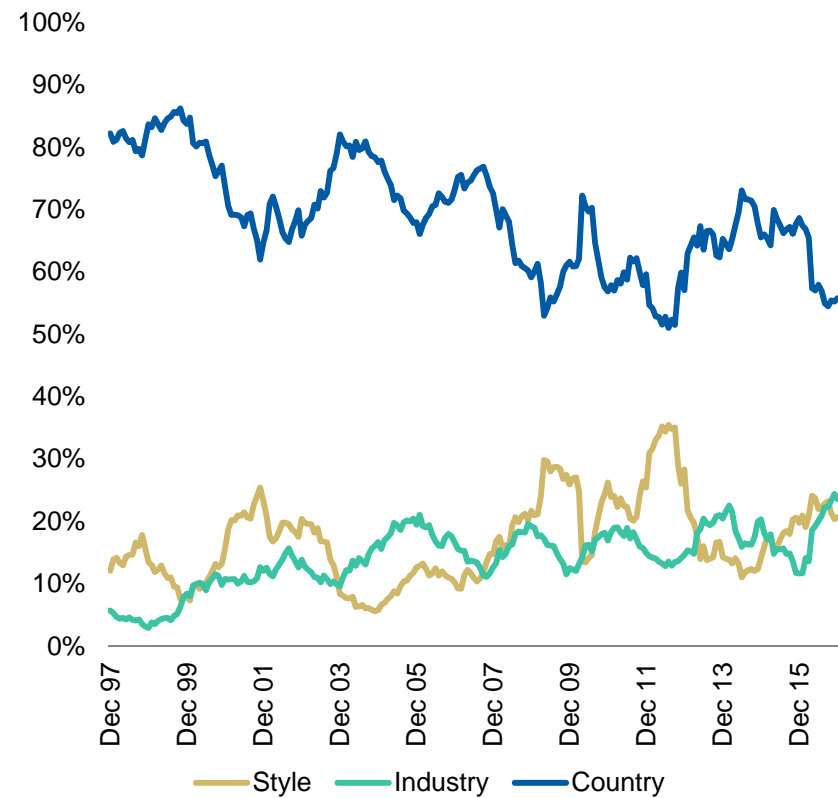
## Contribution of Risk Factors by Index



MSCI World



MSCI EM



Source: Contribution of Risk Factors to Explained Cross Sectional Volatility (BARRA, GEM2). MSCI, data as of December 2016. Performance data quoted represents past performance which is no guarantee of future results. The is for illustrative purposes only and are not meant to depict the performance of a specific investment.

# Country Allocation



- Look for countries where GDP growth will likely beat expectations over 3 to 5 years
- Analyze growth rates adjusted for a country's GDP per capita

## IDENTIFYING GROWTH MARKETS: OUR RULES OF THE ROAD

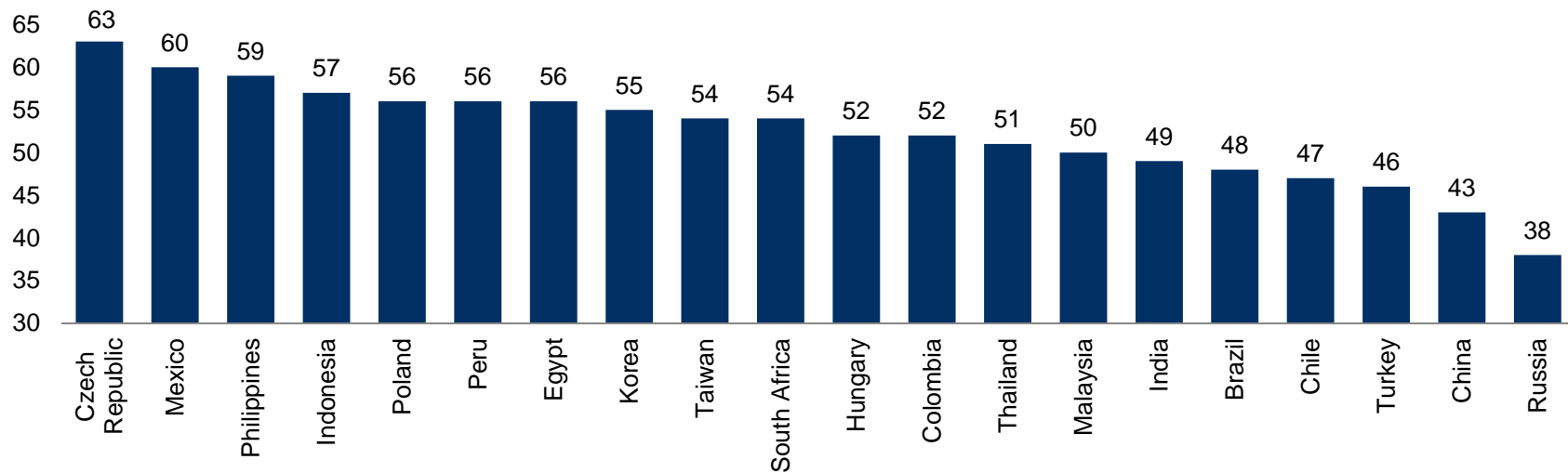
 <p><b>The Circle of Life</b> Political cycle and reform</p>	 <p><b>Cheap is Good</b> Local capital flows</p>
 <p><b>Perils of the State</b> Government involvement</p>	 <p><b>The Geographic Sweet Spot</b> Trade openness</p>
 <p><b>The Kiss of Debt</b> Credit-related boom and bust</p>	 <p><b>Good Billionaires, Bad Billionaires</b> Wealth concentration in the economy</p>
 <p><b>Factories First</b> Investment and manufacturing</p>	 <p><b>People Matter</b> Human capital and market diversification</p>
 <p><b>The Price of Onions</b> Inflation compared to EM average</p>	 <p><b>Love, Hate or Indifference</b> Contrarian indicators</p>



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

# The Output of Rules of the Road

## Emerging Markets on the Rules Ranked from Best to Worst



Source: Morgan Stanley Investment Management, IMF, December 2016.

This represents the views of the MSIM EM Investment Team and not that of other investment teams in MSIM or of MS as a whole. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities in the country shown.

## Translation into an Equity Portfolio



### INVESTMENT UNIVERSE



#### GOVERNMENT-CONTROLLED COMPANIES

##### Identify Key Drivers

- Country risk
- Regulatory change
- Potential for privatization



#### CYCLICAL COMPANIES

##### Identify Key Drivers

- Global economic cycle
- Supply and demand



#### PRIVATE SECTOR COMPANIES

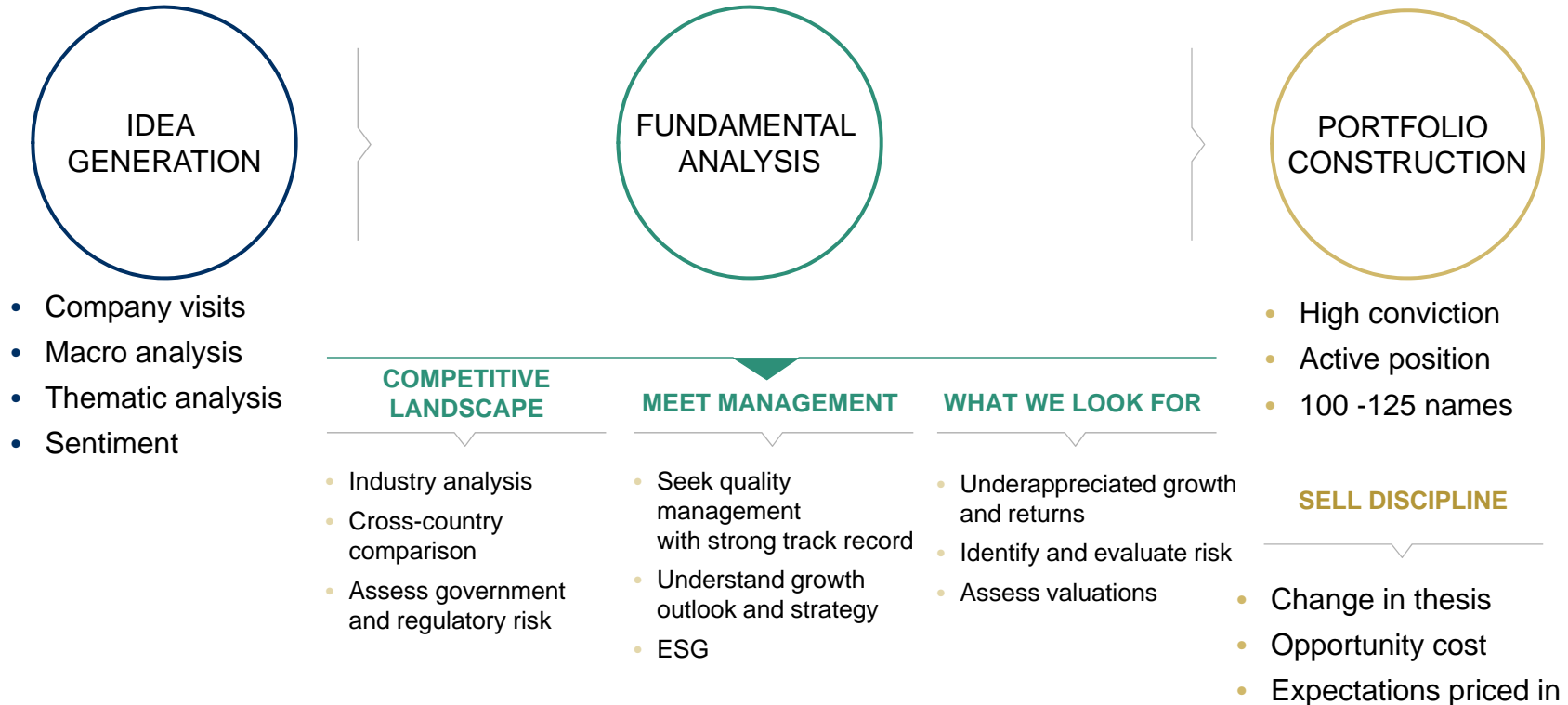
##### Identify Key Drivers

- Small Company Growth
- Underappreciated growth
- Management execution

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



# Fundamental Stock Selection Process



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

## Team Dynamics

Investment team, traders and portfolio specialists with main offices in:

- New York
- Mumbai
- Singapore
- Hong Kong



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

## Emerging Markets Equity Team

### Gaite Ali

Managing Director



[gaite.ali@morganstanley.com](mailto:gaite.ali@morganstanley.com)

Gaite is co-lead portfolio manager for the Latin America portfolios on the Global Emerging Markets Equity team. She joined Morgan Stanley in 2007 and has 23 years of investment experience. Prior to joining the firm, Gaite was a portfolio manager at AllianceBernstein, London. Gaite received an M.B.A. in finance and an M.A. in international affairs from Columbia University, and a B.A. in history from Vassar College.

### Omar Ansari

Vice President



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Omar is a research analyst on the Global Emerging Markets team, focusing on the Emerging Markets Small Cap strategy. He joined Morgan Stanley in 2016 and has 11 years of investment experience. Prior to joining the firm, Omar was head of Frontier equity consumer sector research at Renaissance Capital, where he was voted among the top 5 Frontier Markets Analysts by the Financial Mail for 2015/2016. Omar has been covering the emerging markets for his entire career, starting at Marshall Wace Asset Management where he focused on Asian emerging markets and Amwal Investments where he covered Middle East, North Africa and Asian emerging markets. Previously, he was at Religare Capital Markets and Arqaam Capital where he researched Emerging and Frontier markets. Omar received a Bachelor of Commerce degree with Honors from McMaster University, specializing in finance and political science.

### David Bernard

Vice President



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David is a portfolio specialist for the Global Emerging Markets team. He joined Morgan Stanley in 2008 and has nine years of industry experience. Prior to 2015, David was part of the Intermediary sales team where he was responsible for leading sales efforts on the East Coast focusing on Registered Investment Advisors and Bank Trusts. David received a B.A. in political science from Furman University with honors. He holds his Series 7 and 66 registrations.

Team members may change without notice from time to time.

## Emerging Markets Equity Team

### Eric Carlson

Managing Director



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Eric is a co-lead portfolio manager focusing on Europe, the Middle East and Africa, and thematic research, on the Global Emerging Markets Equity team. He joined Morgan Stanley in 1997 and has 22 years of investment experience. Prior to joining the firm, Eric worked as a telecommunications analyst at Neuberger Berman. Eric received a B.A. magna cum laude in social studies from Harvard University and a J.D. from Harvard Law School.

### Jim Carroll

Executive Director



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Jim is the Head of the Singapore Trading team for the Global Emerging Markets Team. He joined Morgan Stanley in 2014 and has 18 years of investment experience. Prior to joining the firm, James was a senior trader at Asian Century Quest overseeing the night trading activities. In this role, he had both management and trading responsibilities across equities, futures, options, swaps and foreign exchange throughout the Asian markets. Previously, James held positions as both a retail and institutional Equity Sales Trader with Citigroup. James received a B.A. in business administration in finance from Hofstra University.

### Ashley Chen

Analyst



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Ashley is an analyst on the portfolio specialist team for the Global Emerging Markets team. She joined Morgan Stanley in 2016, after receiving a B.A. cum laude in economics from Harvard University. She was previously a summer analyst with the Merchant Banking & Real Estate Investing Capital Markets team within Morgan Stanley Investment Management, as well as a Global Relationship Management summer analyst at State Street.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Gary Cheung, CFA

Executive Director



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Gary is a member of the Global Emerging Markets Equity team, focusing on China & China A shares for our Asian Equity strategies. He joined Morgan Stanley in 2008 and has 15 years of investment experience. Prior to joining the firm, Gary was a macro equity analyst at Tudor Investment. Previously, he was an investment banking analyst at Credit Suisse focusing on corporate financial strategies. Gary received a B.S. summa cum laude in industrial and management engineering from Rensselaer Polytechnic Institute, and an M.S. in financial engineering from Columbia University. He holds the Chartered Financial Analyst designation.

### David Chi

Vice President



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David is a trader for the Global Emerging Markets Equity team, focusing on Latin America. He joined Morgan Stanley in 2005 and has 23 years of industry experience. Prior to joining the firm, David worked as an investor services officer at Fiduciary Trust International, servicing institutional clients on custody services. Previously, he worked for Warburg Pincus Asset Management (later becoming Credit Suisse Asset Management) in various roles within operations. David received a B.S. in business administration from SUNY Buffalo.

### Jorge Chirino

Vice President



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Jorge is an analyst on the Global Emerging Markets Equity team. He joined Morgan Stanley in 2007 and has 13 years of investment experience. Prior to this role, Jorge was an equity research analyst focused on Latin America Financial Institutions. Previously, he was research analyst in the long/short equity group at Aksia and assistant vice-president investments in the asset management division of BBVA Compass Investment Solutions. Jorge received a B.A. in economics from Instituto Tecnológico Autonomo De Mexico (ITAM) and an M.B.A in finance from Columbia Business School.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Sherri Cohen

Managing Director



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Sherri is the global trading coordinator for Morgan Stanley Investment Management. She joined Morgan Stanley in 1998 and has 29 years of investment experience. Prior to her current role, Sherri has managed the firm's Global Equity Programs, Foreign Exchange and Derivative Trading team as well as the Global Emerging Markets Trading team. Prior to joining the firm, Sherri was head trader at Société Générale Asset Management. Previously, Sherri held various roles at General Electric Investments; including Far East trader, index fund manager and financial analyst. Additionally, she had investment experience as an investment market analyst at CIGNA Investments and a senior portfolio accountant at State Street Bank. Sherri received a B.A. in quantitative economics from Tufts University and an M.B.A. in finance and international business from the University of Connecticut.

### Jennifer Delaney, CFA

Executive Director

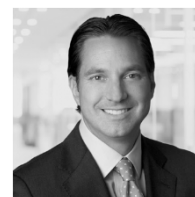


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Jennifer is a portfolio specialist on the Global Emerging Markets Equity team. She joined Morgan Stanley in 2013 and has 14 years of investment experience. Prior to joining the firm, Jennifer worked at UBS in New York, London and Mexico City writing macro strategy research across both developed and emerging market equities. She received an honors degree in economics from Cambridge University and holds the Chartered Financial Analyst designation.

### Tim Drinkall

Managing Director



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Tim Drinkall is the lead portfolio manager for the Frontier Markets Equity and Emerging Markets Small Cap strategies, on the Emerging Markets Equity team. He joined Morgan Stanley in 2007 and has 23 years of investment experience. Prior to joining the firm, Tim was a fund manager at Gustavia Capital where he was responsible for two funds investing in emerging Europe. He has been working with emerging markets since 1992. Tim began his investment banking career with Creditanstalt Securities as an analyst based in Budapest, Hungary and was later promoted to head of Polish Equity Research in Warsaw, Poland. In 1997 he joined Deutsche Bank in London as director and head of Emerging Europe Equity Research. Tim received a B.A. in finance from Indiana University and an M.B.A. in international business from George Washington University.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Ryan Egan

Executive Director



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Ryan is a trader for the Global Emerging Markets Equity team focusing on Europe, the Middle East and Africa, and Frontier Emerging Markets. He joined Morgan Stanley in 2005 and has 13 years of industry experience. Previously, Ryan was a trader on Investment Management's U.S. Small Cap Equity team. He received a B.A. in economics and management from Gettysburg College.

### Vishal Gupta

Executive Director



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Vishal is a Portfolio Manager on the Global Emerging Markets team, focusing on the Emerging Markets Leaders strategy, based in Singapore. He joined Morgan Stanley in 2014 and has 13 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 B.A. in mechanical engineering from Thapar University and an M.B.A. from the Indian Institute of Management, Ahmedabad.

### Amay Hattangadi, CFA

Managing Director



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Amay is a co-lead portfolio advisor, focusing on India, based in Mumbai. He joined Morgan Stanley in 1997 and has 20 years of investment experience. Previously, he was a portfolio administrator. Amay received a Bachelor of Commerce degree from the University of Mumbai. He is an Associate Member of the Institute of Chartered Accountants of India. He holds the Chartered Financial Analyst designation.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Pierre Horvilleur

Executive Director



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Pierre is a portfolio manager on the Global Emerging Markets Equity team, focusing on the Frontier Emerging Markets strategy. He re-joined Morgan Stanley in 2013 and has 14 years of investment experience. Prior to joining the firm, Pierre was a fundamental research analyst in emerging and international equity markets, focusing on industrials, at William Blair Investment Management. Previously, he was an emerging markets equities summer research analyst at Van Eck Global Investments. Prior to going to business school, Pierre worked at both ING financial and at Morgan Stanley in Emerging Markets Equity sales. Pierre received an M.B.A. from the Kellogg School of Management at Northwestern University and a B.S. in finance and marketing from the University of Florida.

### Chelsea Hua

Vice President



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Chelsea is a research analyst on the Global Emerging Markets Equity team, focusing on China and Hong Kong. She joined Morgan Stanley in 2013 and has 12 years of investment experience. Prior to joining the firm, Chelsea was a research analyst at ChinaRock Capital Management, a multi-strategy hedge fund for long/short China/Hong Kong equity. Previously, she worked for BNP Paribas and Citigroup where she was responsible for valuation, financial analysis and execution in a broad range of transactions. Chelsea received a B.A. in computer science (graduated Phi Beta Kappa) from Mount Holyoke College and an M.S. in computer science from Stanford University.

### Jitania Kandhari

Managing Director



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Jitania Kandhari is Head of Macroeconomic Research on the Global Emerging Markets team focusing on global analytics, country and thematic research. She joined Morgan Stanley in 2006 and has 19 years of investment experience. Prior to joining the firm, Jitania was an emerging markets consultant at GMO. Previously, she was an associate vice president in private banking at ABN Amro, an associate vice president in securities brokering and investment banking at Kotak Securities, and a manager at First Global Securities. Jitania received a bachelor's in commerce in advanced financial and management accounting and an M.M.S. in finance, both from the University of Mumbai.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Swanand Kelkar

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Swanand is a portfolio advisor and analyst on the Global Emerging Markets Equity team, focusing on India, based in Mumbai. He joined Morgan Stanley in 2007 and has 13 years of investment experience. Prior to joining the firm, Swanand worked in the equity investment department at HSBC Asset Management. Swanand received his Bachelors degree in commerce from the University of Mumbai and an M.B.A. from the Indian Institute of Management, Ahmedabad. He is also an associate member of the Institute of Chartered Accountants of India.

### David Kim

Vice President



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David is a trader on the Global Emerging Markets Equity team. He joined Morgan Stanley in 2014 and has 12 years of industry experience. Prior to joining the firm, David worked at BNP Korea and BNP New York, where he was a sales trader. David received a B.A. degree in political science and economics from the University of Rochester.

### Stella Liao

Vice President



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Stella is a member of the Singapore trading team for the Emerging Markets Equity team (focusing on Asia) and the Asian Real Estate team. She joined Morgan Stanley in 2007 and has ten years of industry experience. Prior to joining the firm, Stella worked as a senior fund accountant at State Street Bank. Stella holds a Bachelor of Accountancy from the Nanyang Technological University in Singapore.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Lynn Lim

Executive Director



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Lynn is a trader for the Emerging Markets Equity team, focusing on Asia. She joined Morgan Stanley in 2003 and has 11 years of relevant industry experience. Prior to joining the firm, Lynn worked at JPMorgan. She holds a Bachelor of Business Administration from the University of South Australia.

### Victoria Lim, CFA

Vice President

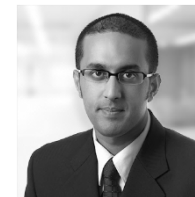


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Victoria is a research analyst on the Global Emerging Markets Equity team focusing on the ASEAN markets. She joined Morgan Stanley in 2012 and has 16 years of investment experience. Prior to joining the firm, Victoria worked at Templeton Asset Management as a research analyst covering global equities. Previously, she was a project manager at UBS Wealth Management. Victoria received a B.S. in economics (first class honours) from London School of Economics & Political Science (LSE) and an M.A. in international policy studies from Stanford University. She holds the Chartered Financial Analyst designation.

### Munib Madni, CFA

Managing Director



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Munib is co-lead portfolio manager for the Asian Equity ex-Japan portfolios on the Global Emerging Markets Equity team, based in Singapore. He joined Morgan Stanley in 2005 and has 23 years of investment experience. Prior to joining the firm, Munib was associate director of Australian equities at Aberdeen Asset Management. Previously, he was a portfolio manager covering Australian equities at Equitilink Investment Management. Munib received a Bachelor of Business with Honors and Bachelor of Laws from the University of Technology in Sydney. He holds the Chartered Financial Analyst designation.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Amy Oldenburg

Managing Director



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Amy is a portfolio specialist and the chief operating officer of the Global Emerging Markets Equity team. She joined Morgan Stanley in 2001 and has 16 years of investment experience. Prior to this role, Amy was a trader on the Emerging Markets Equity team, focusing on program and foreign exchange trading. Previously, she was an analyst with the Product Development Group within Morgan Stanley Investment Management and started her career with the Emerging Markets Equity Portfolio Manager Reporting team. Amy received a B.A. in business administration with a concentration in finance from Fordham University.

### Gauri Pande, CFA

Executive Director



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Gauri is a trader for the Domestic India Equity Funds and trade execution support for the Global Emerging Markets team, focusing on India and Europe, the Middle East and Africa. She joined Morgan Stanley in 2004 and has 15 years of industry experience. Prior to joining the firm, Gauri was an assistant manager at IDBI Capital Market Services. Gauri received a B.Comm. from the University of Pune in India. She holds the Chartered Accountant designation from the Institute of Chartered Accountants of India and the Chartered Financial Analyst designation.

### Charu Pandya

Vice President



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Charu is a trader for Domestic India Equity Funds and trade execution support for the Global Emerging Markets Equity team, focusing on India. She joined Morgan Stanley in 2006 and has 16 years of industry experience. Prior to joining the firm, Charu was a senior equity sales trader at Enam Securities India Pvt. Ltd and Batilivala & Karani Securities India Pvt. Ltd. Charu received a bachelor of commerce from the University of Mumbai, India.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Dana Phillips

Vice President



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Dana is the portfolio administrative officer for the Global Emerging Markets Equity team. She re-joined Morgan Stanley in 2010 and has ten years of industry experience. Prior to re-joining the firm, Dana was in the client strategies and portfolio solutions group at AQR Capital Management. Previously, she worked in the Investment Management institutional advisory group. Dana received a B.S. in economics and human & organizational development (cum laude) from Vanderbilt University.

### Paul C. Psaila, CFA

Managing Director



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Paul is a portfolio manager for the Global Emerging Markets Equity portfolios, focusing on Global Macro Analytics and Emerging Europe, the Middle East and Africa region. He joined Morgan Stanley in 1994 and has 23 years of investment experience. Prior to joining the firm, Paul worked at the International Monetary Fund. Paul received a B.A. in political science from Brandeis University and a master's degree in economic and Latin American studies from the School of Advanced International Studies at Johns Hopkins University. He holds the Chartered Financial Analyst designation.

### Steven Quattry

Executive Director



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Steven is an analyst on the Global Emerging Markets Equity team, focusing on global macro-economic and thematic research. He joined Morgan Stanley in 2011 and has ten years of investment experience. Prior to joining the firm, Steven was an analyst at Panda Global Advisors concentrating on economic and investment research. Previously, he was in the financial management program at GE Capital. Steven received a B.A. in finance from the University of Florida and an M.A. in international affairs, with a focus on international economic policy, from Columbia University.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Soham Sengupta

Analyst



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Soham is an Emerging Markets analyst focusing on global macro analytics. Soham joined in 2015, after receiving a B.S. in economics and statistics from Carnegie Mellon University. He was previously a summer analyst with the Emerging Markets team within Morgan Stanley Investment Management, as well as a Capital Markets summer analyst at Liquidnet.

### Ruchir Sharma

Head of Emerging Markets and  
Chief Global Strategist



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Ruchir is Head of Emerging Markets and Chief Global Strategist at Morgan Stanley Investment Management. He joined Morgan Stanley in 1996 and has 23 years of investment experience. Prior to joining the firm, Ruchir worked with Prime Securities (Delhi), a non-banking financial services firm, where he helped run the firm's foreign exchange business. He is a frequent op-ed contributor to the Wall Street Journal and has written for many other leading publications, including the Financial Times, New York Times, Foreign Affairs, Newsweek and Time magazine. Ruchir is the author of "Breakout Nations," a 2012 international bestseller, and "The Rise and Fall of Nations," a 2016 New York Times bestseller.

### Jay Shin

Vice President



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Jay is a research analyst focusing on South Korea on the Global Emerging Markets Equity team. Jay joined Morgan Stanley in 2016 and has nine years of investment experience. Prior to joining the firm, Jay was an investment analyst covering the Asia IT sector and Korea for Fullerton Fund Management. Before that he was an associate portfolio manager and senior analyst at Kiara Advisors, covering global tech and Korea. Jay also worked at Hyundai Securities covering Korea and Deutsche Securities covering Korean tech. Jay has a Bachelor of Science from Hanyang University.

Team members may change without notice from time to time.

## Emerging Markets Equity Team (cont'd)

### Ashutosh Sinha

Managing Director



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Ashutosh is a portfolio manager on the Global Emerging Markets Equity team, focusing on the Emerging Markets Leaders strategy, based in Singapore. He re-joined Morgan Stanley in 2011 and has 24 years of investment experience. Prior to re-joining the firm, Ashutosh most recently founded and served as the managing partner of Amoeba Capital Partners, Pte, a money management firm focused on Asia long-short equity investing from 2006 to 2011. Previously, he was the lead portfolio manager for Asia ex-Japan Equities, part of MSIM's Global Emerging Markets Equity team from 1998 to 2006. Prior to becoming lead PM, Ashutosh covered Indian equities at MSIM. Before joining Morgan Stanley, he was a portfolio manager for Indian Equities at SBI Funds Management, Mumbai. Ashutosh holds a B.Tech degree in electrical engineering from the India Institute of Technology (IIT), Kanpur, and an M.B.A. from the India Institute of Management (IIM), Calcutta.

Team members may change without notice from time to time.

### Steve Sun, CFA

Executive Director

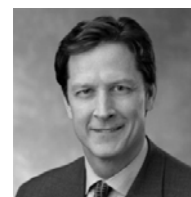


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Steve is a Portfolio Specialist for the Global Emerging Markets Equity team. He joined the firm in 2016 and has 23 years of investment experience. Prior to joining the firm, Steve was the Head of Sales at Nomura in Korea. Previously, he worked in the global equity and derivatives group for BNP Paribas and worked as Portfolio Manager focusing on Asia Pacific Equity for J.H. Whitney Investment Management and Tantallon Capital Advisors in Singapore. He also covered Asian equity clients at Merrill Lynch and Jardine Fleming Securities in New York and Hong Kong. Steve has a Masters in Business Administration from Columbia, a Bachelor of Arts from Northwestern and holds the Chartered Financial Analyst certification.

### James Upton

Managing Director



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James is a senior portfolio specialist and chief strategic officer for the Global Emerging Markets Equity team. He re-joined Morgan Stanley in 2006 and has 24 years of investment experience. Prior to re-joining the firm, James was a senior investment strategist at Northern Trust Global Investments. Previously, he was the Latin America equity strategist and later a global equity strategist at Credit Suisse First Boston. He began his investment career as an international economist at Merrill Lynch and spent nearly two years as a sovereign risk analyst at Morgan Stanley. Before graduate school, he was a reporter in Mexico City with United Press International. James received a B.A. in history from Middlebury College and an M.A. in economics and U.S. foreign policy from the School of Advanced International Studies (SAIS) of Johns Hopkins University.

## Emerging Markets Equity Team (cont'd)

### Jessica Whitt

Vice President



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Jessica is an analyst on the Global Emerging Markets Equity team. She joined Morgan Stanley in 2015 and has 13 years of investment experience. Prior to joining, Jessica was an analyst focusing on industrials at Moon Capital Management. Previously, Jessica was a summer associate for Merrill Lynch in fixed income research and a research associate at Wachovia. She also worked as a financial analyst at Island ECN/ Instinet. Jessica received a B.A. from Colgate University in international relations and Asian studies and an M.B.A. in finance and economics from the University of Chicago.

### Gunawan Wijaya

Vice President

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Gunawan covers Taiwan on the Global Emerging Markets Equity Team. Gunawan joins Morgan Stanley with 12 years of investment experience. Prior to joining the firm, Gunawan was head of Mergers & Acquisitions at StarHub. Before that, he was a portfolio analyst at Ivaldi Capital covering Taiwan, Korea, Japan and Hong Kong. Gunawan also worked at UOB Asset Management where he specialized in global tech as well as a director at PT Selatan Jaya and a research associate at CLSA and RHB-Cathay Securities focusing on the tech sector. Gunawan graduated from Nanyang Technological University with a Bachelors degree in engineering.

### May Yu

Managing Director



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May is a portfolio manager for the Asian Equity strategy, focusing on China and Hong Kong. She re-joined Morgan Stanley in 2012 and has 19 years of investment experience. May was previously with the Asian Equity team from 2006 to early 2011, dedicated to China investing. Previously, she was lead portfolio manager at China International Capital Corporation for China/Hong Kong equity. Earlier in her career, May was an assistant director in China research at BNP Paribas Peregrine in Beijing. She also worked as a manager for China Cinda Asset Management and China Construction Bank. May has a Bachelor's in Engineering and Industrial Management from Dalian University of Technology, a M.A. in Economics from the Graduate School of the People's Bank of China and an M.B.A. from NYU's Stern School of Business.

Team members may change without notice from time to time.

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Effective June 30, 2016, Morgan Stanley Investment Management Limited will no longer be a Sub-Adviser to the Emerging Markets Portfolio and Ana Cristina Piedrahita will no longer serve as a portfolio manager to the Portfolio.

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Please keep in mind that double-digit and triple digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

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#### **Risk considerations:**

There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the portfolio will decline. Accordingly, you can lose money investing in this portfolio. Please be aware that this portfolio may be subject to certain additional risks. In general, **equity securities'** values also fluctuate in response to activities specific to a company.. Investments in **foreign markets** entail special risks such as currency, political, economic, and market risks. The risks of investing in **emerging-market** countries are greater than the risks generally associated with foreign investments. **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, correlation and market risks. The strategy may invest in restricted and illiquid securities, which may be difficult for the strategy to sell at a reasonable price.

**Please consider the investment objective, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, download one at [morganstanley.com/im](http://morganstanley.com/im) or call 1-800-548-7786. Please read the prospectus carefully before investing Morgan Stanley is a full-service securities firm engaged in a wide range of financial services including, for example, securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.**

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