

Morgan Stanley

INVESTMENT MANAGEMENT

International Equity Trust

City of Fort Pierce Retirement and Benefit System

May 16, 2019

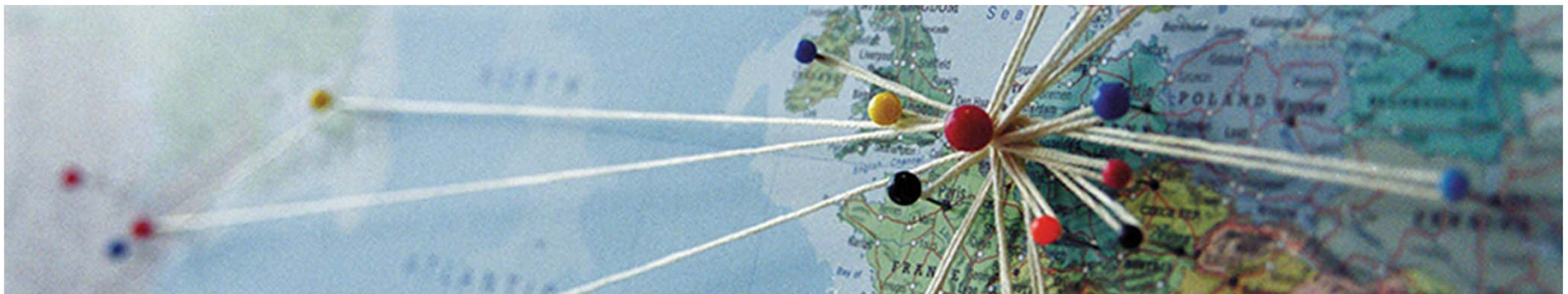


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Morgan Stanley believes that you, as a fiduciary of the Plan, hold or have under management or control total assets of at least \$50,000,000 and are capable of evaluating investment risk independently, both in general and with regard to particular transactions and investment strategies.

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INVESTMENT MANAGEMENT

SECTION 1

International Equity Investment Summary

The information presented represents how the portfolio management team generally applies their investment processes under normal market conditions.

International Equity Trust

Data as of March 31, 2019

Original Investment (September 1, 1991)	\$2,767,286.72
+ Contributions	3,295,000.00
-Withdrawals	(15,131,563.00)
- Investment Management Fees	(2,514,493.91)
+ Interest Income	273,298.28
+ Dividend Income	7,502,263.28
+ Realized Gain/(Loss)	14,942,362.45
- Other Expenses	(16,059.77)
+/- Market Appreciation/(Depreciation)	3,748,186.44
Market Value	\$13,724,329.64 ¹

1. State Street custodial accounting information reflects time period beginning January 1993. Data not available for client inception of September 1, 1991. Fund Accounting Systems changed effective August 1, 2001. All cumulative numbers past July 31, 2001 should be considered estimates. Our figures represent investments in the Morgan Stanley Investment Management International Equity Trust.

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INVESTMENT MANAGEMENT

SECTION 2

Overview, Philosophy and Process

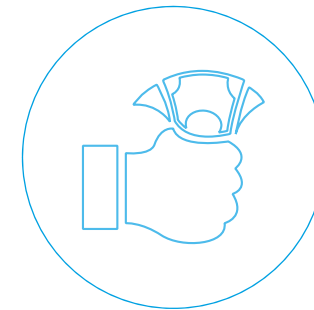
The information presented represents how the portfolio management team generally applies their investment processes under normal market conditions.

International Equity Strategy

We seek to generate long-term outperformance by investing in a combination of high quality compounders and value opportunities, the mix of which adjusts over time based on price and prospects



Hold High Quality Compounders



Exploit Value Opportunities

Key is to avoid fading returns

International Equity Strategy

PHILOSOPHY:

We look to generate superior long-term performance through bottom-up stock picking in two ways:

- Hold high quality companies – “High Quality Compounders”
- Invest in companies with improving fundamentals, cyclical, or where stable fundamentals are not reflected in the price – “Value Opportunities”

Price and prospects are critical:

- Determine the appropriate margin of safety on a company by company basis
- Price and prospects drive the overall mix of High Quality Compounders and Value Opportunities over time

We are genuine long-term investors – years not months

We are benchmark aware but not benchmark driven

OUR GOAL⁽¹⁾:

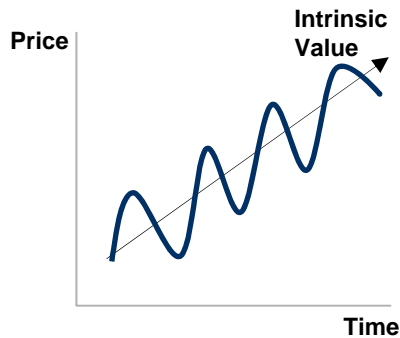
To outperform the MSCI EAFE Index over a full market cycle while providing:

- Attractive absolute returns in rising markets
- Reduced downside participation in challenging markets
- Lower volatility of returns than the MSCI EAFE Index

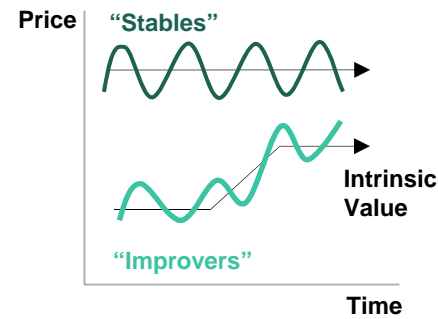
1. This goal is a target only and no guarantee is made that it will be achieved. A full market cycle is generally 3 – 5 years. MSCI EAFE Index is a reporting benchmark. It is not possible to invest directly in any index.

How We Categorize Businesses

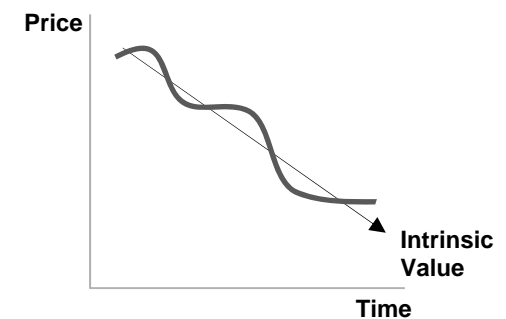
High Quality Compounders



Value Opportunities



Value Traps



QUALITY

- Sustainable high returns on capital due to intangible assets
- Low volatility and cyclicality
- Management dedicated to preserving returns on capital

- Reasonable to improving returns on capital due to management actions or cyclical tailwinds
- Low probability of failure
- Management looking to improve returns on capital (if poor) and preserve returns on capital (if good)

- Deteriorating returns on capital
- Management unable / unwilling to improve returns on capital
- Company fails minimum quality threshold
 - High risk of failure / binary bets
 - No prospect of acceptable returns

PRICE

- Fair value or better

- Enough of a discount to intrinsic value to compensate for absolute risk

- Avoid at any price

OUR OPPORTUNITY

- Longer time horizon than the market

- Disagreement with the market on shape of cycle or size of restructuring opportunity
- Longer time horizon than market

- Not owning can be as important as owning

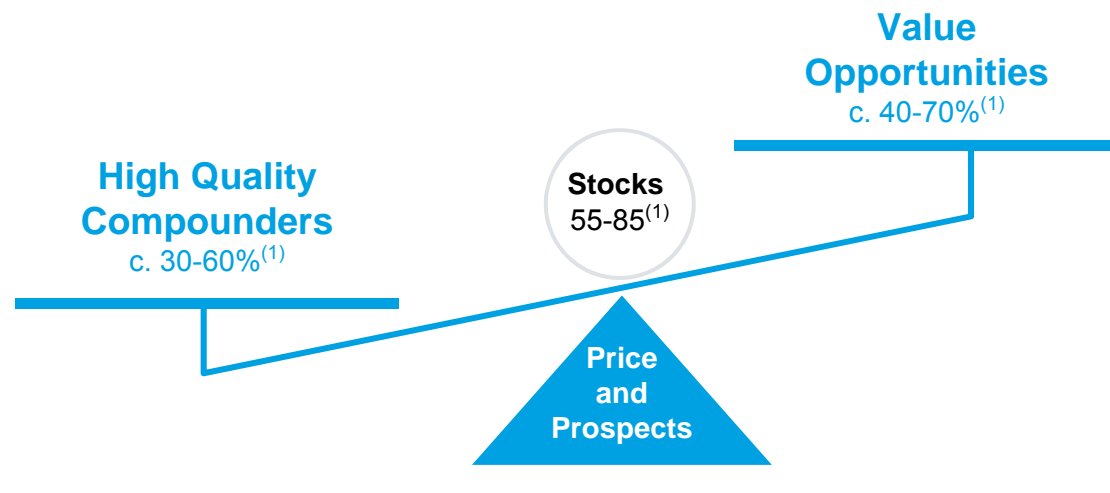
Source: MSIM.

For illustrative purposes only. There is no guarantee any security within each category will perform as outlined above.

International Equity Strategy

Price and Prospects Determine the Balance Between the Two Over Time

- Overall bias towards High Quality Compounders, providing price is reasonable
 - Typically asymmetric returns
 - Superior underlying long-term compounding
- Mix between High Quality Compounders and Value Opportunities is not a top-down allocation and will vary across the market cycle, but the portfolio will typically maintain an overweight to quality
- Currently at top end of High Quality Compounder weighting as Value Opportunities do not provide the greater margin of safety required given their prices and prospects



- Valuation of High Quality Compounders vs Value Opportunities
- Earnings prospects for more cyclical / lower quality industries

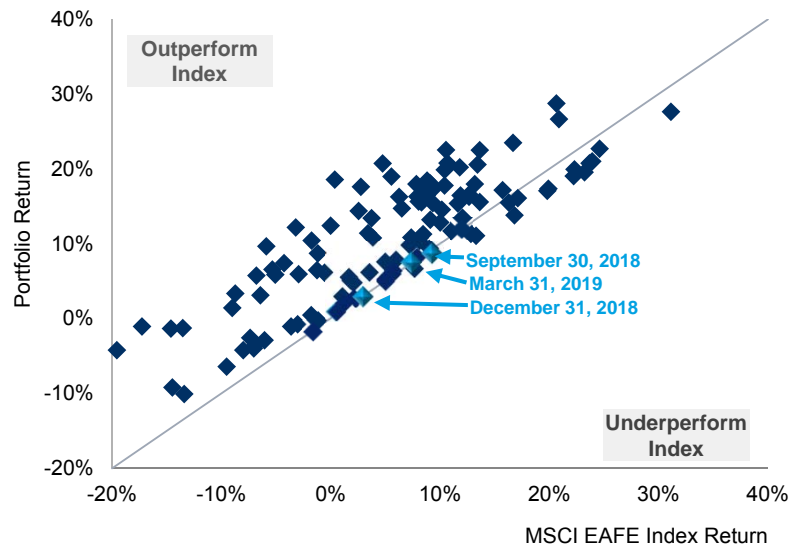
1. Typical ranges
For illustrative purposes only.

International Equity Strategy

The Overall Return Pattern of the Portfolio Reflects How We Invest

An Asymmetric Return Profile - USD

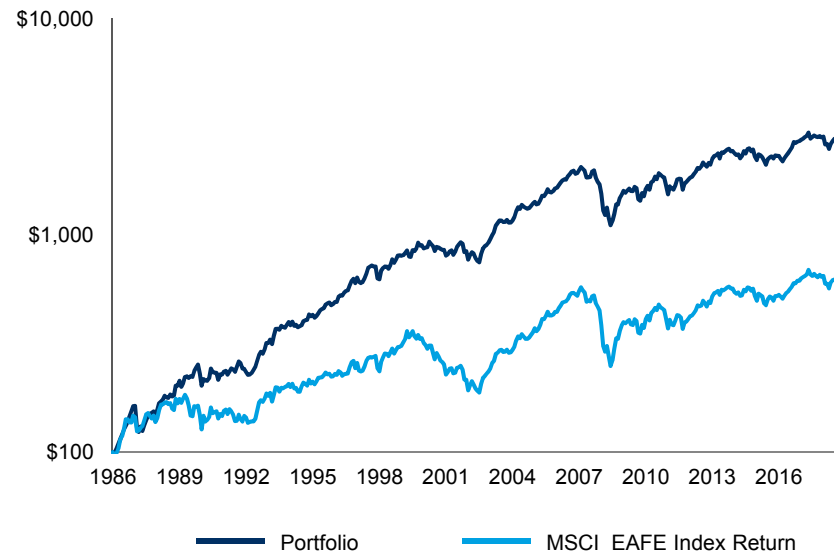
Rolling 3 Year Annualized Returns - Quarterly Data



- A measure of capital preservation in down markets
- Reasonable participation in strong up markets

... Underpins Long-Term Compounding

2x the compound rate has delivered 4x the value

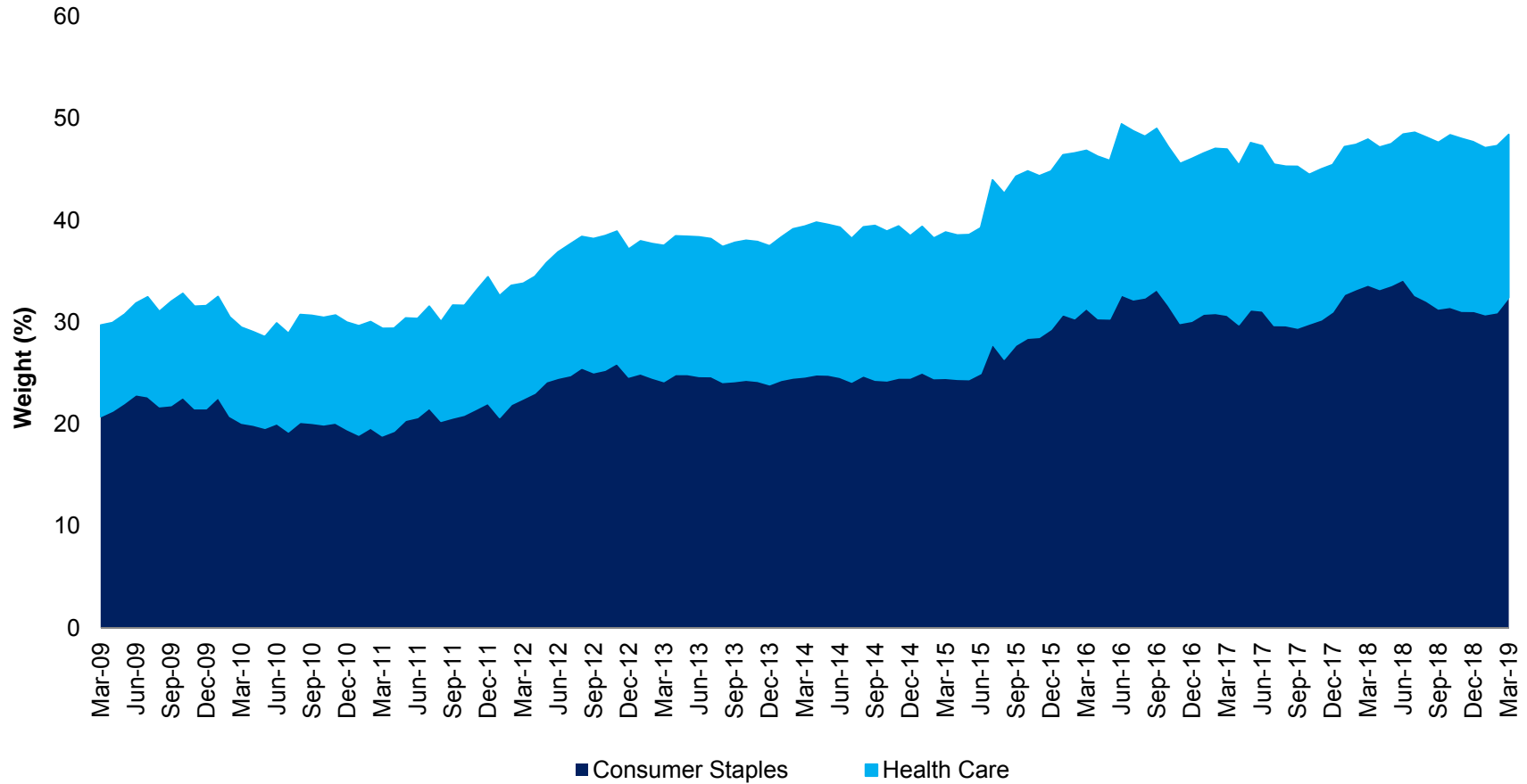


	Compound Rate	Value Today of \$100
• Portfolio	10.8%	• Portfolio \$2,797
• EAFE	5.8%	• EAFE \$626

Data since inception date of September 30, 1986 through March 31, 2019.

Past performance is no guarantee of future results. For each portfolio may differ due to specific investment restrictions and guidelines. Individual results will vary. Performance returns reflect the average annual rates of return. The Morgan Stanley International Equity Trust investment returns are GROSS of custody as well as investment management fees, in USD terms, and assume the reinvestment of all dividends and income. If expenses were deducted returns would have been lower. Investment returns and principal value will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost. Performance returns are compared to those of an unmanaged index and are considered to be a relevant comparison to the portfolio. Comparisons of performance assume the reinvestment of all dividends and income.

The Portfolio is Currently Particularly Defensively Positioned



Source: MSIM
Data as of March 31, 2019

These Defensive Sectors are the Most Robust in a Downturn

Global NTM Forward EPS Change During Financial Crisis Drawdown (Oct 2007 - Feb 2009)

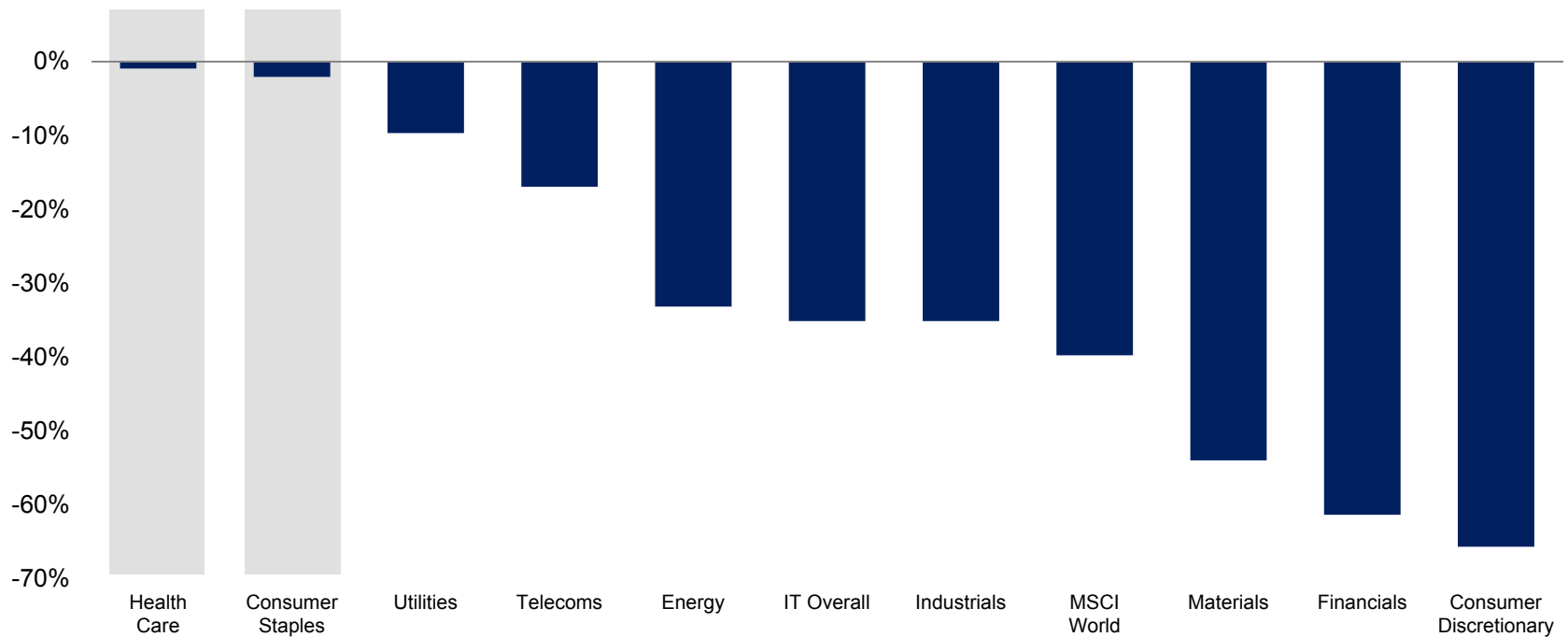


Chart Source: FactSet. Data as of July 31, 2018.

Investment Process

Stock Selection

	High Quality Compounders	Value Opportunities
1 SCREEN ~ MSCI ACWI ex USA ~ 2000 stocks > \$2bn free float	<ul style="list-style-type: none"> • Have high returns¹ been sustained? • Is valuation fair value or better? 	<ul style="list-style-type: none"> • Do price or price movements look interesting? • Do returns look reasonable or unusually depressed?
2 ANALYZE ~300-400 stocks	<ul style="list-style-type: none"> • Engine of returns¹ and profitability • Direction of returns¹ • Market shares and distinct competitive advantages • Degree of cyclicity and capital intensity • Financial strength 	<ul style="list-style-type: none"> • Threats & opportunities for sustainable returns <ul style="list-style-type: none"> • industry dynamics • company developments • material ESG factors • Management <ul style="list-style-type: none"> • Response to potential threats & opportunities • Incentives • Capital Allocation
3 VALUE	<ul style="list-style-type: none"> • A focus on free cash flow (FCF)², not accounting numbers 	<ul style="list-style-type: none"> • FCF yield and other measures such as P/E, ROE, P/B, DCF, EV/NOPAT³ where relevant
4 CONSTRUCT ~55-85 stocks	<ul style="list-style-type: none"> • Does new idea have a better risk / reward trade-off? • Weights influenced by absolute level of risk and team's level of conviction 	<ul style="list-style-type: none"> • Compounders tend to have larger positions – lower absolute risk • 5% max security weight • No country or sector limits

The information presented represents how the portfolio management team applies their investment process under normal market conditions.
 1. ROOCE: Earnings Before Interest and Taxes (EBIT)/ Property Plant and Equipment (PPE) + trade working capital ex Financials (excludes goodwill)
 2. Free cash flow = operating cash flow minus capital spending, working capital growth, interest and tax.
 3. EV = Enterprise Value = Market Value plus Net Debt. NOPAT = Net operating profit after tax

Investment Process

Active Ownership

5 ACTIVE OWNERSHIP

Ongoing

Test investment thesis with management

- Direction of returns
- Developing opportunities or threats
- Capital allocation intentions
- Incentive structure changes
- Material ESG developments & direction
- Management changes

Proxy Voting & Engagement

– *not outsourced*

Event driven

Assess materiality and management action

- | | |
|----------------------|------------------|
| • Capital allocation | • Material event |
| ➤ What? | ➤ What? |
| ➤ Why? | ➤ Why? |
| ➤ Impact? | ➤ Impact? |
| | ➤ Fix? |

6 SELL DISCIPLINE

- | | |
|--|---|
| • No sale is automatic | • A negative development for the investment thesis? |
| • Does valuation exceed intrinsic or fair value? | • A source of funding for new, better ideas? |

Meet weekly to review portfolio and stock ideas

The information presented represents how the portfolio management team applies their investment process under normal market conditions.

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INVESTMENT MANAGEMENT

SECTION 3

Team

International Equity Team

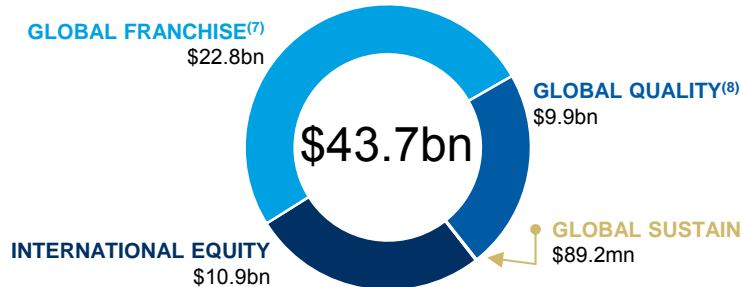
PORTFOLIO MANAGEMENT TEAM⁽¹⁾

Bruno Paulson⁽²⁾ Managing Director (25/10 years)	William Lock (Head) Managing Director (27/25 years)	Nic Sochovsky Managing Director (21/4 years)
Dirk Hoffmann-Becking⁽³⁾ Executive Director (21/6 years)	Vlad Demine, CFA, (Head of ESG Research) Executive Director (17/10 years)	Nathan Wong, CFA⁽⁴⁾ Executive Director (19/2 year)
Marcus Watson Executive Director (11/11 years)	Alex Gabriele, CFA Executive Director (10/7 years)	Richard Perrott, CFA Vice President (13/4 years)
Fei Teng Analyst (6/<1 years)		

PORTFOLIO SPECIALIST TEAM⁽⁵⁾

Laura Bottega Managing Director (21/13 years)	Cathy Colecchi Managing Director (36/36 years)		
Alistair Corden-Lloyd Executive Director (27/22 years)	Sean McDermott Executive Director (15/7 years)	Munenori Yoshimi Executive Director (25/20 years)	Jill Ytuarte Executive Director (21/15 years)
Anna Baron Vice President (29/18 years)		Monica Carta Vice President (17/17 years)	

ASSETS UNDER MANAGEMENT ⁽⁶⁾



- Boutique within Morgan Stanley Investment Management
- Incentives aligned with those of our clients
- Access to and long-term relationships with company managements
- Accessible portfolio managers and dedicated client service

1. As of March 31, 2019. Years of investment experience / years on International Equity Team.
2. Years of investment experience (7 years as a consultant, 18 years in financial services)/years on International Equity Team.
3. Years of investment experience (5 years as a consultant, 16 years in financial services)/years on International Equity Team.
4. Years of investment experience (3 years as an accountant, 16 years in financial services)/years on International Equity Team.
5. Data as of March 31, 2019. Years of industry experience / years with the Firm.
6. AUM as of March 31, 2019. Figures quoted in USD. The assets under management figures include assets managed globally under this strategy within a number of separate products, jurisdictions and mandates.
7. Includes \$190 million in Global Brands Equity Income.
8. Includes \$306 million in Global Quality ex-Tobacco.

Team members may change from time to time.

Primary Research Responsibilities⁽¹⁾

William Lock	Bruno Paulson	Nic Sochovsky	Nathan Wong	Vladimir Demine	Dirk Hoffmann-Becking	Marcus Watson	Alex Gabriele	Richard Perrott	Fei Teng
Consumer Staples	Financials	Consumer Staples	Industrials	ESG	Financials	Health Care	TMT	Financials	
TMT	TMT	Energy	Consumer		Consumer Discretionary	Consumer Discretionary	Consumer Discretionary	TMT	
	Health Care	Materials				Energy	Industrials	Industrials	

Internal and External Resources

MSIM Global Stewardship Team	FactSet Quality and Valuation Screens
Data and Cash Management	Sell-Side Analysts
	Industry Consultants
	MSCI ESG
	Sustainalytics

Generalist stock pickers with sector responsibilities
High degree of cross coverage and overlapping responsibility

The primary research responsibilities and team members may change from time to time, without prior notice.

1. As of March 2019.

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INVESTMENT MANAGEMENT

SECTION 4

Performance

City of Fort Pierce Retirement and Benefit System

Annualized Returns – USD

FOR PERIODS ENDING MARCH 31, 2019

	1Q (%)	1 YEAR (%)	3 YEARS (%)	5 YEARS (%)	10 YEARS (%)	20 YEARS (%)	SINCE INCEPTION (%)
International Equity Trust (Gross)	11.47	-1.75	7.52	3.05	9.11	6.94	9.51
International Equity Trust (Net)	11.30	-2.38	6.81	2.36	8.38	6.24	8.74
MSCI EAFE Index	9.98	-3.71	7.27	2.33	8.96	3.94	5.40
Excess Gross Returns (bps)	149	196	25	72	15	300	411

FOR PERIODS ENDING DECEMBER 31, 2018

	4Q (%)	1 YEAR (%)	3 YEARS (%)	5 YEARS (%)	10 YEARS (%)	20 YEARS (%)	SINCE INCEPTION (%)
International Equity Trust (Gross)	-12.34	-12.86	2.96	0.93	6.43	6.45	9.17
International Equity Trust (Net)	-12.48	-13.42	2.27	0.25	5.72	5.75	8.39
MSCI EAFE Index	-12.54	-13.79	2.87	0.53	6.32	3.52	5.08
Excess Gross Returns (bps)	20	93	9	40	11	293	409

City of Fort Pierce Retirement and Benefit System

- Market Value as of March 31, 2019: \$13,724,329.64
- Inception Date: September 1, 1991

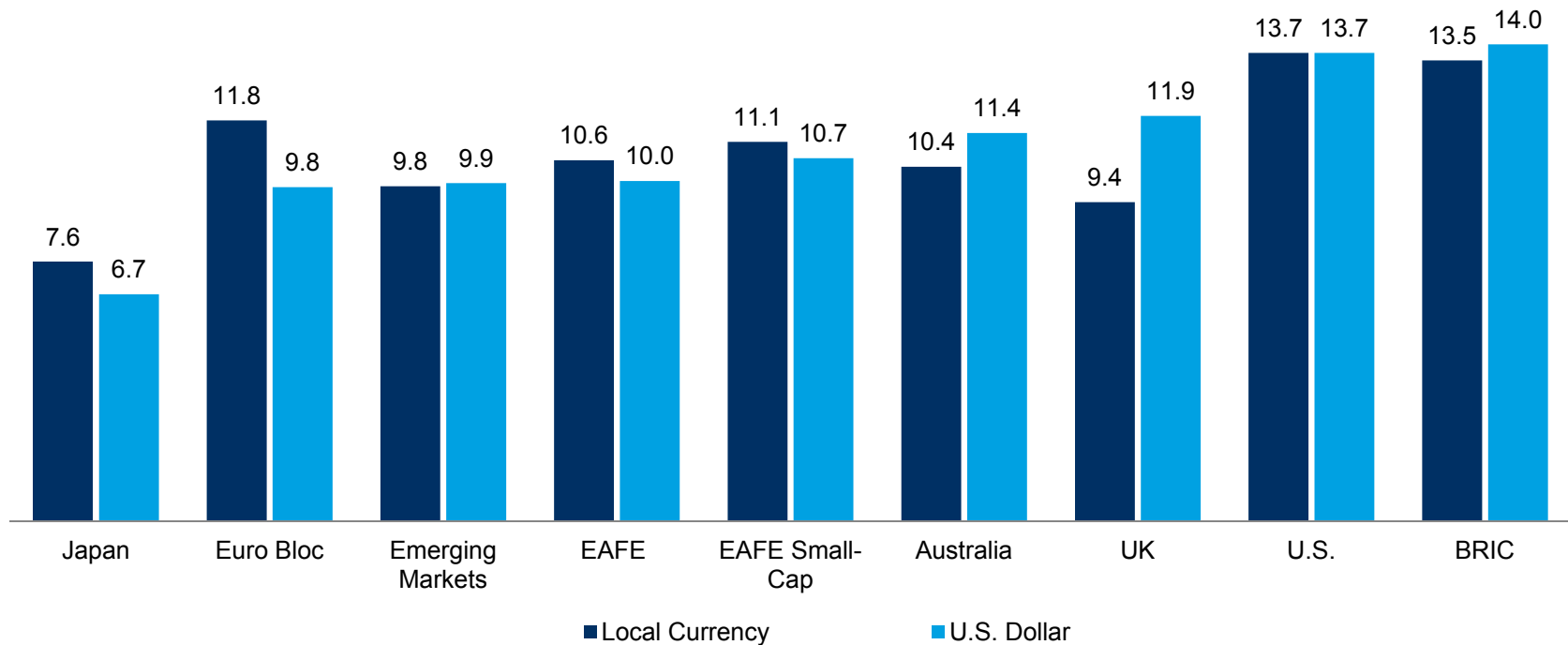
Source: Morgan Stanley Investment Management

The International Equity Trust has a performance track record of over thirty years. Past performance is no guarantee of future results. Performance returns reflect the average annual rates of return. Returns less than one year are not annualized. The International Equity Trust investment returns are shown gross and net of investment management fees, in USD terms and assume the reinvestment of all dividends and income and would be lower if expenses were deducted. Investment returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance returns are compared to those of an unmanaged index and are considered to be a relevant comparison to the portfolio. The comparison index is the MSCI EAFE Net Index with Net Dividends reinvested. 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.

Index Regional Returns – 1Q 2019

MSCI Official Indices

Percent (%)



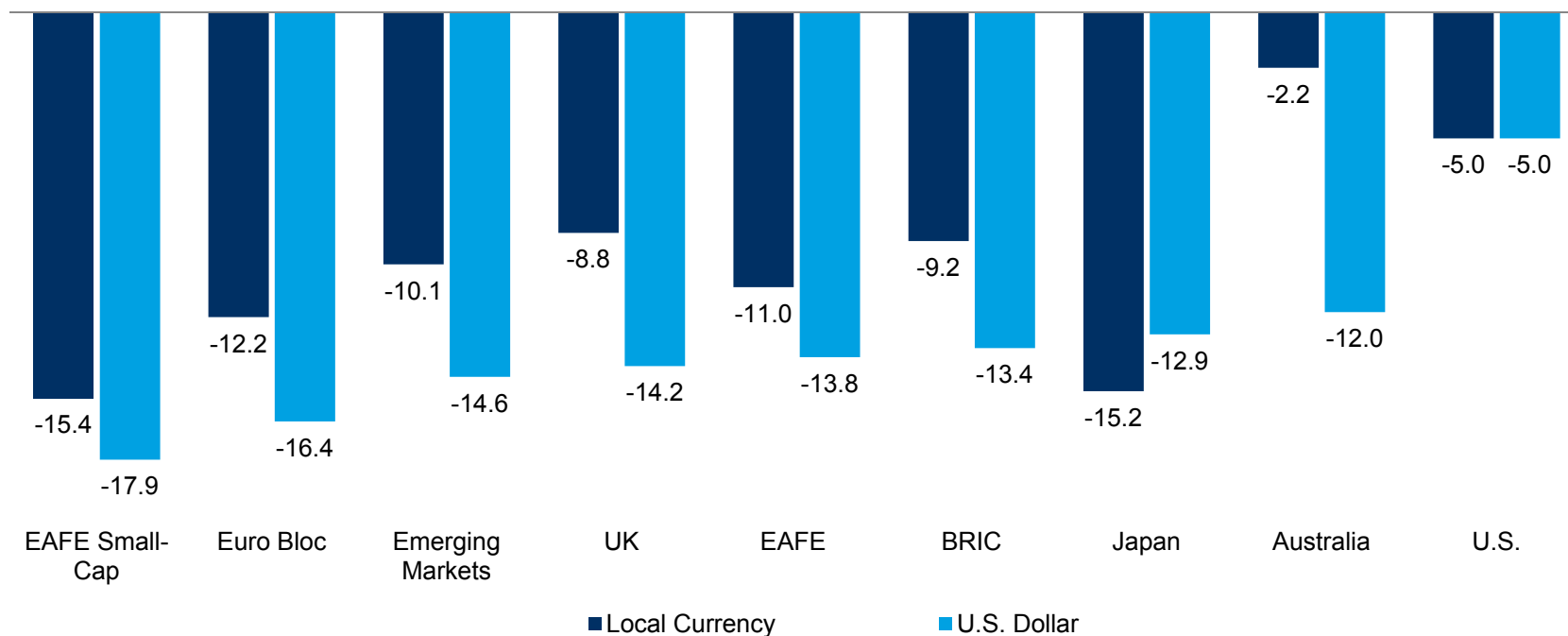
Source: FactSet

Data as of March 31, 2019. **Past performance is no guarantee of future results.** For illustrative purposes only and should not be deemed as a recommendation to buy or sell securities in the countries or regions shown above. MSCI indices are unmanaged and it is not possible to invest directly in an index.

Index Regional Returns – 2018

MSCI Official Indices

Percent (%)



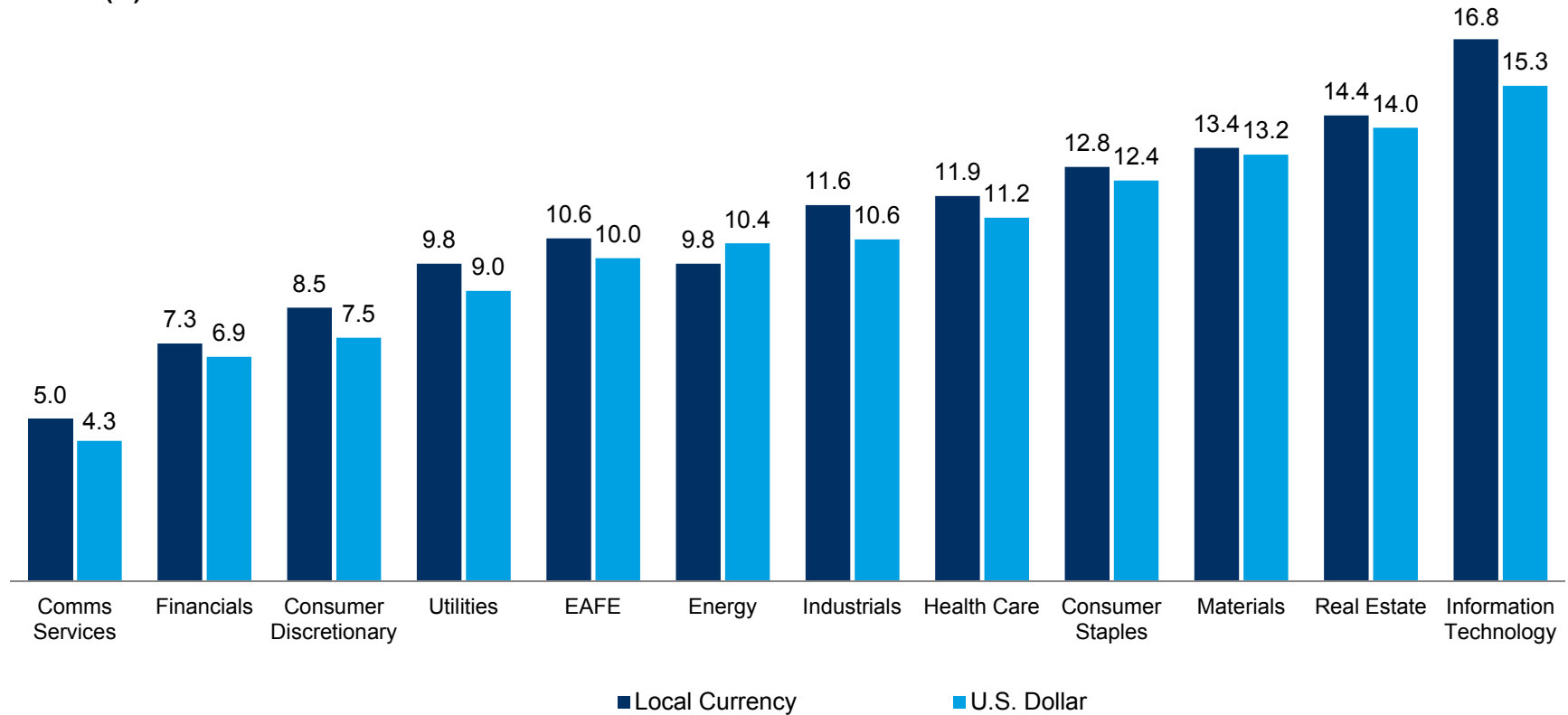
Source: FactSet

Data as of December 31, 2018. **Past performance is no guarantee of future results.** For illustrative purposes only and should not be deemed as a recommendation to buy or sell securities in the countries or regions shown above. MSCI indices are unmanaged and it is not possible to invest directly in an index.

Index Sector Returns – 1Q 2019

MSCI EAFE Official Index

Percent (%)



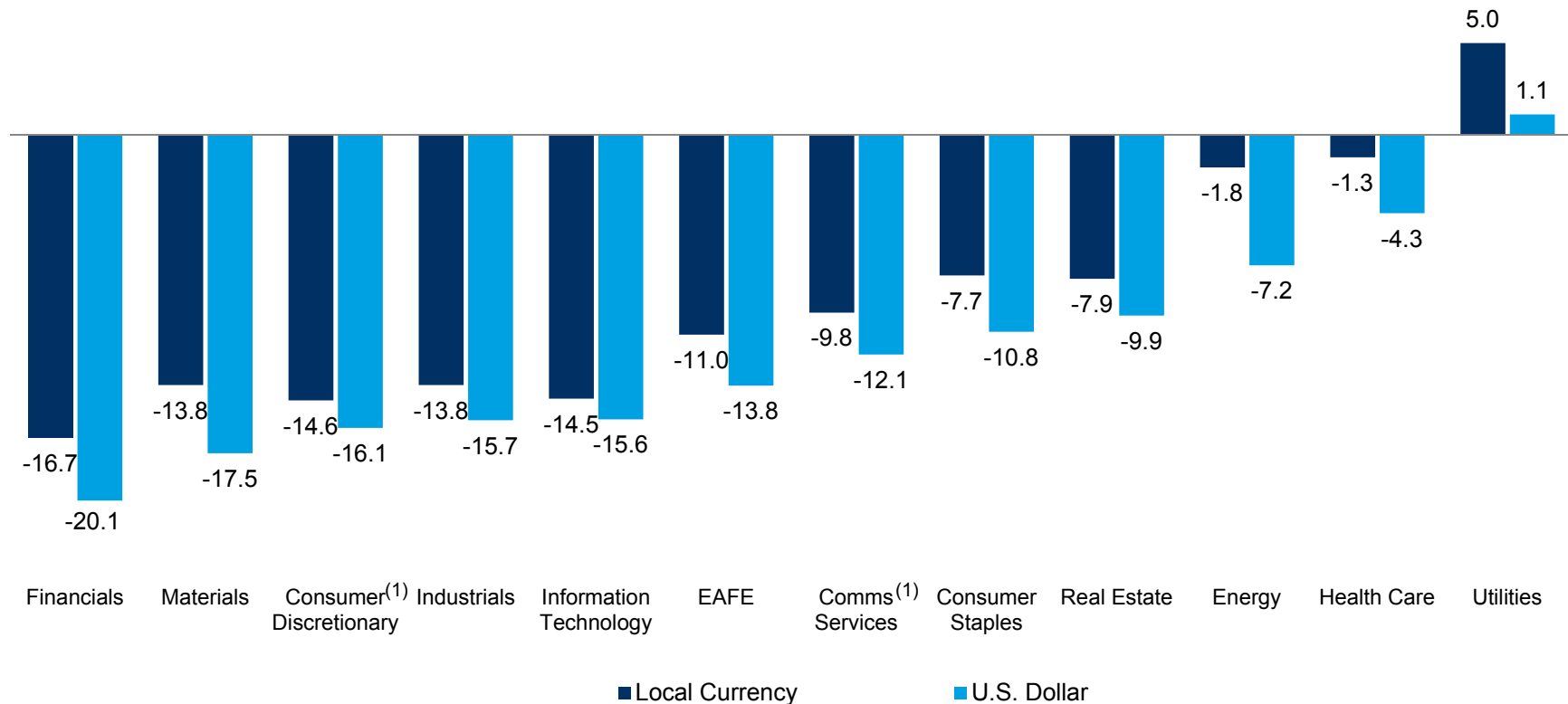
Source: MSCI

Data as of March 31, 2019. **Past performance is no guarantee of future results.** For illustrative purposes only and should not be deemed as a recommendation to buy or sell securities in the sectors shown. MSCI EAFE Net Index is an unmanaged index and it is not possible to invest directly in an index.

Index Sector Returns – 2018

MSCI EAFE Official Index

Percent (%)



Source: MSCI

Data as of December 31, 2018. **Past performance is no guarantee of future results.** For illustrative purposes only and should not be deemed as a recommendation to buy or sell securities in the sectors shown. MSCI EAFE Net Index is an unmanaged index and it is not possible to invest directly in an index.

1. On September 21, 2018, the GICS sector classifications were amended. The Telecommunication Services sector became the Communication Services sector, absorbing Media and Internet Services companies previously allocated to the Consumer Discretionary and Information Technology sectors, respectively. E-commerce companies moved from Information Technology to Consumer Discretionary. As a consequence of variants in calculations, it is likely that there will be a difference between Morgan Stanley data and that published by FactSet.

Sector Attribution – 1Q 2019

Top Five Relative Contributors⁽³⁾

Constellation Software	+54 bps
British American Tobacco	+36 bps
Neste	+30 bps
LG Household & Health Care	+26 bps
Heineken	+21 bps

Top Five Relative Detractors⁽³⁾

Henkel	-47 bps
Bayer	-26 bps
Sanofi	-20 bps
Barrick Gold	-18 bps
RELX ⁽⁵⁾	-16 bps

Cumulative Returns January 1, 2019 through March 31, 2019⁽¹⁾ - USD

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	TOTAL (%)
Financials	11.80	6.93	14.51	19.39	0.71	0.14	0.85
Information Technology	24.26	15.31	6.83	6.13	0.53	0.04	0.57
Consumer Staples	12.40	12.38	31.13	11.47	-0.03	0.43	0.41
Energy	14.41	10.44	5.51	5.88	0.22	--	0.22
Communication Services ⁽⁴⁾	6.73	4.33	3.39	5.51	0.08	0.13	0.21
Consumer Discretionary	5.13	7.52	2.67	11.14	-0.04	0.20	0.17
Utilities	--	8.97	--	3.74	--	0.05	0.05
Real Estate	--	14.01	--	3.79	--	-0.13	-0.13
Industrials	9.12	10.56	12.87	14.35	-0.16	--	-0.16
Materials	9.12	13.18	3.97	7.43	-0.20	-0.09	-0.29
Health Care	8.91	11.23	16.35	11.16	-0.35	0.06	-0.29
Cash ⁽²⁾	-0.18	--	2.75	--	--	-0.24	-0.24
Total	11.35	9.98	100.00	100.00	0.77	0.60	1.37

Source: Morgan Stanley Investment Management and FactSet

- Portfolio weight is an average for the period from January 1, 2019 through March 31, 2019. Index MSCI EAFE Index. Attribution total return may differ from reported total return due to differing methodologies. Returns are Gross of fees, quoted in USD terms, and include the reinvestment of all dividends and income. Had fees been included, returns would be lower and results may differ. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned in the sectors shown. **Past performance is no guarantee of future results.**
- The 'Cash' line in the attribution includes cash balances as well as other cash instruments.
- To obtain the methodology of the return attribution analysis, a list showing every holding's contribution to the overall performance during the measurement periods, and/or if you have any questions, please contact your Morgan Stanley representative. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Holdings attribution is calculated gross of fees. Had fees been included, returns would have been lower. Companies listed in italics are no longer held in the portfolio.
- On September 21, 2018, the GICS sector classifications were amended. The Telecommunication Services sector became the Communication Services sector, absorbing Media and Internet Services companies previously allocated to the Consumer Discretionary and Information Technology sectors, respectively. E-commerce companies moved from Information Technology to Consumer Discretionary. As a consequence of variants in calculations, it is likely that there will be a difference between Morgan Stanley data and that published by FactSet.
- Following the simplification of RELX Group's corporate structure, the position relating to RELX consists of RELX PLC shares traded on the London Stock Exchange and Euronext Amsterdam. Should separate holdings be required, contact Morgan Stanley Investment Management.

Sector Attribution – 2018

Top Five Relative Contributors⁽³⁾

Shiseido	+110 bps
GlaxoSmithKline	+76 bps
Safran	+58 bps
Pernod Ricard	+56 bps
L'Oréal	+55 bps

Top Five Relative Detractors⁽³⁾

British American Tobacco	-142 bps
Fresenius	-86 bps
Bayer	-68 bps
Danske Bank	-43 bps
Nitto Denko	-43 bps

Cumulative Returns January 1, 2018 through December 31, 2018⁽¹⁾ - USD

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	TOTAL (%)
Industrials	-4.19	-15.69	12.29	14.45	1.36	0.09	1.44
Consumer Staples	-10.70	-10.90	32.41	10.91	0.09	0.75	0.84
Information Technology	-6.34	-15.10	5.49	6.04	0.43	-0.03	0.41
Energy	6.63	-7.18	3.86	5.75	0.35	-0.17	0.18
Communication Services ⁽⁴⁾	-10.81	-12.61	4.46	5.49	0.12	-0.04	0.09
Consumer Discretionary ⁽⁴⁾	-23.63	-16.64	2.99	11.68	-0.24	0.26	0.02
Real Estate	-4.67	-9.94	0.11	3.51	-0.02	-0.16	-0.18
Financials	-24.60	-20.10	15.11	20.37	-0.73	0.25	-0.48
Utilities	--	1.10	--	3.30	--	-0.52	-0.52
Health Care	-10.40	-4.15	15.25	10.48	-0.97	0.43	-0.54
Materials	-29.62	-17.50	5.14	8.00	-0.75	0.12	-0.63
Cash ⁽²⁾	-0.65	--	2.92	--	--	0.45	0.45
Hedging	-1.29	--	-0.04	--	--	-0.16	-0.16
Total	-12.89	-13.79	100.00	100.00	-0.36	1.26	0.90

Source: Morgan Stanley Investment Management and FactSet

- Portfolio weight is an average for the period from January 1, 2018 through December 31, 2018. Index MSCI EAFE Index. Attribution total return may differ from reported total return due to differing methodologies. Returns are Gross of fees, quoted in USD terms, and include the reinvestment of all dividends and income. Had fees been included, returns would be lower and results may differ. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned in the sectors shown. **Past performance is no guarantee of future results.**
- The 'Cash' line in the attribution includes cash balances as well as other cash instruments.
- To obtain the methodology of the return attribution analysis, a list showing every holding's contribution to the overall performance during the measurement periods, and/or if you have any questions, please contact your Morgan Stanley representative. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Holdings attribution is calculated gross of fees. Had fees been included, returns would have been lower. Companies listed in italics are no longer held in the portfolio.
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Long-Term Sector Attribution

- Stock selection has accounted for 74% of the strategy's long-term performance

Cumulative Returns for January 1, 1999 – December 31, 2018⁽¹⁾

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	TOTAL (%)
Consumer Staples	624.1	252.5	21.5	9.4	29.8	16.9	46.6
Health Care	360.6	170.1	11.2	9.7	16.4	3.4	19.8
Information Technology	326.5	29.5	5.7	5.6	16.8	1.9	18.7
Industrials	297.7	168.2	10.2	11.8	15.9	1.3	17.2
Communication Services ⁽⁵⁾	105.5	20.8	7.9	8.6	12.3	4.8	17.1
Financials ⁽⁴⁾	28.0	19.9	15.0	22.8	10.7	3.8	14.5
Materials	253.0	270.7	7.8	7.8	3.7	6.0	9.7
Consumer Discretionary ⁽⁵⁾	170.6	136.5	5.2	10.2	3.9	1.2	5.1
Utilities	127.7	98.5	3.6	4.6	1.6	2.8	4.4
Real Estate ⁽³⁾	81.2	227.4	1.0	2.4	1.7	0.7	2.5
Energy	133.6	160.4	7.5	7.3	1.4	0.9	2.3
Cash ⁽²⁾	21.9	--	3.3	--	--	-4.3	-4.3
Hedging	-6.9	--	-0.0	--	--	0.3	0.3
Total	252.9	98.5	100.0	100.0	114.2	39.7	154.0

Source: Morgan Stanley Investment Management and FactSet

1. Portfolio weight is an average for the period January 1, 1999 through December 31, 2018. Index MSCI EAFE Index. **Past performance is not indicative of future results.** Attribution total return may differ from reported total return due to differing methodologies. Returns are Gross of fees, quoted in USD terms, and include the reinvestment of all dividends and income. Had fees been included, returns would be lower and results may differ. 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.
2. The "Cash" line in the attribution includes cash balances as well as other cash instruments.
3. MSCI moved Real Estate out of the MSCI Financials sector effective September 1, 2016 and promoted it to a standalone sector. Therefore, performance shown for Real Estate is for the period September 1, 2016 through December 31, 2018 only.
4. Performance shown for the Financials sector includes Real Estate from January 1, 1999 through August 31, 2016.
5. On September 21, 2018, the GICS sector classifications were amended. The Telecommunication Services sector became the Communication Services sector, absorbing Media and Internet Services companies previously allocated to the Consumer Discretionary and Information Technology sectors, respectively. E-commerce companies moved from Information Technology to Consumer Discretionary.

To obtain the methodology of the return attribution analysis, a list showing every holding's contribution to the overall performance during the measurement periods, and/or if you have any questions, please contact your Morgan Stanley representative. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Holdings attribution is calculated NET of fees. Had fees been included, returns would have been lower.

Morgan Stanley

INVESTMENT MANAGEMENT

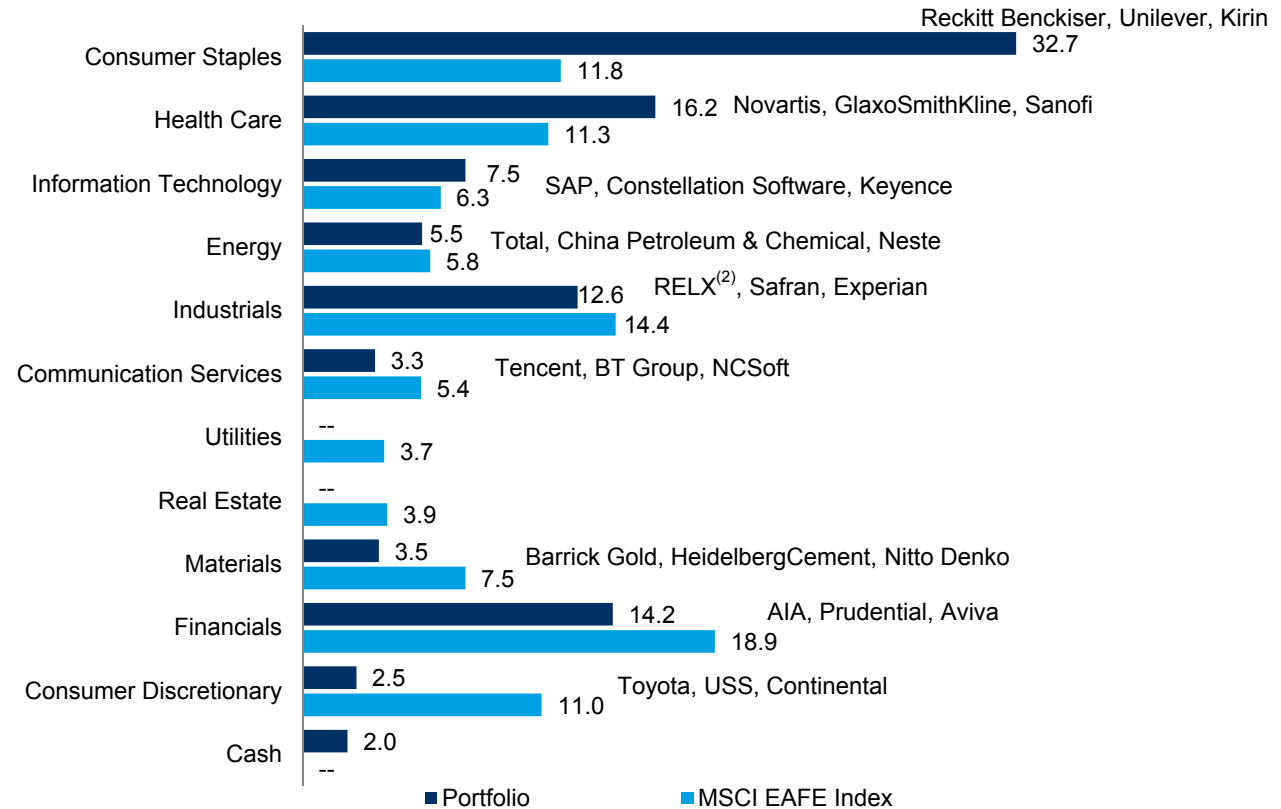
SECTION 5

Current Portfolio

Sector Weightings

- Sector weights result from bottom-up stock selection process
- Overweight defensive sectors (54.3% vs. 32.3%)
- Underweight cyclical sectors (45.7% vs. 67.7%)

Data as of March 31, 2019⁽¹⁾



Source: Morgan Stanley Investment Management

1. Data as of March 31, 2019. 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 industries shown above. Up to the three largest holdings are stated for each sector.
 2. Following the simplification of RELX Group's corporate structure, the position relating to RELX consists of RELX PLC shares traded on the London Stock Exchange and Euronext Amsterdam. Should separate holdings be required, contact Morgan Stanley Investment Management.

Consumer Staples Overweight Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Beverages	2.5	9.1	Kirin, Pernod Ricard, Heineken
Household Products	0.9	7.1	Reckitt Benckiser, Lion, Henkel ⁽²⁾ , Unilever ⁽¹⁾
Personal Products	2.3	8.6	Shiseido, L'Oréal, LG Household & Health Care, Unilever ⁽¹⁾ , Henkel ⁽²⁾
Tobacco	1.2	4.3	British American Tobacco, Imperial Brands
Food Products	3.5	2.2	Unilever ⁽¹⁾
Food & Staples Retailing	1.4	--	
	11.8	32.7⁽³⁾	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed.

Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

1. The overall weight of Unilever which is held in the portfolio (4.4%) is split owing to the diversity of their business: Food Products 50%, Personal Products 35% and Household 15%.
2. The overall weight of Henkel which is held in the portfolio (2.9%) is split owing to the diversity of their business: Household 30% and Personal Products 20%. Whilst the stock is categorized by MSCI as a Consumer Staple, the remaining 50% of their business is in Adhesives (1.4%) and therefore cannot be included in the above industry sub-sectors.
3. Includes Henkel's Adhesive business (1.4%).

Health Care Overweight Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
"Big 6" Pharmaceuticals ⁽¹⁾	5.6	13.5	Novartis, GlaxoSmithKline, Sanofi, Bayer, Roche
Other Pharmaceuticals	2.7	--	
Health Care Equipment & Services	2.1	2.7	Fresenius
Biotechnology	0.6	--	
Life Sciences	0.3	--	
	11.3	16.2	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

1. Defined as Novartis, Roche, GlaxoSmithKline, AstraZeneca, Sanofi, Bayer

Financials and Real Estate Underweight Dissected

- Remain heavily underweight banks. Our strategy remains choosy and opportunistic. Few bank franchises can beat their cost of capital – de-levering and forced alterations to the business model require a heavy discount to account for the considerable risks
- Strongly overweight insurers given their limited solvency, liquidity and regulatory risks. Wary of exposure to vulnerable sovereigns and low long-run interest rates

FINANCIALS WEIGHTING	MSCI EAFE INDEX	PORTFOLIO	BANKS WEIGHTING	MSCI EAFE INDEX	PORTFOLIO	MAIN HOLDINGS
Banks	10.2	4.8	Japan	1.4	2.0	SMFG, Mizuho
Capital Markets	2.4	1.0	Spain	1.0	1.0	BBVA
Diversified	0.7	--	Italy	0.5	--	
Insurance	5.6	8.4	France	0.7	--	
Financials	18.9	14.2	Australia	1.9	--	
			U.K.	2.1	--	
			Other	2.6	1.8	ING (Netherlands), Danske Bank (Denmark)
REAL ESTATE WEIGHTING	MSCI EAFE INDEX	PORTFOLIO	INSURANCE WEIGHTING	MSCI EAFE INDEX	PORTFOLIO	MAIN HOLDINGS
Real Estate	3.9	--	U.K.	0.8	4.3	Prudential, Aviva Admiral
			France	0.4	1.2	AXA
			Australia	0.3	--	
			Switzerland	0.8	--	
			Japan	0.7	--	
			Germany	1.0	--	
			Other	1.6	2.9	AIA (Hong Kong)
REAL ESTATE WEIGHTING	MSCI EAFE INDEX	PORTFOLIO	REAL ESTATE WEIGHTING	MSCI EAFE INDEX	PORTFOLIO	MAIN HOLDINGS
			Hong Kong	1.1	--	
			Japan	1.0	--	
			Australia	0.5	--	
			France	0.3	--	
			U.K.	0.2	--	
			Other	0.8	--	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed. 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 or industries shown above. The views and opinions are those of the portfolio management team as of the date of this presentation, are subject to change, and may not be representative of the firm as a whole.

Materials Dissected

- Wary of industrial metals due to concerns over Chinese demand
- Remain overweight construction materials where earnings are at cyclical lows but offer high operational leverage to any economic recovery

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Construction Materials	0.6	0.9	HeidelbergCement
Containers and Packaging	0.2	--	
Paper and Forest Products	0.3	--	
Metals and Mining	3.1	1.8	Barrick Gold
Chemicals	3.3	0.8	Nitto Denko
	7.5	3.5	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed.

Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

Industrials Dissected

- Underweight heavy capital goods with preference for distributors

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Commercial and Professional Services	1.9	4.8	RELX ⁽¹⁾ , Experian
Transportation	2.7	1.7	Deutsche Post
Capital Goods	9.8	6.1	Safran, FANUC, Thales, Ashtead, Ferguson
	14.4	12.6	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed.

Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

1. Following the simplification of RELX Group's corporate structure, the position relating to RELX consists of RELX PLC shares traded on the London Stock Exchange and Euronext Amsterdam. Should separate holdings be required, contact Morgan Stanley Investment Management.

Energy Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Other Oil, Gas and Consumable Fuels ⁽²⁾	1.7	3.7	China Petroleum & Chemical, Neste, Cameco
Energy Equipment and Services	0.1	--	
Diversified "Super-Majors" ⁽¹⁾	4.0	1.8	Total
	5.8	5.5	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

1. Defined as Royal Dutch Shell, BP and Total within EAFE.

2. Oil, Gas and Consumable Fuels ex-Super-Majors.

Consumer Discretionary Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Retailing	1.5	0.7	USS
Consumer Services	1.5	--	
Automobiles and Components	4.2	1.8	Toyota, Continental, Minth
Consumer Durables and Apparel	3.8	--	
	11.0	2.5	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

Communication Services Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Telecom Services	3.9	1.0	BT
Media & Entertainment	1.5	2.3	Tencent, NCSOFT
	5.4	3.3	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed.

Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

Information Technology Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Software & Services	2.4	6.2	SAP, Constellation
Technology, Hardware & Equipment	2.6	1.2	Keyence
Semiconductors & Semiconductor Equipment	1.3	--	
	6.3	7.4	

Source: MSCI and FactSet

Data as of March 31, 2019. Subject to change daily. All companies held in the portfolio for the sector are listed.

Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the industries shown above.

Indirect Exposure to the Right Kind of Emerging Market Growth⁽¹⁾

Focus on Revenue Exposure not Listed Exposure

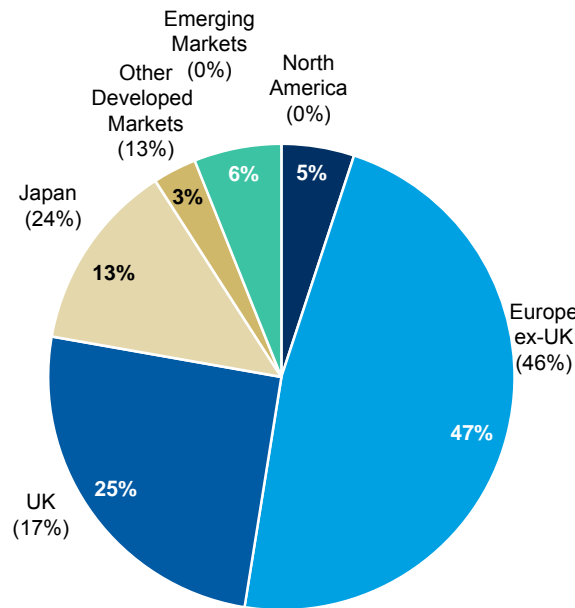
- Where a company does business is more important than where it is listed
- Country weights are a residual of our bottom up stock selection

Selected Company EM Exposure⁽³⁾

Tencent	98%
LG Household & Health Care	93%
NCSOFT	92%
China Petroleum & Chemical	78%
Mintih	67%
BBVA	61%
Unilever	58%
Cameco	56%
FANUC	51%
Nitto Denko	50%
AIA	50%
Barrick Gold	49%
Heineken	44%
Pernod Ricard	44%

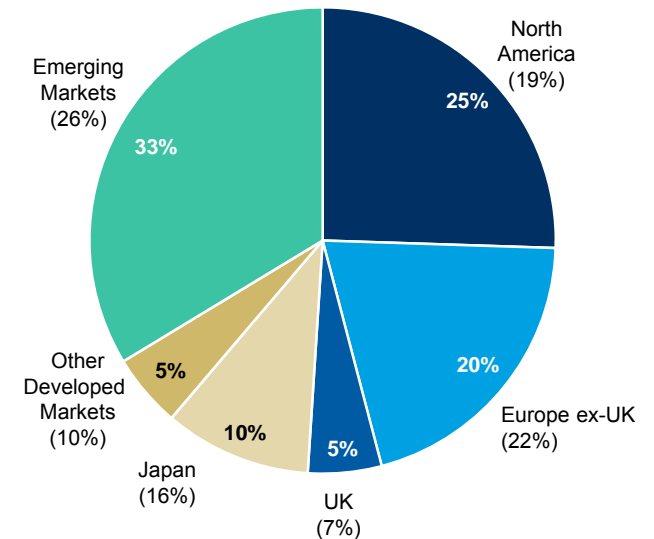
Regional Breakdown: Listed Exposure

International Equity Trust
(Index weight)⁽⁴⁾



Revenue Exposure⁽²⁾

International Equity Trust
(Index weight)⁽⁴⁾



Source: MSCI, FactSet and Morgan Stanley Investment Management. The views and opinions expressed herein are those of portfolio management team as of the date herein.

1. Data as of March 31, 2019. Updated quarterly. This portfolio is actively managed, therefore holdings may not be current. 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 or regions shown above. Holdings are weightings are subject to change. Each portfolio may differ due to specific investment restrictions and guidelines.
2. Data as of March 31, 2019. Weighted Regional Exposure - Percentage of Company Sales. Excludes cash and re balanced to 100%.
3. Data as of March 31, 2019. Securities shown are for illustrative purposes only and the percentages represent the weighted average based on revenues from emerging market sales over 40%. Holdings identified do not represent all securities purchased, sold, or recommended to our advisory clients. You should not assume that investments in the securities identified were or will be profitable.
4. Data shown is the MSCI EAFE Index

Top Ten Holdings

SECURITY	INDUSTRY	COUNTRY	(%)
Reckitt Benckiser	Household Products	United Kingdom	4.6
Unilever	Personal Products	Netherlands	4.4
SAP	Software	Germany	3.6
Novartis	Pharmaceuticals	Switzerland	3.5
Kirin	Beverages	Japan	3.3
GlaxoSmithKline	Pharmaceuticals	United Kingdom	3.3
RELX ⁽¹⁾	Commercial & Professional Services	UK and Netherlands	3.1
Pernod Ricard	Beverages	France	3.0
Sanofi	Pharmaceuticals	France	3.0
AIA	Insurance	Hong Kong	2.9
Total			34.7

Source: Morgan Stanley Investment Management.

Data as of March 31, 2019. 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 industries and countries shown above.

1. Following the simplification of RELX Group's corporate structure, the position relating to RELX consists of RELX PLC shares traded on the London Stock Exchange and Euronext Amsterdam. Should separate holdings be required, contact Morgan Stanley Investment Management.

Significant Movements in the Portfolio – 1Q 2019

Portfolio Turnover

1Q 2019: 3.44%

Major Transactions: January 1, 2019 – March 31, 2019⁽¹⁾

INITIAL PURCHASES	ADDITIONS	REDUCTIONS	FINAL SALES
Ashtead Group	Imperial Brands	British American Tobacco	CRH
	China Petroleum & Chemical	Nitto Denko	Aggreko
	Reckitt Benckiser	Toyota	
	Henkel	BT Group	
	SAP	Kirin	
	Deutsche Post	Admiral Group	
	Unilever	NCSOFT	

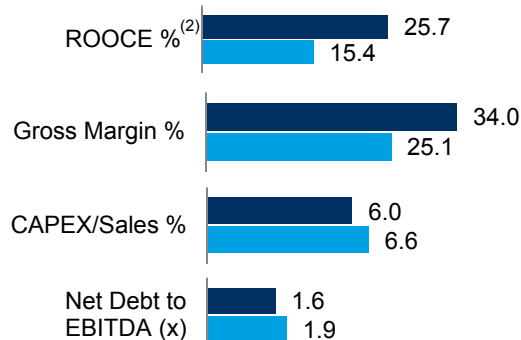
Source: Morgan Stanley Investment Management

1. All information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned. There is no guarantee that the securities shown, or holdings in general, will perform well. Holdings are subject to change. Significant movement is based on at least 25 basis point weight changes for the period shown.

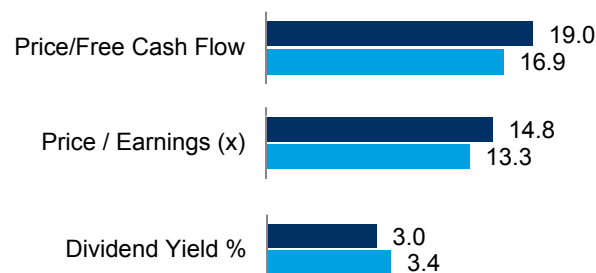
Portfolio Characteristics⁽¹⁾

- Portfolio's premium on Forward Earnings vs market is likely to be lower than shown, as market's forward earnings estimates are unreliable, often overstated.
- Market has higher gap between reported (GAAP/IFRS) and adjusted or "greed" earnings than the portfolio.
- High quality companies are better at converting earnings to cash. Free Cash Flow is a better indicator of valuation.

Quality Ratios – Historical⁽³⁾⁽⁴⁾



Valuation Ratios⁽³⁾⁽⁴⁾



■ PORTFOLIO ■ MSCI EAFE INDEX

Market Cap Weights

	PORTFOLIO %	MSCI EAFE INDEX %
Mega Cap > \$100Bn	25	16
Large Cap \$50 – 100Bn	25	18
Mid Cap \$10 – 50 Bn	45	44
Small / Mid Cap \$1 – 10Bn	5	21
Weighted Average Market Cap (\$Bn)	75	54

Source: Morgan Stanley Investment Management FactSet / Worldscope/MSCI.

1. International Equity Trust data as of March 31, 2019. Subject to change daily.

2. ROOCE (Return on Operating Capital Employed) = EBITA (Earnings Before Interest, Taxes and Amortization) / PPE (Property, Plant, Equipment) + Trade working capital (excludes goodwill). Ex-Financials. March 31, 2019.

3. ROOCE, Gross Margin, Capex/Sales, and Net Debt to EBITDA use last reported ex-Financials data. Dividend Yield uses last reported including Financials data. The Price/Earnings ratio and Price/Free Cash Flow use FactSet Consensus 12 month forward earnings and free cash flow per share data. Characteristics are calculated using the underlying companies in the International Equity Trust as of March 31, 2019. There is no guarantee that any portfolio will necessarily yield similar results over the next year.

4. Ratio methodology: MSCI World Net Index: sum(shares in index * numerator per share)/sum(shares in index * denominator per share). International Equity Trust: sum(shares in portfolio * numerator per share)/sum(shares in portfolio * denominator per share).

5. EBIT margin stability is 1-(std deviation/mean)

6. Price volatility is standard deviation of monthly price change for 10 years.

Past performance is no guarantee of future results. There is no guarantee that forecasts and estimates will come to pass due to changing market and economic conditions. Provided for informational purposes only and is subject to change on a daily basis. Each portfolio may differ due to specific investment restrictions and guidelines. Thus, individual results could vary. MSCI World Index shown for comparative purposes only.

2019 Outlook

- There are signs of a synchronised global slowdown, with China a particular worry
- Not clear that earnings estimates reflect the current slowdown, let alone anything worse
 - 2019 World earnings peaked in August 2018, but are only down 7% as of March
- Political risks are elevated even before the aggravating effect of any economic slowdown
- Extent of leverage a concern, particularly US corporate bonds
 - More US near-junk BBB bonds (\$3.2tn) than total corporate bond exposure in 2007
 - Concerns about liquidity of market given regulatory constraints on banks

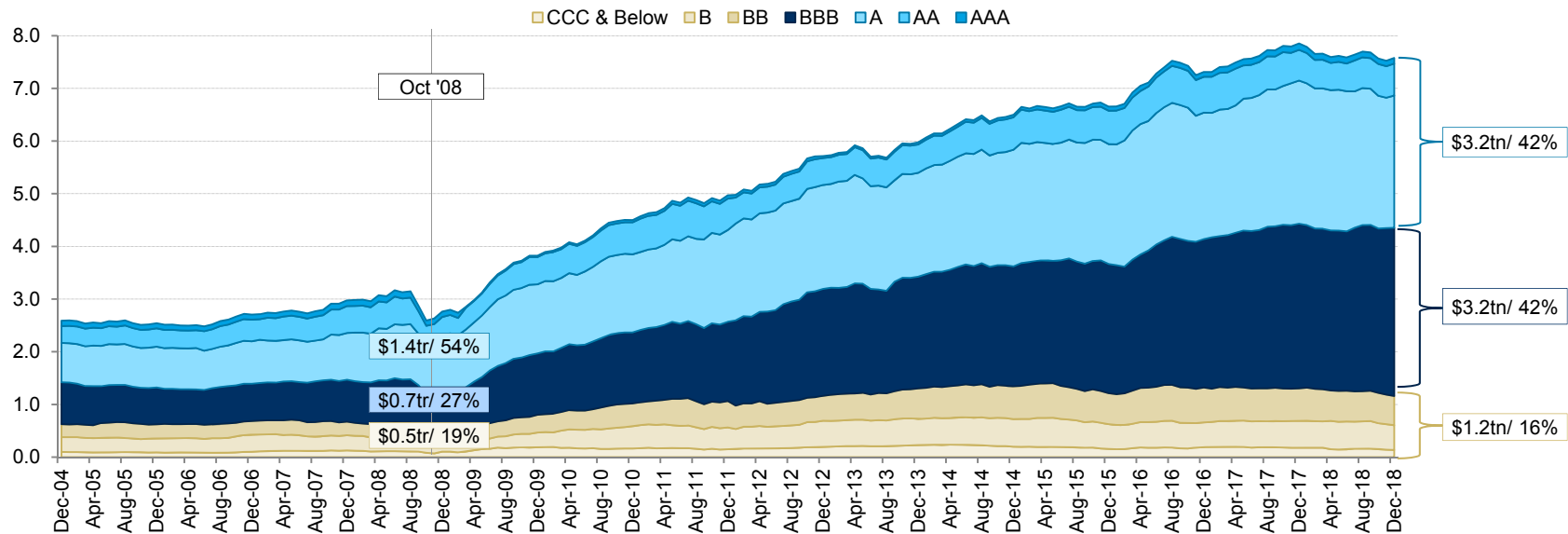
Source: Factset

As of March 31, 2019. The information reflects the views of the Portfolio Management Team at the time of this writing. These views may change in response to changing economic and market conditions.

US leverage is a concern with BBB now larger than the entire US corporate debt market in 2008

- Market Capitalisation of US Corporate Bonds by Credit Rating

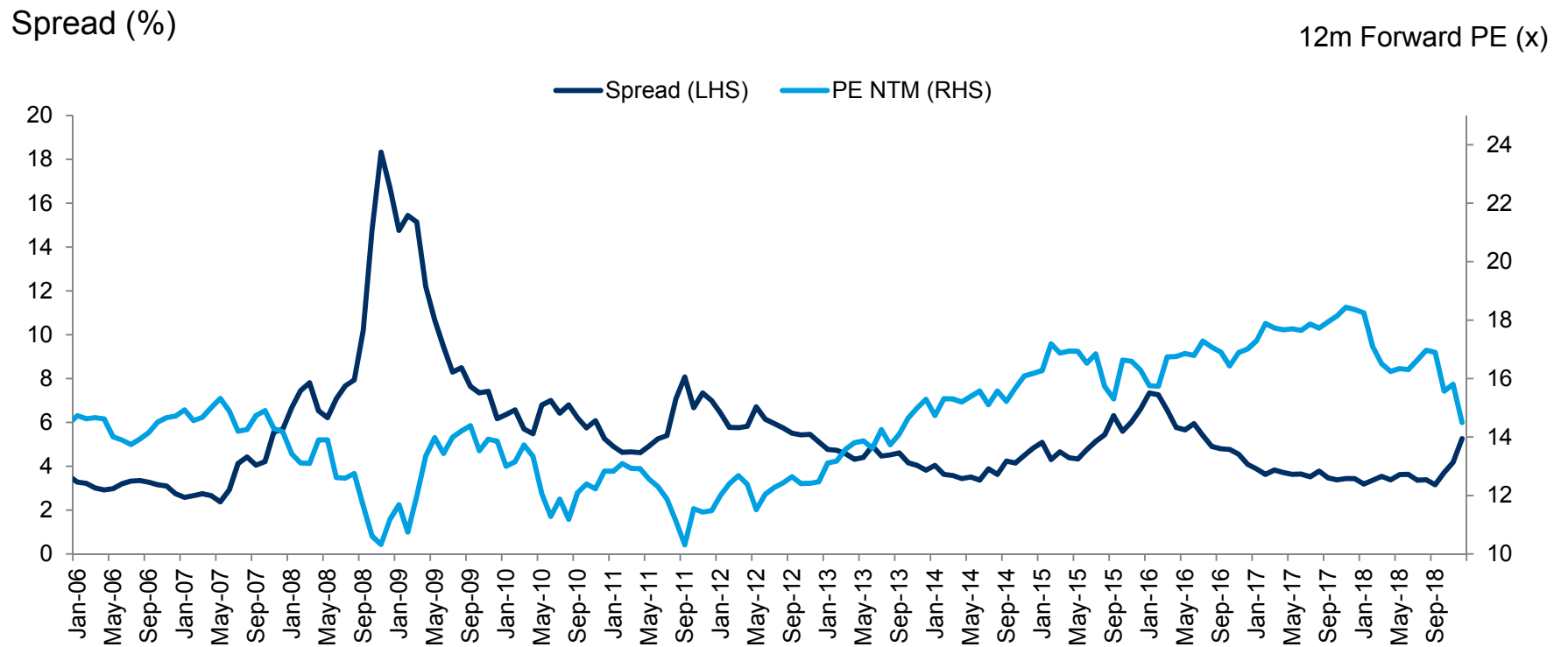
US Corporate Bond Market Cap \$tn



Source: FactSet
Data as of December 31, 2018

What happens in the corporate debt market matters to the equity market

- US High Yield Corporate Bond Spread vs MSCI USA Forward PE

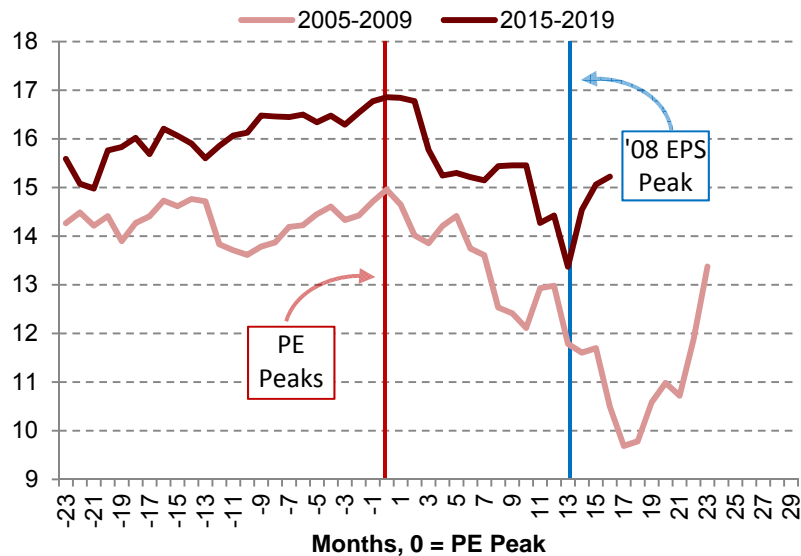


Source: FactSet
Data as of December 31, 2018

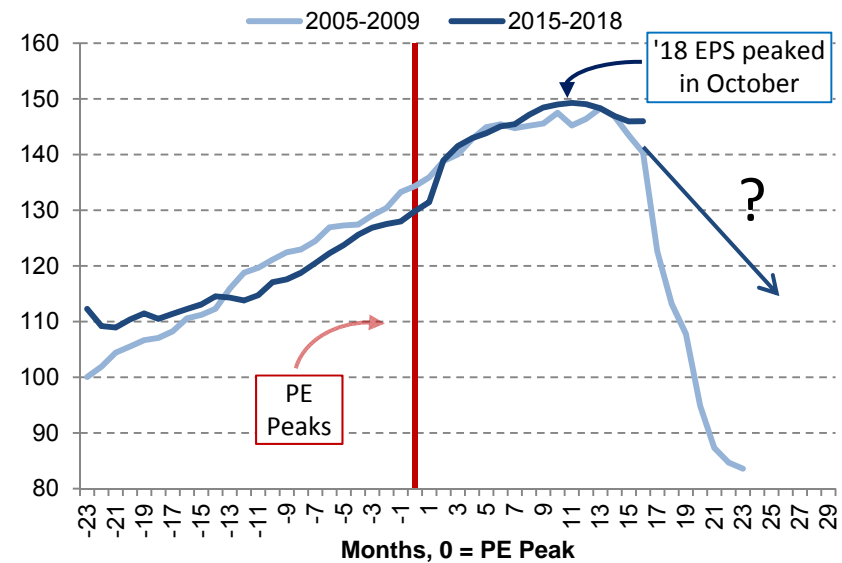
Last time earnings rolled over about a year after multiples peaked...

MSCI World 12M Forward EPS and PE Expectations

MSCI World PE ratio NTM



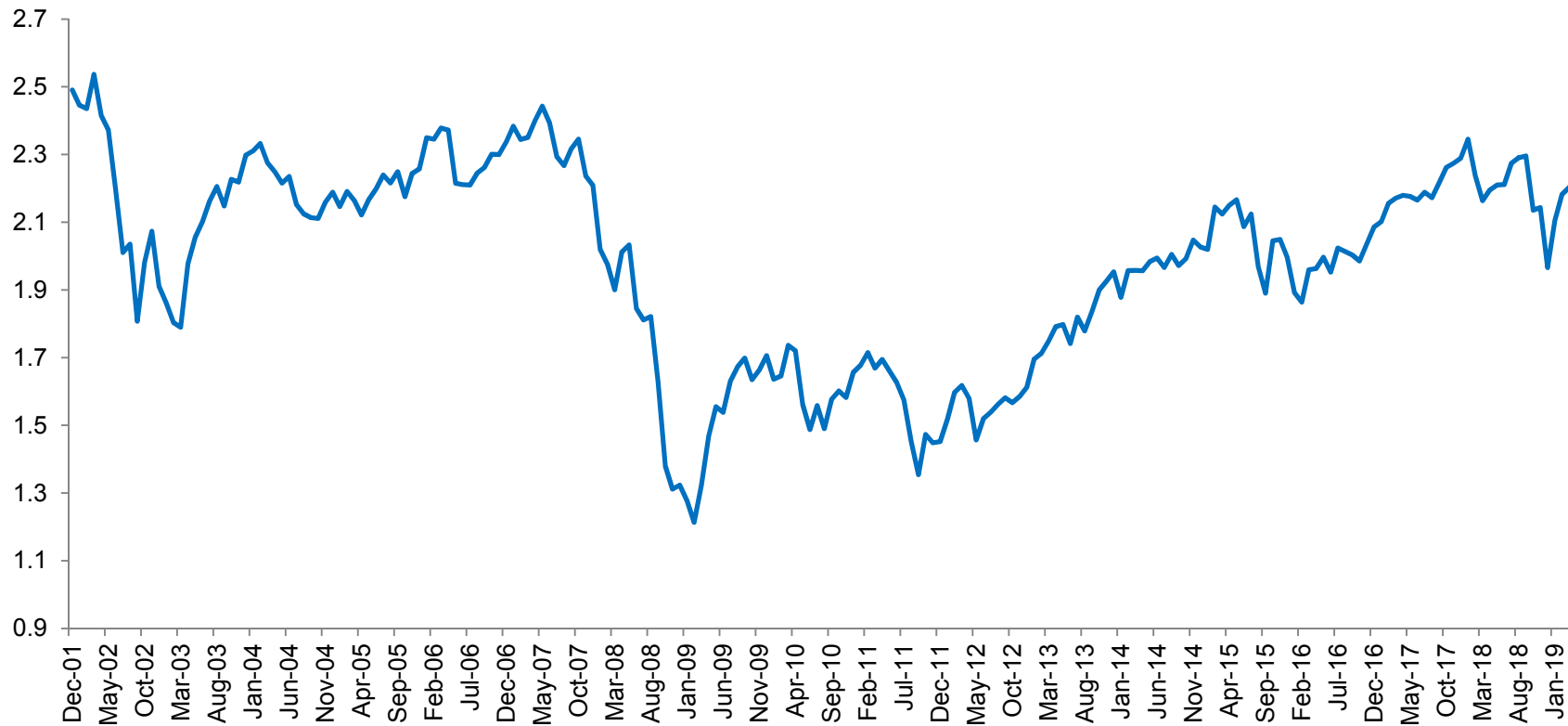
MSCI World EPS NTM



Source: FactSet,
Data as of March 31, 2019.
PEs peaked in May 2007 and November 2017. EPS peaked in June 2008 and October 2018.

... but the market is not currently pricing this in

MSCI World price-to-book ratio over the last 20 years



Source: FactSet
Data as of March 31, 2019

2019 Strategy

- Forward P/E multiples back to September 2018 levels after 1Q re-rating - high leverage and high margins mean that markets look worse on other metrics, eg EV/EBITDA or EV/Sales
- Current global slowdown not yet fully reflected in cyclical earnings
 - Earnings declining slowly since August 2018
 - Multiple peak came 13 months before earnings peak in Global Financial Crisis
- So far, limited opportunities in cyclical areas, as margin of safety is generally not sufficient
- We believe global, high quality, steady compounders with solid balance sheets and sustainable free cash flows still offer the best potential risk/reward trade-off
 - Close to half the portfolio in high quality Consumer Staples (31%) or Health Care (17%) sectors

As of March 31, 2019. The information reflects the views of the Portfolio Management Team at the time of this writing. These views may change in response to changing economic and market conditions.

Important Disclosures

Morgan Stanley Investment Management International Equity Trust (the "Trust") is a privately offered unregistered fund whose units are offered for investment only to qualified employee benefit plans and certain governmental plans pursuant to a confidential offering memorandum. The Trust is not currently registered, and does not propose in the future to be, registered as an investment company under the U.S. Investment Company Act of 1940, as amended. Morgan Stanley Investment Management Inc. is the sponsor of the Trust and Morgan Stanley Investment Management Limited is the investment manager of the Trust; both of which are registered with the U.S. Securities and Exchange Commission as investment advisers under the U.S. Investment Advisers Act of 1940, as amended.

Past performance is no guarantee of future results. Returns are gross of fees and assume the reinvestment of all dividends and income. Periods less than one year are not annualized. Returns are compared to an unmanaged market index and assumes the reinvestment of dividends and income. The index shown is not meant to depict the performance of any specific investment, should not be considered an investment, and does not include any expenses, fees or sales charges, which would lower performance. An investor can not invest directly in an index.

Any views and opinions herein are those of the team only as of March 31, 2019 are not necessarily those of Morgan Stanley, and are subject to change at any time due to market or economic conditions. All information provided is for informational purposes only. Any forecasts or estimates herein are not necessarily those of Morgan Stanley, and may not actually come to pass.

This material has been prepared solely for informational purposes and is not an offer, or a solicitation of an offer, to buy or sell any security or instrument or to participate in any trading strategy. Sector and Country allocation data was generated from Morgan Stanley Investment Management's internal accounting records and is preliminary. The Trust has fair valuation policies and procedures to value foreign equity securities held by the Trust that become stale as a result of events that occur after the foreign markets close but before the Trust calculates its net asset value. These fair value adjustments are reflected in the net asset value of the Trust but are not reflected in MSIM's internal accounting records. The values of securities used to calculate the net asset value of the Trust could therefore differ from the information contained in this report. Using security values that do not reflect such fair value adjustments increases the comparability of the information to the stated benchmark.

Risk Factors

Equity Securities. In general, prices of equity securities are more volatile than those of fixed income securities. **Risks of International Investing.** Any investment in foreign equity securities may involve a greater degree of risk than an investment in domestic equity securities. Among other things, foreign securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities regulation, less favorable tax provisions, and a greater likelihood of war and expropriation of personal property than investments in domestic securities. **Liquidity.** A withdrawing subscriber may, at the discretion of MSIM, receive securities owned by the Trust in lieu of cash. The risk of loss and delay in liquidating these securities will be borne by the subscriber, with the result that such subscriber may receive less cash than it would have received on the date of withdrawal. **ERISA Issues.** MSIM anticipates that most or all of the subscribers will be entities subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and their participation will require special consideration of certain factors that are described in more detail in the Memorandum. **Federal Income Taxation.** The Trust has received a determination letter from the Internal Revenue Service as to the tax-exempt status of the Trust. MSIM, and the Trustee intend to comply with the provisions of ERISA and the Internal Revenue Code at all times. However, if for any reason the Trust should lose its tax-exempt status as a group trust, it would terminate pursuant to the terms of the Agreement of Trust.

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INVESTMENT MANAGEMENT

SECTION 6

Appendix

ESG and Sustainability

- Our investment process focuses on the **sustainability and direction of future returns** because we believe companies with sustained high long-term returns are expected to outperform.
- ESG is an integral part of risk management and the assessment of long-term sustainability of returns
 - **Environmental** can impact government/regulatory risks
 - **Social** can affect reputational risk with customers and/or governments
 - **Governance** in our opinion is the cornerstone of sustainable returns – without it, all else fails
- We believe that this is so important that the team has **engaged directly with companies on issues of sustainability and governance for over 20 years** rather than outsourcing the process.
- Our bottom-up stock picking approach including the use of MSCI ESG data, Sustainalytics and access to management enable us to **review material ESG issues at the company level and engage** where relevant
- We believe our approach **focuses on issues that could threaten company fundamentals** and/or the sustainability of returns, rather than making moral judgements.

Any portfolio risk management processes discussed include an effort to monitor and manage risk, but should not be confused with and do not imply low risk or the ability to control risk. References to investment objectives or other goals the strategy seeks to achieve are inspirational only and should not be considered a guarantee that such results will be achieved.

Combining Compounders and Value Opportunities Should Deliver Outperformance Over the Long Term

- EAFE Index does not care about quality or price
- Both investment approaches, used separately, should give higher returns than the EAFE index in the long term
- Combining the two approaches, subject to price and prospects, should give asymmetric profile and long term outperformance

	HOLD HIGH QUALITY COMPOUNDERS	EXPLOIT VALUE OPPORTUNITIES
RISK / REWARD	<ul style="list-style-type: none"> • Lower Absolute Risk of Companies = Lower Margin of Safety Required • Lower volatility • Smaller universe of potential candidates 	<ul style="list-style-type: none"> • Higher Absolute Risk of Companies = Price and Prospects Critical to Determine Margin of Safety Required • Higher volatility but can be offset by price • Larger universe of potential candidates
BUY DECISION	<ul style="list-style-type: none"> • If bought at a discount to fair value, initial close-up of discount gives good upside • If bought at fair value, underlying compounding drives intrinsic value past fair value over time 	<ul style="list-style-type: none"> • Close-up of discount to fair value or overshoot gives substantial upside • Need constant source of new value opportunities as investment ideas mature
SELL DECISION	<ul style="list-style-type: none"> • Sustained High Returns = Superior Long Term Compounding • Hold unless price gets too expensive 	<ul style="list-style-type: none"> • Initial buying of changed path of returns gives accelerated returns • Normalised Mediocre Returns = Mediocre Long-Term Compounding • Sell when returns normalise and price adjusts to reflect this • Move on to next opportunity

Historically Attractive Risk Return Profile

Long-term investment record:

- International Equity, 32 Years

Performance History:

- Attractive upside capture
- Reduced downside capture
- Lower volatility

Volatility vs. Return - Since Inception through March 31, 2019⁽¹⁾ - USD

The Inception Date of the Morgan Stanley International Equity Trust is September 30, 1986

Annualized Return (%)



Volatility (Standard Deviation (%))

Source: Morgan Stanley Investment Management

1. Chart data is shown from September 30, 1986 to March 31, 2019 and includes the comparison index MSCI EAFE Index. Data updated quarterly. **Past performance is no guarantee of future results.** Performance returns reflect the average annual rates of return. Returns are shown GROSS of investment advisory/management fees, are quoted in USD and include the reinvestment of dividends and income. Had fees been included, returns would have been lower. Each portfolio may differ due to specific investment restrictions and guidelines. Individual results will vary.

Risk Characteristics

Periods Ending March 31, 2019

The Inception Date of the Morgan Stanley International Equity Trust is September 30, 1986

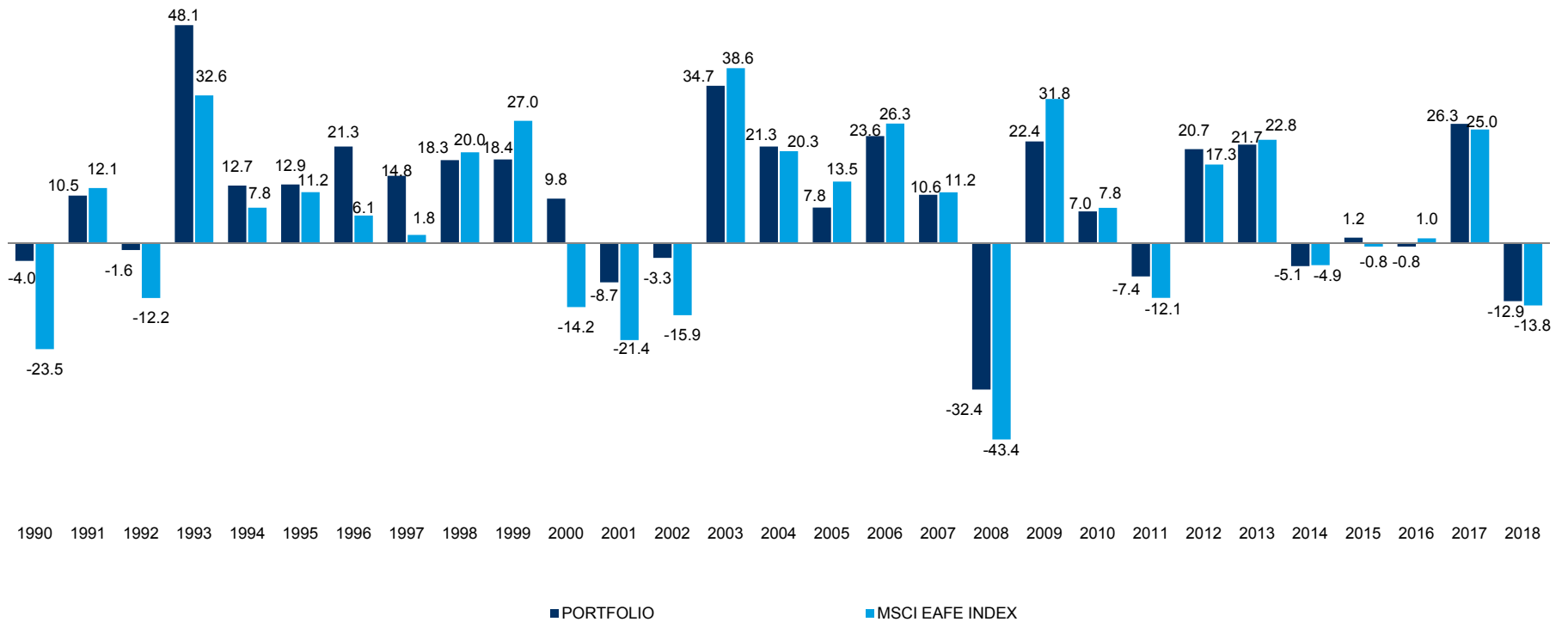
	SINCE INCEPTION		10 YEARS		5 YEARS	
	PORTFOLIO	MSCI EAFE INDEX	PORTFOLIO	MSCI EAFE INDEX	PORTFOLIO	MSCI EAFE INDEX
Annualized Return (%)	10.79	5.81	9.11	8.96	3.05	2.33
Standard Deviation (%)	14.61	16.93	14.14	15.55	11.26	11.77
Beta (x)	0.77	-	0.88	-	0.90	-
Information Ratio	0.66	-	0.04	-	0.18	-
Sharpe Ratio	0.52	0.15	0.62	0.55	0.21	0.14
Tracking Error	7.59	-	4.18	-	4.08	-

Data since inception date of September 30, 1986 through March 31, 2019.

Past performance is no guarantee of future results. For each portfolio may differ due to specific investment restrictions and guidelines. Individual results will vary. Performance returns reflect the average annual rates of return. The Morgan Stanley International Equity Trust investment returns are GROSS of custody as well as investment management fees, in USD terms, and assume the reinvestment of all dividends and income. If expenses were deducted returns would have been lower. Investment returns and principal value will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost. Performance returns are compared to those of an unmanaged index and are considered to be a relevant comparison to the portfolio. Comparisons of performance assume the reinvestment of all dividends and income.

Calendar Year Performance Returns

The Inception Date of the International Equity Trust is September 30, 1986
Percent (%)

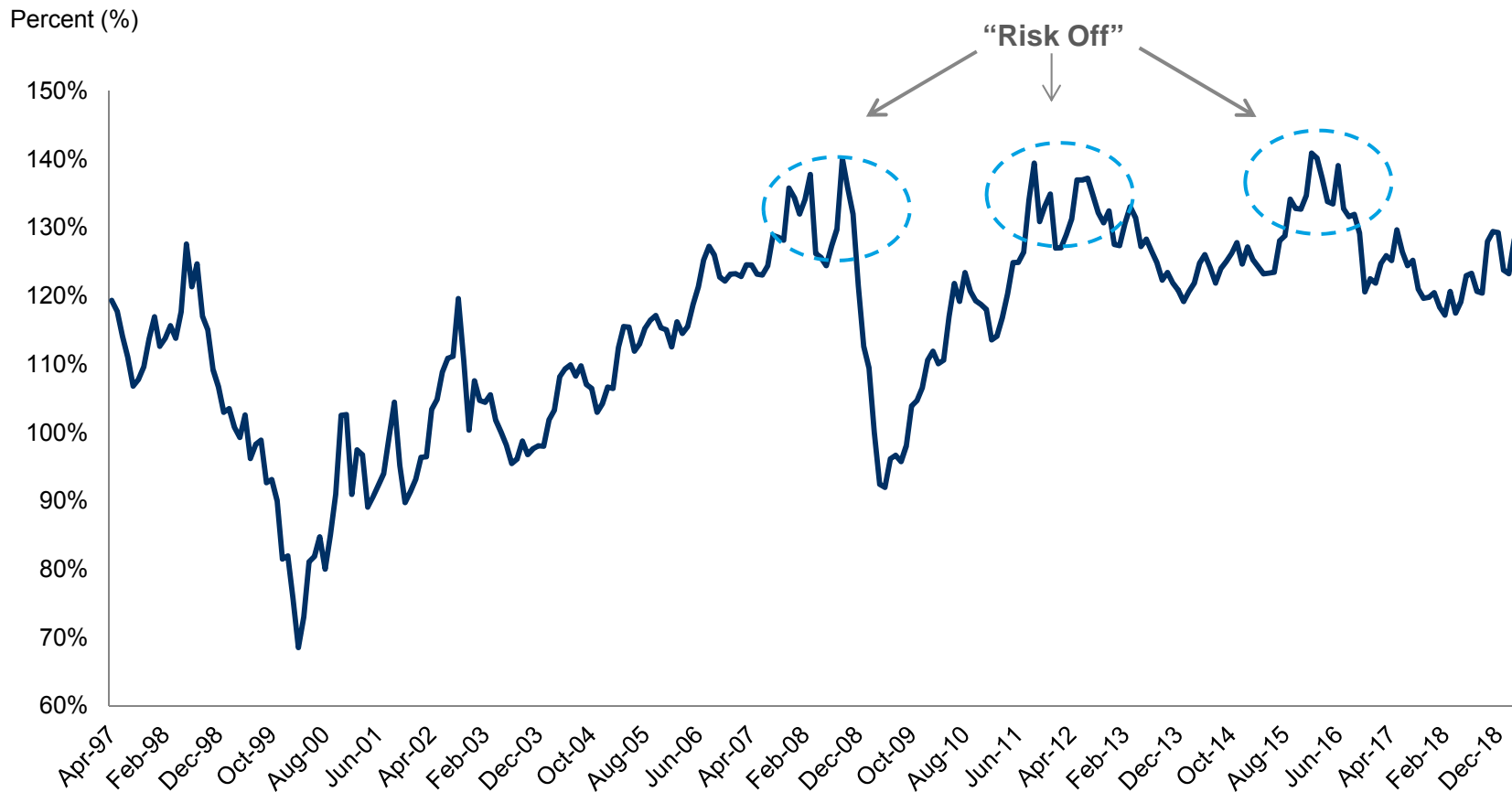


Source: Morgan Stanley Investment Management

Past performance is no guarantee of future results. Performance returns reflect the average annual rates of return. The International Equity Trust investment returns are GROSS of custody as well as investment management fees, in USD terms, and assume the reinvestment of all dividends and income. If expenses were deducted, returns would have been lower. Investment returns and principal value will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost. Performance returns are compared to those of an unmanaged index and are considered to be a relevant comparison to the portfolio. Comparisons of performance assume the reinvestment of all dividends and income.

Consumer Staples' Recent De-Rating Suggests That Risk Is "On"

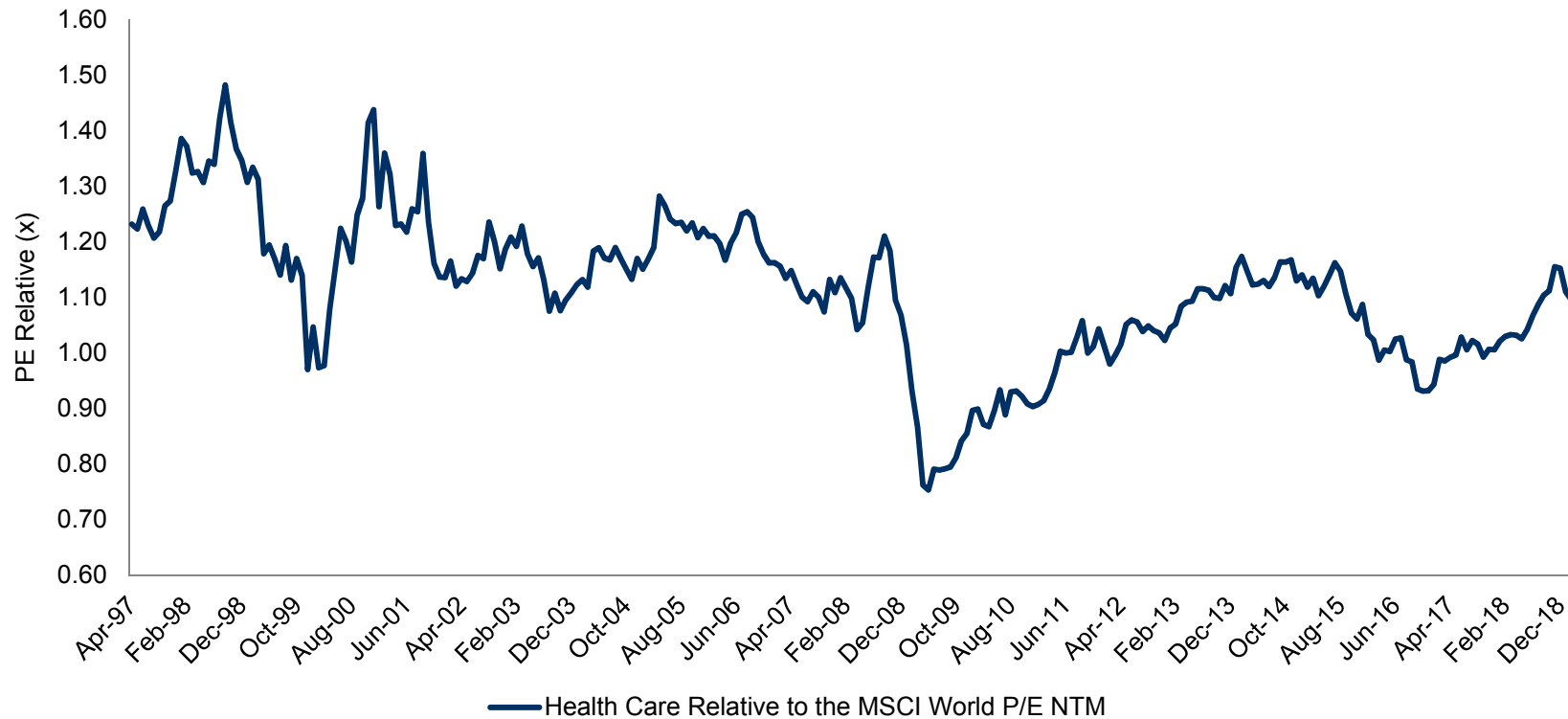
MSCI World Staples 12M Forward PE Ratio Relative to MSCI World



Source: FactSet. MSCI World Consumer Staples, excluding Agricultural Products, Food & Staples Retailing, Altria and Uniq. Previous iterations included Altria and Uniq. Graph provided for illustrative purposes only. Data as of March 31, 2019.

Health Care Multiple Looks Attractive Relative to the Market

MSCI World Health Care vs. the MSCI World Relative PE



Source: FactSet.

Past performance is not a reliable indicator of future results. It is not possible to invest directly in an index. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security. Graph provided for illustrative purposes only. NTM – next twelve months. Data as at March 31, 2019.

Performance over last five years been roughly in line with the Index

- Consumer Staples and Information Technology have been high-spots over last 5 years.
 - Heartening that newer members of team have scored successes with likes of Tencent, Shiseido and Keyence.
- Performance hit by underperformance in Energy, and the knock-on effect on other sectors (particularly Industrials).
 - Underestimated relative sensitivity of energy holdings to falling oil prices.
 - Aggravated by impact outside the Energy sector (Vallourec, WorleyParsons, Weir Group).
 - Coverage refreshed in Energy and Industrials with decent early signs (combined contribution from stock selection +177bps⁽¹⁾ since start of 2018).
- Health Care also a significant drag over last five years.
 - Strategy favors large diversified pharmaceutical companies over single drug plays and other Health Care sub-sectors.
 - Smaller pharmaceutical plays have too much single drug risk.
 - Medtech & Services tend to be too expensive or too low quality.
 - Suffered as “big pharma”⁽²⁾ lagged rest of Health Care sector (+2% over 5 years versus +30% for the rest of the sector).

Source: Morgan Stanley Investment Management

1. Data as of March 31, 2019

2. Big Pharma defined as “Big 6” diversified Pharma companies (Novartis, Roche, Sanofi, GlaxoSmithKline, Bayer and Astra Zeneca).

The views and opinions expressed herein are those of the portfolio management team, are not representative of the Firm as a whole, and are subject to change at any time due to market or economic conditions. There is no assurance that a portfolio will achieve its investment objective or an investment strategy will work under all market conditions.

Sector Attribution – 5 Year

Cumulative Returns for April 1, 2014 through March 31, 2019⁽¹⁾ - USD

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	TOTAL (%)
Consumer Staples	47.36	28.10	29.27	11.12	4.64	2.39	7.03
Information Technology	97.63	45.05	5.59	5.13	2.49	0.20	2.69
Financials	-0.15	-5.08	14.93	21.15	1.27	0.14	1.41
Communication Services ⁽³⁾	10.46	-2.52	4.38	6.23	0.96	0.09	1.05
Consumer Discretionary	-0.56	10.93	4.93	11.45	-0.09	0.27	0.18
Industrials	23.12	21.46	11.04	13.65	0.10	0.06	0.16
Utilities	--	13.55	--	3.50	--	0.03	0.03
Real Estate	-28.15	29.02	0.73	3.52	-0.60	-0.31	-0.92
Materials	-13.29	15.07	6.59	7.67	-1.41	0.02	-1.39
Energy	-11.64	2.88	4.30	5.55	-1.53	-0.77	-2.30
Health Care	-2.98	18.62	15.42	11.03	-3.11	-0.05	-3.16
Cash ⁽²⁾	-5.91	--	2.81	--	--	-0.41	-0.41
Hedging	2.71	--	-0.00	--	--	0.34	0.34
Total	16.89	12.19	100.00	100.00	2.71	1.99	4.70

Source: Morgan Stanley Investment Management and FactSet

- Portfolio and index weights are an average for the period from April 1, 2014 through March 31, 2019. Index MSCI EAFE. Attribution total return may differ from reported total return due to differing methodologies. Total returns are calculated gross of fees. Subject to change daily. Morgan Stanley is a full-service securities firm engaged in securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services. **Past performance is no guarantee of future results.** To obtain the methodology of the return attribution analysis, a list showing every holding's contribution to the overall performance during the measurement periods, and/or if you have any questions, please contact your Morgan Stanley representative.
- The "Cash" line in the attribution includes cash balances as well as other cash instruments.
- Effective September 21, 2018, the GICS sector classifications were amended. The Telecommunication Services sector became the Communication Services sector, absorbing Media and Internet Services companies previously allocated to the Consumer Discretionary and Information Technology sectors, respectively. E-commerce companies moved from Information Technology to Consumer Discretionary. As a consequence of variants in calculations, it is likely that there will be a difference between Morgan Stanley data and that published by FactSet.

What Helped and Didn't – 5 Year

TOP CONTRIBUTORS TO RELATIVE PERFORMANCE (%)⁽¹⁾

	Average Weight		Return	Relative Contribution
	Portfolio %	Index %		
Shiseido	1.3	0.1	185.1	2.2
Unilever	4.5	0.6	65.9	1.8
Pernod Ricard	2.5	0.2	68.4	1.2
Tencent	1.0	--	70.8	1.2
Keyence	1.0	0.3	205.7	1.0
Safran	1.0	0.2	104.5	0.8
<i>ARM Holdings⁽²⁾</i>	<i>0.1</i>	<i>0.1</i>	<i>68.4</i>	<i>0.8</i>
L'Oréal	2.3	0.4	62.3	0.7
<i>Sompo Holdings</i>	<i>1.1</i>	<i>0.1</i>	<i>67.7</i>	<i>0.7</i>
AIA	1.0	0.6	157.2	0.7
				11.1

TOP DETRACTORS TO RELATIVE PERFORMANCE (%)⁽¹⁾

	Average Weight			Relative Contribution
	Portfolio %	Index %	Return	
Bayer	2.5	0.8	-45.6	-1.4
<i>Vallourec</i>	<i>0.3</i>	<i>0.0</i>	<i>-89.7</i>	<i>-1.3</i>
<i>Credit Suisse</i>	<i>0.7</i>	<i>0.3</i>	<i>-62.6</i>	<i>-1.3</i>
BT Group	1.3	0.3	-49.9	-1.2
<i>Santos</i>	<i>0.3</i>	<i>0.1</i>	<i>-73.0</i>	<i>-1.1</i>
Weir Group	0.5	0.0	-53.6	-0.9
Fresenius	0.3	0.2	-31.0	-0.9
<i>Lloyds Banking Group</i>	<i>0.6</i>	<i>0.5</i>	<i>-45.7</i>	<i>-0.7</i>
Danske Bank	0.2	0.2	-52.0	-0.6
ING	0.3	0.4	-44.5	-0.6
				-10.0

Source: MSCI, FactSet

1. Data as of March 31, 2019. **Past performance is no guarantee of future results.** To obtain the methodology of the return attribution analysis, a list showing every holding's contribution to the overall performance during the measurement periods, and/or if you have any questions, please contact your Morgan Stanley representative. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Holdings attribution is calculated GROSS of fees. Had fees been included, returns would have been lower. MSCI EAFE is an unmanaged index and it is not possible to invest directly in an index. Index data is not meant to depict the performance of a particular investment. Companies listed in italics are no longer held in the portfolio.

2. ARM Holdings was purchased by Softbank in September 2016 and we do not own Softbank.

Country Attribution – 1Q 2019

Data as of March 31, 2019⁽¹⁾

	COUNTRY PERFORMANCE		COUNTRY WEIGHTINGS		PERFORMANCE ATTRIBUTION		
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	TOTAL (%)
Japan	11.37	6.66	13.34	24.41	0.56	0.36	0.93
Finland	38.53	7.98	1.34	1.06	0.35	-0.00	0.35
Canada	17.68	--	4.75	--	--	0.34	0.34
Korea	22.87	--	2.09	--	--	0.24	0.24
China	12.30	--	3.67	--	--	0.09	0.09
Spain	7.92	7.00	1.02	3.06	0.02	0.06	0.08
Sweden	--	7.36	--	2.69	--	0.07	0.07
Ireland	16.98	11.37	0.43	0.55	0.06	0.01	0.07
Netherlands	12.54	13.55	8.15	3.47	-0.10	0.16	0.06
Singapore	--	6.22	--	1.35	--	0.06	0.06
Norway	--	7.01	--	0.73	--	0.02	0.02
Switzerland	16.02	13.11	5.00	8.71	0.12	-0.10	0.02
Austria	--	8.44	--	0.24	--	0.01	0.01
Portugal	--	10.23	--	0.16	--	0.01	0.01
Israel	--	10.08	--	0.55	--	--	--
Hong Kong	15.97	15.58	3.36	3.99	0.03	-0.03	-0.00
New Zealand	--	16.65	--	0.23	--	-0.01	-0.01
Germany	7.72	6.91	14.34	8.75	0.10	-0.14	-0.04
Belgium	--	16.21	--	0.98	--	-0.05	-0.05
Australia	--	11.39	--	6.94	--	-0.09	-0.09
Italy	--	14.56	--	2.30	--	-0.09	-0.09
Denmark	-5.06	12.80	0.54	1.76	-0.09	-0.03	-0.12
United Kingdom	10.74	11.89	24.29	17.00	-0.29	0.14	-0.14
France	9.51	10.71	14.93	11.07	-0.21	0.03	-0.18
Cash ⁽²⁾	-0.18	--	2.75	--	--	-0.25	-0.25
Total	11.35	9.98	100.00	100.00	0.57	0.80	1.37

Source: Morgan Stanley Investment Management, MSCI and Factset

- Portfolio weight is an average for the period from January 1, 2019 through March 31, 2019. Index MSCI EAFE Net. **Past performance is no guarantee of future results..** Attribution total return may differ from reported total return due to differing methodologies. Returns are Gross of fees, quoted in USD terms, and include the reinvestment of all dividends and income. Had fees been included, returns would be lower and results may differ. 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 countries shown above.
- The "Cash" line in the attribution includes cash balances as well as other cash instruments.

Country Attribution – 2018

Data as of December 31, 2018⁽¹⁾

	COUNTRY PERFORMANCE		COUNTRY WEIGHTINGS		PERFORMANCE ATTRIBUTION		
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	TOTAL (%)
France	1.73	-12.76	15.96	11.00	2.25	0.09	2.34
Japan	-9.72	-12.88	14.27	24.31	0.55	-0.01	0.54
Switzerland	2.83	-9.08	5.55	8.05	0.62	-0.20	0.42
Canada	-9.60	--	3.05	--	--	0.31	0.31
Korea	-4.70	--	2.50	--	--	0.26	0.26
Belgium	--	-26.93	--	1.06	--	0.15	0.15
Finland	23.49	-3.43	0.90	1.02	0.18	-0.04	0.14
Netherlands	-12.67	-13.11	9.25	3.55	0.05	0.04	0.10
Italy	--	-17.75	--	2.40	--	0.09	0.09
Austria	--	-27.44	--	0.25	--	0.04	0.04
Portugal	4.57	-11.09	0.22	0.16	--	0.01	0.01
China	-15.45	--	3.23	--	--	-0.01	-0.01
New Zealand	--	-3.97	--	0.20	--	-0.03	-0.03
Norway	--	-8.63	--	0.72	--	-0.04	-0.04
Israel	--	-5.48	--	0.51	--	-0.04	-0.04
Hong Kong	-7.98	-7.83	2.35	3.60	-0.02	-0.03	-0.05
Ireland	-23.50	-25.31	1.17	0.51	0.03	-0.07	-0.05
Singapore	--	-9.41	--	1.31	--	-0.07	-0.07
Sweden	-18.12	-13.68	0.45	2.65	-0.06	-0.01	-0.08
Australia	--	-11.99	--	6.81	--	-0.14	-0.14
Spain	-41.93	-16.19	0.84	3.12	-0.22	0.02	-0.20
Denmark	-49.43	-15.43	1.02	1.73	-0.48	-0.01	-0.49
United Kingdom	-17.43	-14.15	25.09	17.50	-0.91	-0.02	-0.93
Germany	-30.42	-22.17	11.26	9.54	-1.39	-0.28	-1.67
Cash ⁽²⁾	-1.43	--	2.89	--	--	0.30	0.30
Total	-12.89	-13.79	100.00	100.00	0.60	0.30	0.90

Source: Morgan Stanley Investment Management, MSCI and Factset

- Portfolio weight is an average for the period from January 1, 2018 through December 31, 2018. Index MSCI EAFE Net. **Past performance is no guarantee of future results..** Attribution total return may differ from reported total return due to differing methodologies. Returns are Gross of fees, quoted in USD terms, and include the reinvestment of all dividends and income. Had fees been included, returns would be lower and results may differ. 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 countries shown above.
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Significant Movements in the Portfolio – 2018

Portfolio Turnover

YTD: 33.19%

Major Transactions: January 1, 2018 – December 31, 2018⁽¹⁾

INITIAL PURCHASES	ADDITIONS	REDUCTIONS	FINAL SALES
Fresenius ⁽²⁾	Kirin	L'Oréal	Komatsu
Henkel ⁽³⁾	Constellation Software	Shiseido	Bunzl
ING Groep ⁽⁴⁾	Reckitt Benckiser	FANUC	BNP Paribas ⁽⁶⁾
Danske Bank ⁽⁵⁾	Heidelberg	Pernod Ricard	Hitachi
Deutsche Post	Sanofi	Ferguson	Publicis
BNP Paribas ⁽⁶⁾	Total	Roche	Nestlé
BBVA ⁽⁷⁾	Man Group	GlaxoSmithKline	Zurich Insurance
Thales	China Petroleum & Chemical	Tencent	Galp
Minth	FANUC	Sumitomo Mitsui Financial Group	Sompo Holdings
Cameco	Heineken	Unilever	Bank of Ireland
KAZ Minerals	SMFG	NCSOFT	Nordea
	Bayer	Keyence	Turquoise Hill
	AIA	Continental	KAZ Minerals
	Aviva	Danske Bank ⁽⁴⁾	Mitsubishi Estate
	ING Groep	Sanofi	Meggitt
	Unilever	RELX Plc	Travis Perkins
	Admiral	Aggreko	NGK Spark Plug
	AXA	Novartis	Sumitomo Mitsui Trust
	Aggreko	Reckitt Benckiser ⁽⁸⁾	
	CRH	ING Groep ⁽⁴⁾	
	NCSOFT	Toyota	
	Neste	HeidelbergCement	
	Nitto Denko	Admiral	
	Prudential	Man Group	
	Continental		
	LG Household		

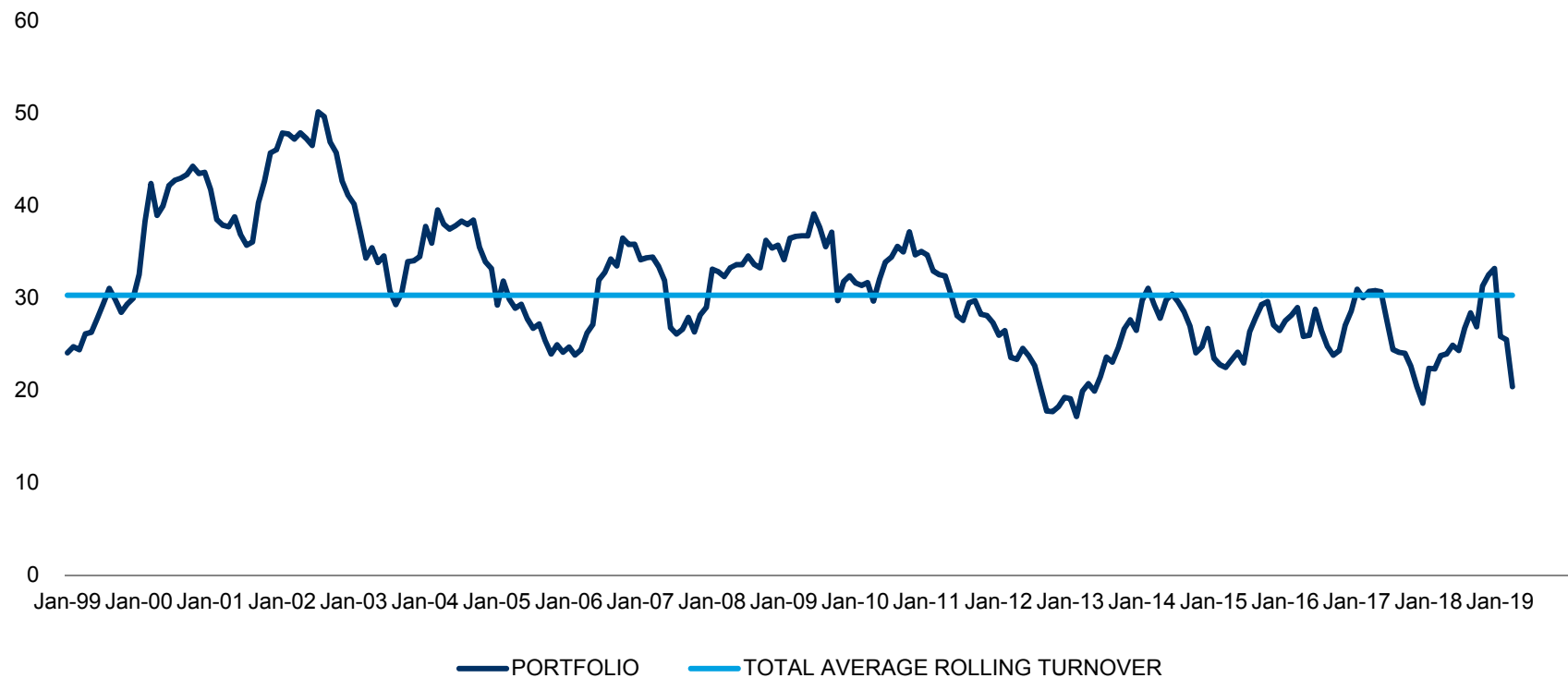
Source: Morgan Stanley Investment Management

- All information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned. There is no guarantee that the securities shown, or holdings in general, will perform well. Holdings are subject to change. Significant movement is based on at least 25 basis point weight changes for the period shown. **Companies listed in bold font represent activities that have taken place from October 1, 2018 to December 31, 2018.**
- Fresenius was first purchased in July 2018 with further additions made in September and November.
- Henkel was first purchased in January 2018 with further additions made in October and November.
- ING was first purchased in January 2018 with further additions made in February, May, July and November and a reduction in May.
- Danske Bank was first purchased in January 2018 with further additions made in May and a reduction in October.
- BNP Paribas was first purchased in January 2018 and sold in May.
- BBVA was first purchased in January 2018 with further additions made in March and July.
- Reduction in July forced given position size over 5%.

12 Month Rolling Turnover

Turnover

Percent (%)



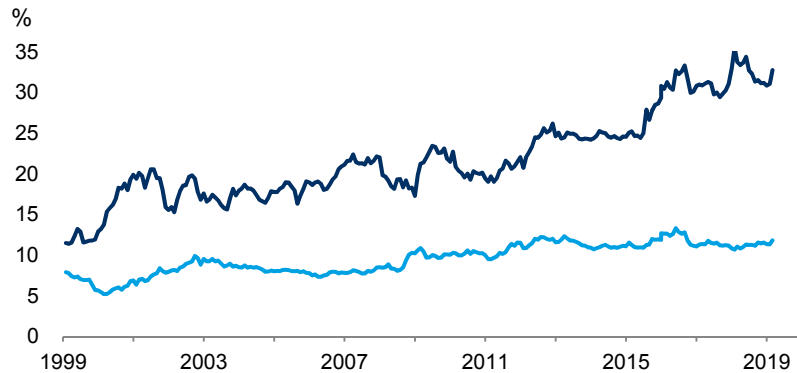
Source: Morgan Stanley Investment Management

Data from January 1, 1999 to March 31, 2019. **Past performance is no guarantee of future results.** Subject to change daily. Provided for informational purposes only. Turnover calculated as: (Total of the lesser of buys or sales over 12 month period / Averaged market values over period) x 100.

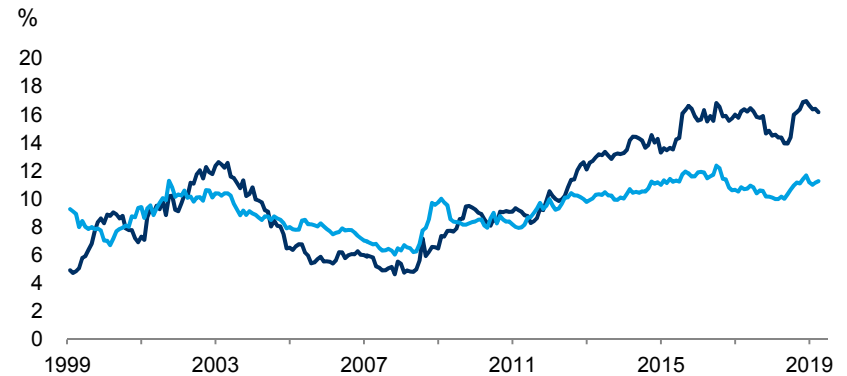
Historical Sector Weightings

March 31, 2019

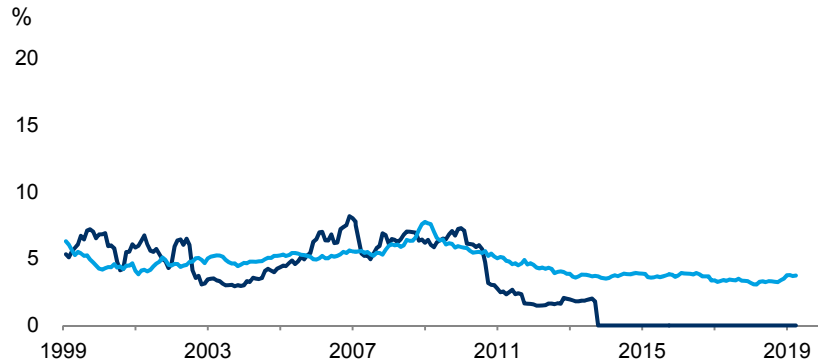
Consumer Staples



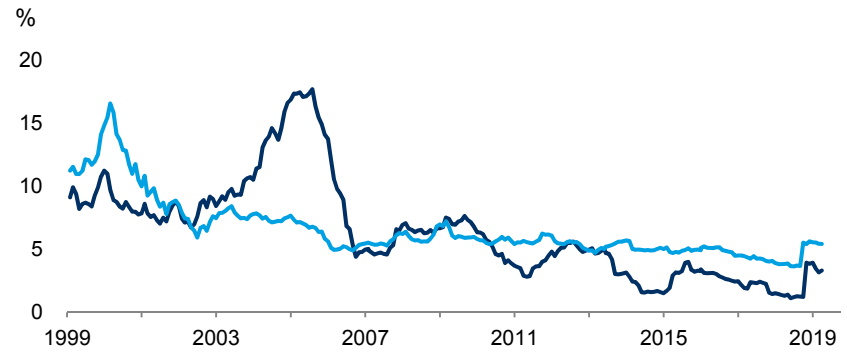
Health Care



Utilities



Communications⁽¹⁾



—PORTFOLIO —MSCI EAFE INDEX

Source: Morgan Stanley Investment Management and MSCI

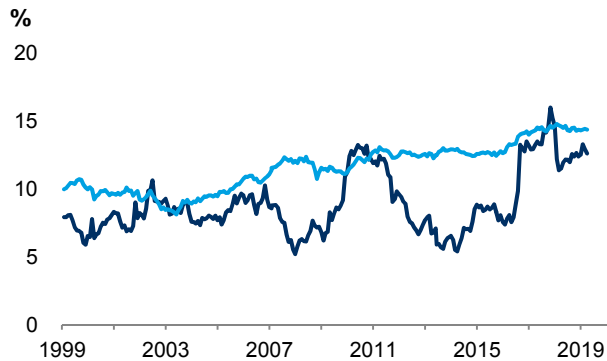
Data as of January 1, 1999 to March 31, 2019. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to purchase or sell securities in the sector referenced.

1. On September 21, 2018, the GICS sector classifications were amended. The Telecommunication Services sector became the Communication Services sector, absorbing Media and Internet Services companies previously allocated to the Consumer Discretionary and Information Technology sectors, respectively. E-commerce companies moved from Information Technology to Consumer Discretionary. As a consequence of variants in calculations, it is likely that there will be a difference between Morgan Stanley data and that published by FactSet.

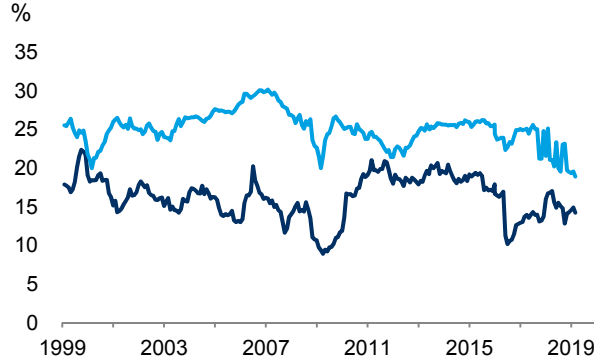
Historical Sector Weightings

March 31, 2019

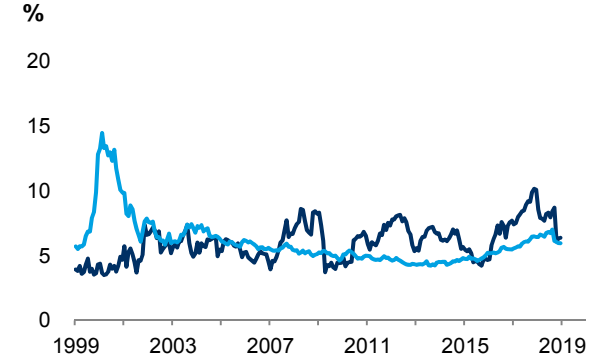
Industrials



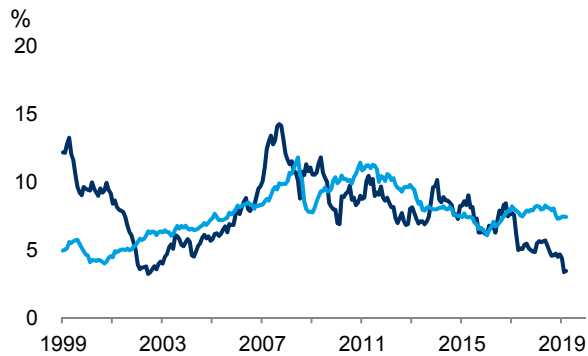
Financials



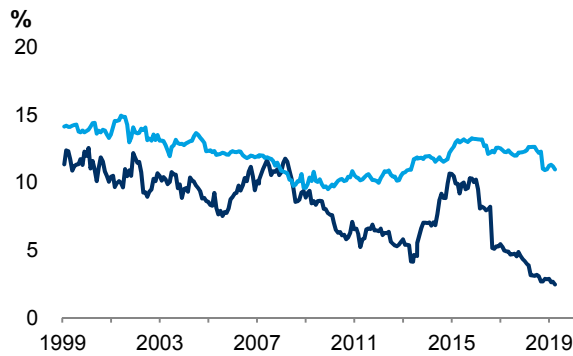
Information Technology



Materials



Consumer Discretionary



Energy

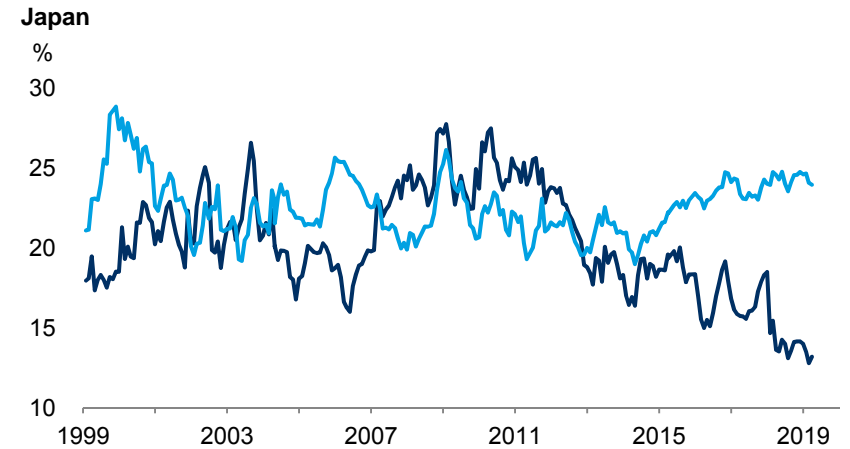
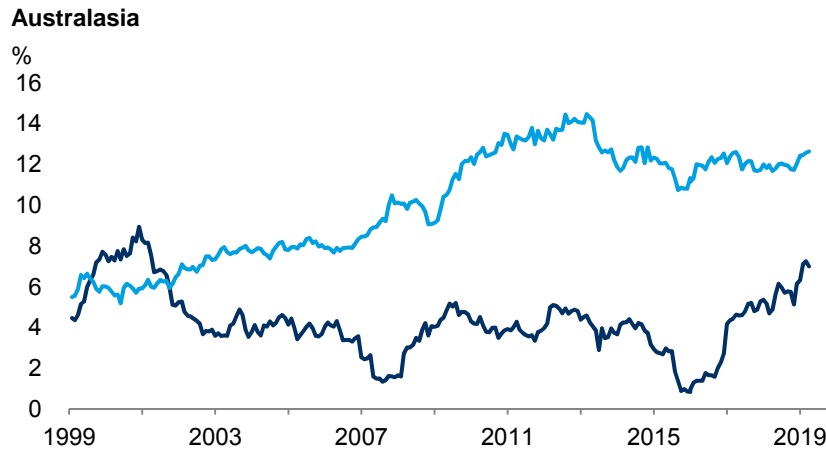
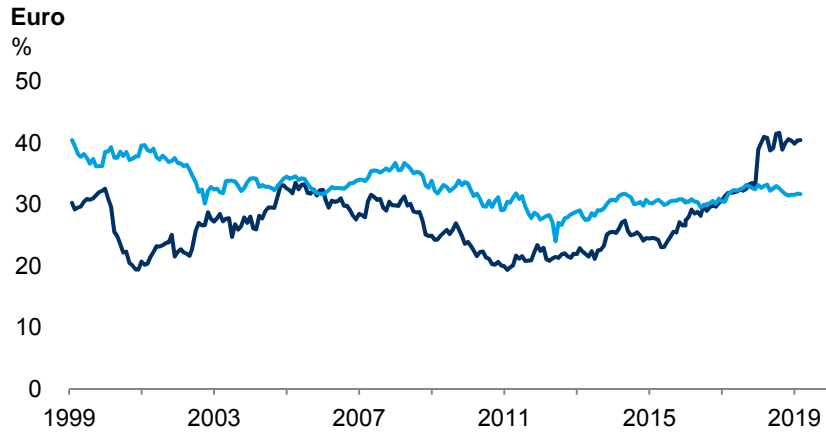


— PORTFOLIO — MSCI EAFE INDEX

Source: Morgan Stanley Investment Management and MSCI
 Data as of January 1, 1999 to March 31, 2019. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to purchase or sell securities in the sector referenced.

Historical Country Weightings

March 31, 2019



—PORTFOLIO —MSCI EAFE INDEX

Source: Morgan Stanley Investment Management and MSCI
Data as of January 1, 1999 to March 31, 2019. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to purchase or sell securities in the region referenced.

Portfolio Management Team

William Lock

Managing Director



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William is a portfolio manager and head of the London-based International Equity team. He joined Morgan Stanley in 1994 and has 27 years of investment experience. Prior to joining the firm, he worked at Credit Suisse First Boston's Corporate Finance Group, and was a management consultant with Arthur D. Little. William received a B.A. in Modern History from Keble College, Oxford. William is a longstanding sponsor of the creative arts, including Glyndebourne Opera.

Bruno Paulson

Managing Director



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Bruno is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2009. Prior to joining the firm, Bruno worked for Sanford Bernstein in London, where he was a Senior Analyst covering the financial sector, particularly banks and insurers, for eight years. Previously, he was a manager at the Boston Consulting Group where he focused on the financial services industry. Bruno has an MBA from INSEAD where he received the Ford Prize for graduating top of class. He was also a Research Fellow in Political Economy at Nuffield College, Oxford, and received a B.A. in Politics, Philosophy and Economics with 1st Class Honors from Keble College, Oxford. Bruno is on the board of the Ambitious About Autism Schools Trust and was a parent-founder of The Rise school. He is also a governor at Kensington Aldridge Academy, where he chairs the Business Committee.

Nic Sochovsky

Managing Director



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Nic is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2015 and has 21 years of industry experience. Prior to joining the team, Nic worked for Credit Suisse within a top industry ranked consumer staples team covering Food manufacturing, HPC, beverages and tobacco. Before that he headed the consumer research team at Unicredit and was a senior analyst at Merrill Lynch and Lehman Brothers covering pan-European Food manufacturing and HPC. Nic received a B.A. in Economics from Sheffield University. Nic is a longtime supporter of Place 2Be, the leading UK children's mental health charity.

Team members may change from time to time.

Portfolio Management Team

Dirk Hoffmann-Becking

Executive Director



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Dirk is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2013 and has 21 years of investment experience. Prior to joining the firm, Dirk worked for Société Générale as Global Head of Bank Sector Research. Previously, was a senior research analyst covering European Banks at Sanford Bernstein. Prior to that, Dirk spent five years as a consultant for McKinsey & Company and three years as a strategy manager at ABN Amro. Dirk has a Ph.D. in Law from Christian Albrechts University of Kiel, Germany and trained and worked as a lawyer at Freshfields Bruckhaus Deringer.

Vladimir Demine, CFA

Executive Director



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Vladimir is a portfolio manager and Head of ESG Research for the London-based International Equity team. He joined Morgan Stanley in 2009 and has 17 years of investment management experience. Prior to joining the firm, Vladimir worked for UBS Global Asset Management in London, where he was an analyst responsible for stock selection of consumer staples holdings in key client mandates. Vladimir received an M.Sc. in investment management with Distinction from City University (CASS) Business School and a Master's in finance with Distinction from St Petersburg State University of Economics and Finance.

Nathan Wong, CFA

Executive Director



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Nathan is a portfolio manager on the London-based International Equity team. He joined Morgan Stanley in July 2017 and has 19 years of investment experience. Prior to joining the team, Nathan was a Partner/Senior Analyst and developed markets equities generalist at Sloane Robinson. Prior to that he worked in equity research in Merrill Lynch's Specialty Finance team and before that he qualified as a chartered accountant with Deloitte. He holds a BSc in Mathematics from Imperial College with 1st Class Honours, receiving the Institute of Mathematics and its Applications prize in his final year.

Team members may change from time to time.

Portfolio Management Team

Marcus Watson

Executive Director



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Marcus is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2008 and has 11 years of investment experience. He received a B.Sc in psychology from the University of Newcastle Upon Tyne.

Alex Gabriele, CFA

Executive Director



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Alex is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley from Sloane Robinson LLP in 2012 and has 10 years of investment experience. Prior to joining the team, Alex was responsible for stock selection across the cyclical universe, predominantly in Asia ex-Japan. Alex holds a B.A in Natural Sciences from Trinity College, Cambridge

Richard Perrott, CFA

Vice President



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Richard is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2015 and has 13 years of industry experience. Prior to joining the team, Richard was an equity research analyst at Autonomous Research covering specialty financials. Before that Richard covered financials at Berenberg Bank and financials and healthcare at Sanford Bernstein. Richard received an M.A in Mathematics and Philosophy from St Edmund Hall, Oxford. Richard is a trustee of Shrewsbury House Community Association.

Fei Teng

Senior Associate



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Fei is an analyst on the London-based International Equity team. He joined Morgan Stanley in February 2019 and has six years of investment experience. Prior to joining the team, Fei was an analyst at Berenberg, and prior to that at Credit Suisse. He holds a MEng in Chemical Engineering from Downing College, University of Cambridge.

Team members may change from time to time.

Portfolio Specialist Team

Catherine M. Colecchi

Managing Director



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Catherine is a portfolio specialist for the International Equity and Global Franchise products managed from London and works with clients based in the Americas. She joined Morgan Stanley in 1983 and MSIM in 1997, and has 22 years of investment experience. Previously she was a foreign exchange trader with assignments in Morgan Stanley's New York and London offices. Catherine received a BA from Vassar College and is a member of Phi Beta Kappa.

Jill Ytuarte

Executive Director

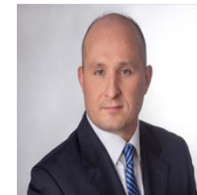


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Jill is a portfolio specialist for the London-based International Equity team and works with North America based clients. She joined Morgan Stanley Investment Management in 2004 and has 21 years of investment industry experience. Prior to joining the firm, Jill served as a management consultant at Kasina and before that was an assistant vice president of Institutional Marketing at AllianceBernstein. Jill received a B.A., magna cum laude, from Adelphi University Honors College, studied English Literature at St. Anne's College, Oxford University, and earned an M.B.A. from Columbia Business School.

Sean McDermott

Executive Director



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Sean is a portfolio specialist for the International Equity products managed from London and works with North American-based clients. He joined Morgan Stanley in 2012 and has 15 years of investment experience. Prior to joining the firm, Sean was a Vice President and Relationship Manager at Cohen & Steers Capital Management. Previously, he was a client service and sales associate at Robeco Investment Management and a legal assistant at Office of the Corporation Counsel. Sean received a B.A. from the College of the Holy Cross.

Team members may change from time to time.

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. Stocks of **small- and medium-capitalization companies** entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. 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 investments in foreign developed countries. **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.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market. In addition, there are important differences in how a strategy is carried out in each of the investment vehicles.

Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. A separately managed account may not be suitable for all investors. Please consider the investment objectives, risks and fees of the strategy carefully before investing. A minimum asset level is required. For important information about the investment manager, please refer to Form ADV Part 2.

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Indices

The **MSCI World Consumer Staples Index** is designed to capture the large and mid-cap segments across 23 Developed Markets (DM) countries around the world. All securities in the indices are classified in the Consumer Staples sectors, respectively, as per the Global Industry Classification Standard (GICS®).

The **MSCI World Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the international equity market performance of developed markets, excluding the US & Canada. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The MSCI EAFE Index currently consists of 21 developed market country indices. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The **MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The **S&P 500® Index** measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

Upside is the forecasted dollar amount or percentage increase in the price of an investment. A higher upside means that the stock has more value than is currently reflected in the stock price.

The **Volatility Index (VIX)** is the ticker symbol for the Chicago Board Options Exchange Market Volatility Index, a popular measure of the implied volatility of the S&P 500 index options. It represents one measure of the market's expectation of stock market volatility over the next 30-day period. The VIX is quoted in percentage points and translates, roughly, to the expected movement in the S&P 500 Index over the next 30-day period, which is then annualized.

Glossary

Compound Annual Growth Rate (CAGR) is the year-over-year growth rate of an investment over a specified period.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

Free cash flow (FCF) is operating cash flows (net income plus amortization and depreciation) minus capital expenditures and dividends.

Return On Operating Capital Employed (ROOCE) is a ratio indicating the efficiency and profitability of a company's trade working capital. Calculated as: earnings before interest and taxes/property, plant and equipment plus trade working capital (ex-financials and excluding goodwill).

Capital expenditure, or **Capex**, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, industrial buildings, or equipment. Capex is often used to undertake new projects or investments by the firm. This type of financial outlay is also made by companies to maintain or increase the scope of their operations.

Dividend Yield is the ratio between how much a company pays out in dividends each year relative to its share price.

Downside is the negative movement in the price of a security, sector or market. Downside can also refer to economic conditions and it describes periods when an economy has either stopped growing or is shrinking.

Enterprise value measures the market value of a company. It is calculated as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents. **Enterprise value to sales (EV/Sales)** compares the enterprise value of a company to the company's sales.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. It includes all private and public consumption, government outlays, investments and net exports.

Mergers and acquisitions (M&A) is a general term that refers to the consolidation of companies or assets.

Price-Earnings (P/E) is the price of a stock divided by its earnings per share for the past 12 months. 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.

Quantitative easing (QE) is a form of monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply.

Shiller P/E is a cyclically adjusted price-to-earnings ratio, a valuation measure usually applied to the U.S. S&P 500 equity market. It is defined as price divided by the average of ten years of earnings (moving average), adjusted for inflation. As such, it is principally used to assess likely future returns from equities over timescales of 10 to 20 years, with higher than average Shiller P/E values implying lower than average long-term annual average returns.

Turnover is based on the fund's current prospectus.

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