

Morgan Stanley

INVESTMENT MANAGEMENT

International Equity Trust

# City of Fort Pierce Retirement and Benefit System

May 20, 2021



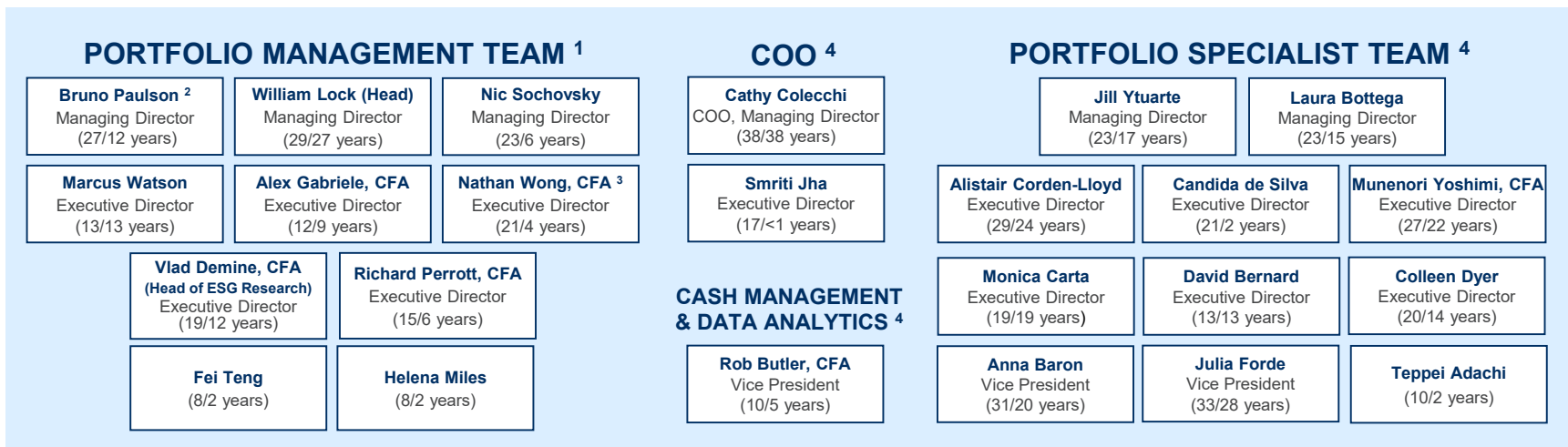
# International Equity Trust

Data as of March 31, 2021

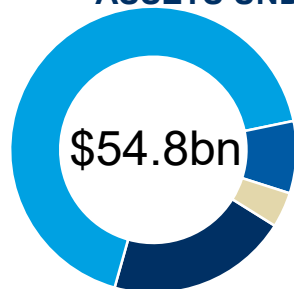
Original Investment (September 1, 1991)	\$2,767,286.72
+ Contributions	9,045,000.00
-Withdrawals	(15,131,563.00)
- Investment Management Fees	(2,774,563.87)
+ Interest Income	278,563.69
+ Dividend Income	8,306,445.87
+ Realized Gain/(Loss)	15,445,779.57
- Other Expenses	(18,349.55)
+/- Market Appreciation/(Depreciation)	4,086,421.55
Market Value	\$23,409,528.79 <sup>1</sup>

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.

# International Equity Team



## ASSETS UNDER MANAGEMENT 5,6



**GLOBAL FRANCHISE 7**

\$35.3bn

**GLOBAL QUALITY 6,8**

\$4.2bn

**GLOBAL SUSTAIN**

\$4.0bn

**INTERNATIONAL EQUITY 9**

\$11.2bn

- 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. Years of investment experience / years on International Equity Team.

2. Years of investment experience (7 years as a consultant, 20 years in financial services)/years on International Equity Team.

3. Years of investment experience (3 years as an accountant, 18 years in financial services)/years on International Equity Team.

4. Years of industry experience / years with the Firm.

5. AUM as of March 31, 2021. 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.

6. The team also provides advisory services to a range of clients.

7. Includes \$557 million in Global Brands Equity Income.

8. Includes \$322 million in Global Quality ex Tobacco.

9. Includes \$4.4 billion in International Equity Plus.

As of May 01, 2021. Team members may change from time to time.

# Primary Research Responsibilities

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

## Internal and External Resources

<p>MSIM Global Stewardship Team</p> <p>Data and Cash Management</p>	<p>FactSet Quality and Valuation Screens</p> <p>Sell-Side Analysts</p> <p>Industry Consultants</p> <p>ESG Data Providers</p>
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**Generalist stock pickers with sector responsibilities**  
**High degree of cross coverage and overlapping responsibility**

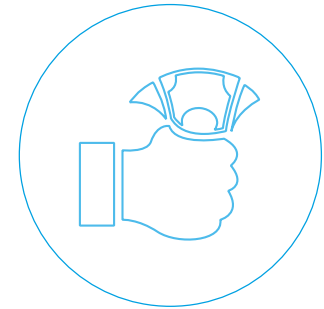
The primary research responsibilities and team members may change from time to time, without prior notice. As of April 01, 2021.

## 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

## 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.

# Investment Process

## Stock Selection

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

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.

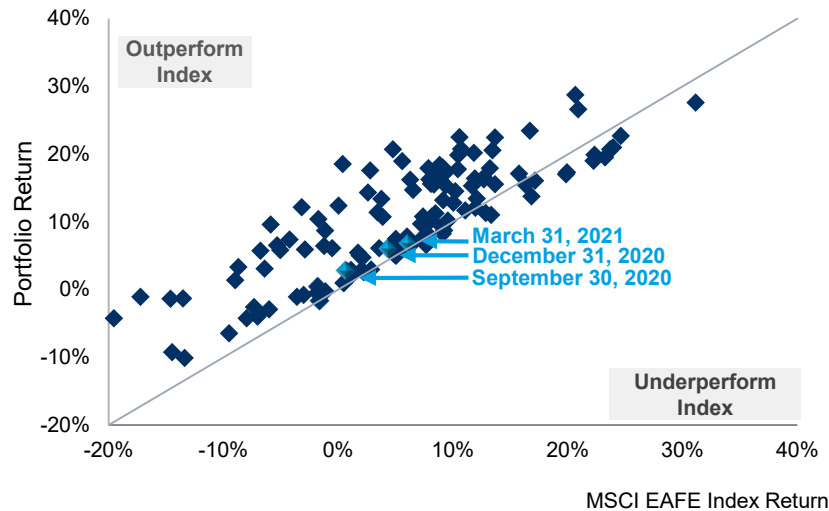
3. EV = Enterprise Value = Market Value plus Net Debt. NOPAT = Net operating profit after tax

# International Equity Strategy

## The Overall Return Pattern of the Portfolio Reflects How We Invest

### An Asymmetric Return Profile - USD

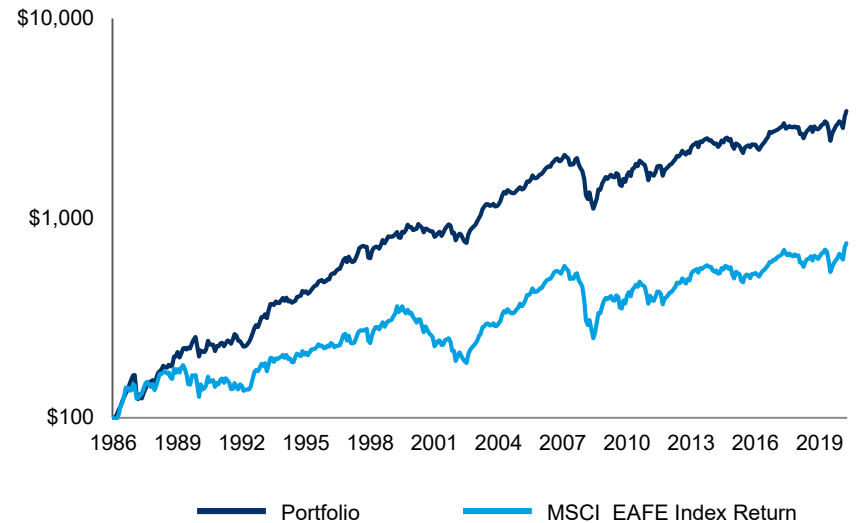
Rolling 3 Year Annualized Returns - Quarterly Data



- 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

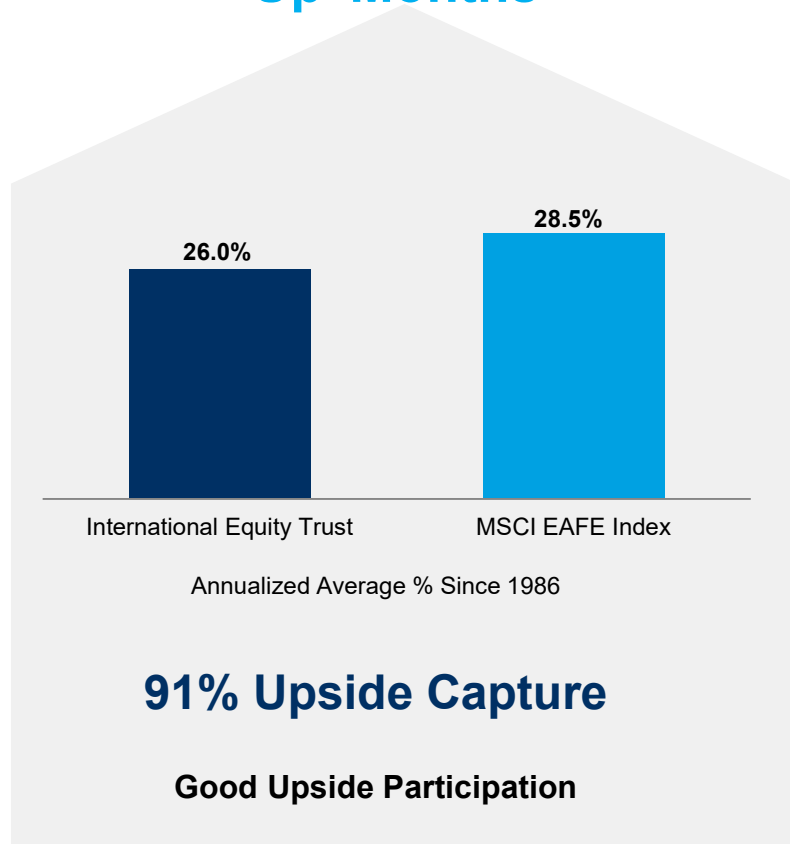


	Compound Rate	Value Today of \$100
• Portfolio	10.8%	\$3,474
• EAFE	6.1%	\$775

Data since inception date of September 30, 1986 through March 31, 2021. **Past performance is not a 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.

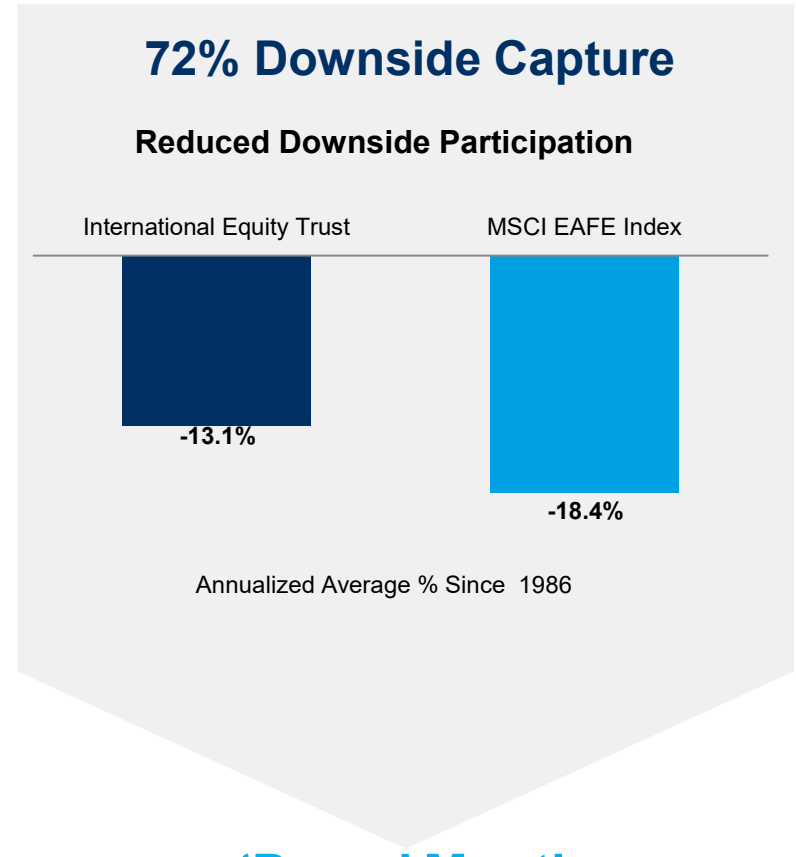
# Portfolio has Delivered an Asymmetric Pattern of Performance

## 'Up' Months



## 72% Downside Capture

### Reduced Downside Participation



## 'Down' Months

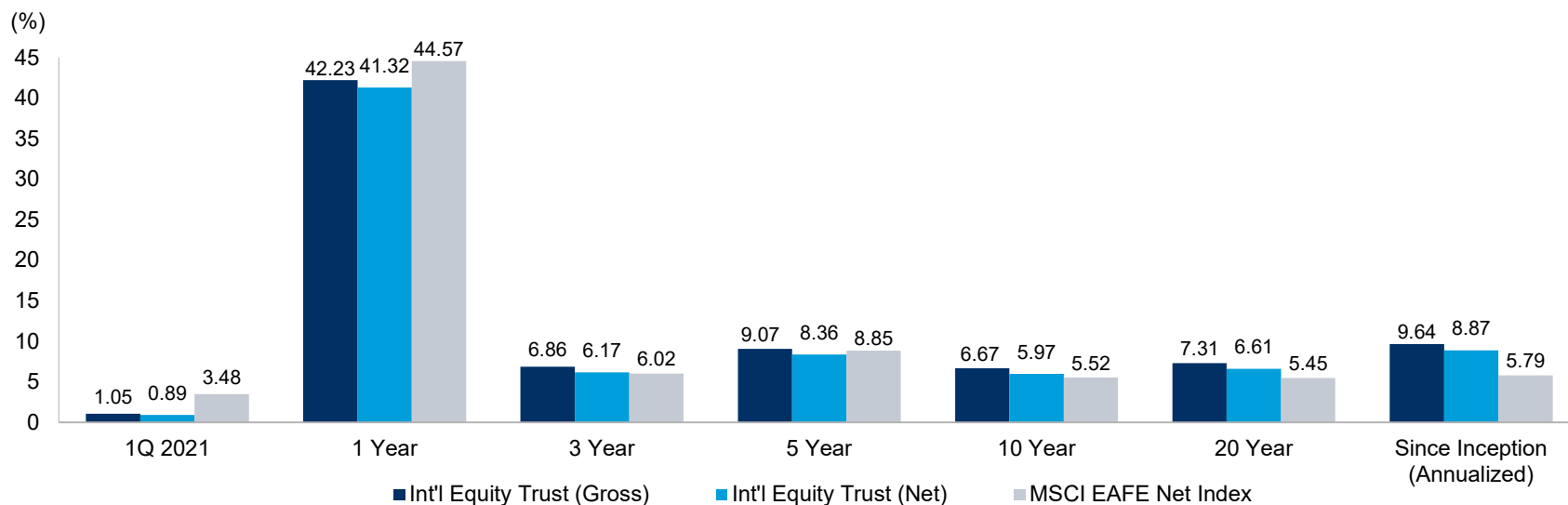
Source: MSCI, Morgan Stanley Investment Management as of March 31, 2021. **Past performance is not a guarantee of future results.** Returns may increase or decrease as a result of currency fluctuations. The comparison index is the MSCI EAFE Index with Net dividends reinvested. International Equity Trust's inception date is September 30, 1986. The Upside or Downside capture ratio measures the portfolio's performance relative to the market in up or down markets. A market is considered down if the return for the benchmark is less than zero and up if the return is greater than or equal to zero. The Downside Capture Ratio is calculated by dividing the portfolio's return during the down market periods by the return of the market during the same periods; for periods greater than 1 year, returns are annualized. The Upside Capture Ratio is calculated by dividing the portfolio's return during the up market periods by the return of the market for the same period; for periods greater than 1 year, returns are annualized.

# Portfolio Underperformed in 1Q and Over The Last Year Given the Cyclical Rally

## City of Fort Pierce Retirement and Benefit System

Annualized Returns – USD as of March 31, 2021

Market Value as of March 31, 1991: \$ 23,409,528.79  
Inception Date: September 01, 1991



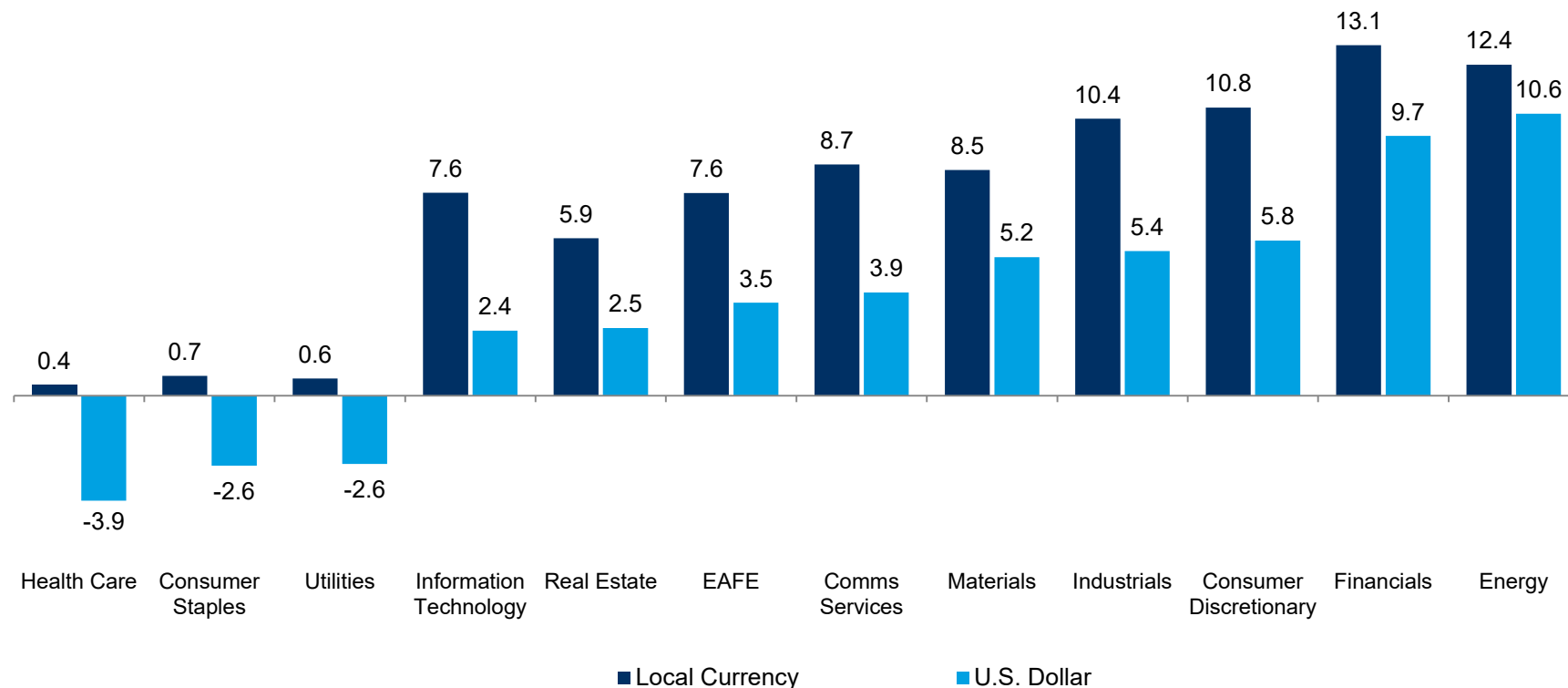
Excess Gross Return (bps)	-243	-234	84	22	115	186	385
Excess Net Return (bps)	-259	-325	15	-49	45	116	308

Source: Morgan Stanley Investment Management. **The International Equity Trust has a performance track record of over thirty years. Past performance is not a 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.

# The More Cyclical Sectors Again Led the Way in Q1

## MSCI EAFE Official Index 1Q performance by sector

Percent (%)

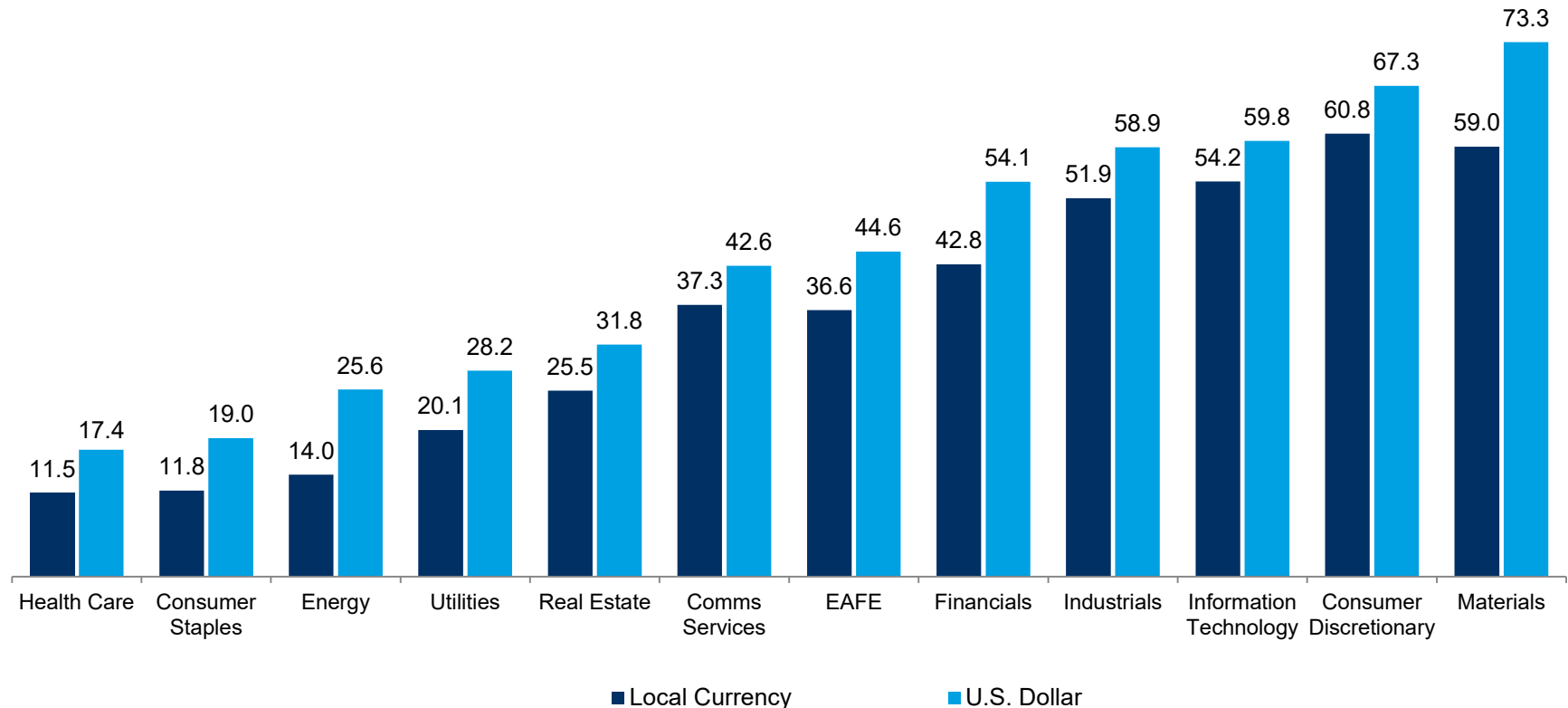


Source: MSCI. Data as of March 31, 2021. **Past performance is not a guarantee of future results.** For illustrative purposes only and should not be deemed as a recommendation to buy or sell securities in the sectors shown. MSCI EAFE Net Index is an unmanaged index and it is not possible to invest directly in an index.

# The Last Year Has Seen A Very Strong Recovery in Cyclical Sectors

## MSCI EAFE Official Index 12 Month Performance by Sector

Percent (%)



Source: MSCI. Data as of March 31, 2021. **Past performance is not a 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.

# Q1 Underperformance Due to Sector Allocation and Stock Selection

## Cumulative Returns from January 01, 2021 to March 31, 2021<sup>(1)(2)</sup>

### Top Five Absolute Contributors:

Prudential	+40 bps
SMFG	+29 bps
Deutsche Post	+27 bps
AXA	+26 bps
Cameco	+25 bps

### Top Five Absolute Detractors:

Lion Corp	-31 bps
Kirin	-31 bps
Neste	-30 bps
Keyence	-30 bps
Barrick Gold	-29 bps

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		TOTAL (%)
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	
Utilities	--	-2.56	--	3.71	--	0.23	0.23
Communication Services	7.87	3.86	2.86	5.27	0.07	-0.00	0.06
Real Estate	--	2.53	--	3.05	--	0.03	0.03
Financials	9.84	9.73	13.76	16.93	0.09	-0.17	-0.07
Health Care	-2.80	-3.94	16.37	12.41	0.17	-0.28	-0.11
Industrials	4.67	5.42	11.85	15.34	-0.09	-0.07	-0.16
Materials	0.64	5.19	4.64	8.03	-0.19	-0.05	-0.25
Information Technology	0.86	2.43	13.91	9.01	-0.22	-0.05	-0.27
Energy	-4.56	10.56	2.27	3.33	-0.32	-0.03	-0.36
Consumer Discretionary	-3.70	5.81	6.23	12.55	-0.59	-0.15	-0.74
Consumer Staples	-2.22	-2.63	24.61	10.39	0.09	-0.85	-0.76
Cash	-2.17	--	3.49	--	--	-0.16	-0.16
<b>Total</b>	<b>0.92</b>	<b>3.48</b>	<b>100.00</b>	<b>100.00</b>	<b>-0.98</b>	<b>-1.58</b>	<b>-2.56</b>

Source: Morgan Stanley Investment Management and FactSet. **Past performance is not guarantee of future results.**

1. Portfolio weight and MSCI EAFE Net Index weights are an average for the period. 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. Additional contributors can include differences in pricing sources and fair valuation practices between systems used to calculate these returns. In volatile or illiquid markets and for high turnover portfolios, these differences can become increasingly significant. Attribution considers the total return of each security (price appreciation and dividend income). Management Fees and expenses are not considered by the attribution. 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.

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. Each portfolio is actively managed; therefore, holdings referenced may or may not be currently represented in each portfolio.

# Strong Stock Selection Has Mitigated the Year's Cyclical Rally

## Cumulative Returns from April 1, 2020 to March 31, 2021<sup>(1)(2)</sup>

### Top Five Absolute Contributors:

Deutsche Post	+194 bps
TSMC	+186 bps
Tencent	+175 bps
Constellation Software	+170 bps
Henkel	+162 bps

### Top Five Absolute Detractors:

Grifols	-9 bps
Ashtead	-7 bps
Unilever	-7 bps
Intesa Sanpaulo	-6 bps
Lion	-2 bps

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		TOTAL (%)
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	
Energy	93.72	25.64	2.37	3.28	1.15	0.32	1.47
Information Technology	70.75	59.75	13.09	8.49	0.90	0.43	1.34
Communication Services	60.41	42.77	2.85	5.39	0.51	0.02	0.53
Utilities	--	28.20	--	3.93	--	0.49	0.49
Financials	60.03	54.14	12.77	16.16	0.60	-0.24	0.36
Real Estate	--	31.83	--	3.14	--	0.30	0.30
Industrials	55.84	58.85	11.41	14.94	-0.21	-0.50	-0.71
Materials	55.37	73.33	5.03	7.55	-0.39	-0.51	-0.90
Consumer Discretionary	70.81	67.32	5.46	11.92	0.09	-1.19	-1.10
Consumer Staples	26.02	18.96	26.10	11.51	1.80	-3.27	-1.47
Health Care	13.12	17.40	17.56	13.69	-0.83	-0.80	-1.63
Cash	2.11	--	3.35	--	--	-1.42	-1.42
<b>Total</b>	<b>41.83</b>	<b>44.57</b>	<b>100.00</b>	<b>100.00</b>	<b>3.62</b>	<b>-6.35</b>	<b>-2.74</b>

Source: Morgan Stanley Investment Management and FactSet. **Past performance is not guarantee of future results.** Data as of March 31, 2021.

1. Portfolio weight and MSCI World Net Index weights are an average for the period. 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. Additional contributors can include differences in pricing sources and fair valuation practices between systems used to calculate these returns. In volatile or illiquid markets and for high turnover portfolios, these differences can become increasingly significant. Attribution considers the total return of each security (price appreciation and dividend income). Management Fees and expenses are not considered by the attribution. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities in the sectors shown above.

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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. Each portfolio is actively managed; therefore, holdings referenced may or may not be currently represented in each portfolio.

## Significant Movements in the Portfolio – 1Q 2021

### Portfolio Turnover

1Q : 4.21%

### Major Transactions: January 1, 2021 – March 31, 2021

INITIAL PURCHASES	ADDITIONS	REDUCTIONS	FINAL SALES
Deutsche Boerse	Heineken	AXA	Unilever
	Grifols	Fanuc	Boliden
	Pernod Ricard	Neste	Bankinter
	Experian	Cameco	Topicus <sup>(1)</sup>

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 all new purchases and final sales and at least 25 basis points weight changes for other existing positions for the period shown.

1. Topicus.com was spun out of Constellation Software in 4Q 2020 and sold in 1Q 2021.

## Significant Movements in the Portfolio – 2020

### Portfolio Turnover

2020: 19.44%

### Major Transactions: January 1, 2020 – December 31, 2020

INITIAL PURCHASES	ADDITIONS	REDUCTIONS	FINAL SALES
Associated British Foods <sup>(1)</sup>	<b>AXA</b>	Kirin	China Petroleum
Moncler	<b>United Overseas Bank</b>	Barrick Gold	<b>ING Groep</b>
LVMH	Roche	Pernod Ricard	Total
BHP Group	<b>Barrick Gold</b>	Heineken	Ashtead
<b>Legal &amp; General<sup>(2)</sup></b>	Fanuc	BHP Group	Heidelberg Cement
Anglo American <sup>(3)</sup>	Henkel	Reckitt Benckiser	USS
<b>Grifols</b>	Lion Corp	<b>Tencent</b>	Aviva
Epiroc	Mowi	<b>Bankinter</b>	Intesa Sanpaolo
Adidas	<b>Prudential<sup>(4)</sup></b>	Constellation Software	Toyota
Aristocrat Leisure	Reckitt Benckiser	GlaxoSmithKline	Banco Comercial Portugues
Infineon	<b>SAP</b>	<b>Hoya</b>	BBVA
Boliden	Sumitomo Mitsui Financial Group	United Overseas Bank	
	Novartis	LG Household & Health Care	
	GlaxoSmithKline	<b>AIA</b>	
	Aviva	<b>Fanuc</b>	
	British American Tobacco	<b>Keyence</b>	
	Fresenius	<b>Neste</b>	
	ING Groep	<b>Prudential<sup>(4)</sup></b>	
	Tencent	SAP	
	<b>Thales</b>	<b>TSMC</b>	
	Unilever	Unilever	

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, 2020 to December 31, 2020.**

1. Initially purchased in February 2020 and added to in March and July.

2. Initially purchased in September 2020 and added to in October

3. Initially purchased in March 2020 and added to in August.

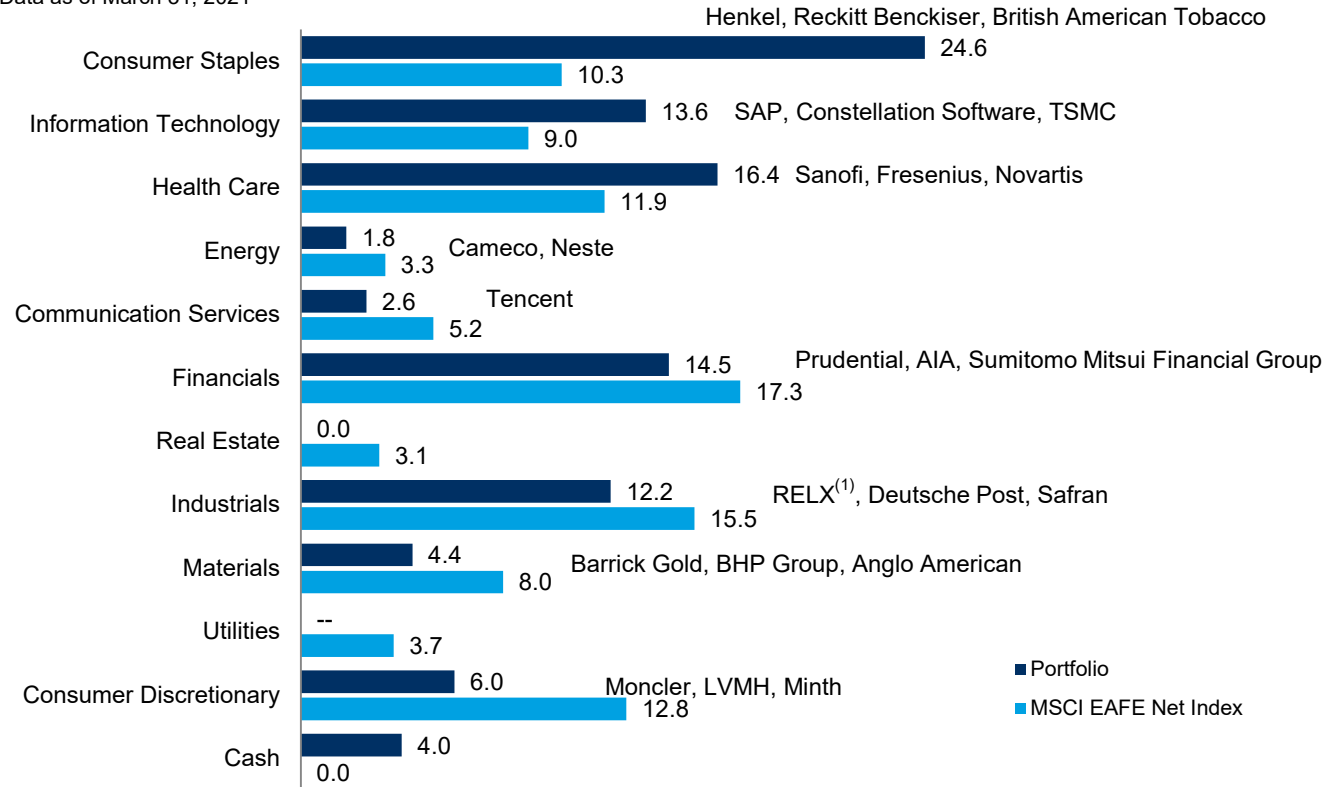
4. During the 4Q, addition was made in October 2020 and reduction in November 2020.

# Portfolio Remains Defensively Positioned

- Sector weights result from bottom-up stock selection process
- Overweight defensive sectors (44.9% vs. 25.9%)
- Underweight cyclical sectors (55.1% vs. 74.1%)

## Sector Weightings

Data as of March 31, 2021



Source: Morgan Stanley Investment Management. 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.

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.

## Top Ten Skewed Towards Defensive Quality Sectors

SECURITY	INDUSTRY	COUNTRY	(%)
Henkel	Household Products	Germany	3.7
Reckitt Benckiser	Household Products	United Kingdom	3.7
SAP	Software	Germany	3.0
Prudential	Insurance	United Kingdom	2.9
Constellation Software	Software	Canada	2.9
Sanofi	Pharmaceuticals	France	2.8
RELX <sup>(1)</sup>	Commercial & Professional Services	UK and Netherlands	2.7
Deutsche Post	Air Freight & Logistics	Germany	2.7
AIA	Insurance	Hong Kong	2.6
Tencent	Interactive Media & Services	China	2.6
<b>Total</b>			<b>29.5</b>

Source: Morgan Stanley Investment Management. Data as of March 31, 2021. 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.

# Indirect Exposure to the Right Kind of Emerging Market Growth

## Focus on Revenue Exposure not Listed Exposure

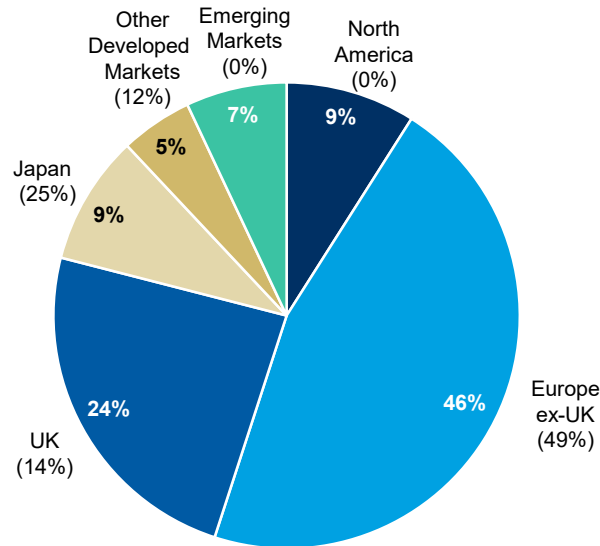
- Where a company does business is more important than where it is listed
- Country weights are a residual of our bottom up stock selection

### Selected Company EM Exposure<sup>(3)</sup>

Tencent	97%
LG Household & Health Care	87%
BHP Group	77%
Anglo American	67%
Mint	64%
Samsung	59%
Infineon	56%
Moncler	50%
AIA	50%
Adidas	49%
Epiroc	49%
Barrick Gold	47%
Heineken	46%
Pernod Richard	45%
Bayer	45%
LVMH	43%
L'Oréal	40%
Fanuc	40%

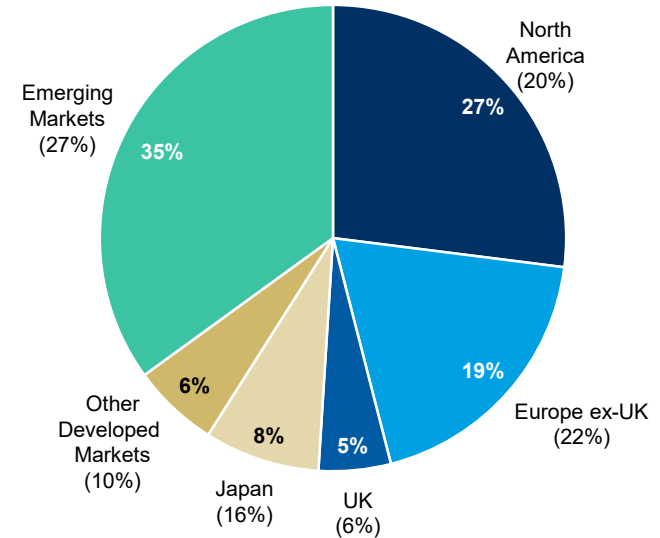
### Regional Breakdown: Listed Exposure

International Equity Trust  
(Index weight)<sup>(2)</sup>



### Revenue Exposure<sup>(1)</sup>

International Equity Trust  
(Index weight)<sup>(2)</sup>



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. Data as of March 31, 2021. 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.

1. Weighted Regional Exposure - Percentage of Company Sales. Excludes cash and re balanced to 100%.

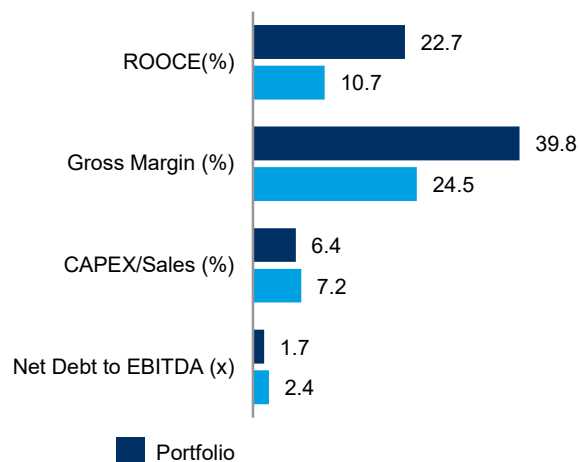
2. Data shown is the MSCI EAFE Net Index

3. 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.

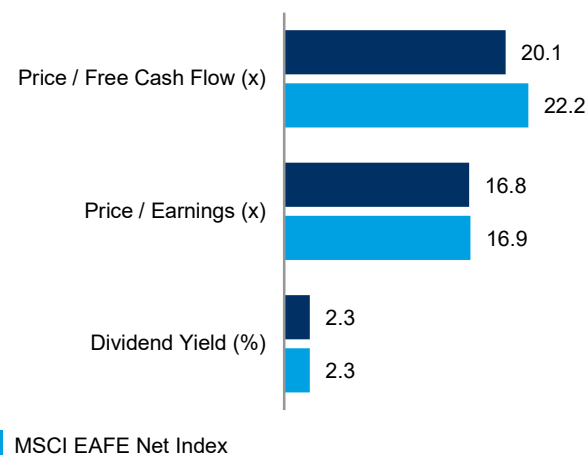
# Higher Quality Portfolio, at a Reasonable Valuation

- Portfolio's 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<sup>(1)(2)(3)</sup>**



**Valuation Ratios<sup>(1)(2)(3)</sup>**



## Market Cap Weights

	PORTFOLIO %	INDEX %
Mega Cap > \$100Bn	24	22
Large Cap \$50 – 100Bn	26	24
Mid Cap \$10 – 50 Bn	45	43
Small / Mid Cap \$1 – 10Bn	4	10
Weighted Average Market Cap (\$Bn)	100.8	70.1

Source: Morgan Stanley Investment Management FactSet / Worldscope/MSCI. Data as of March 31, 2021.

**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 EAFE Net Index shown for comparative purposes only. Subject to change daily.

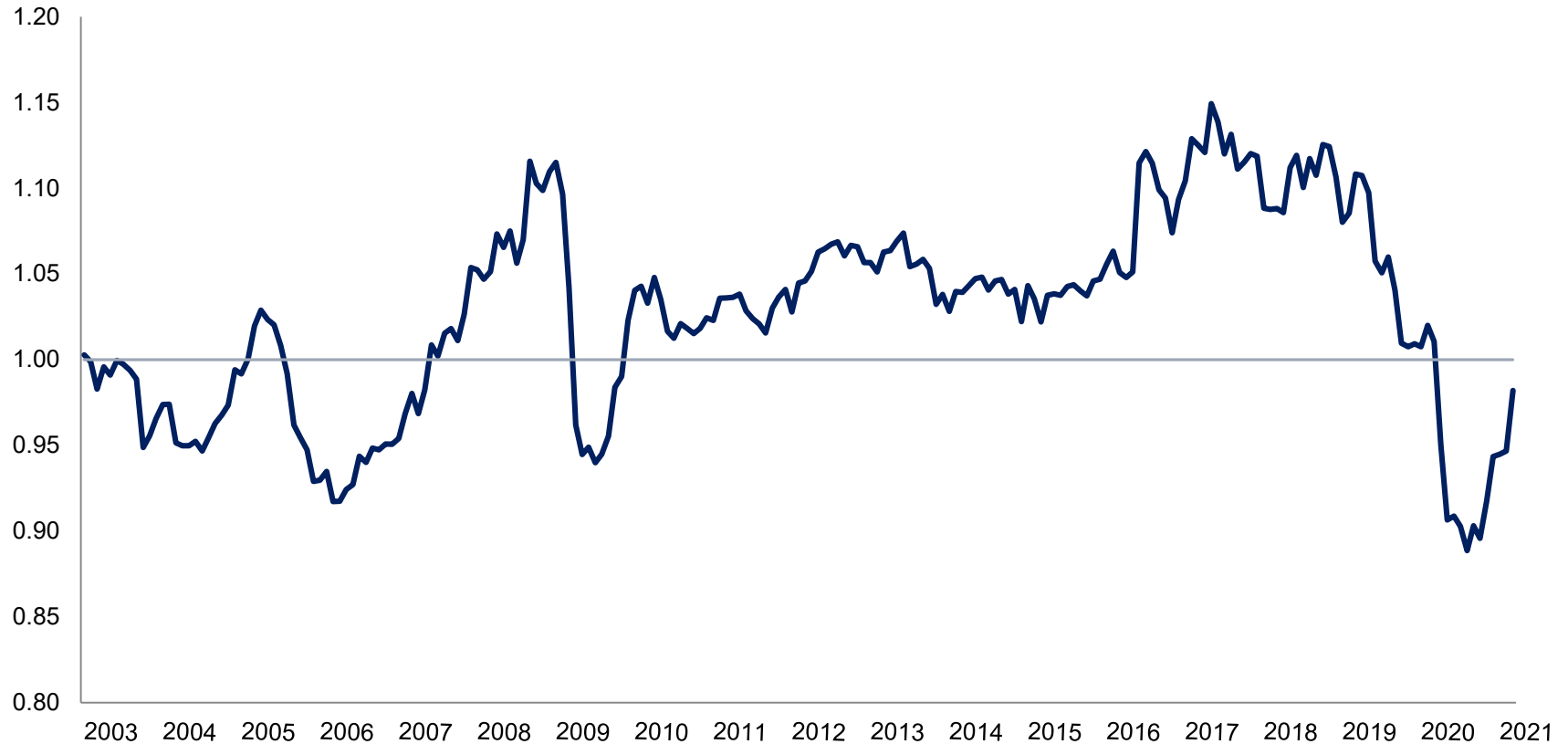
1. Portfolio data as of ROOCE (Return on Operating Capital Employed) = EBITA (Earnings Before Interest, Taxes and Amortization) / PPE (Property, Plant, Equipment) + Trade working capital (excludes goodwill). Ex-Financials.

2. 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 Portfolio. There is no guarantee that any portfolio will necessarily yield similar results over the next year.

3. Ratio methodology: MSCI EAFE Net Index:  $\text{sum}(\text{shares in index} * \text{numerator per share}) / \text{sum}(\text{shares in index} * \text{denominator per share})$ . Portfolio:  $\text{sum}(\text{shares in portfolio} * \text{numerator per share}) / \text{sum}(\text{shares in portfolio} * \text{denominator per share})$ .

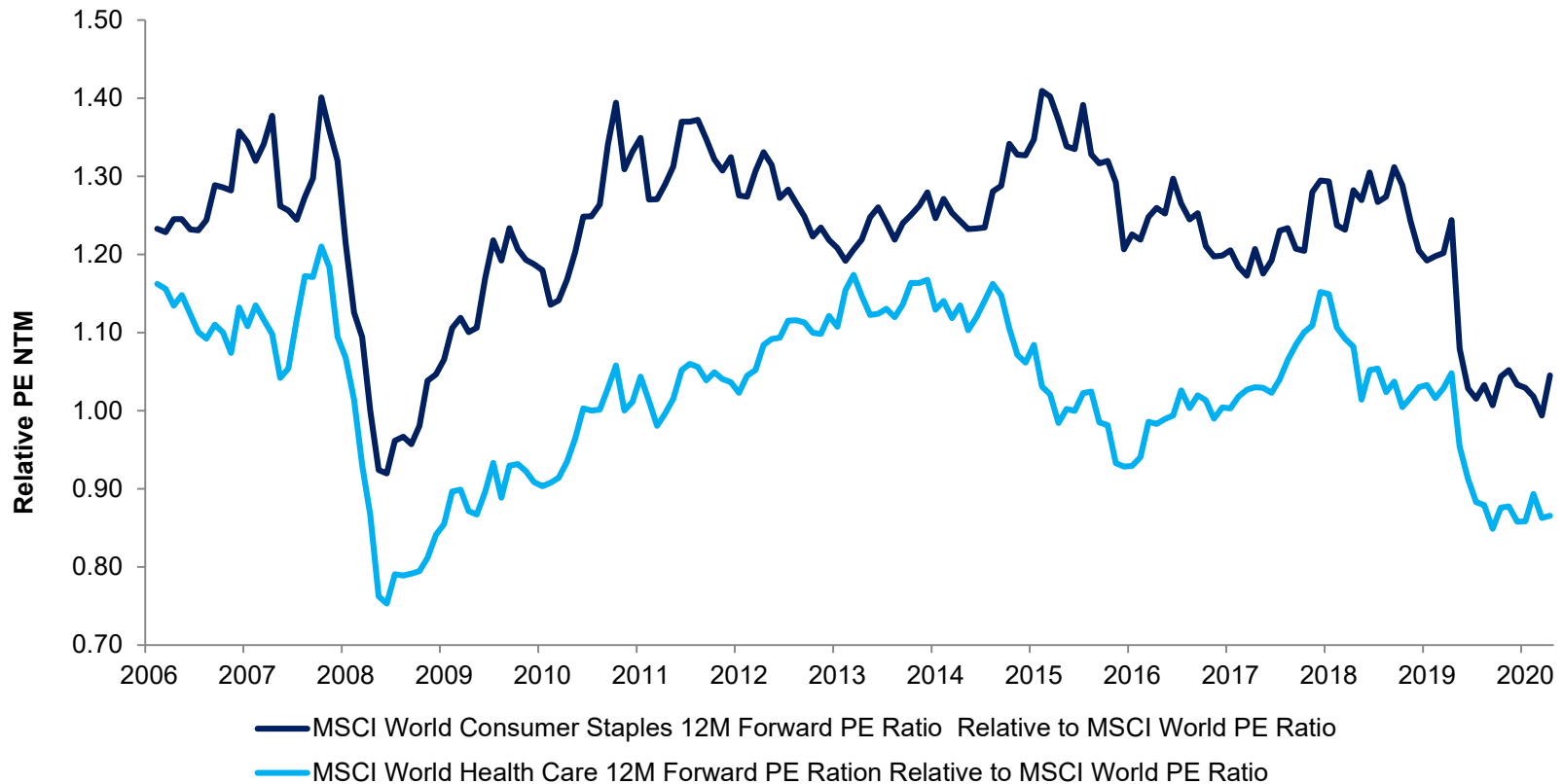
# Portfolio Is Now Trading at a Discount to the Index

## NTM PE vs MSCI EAFE



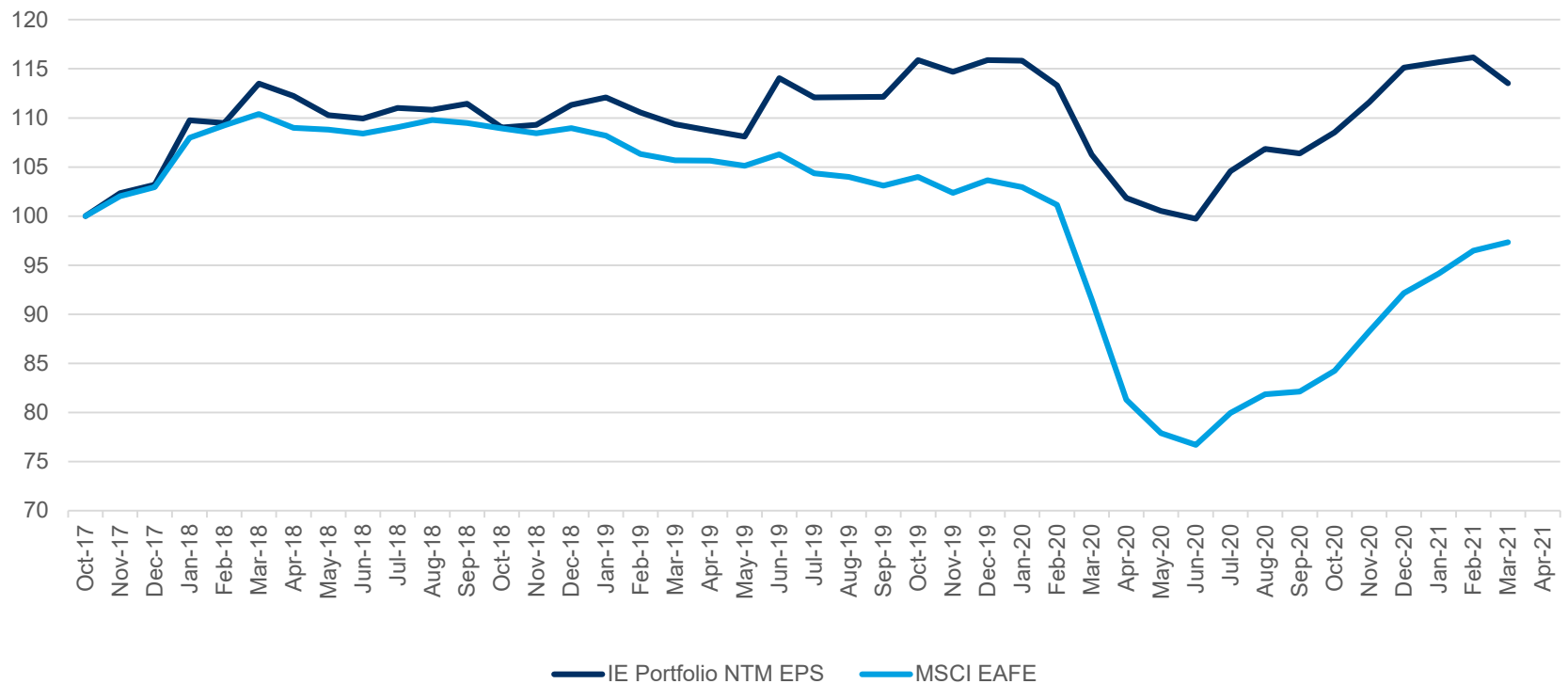
Source: FactSet. Data as of March 31, 2021.

# As Consumer Staples' and Health Care's Relative Multiples Near Historical Lows



Source: FactSet. **Past performance is not a guarantee of future results.** Data as of March 31, 2021. 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.

# Benefits of Quality Bias Have Shown Up in Robustness of Earnings



Source: FactSet. Data as of March 31, 2021. Past performance is not a guarantee of future results

## Our Outlook Remains Cautious

- The arrival of a range of vaccines suggests a return towards normal during 2021, for developed economies at least
- The bullish ‘Roaring 20s’ view is that this will drive further market gains
  - Consumers spend the ‘involuntary’ savings from lock-downs, while governments maintain support
  - Corporates realise efficiency gains from the new ways of working
  - Interest rates stay low, preserving high multiples
- However there are plenty of things that could go wrong
  - Normality comes slower than the bulls expect
  - Consumers remain cautious and governments’ rising debts cause them to retrench
  - Governments’ taste for intervention causes them to hit corporate profits through regulation or higher taxation – a particular threat for the tech sector
  - Inflation fears push rates up... and valuations down
- The current 20x+ multiple for MSCI World implies that the Bulls are currently winning the argument, which brings risk of disappointment

Not a sufficient “margin of safety” to justify tilt of portfolio from compounders to value opportunities, particularly in light of the Value Rally

As of March 31, 2021. Source: Morgan Stanley Investment Management. 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.

Morgan Stanley

INVESTMENT MANAGEMENT

SECTION 6

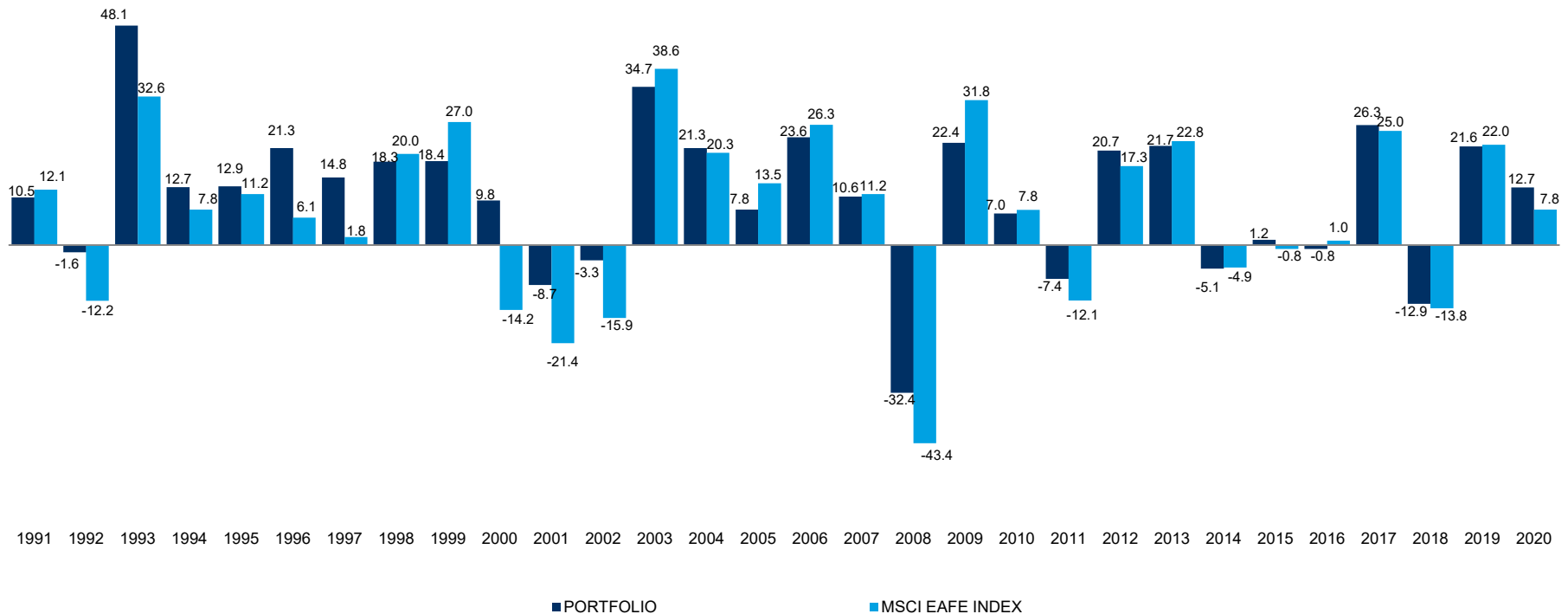
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# Appendix

# 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 not a 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.

## Sector Attribution – 2020

### Top Five Absolute Contributors:

Tencent	+162 bps
TSMC	+132 bps
LVMH	+125 bps
Neste	+119 bps
BHP Group	+119 bps

### Top Five Absolute Detractors:

Total	-87 bps
GlaxoSmithKline	-80 bps
ING Groep	-72 bps
Safran	-65 bps
Ashtead	-65 bps

### Cumulative Returns for January 01, 2020 through December 31, 2020<sup>(1)(2)</sup>

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION			TOTAL (%)
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)		
Energy	67.87	-27.50	2.86	3.53	2.56	0.22	2.78	
Information Technology	42.17	28.45	12.41	8.07	1.26	0.83	2.10	
Communication Services	51.32	12.48	2.72	5.41	1.08	-0.17	0.91	
Real Estate	--	-6.89	--	3.26	--	0.71	0.71	
Materials	59.58	20.60	4.67	7.26	0.79	-0.25	0.54	
Consumer Discretionary	37.69	15.75	4.58	11.63	0.95	-0.47	0.48	
Financials	-4.76	-3.88	12.92	16.44	-0.19	0.52	0.33	
Consumer Staples	7.38	5.71	27.01	11.81	0.20	0.10	0.30	
Utilities	--	14.18	--	4.01	--	-0.21	-0.21	
Industrials	9.25	10.89	11.48	14.79	-0.12	-0.22	-0.34	
Health Care	-4.24	11.37	18.00	13.80	-3.27	0.56	-2.71	
Cash	2.86	--	3.35	--	--	-0.10	-0.10	
<b>Total</b>	<b>12.60</b>	<b>7.82</b>	<b>100.00</b>	<b>100.00</b>	<b>3.25</b>	<b>1.53</b>	<b>4.78</b>	

Source: Morgan Stanley Investment Management and FactSet. **Past performance is not guarantee of future results.** Data as of December 31, 2020.

1. Portfolio weight and MSCI World Net Index weights are an average for the period. 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. Additional contributors can include differences in pricing sources and fair valuation practices between systems used to calculate these returns. In volatile or illiquid markets and for high turnover portfolios, these differences can become increasingly significant. Attribution considers the total return of each security (price appreciation and dividend income). Management Fees and expenses are not considered by the attribution. 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.

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. Each portfolio is actively managed; therefore, holdings referenced may or may not be currently represented in each portfolio.

## How We Are Different From the Market

International Equity Team	Market
<ul style="list-style-type: none"><li>✓ Sustainably Long-Term</li><li>✓ Absolute Risk</li><li>✓ Cash Based</li><li>✓ Returns Focused</li><li>✓ Downside-averse</li></ul>	<ul style="list-style-type: none"><li>✓ Tactically Short-Term</li><li>✓ Relative Risk</li><li>✓ Earnings Based</li><li>✓ Growth Fixated</li><li>✓ Chasing Upside</li></ul>

**Our genuine long-term view and focus on price & prospects give us the flexibility to exploit both high quality and value opportunities in a time proven process**

# 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, cyclicals, 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<sup>(1)</sup>:

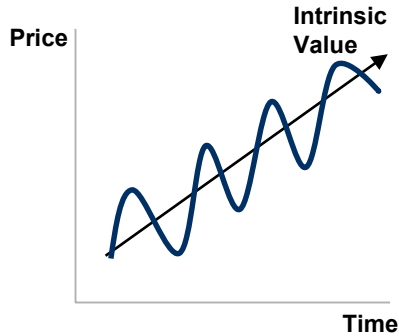
**To outperform the MSCI EAFE Index over a full market cycle while providing:**

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

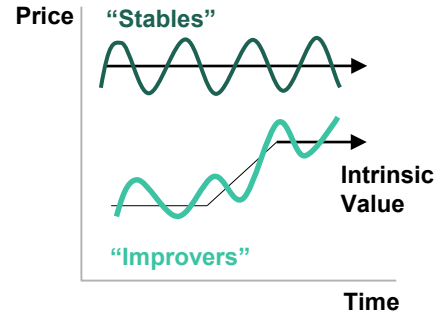
1. This goal is a target only and no guarantee is made that it will be achieved. A full market cycle is generally 3 – 5 years. MSCI EAFE Index is a reporting benchmark. It is not possible to invest directly in any index.

# How We Categorize Businesses

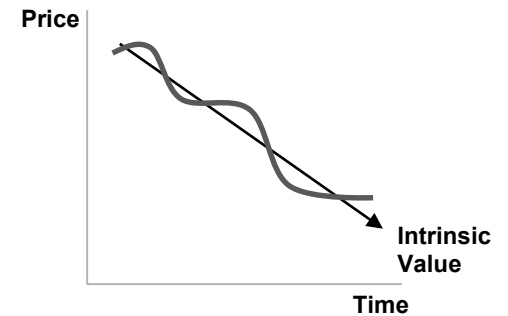
## High Quality Compounders



## 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

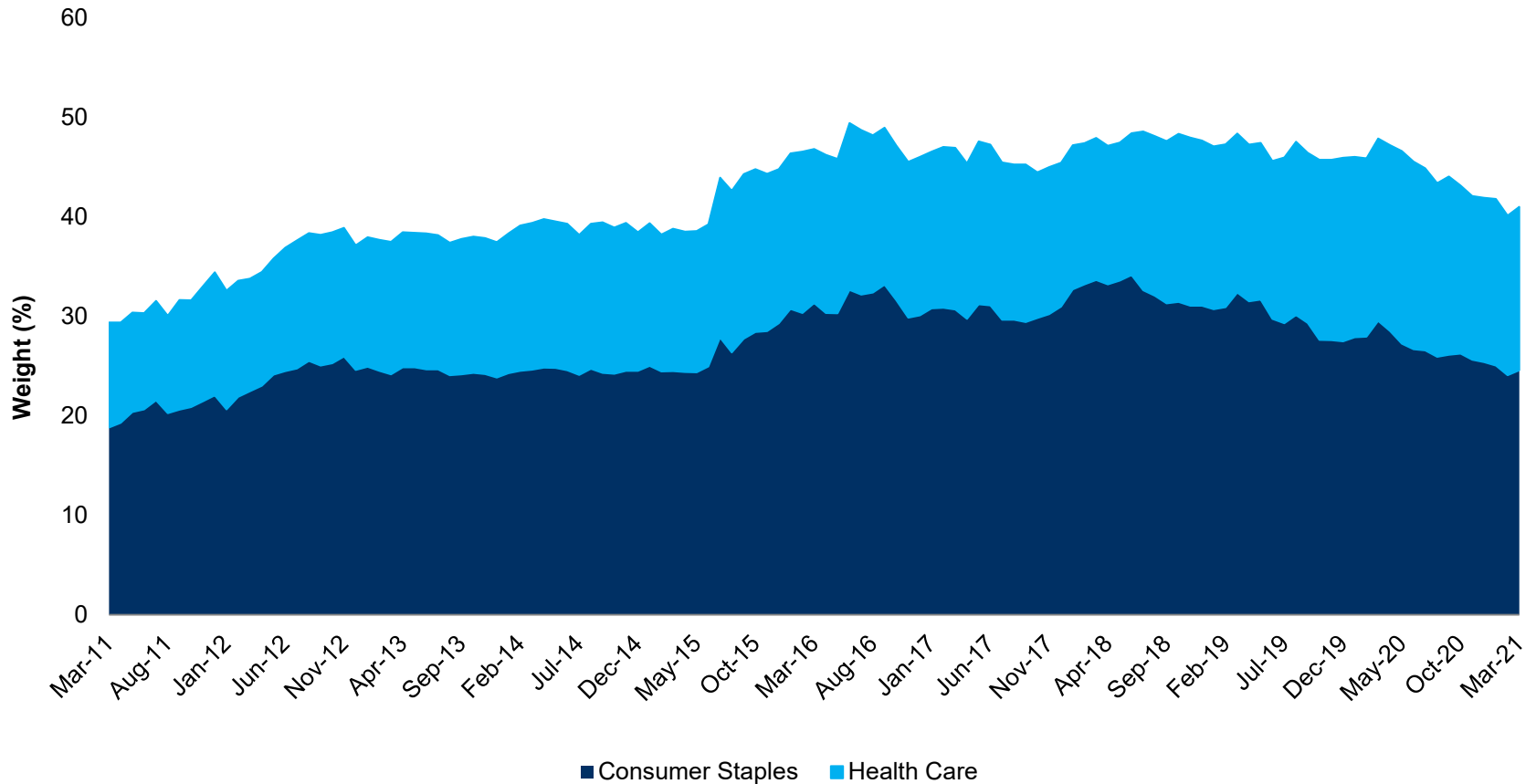
### OUR OPPORTUNITY

- 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.

# The Portfolio Had Been Defensively Positioned Before the Crisis

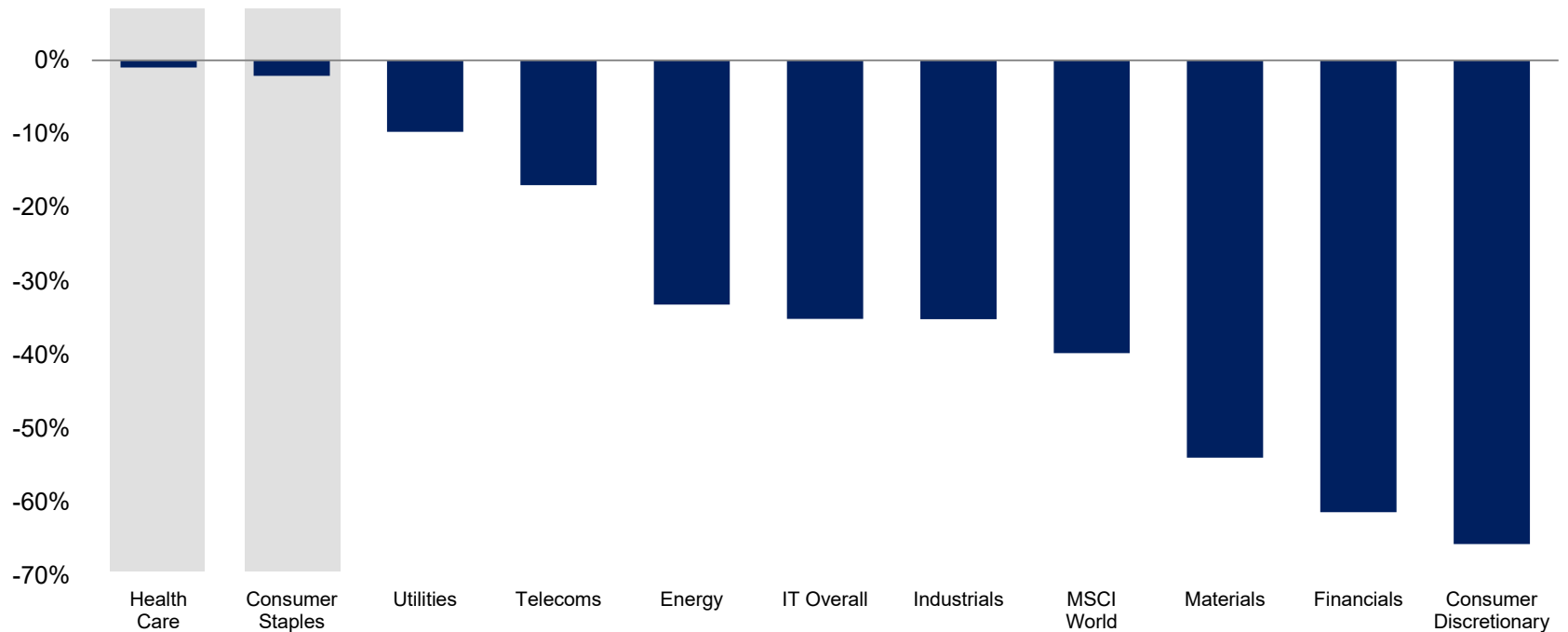
## Nearly Half the Portfolio in Consumer Staples and Health Care



Source: Morgan Stanley Investment Management. Data as of March 31, 2021.

## These sectors are the most Robust in a Downturn

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



Source: FactSet. Chart shown for illustrative purposes only.

## As a Result, the Portfolio has a Substantial Quality Bias

- Quality bias mainly comes through holdings of High Quality Compounds but Value Opportunities are also higher quality than Index.
- Current heavy skew towards High Quality Compounds versus history:
  - Absolute valuation of High Quality Compounds reasonable at roughly intrinsic value
  - Low “margin of safety” a worry given valuations in lower quality areas for Value Opportunities
  - Given macro, tough to find improving businesses in lower quality sectors

	High Quality Compounds <sup>(1)</sup>	Value Opportunities <sup>(1)</sup>	Total Portfolio <sup>(1)</sup>	MSCI EAFE Index <sup>(1)</sup>
<b>Portfolio Weight %</b>	46% (53%*) <sup>(2)</sup>	35% (42%*) <sup>(2)</sup>	--	--
<b>ROOCE<sup>(3)</sup> %</b>	39%	16%	23%	11%
<b>Gross Margin %</b>	58%	29%	40%	24%
<b>Capex / Sales %</b>	6%	7%	6%	7%
<b>Net Debt / EBITDA</b>	1.80	1.55	1.66	2.39

Data as of March 31, 2021

1. Excluding Financials, apart from portfolio weight in parenthesis

2. Value Opportunities 35% excluding Financials; 42% including Financials (\*Some financials in High Quality Compounds: AIA, Prudential)

3. ROOCE is Earnings Before Interest and Taxes (EBIT) / Property Plant and Equipment (PPE) + trade working capital (excludes goodwill)

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

# 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.

# Risk Management

## Seek to Minimize Risk of Permanent Destruction of Capital

- We worry about absolute risk – permanent loss of capital – not relative risk
- We believe that cap-weighted benchmarks are inherently risky

### Risks We Worry About

#### Overpayment

#### Business risk

- What can go wrong?
- Have we got the competitive landscape right?
- Have we assessed capital intensity correctly?
- Are we right on the cycle?
- Is there long term stakeholder alignment?

#### Changing regulatory environment / industry dynamics / government threats / material ESG risk

#### Financial risk

#### Management actions and motivations

#### Overall portfolio diversification

### Risks We Don't

#### Tracking error

#### Missing out on latest investment trend

#### Short term “noise”

## Risk Management

### Absolute stock specific risk of foremost importance

- We aim to be different to the benchmark
- Team's focus is on absolute risk rather than relative risk
- Fundamental risk analysis is a key element of research notes and investment process

### Exposures are monitored and managed

- Stock and industry guidelines
- Portfolio visible in real time to the investment team and dedicated Cash Management / Portfolio Data team
- Separate Portfolio Surveillance and Advisory Compliance teams, and Sentinel guideline coding
- Significant stock weakness typically triggers investment team discussion

### MSIM's independent risk teams monitor a range of portfolio risk statistics available to the investment team

- Tracking error decomposition, beta etc.
- Industry, style/factor risk reports (Barra)
- Stress test scenarios
- Liquidity risk including "run book" analysis
- ESG risks and controversies in progress (third party sources)

### Quarterly Investment Review with senior portfolio managers and EMEA COO

- Emphasis on whether the portfolios are performing in line with their objectives and are positioned to continue to do so

# Currency Management

## Primarily Defensive, Using Short-Term Forward Contracts

- Bottom-up stock selection creates country weightings and currency exposure
- May hedge exposure to overvalued currencies to help protect value of portfolio, particularly where overweight currency relative to the benchmark
- Consider natural hedges as they apply to individual securities
- Valuation of currencies based on purchasing power parity, real interest rates, current account trends, etc.
- Maximum hedge and cross hedge is 25% of portfolio

Information provided is for informational purposes only, and subject to change daily.

# Three Engagement Case Studies in 1Q 2021

## Our long-term focus and assets enable meaningful discussions with management



- **Culture & Heritage: Questioned how these influence operations, and their impacts on price and cost.**
  - Relationships are vital. BHP has worked hard to build them, with dedicated, well resourced teams supporting them.
  - They started work on the South Flank, Western Australia, 5 years ago, which has included 700 cultural field days.
  - Their Cultural Heritage team works alongside the planning team, which is the correct alignment.
  - Bottom line impact: While costs are higher, the improved process leads to better extraction.
- **Tailing Costs: Ore wastes of mines, typically a mud-like material, often toxic and an environmental risk**
  - Samarco in Brazil (2015 disaster) created a mind-shift at Board level.
  - Applies stringent Canadian Dam Association classification system.
  - Takes a holistic view. Asks engineers to assume, regardless of how robust they think their structure is, that it will fail; what happens when it does and what assets, life and biodiversity are at risk.
- **Safety, Automation and Gender: Does the move towards gender balance result in better operating stats?**
  - Yes, better productivity, less damage, increased safety, greater care for equipment.
  - BHP aims for gender balance by 2025. Already at 29% women. 38% of new hires in 2020 were female.
  - Automation will reduce the workforce and improve safety measures.



Pernod Ricard

- **Carbon**
  - Detailed and budgeted decarbonisation programme, strong track record of past reductions.
  - Target 30% absolute reduction in Scope 1&2 intensity and 50% reduction in Scope 3 intensity by 2030.
  - Scope 1 focus on on-site energy recovery (e.g. mechanical vapour recovery, already at Absolut and other sites)
  - Most of Scope 3 footprint is packaging (glass bottles) and agricultural raw materials.
    - **Glass**
      - Working with suppliers to reduce carbon intensity in production. Electrifying glass production will take time.
      - Packaging procurement is now global, not brand driven, so related carbon initiatives are also global.
      - Has a 50% recycled content target by 2025 (currently at 35%). Recycled glass is lower carbon.
    - **Agricultural raw materials**
      - Has a pilot scheme for regenerative agriculture. Shows up to 50% reduction in fertiliser/herbicide inputs.
      - Plan to roll this out to 3rd party suppliers over time and certify key agricultural inputs as sustainable.
      - Working with farmers in 2021 to reduce emissions. Considering re-wilding potential for carbon offsetting.



HEALTH ▸ HYGIENE ▸ HOME

- **Labour conditions in the supply chain (including modern slavery)**
  - Human rights violations an inherent risk in all multi-layer, outsourced, EM-focused supply chains
  - Engagement triggered by two controversies at suppliers in Asia
  - RB actively engaged with suppliers. NGO campaigners and governments to remediate violations
    - **Focus now is on improving supply chains systemically, away from only monitoring breaches**
      - Collaborating with Danish Human Rights Institute and Earthworm on holistic assessments of value chain impacts
      - Recent progress: Fair Latex (akin to “Fair Trade”, premium price paid to latex farmers, agronomic assistance to improve quality, yields and profits)

As of March 31, 2021. Source: Morgan Stanley Investment Management. 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. 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. There is no assurance that a portfolio will achieve its investment objective or an investment strategy will work under all market conditions.

## ESG Means Different Things to Different Investors



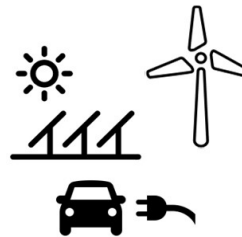
### Restriction Screening

Eliminate controversial sectors or companies from an existing investment universe.



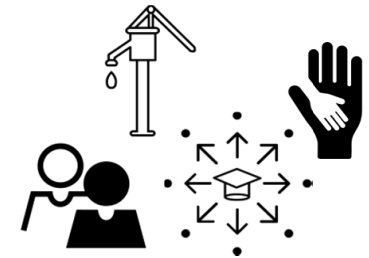
### ESG Integration

An engaged investment approach considering both financial returns analysis and ESG criteria.



### Thematic Investments

Investments with particular themes, with the aim of solving sustainability-related challenges.



### Impact Investing

Investing with the intention of generating environmental or societal change.

Source: Morgan Stanley Investment Management.

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## 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.

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.

# ESG Can Be a Substantial Opportunity for Well Run Companies<sup>(1)</sup>

**L'Oréal: Environmentally and socially friendly products help gain share and build margins. Leader in diversity**

- 59% of raw materials derived from renewable sources; removed microbeads proactively
- First to measure each product's environmental footprint, innovating sustainably, e.g. new Vichy product: packaging no longer laminated, jar 44% lighter, footprint 30% lower
- Sustainability metrics are part of senior management's remuneration
- Leader on gender equality, as measured by Equileap (#2 in 2018)

**SAP: ERP, Ariba and cloud capitalize on the corporates' growing demand for environmental footprint (E) and data security (S) management**

- Core ERP system (S/4HANA) provides sustainability performance data; helps companies track the composition, waste and safety of products, along with carbon measurement and energy efficiency
- Cloud ERP option lowers IT costs and energy usage; provides better data security than on-premise software; built-in disaster recovery to ensure business continuity
- Ariba Solutions (procurement management) helps companies control sourcing and manage ESG risks within the supply chain

**Neste: Renewable fuel technologies helping cut CO<sub>2</sub> emissions (E) and achieve superior returns on capital (G)**

- Global leader in renewable diesel.
- Greenhouse gas emissions up to 90% lower than regular diesel; made mostly from waste.
- Battery tech breakthrough for lorries, aircraft, ships (70% of diesel demand) not happening soon; renewable diesel cleanest solution available today.
- Additional built-in demand from government biofuel blending mandates.
- Generates higher returns on capital than peers due to 150% premium to regular diesel; renewable diesel is a fast growing market, forecast to grow 10%+ p.a. thru 2022.

**AIA: Fostering better social safety nets and well-being, strengthening customer & government relationships**

- Life & health insurance in countries where no government pensions, disability benefits or free healthcare. Insurance **premia invested locally**
- By exporting **best in class regulatory behaviour** (e.g. incentives to minimize misselling), AIA builds relationships with regulators across Asia
- AIA Vitality (science-based wellness programme) **promotes healthier lifestyles**, resulting in better underwriting/risk pool and stronger customer engagement

Source: company Annual reports, company sustainability reports, Morgan Stanley Investment Management

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

## Consumer Staples Overweight Dissected

- 21% of staples portfolio is invested in industries outside the classic staples ones. Namely:

Adhesives (Henkel)

Apparel retailing (ABF - Primark)

Fish farming (Mowi)

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Household Products	0.8	6.1	Reckitt Benckiser, Lion, Henkel <sup>(1)</sup>
Beverages	2.0	5.6	Pernod Ricard, Heineken, Kirin
Tobacco	0.9	4.2	British American Tobacco, Imperial Brands
Personal Products	2.0	3.5	LG Household & Health Care, Henkel <sup>(1)</sup> , L'Oréal, Shiseido
Food Products	3.2	3.1	Associated British Foods, Mowi
Food & Staples Retailing	1.4	--	
	<b>10.3</b>	<b>24.4<sup>(2)</sup></b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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 Henkel which is held in the portfolio (3.8%) 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 (1.9%) and therefore cannot be included in the above industry sub-sectors.

2. Includes Henkel's Adhesive business (1.9%).

## Health Care Overweight Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
"Big 6" Pharmaceuticals <sup>(1)</sup>	5.0	10.9	Sanofi, Novartis, GlaxoSmithKline, Roche, Bayer
Other Pharmaceuticals	2.7	--	
Health Care Equipment & Services	2.9	4.1	Fresenius, Hoya, Alcon
Biotechnology	0.9	1.3	Grifols
Life Sciences	0.5	--	
	<b>12.0</b>	<b>16.3</b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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 Roche, Novartis, AstraZeneca, Sanofi, GlaxoSmithKline, Bayer

# Financials Underweight Dissected

- Remain 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
- 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 (%)	HOLDINGS
Banks	8.6	3.1	Japan	1.2	1.7	SMFG
Capital Markets	2.7	0.7	Italy	0.5	--	
Diversified	0.8	2.2	Spain	0.6	--	
Insurance	5.2	8.3	France	0.7	--	
Financials	<b>17.3</b>	<b>14.3</b>	U.K.	1.5	--	
			Australia	1.9	--	
			Other	2.2	1.4	UOB (Singapore)
			INSURANCE WEIGHTING	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
			U.K.	0.8	4.2	Prudential, Legal & General
			France	0.4	1.5	AXA
			Australia	0.2	--	
			Japan	0.6	--	
			Switzerland	0.7	--	
			Germany	1.0	--	
			Other	1.5	2.6	AIA (Hong Kong)
			CAPITAL MARKETS WEIGHTING	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
			U.K.	0.5	0.7	Man Group
			Japan	0.3	--	
			Australia	0.3	--	
			Hong Kong	0.4	--	
			Germany	0.3	--	
			Switzerland	0.7	--	
			Other	0.2	--	

Source: MSCI and FactSet. Data as of March 31, 2021. 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

- With strong balance sheets, valuations close to lows, the low cost producers in industrial metals are starting to look attractive. The same cannot be said of chemicals and construction materials.

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Metals and Mining	3.3	4.4	Barrick Gold, BHP Group, Anglo American
Containers and Packaging	0.1	--	
Paper and Forest Products	0.4	--	
Construction Materials	0.6	--	
Chemicals	3.6	--	
	<b>8.0</b>	<b>4.4</b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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	2.0	3.6	RELX <sup>(1)</sup> , Experian
Transportation	2.3	2.7	Deutsche Post
Capital Goods	11.2	5.8	Safran, Thales, Fanuc, Epiroc
	<b>15.5</b>	<b>12.1</b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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 <sup>(2)</sup>	1.2	1.8	Cameco, Neste
Energy Equipment and Services	0.0	--	
Diversified "Super-Majors" <sup>(1)</sup>	2.1	--	
	<b>3.3</b>	<b>1.8</b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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, Total and BP within EAFE.

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

## Consumer Discretionary Dissected

INDUSTRY SUB GROUP	MSCI EAFE INDEX (%)	PORTFOLIO (%)	HOLDINGS
Consumer Durables and Apparel	4.8	4.7	Moncler, LVMH, Adidas
Consumer Services	1.5	0.6	Aristocrat Leisure
Retailing	2.3	--	
Automobiles and Components	4.2	0.7	Minth
	<b>12.8</b>	<b>6.0</b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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
Media & Entertainment	1.6	2.6	Tencent
Telecom Services	3.6	--	
	<b>5.2</b>	<b>2.6</b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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	3.3	5.9	SAP, Constellation Software
Technology, Hardware & Equipment	2.7	4.7	Hexagon, Samsung, Keyence
Semiconductors & Semiconductor Equipment	3.0	3.0	TSMC, Infineon
	<b>9.0</b>	<b>13.6</b>	

Source: MSCI and FactSet. Data as of March 31, 2021. 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.

## Sector Attribution – 3 Year

### Cumulative Returns for April 01, 2018 through March 31, 2021 <sup>(1)(2)(3)</sup>

#### Top Five Absolute Contributors:

Constellation Software	+260 bps
TSMC	+211 bps
Barrick Gold	+199 bps
Tencent	+167 bps
Deutsche Post	+164 bps

#### Top Five Absolute Detractors:

Fresenius	-172 bps
Bayer	-134 bps
British American Tobacco	-126 bps
ING Groep	-96 bps
Danske Bank	-96 bps

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		TOTAL (%)
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	
Information Technology	111.13	54.55	9.50	7.16	2.94	1.00	3.95
Industrials	49.61	26.11	12.20	14.65	2.83	-0.26	2.57
Energy	66.32	-18.43	3.86	4.70	2.31	0.03	2.34
Communication Services	66.73	17.28	3.09	5.46	1.14	0.08	1.22
Financials	0.97	1.45	14.17	18.19	-0.03	0.89	0.85
Real Estate	--	0.14	--	3.45	--	0.80	0.80
Materials	72.26	33.71	4.41	7.48	0.44	-0.18	0.26
Consumer Discretionary	14.35	26.47	3.57	11.58	-0.19	-0.28	-0.47
Utilities	--	31.99	--	3.79	--	-0.49	-0.49
Consumer Staples	5.78	12.27	29.19	11.46	-2.97	0.15	-2.82
Health Care	7.53	35.16	16.85	12.10	-4.93	1.34	-3.59
Cash	-0.39	--	3.17	--	--	-0.49	-0.49
Hedging	1.47	--	0.00	--	--	0.19	0.19
<b>Total</b>	<b>23.49</b>	<b>19.18</b>	<b>100.00</b>	<b>100.00</b>	<b>1.55</b>	<b>2.76</b>	<b>4.31</b>

Source: Morgan Stanley Investment Management and FactSet. **Past performance is not guarantee of future results.** Data as of March 31, 2021.

1. Portfolio weight and MSCI World Net Index weights are an average for the period. 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. Additional contributors can include differences in pricing sources and fair valuation practices between systems used to calculate these returns. In volatile or illiquid markets and for high turnover portfolios, these differences can become increasingly significant. Attribution considers the total return of each security (price appreciation and dividend income). Management Fees and expenses are not considered by the attribution. 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. 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.

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. Each portfolio is actively managed; therefore, holdings referenced may or may not be currently represented in each portfolio.

## Sector Attribution – 5 Year

### Top Five Absolute Contributors:

Tencent	+406 bps
Shiseido	+348 bps
Constellation Software	+274 bps
L'Oréal	+274 bps
Unilever	+262 bps

### Top Five Absolute Detractors:

Fresenius	-172 bps
BT Group	-155 bps
ING Groep	-145 bps
Imperial Brands	-133 bps
Bayer	-124 bps

### Cumulative Returns for April 01, 2016 through March 31, 2021 <sup>(1)(2)(3)</sup>

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION			TOTAL (%)
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)		
Information Technology	300.16	126.22	8.08	6.46	5.61	1.13	6.74	
Communication Services	85.80	21.40	3.96	5.77	2.13	0.56	2.69	
Energy	158.86	17.98	3.27	4.79	2.59	-0.39	2.20	
Industrials	92.37	70.84	12.54	14.39	1.98	-0.22	1.75	
Real Estate	-9.36	17.74	0.25	3.56	-0.23	1.29	1.07	
Utilities	--	49.90	--	3.69	--	0.20	0.20	
Consumer Discretionary	48.92	68.70	3.71	11.55	-0.29	-0.66	-0.95	
Financials	33.93	38.18	13.68	19.21	-0.43	-0.66	-1.09	
Consumer Staples	34.63	27.22	29.94	11.39	1.95	-3.47	-1.52	
Materials	93.70	108.01	5.18	7.60	-1.91	-0.16	-2.07	
Health Care	15.69	48.42	16.37	11.59	-5.00	0.27	-4.72	
Cash	-0.88	--	3.03	--	--	-1.20	-1.20	
Hedging	-1.15	--	-0.01	--	--	0.07	0.07	
<b>Total</b>	<b>55.97</b>	<b>52.79</b>	<b>100.00</b>	<b>100.00</b>	<b>6.41</b>	<b>-3.24</b>	<b>3.17</b>	

Source: Morgan Stanley Investment Management and FactSet. **Past performance is not guarantee of future results.** Data as of March 31, 2021.

- Portfolio weight and MSCI World Net Index weights are an average for the period. 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. Additional contributors can include differences in pricing sources and fair valuation practices between systems used to calculate these returns. In volatile or illiquid markets and for high turnover portfolios, these differences can become increasingly significant. Attribution considers the total return of each security (price appreciation and dividend income). Management Fees and expenses are not considered by the attribution. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities in the sectors shown above.
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# Long-Term Sector Attribution

- Stock selection has accounted for 75% of the strategy's long-term performance

## Cumulative Returns for January 1, 1999 – December 31, 2020<sup>(1)(2)(3)</sup>

	SECTOR PERFORMANCE		AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		TOTAL (%)
	PORTFOLIO (%)	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	
Consumer Staples	788.8	327.9	22.1	9.7	41.8	22.7	64.5
Information Technology	836.3	128.6	6.2	5.8	25.3	3.9	29.2
Health Care	458.4	293.1	11.8	10.0	18.6	6.0	24.6
Industrials	463.6	290.3	10.4	12.0	22.2	2.0	24.2
Communication Services	244.5	55.0	7.4	8.4	17.3	6.9	24.1
Financials	51.6	32.8	14.9	22.0	17.1	6.3	23.4
Materials	717.4	441.0	7.5	7.7	9.6	8.4	18.0
Utilities	123.2	171.7	3.2	4.6	1.7	5.0	6.7
Consumer Discretionary	318.3	251.8	5.1	10.1	5.1	0.5	5.6
Real Estate	79.1	231.6	0.9	2.8	2.9	1.8	4.7
Energy	282.9	99.0	7.2	7.0	3.0	0.9	3.9
Cash	17.1	--	3.4	--	--	-10.8	-10.8
Hedging	-6.9	--	-0.0	--	--	0.7	0.7
<b>Total</b>	<b>380.1</b>	<b>161.3</b>	<b>100.0</b>	<b>100.0</b>	<b>164.4</b>	<b>54.5</b>	<b>218.8</b>

Source: Morgan Stanley Investment Management and FactSet. **Past performance is not a guarantee of future results.**

1. Portfolio weight and MSCI EAFE Index weights are an average for the period. 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. Additional contributors can include differences in pricing sources and fair valuation practices between systems used to calculate these returns. In volatile or illiquid markets and for high turnover portfolios, these differences can become increasingly significant. Attribution considers the total return of each security (price appreciation and dividend income). Management Fees and expenses are not considered by the attribution. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities in the sectors shown above.

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# Historically Attractive Risk Return Profile

**Long-term investment record:**

- International Equity, 34 Years

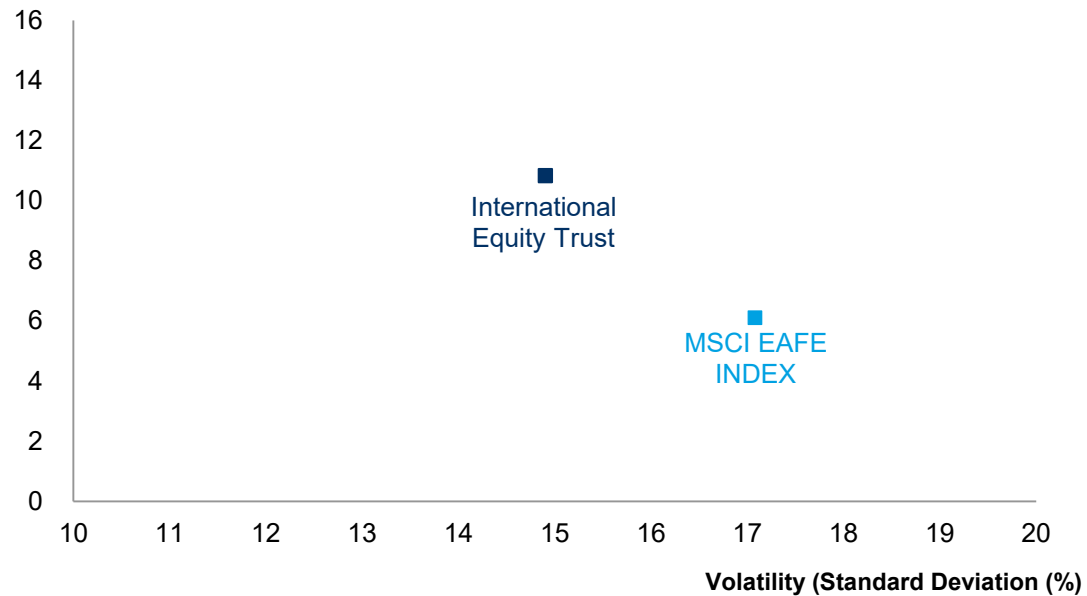
**Performance History:**

- Attractive upside capture
- Reduced downside capture
- Lower volatility

**Volatility vs. Return - Since Inception through March 31, 2021 - USD**

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

**Annualized Return (%)**



**Past performance is not a guarantee of future results.** Performance returns reflect the average annual rates of return. Periods less than one year are not annualized. The International Equity Trust results shown are GROSS of investment advisory/management fees, are quoted in USD and include the reinvestment of dividends and income. Each portfolio may differ due to specific investment restrictions and guidelines. Thus, individual results will vary. The comparison index is the MSCI EAFE Index with net dividends reinvested. The inception date of the International Equity Trust is September 30, 1986.

# Risk Characteristics

## Since Inception through March 31, 2021

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

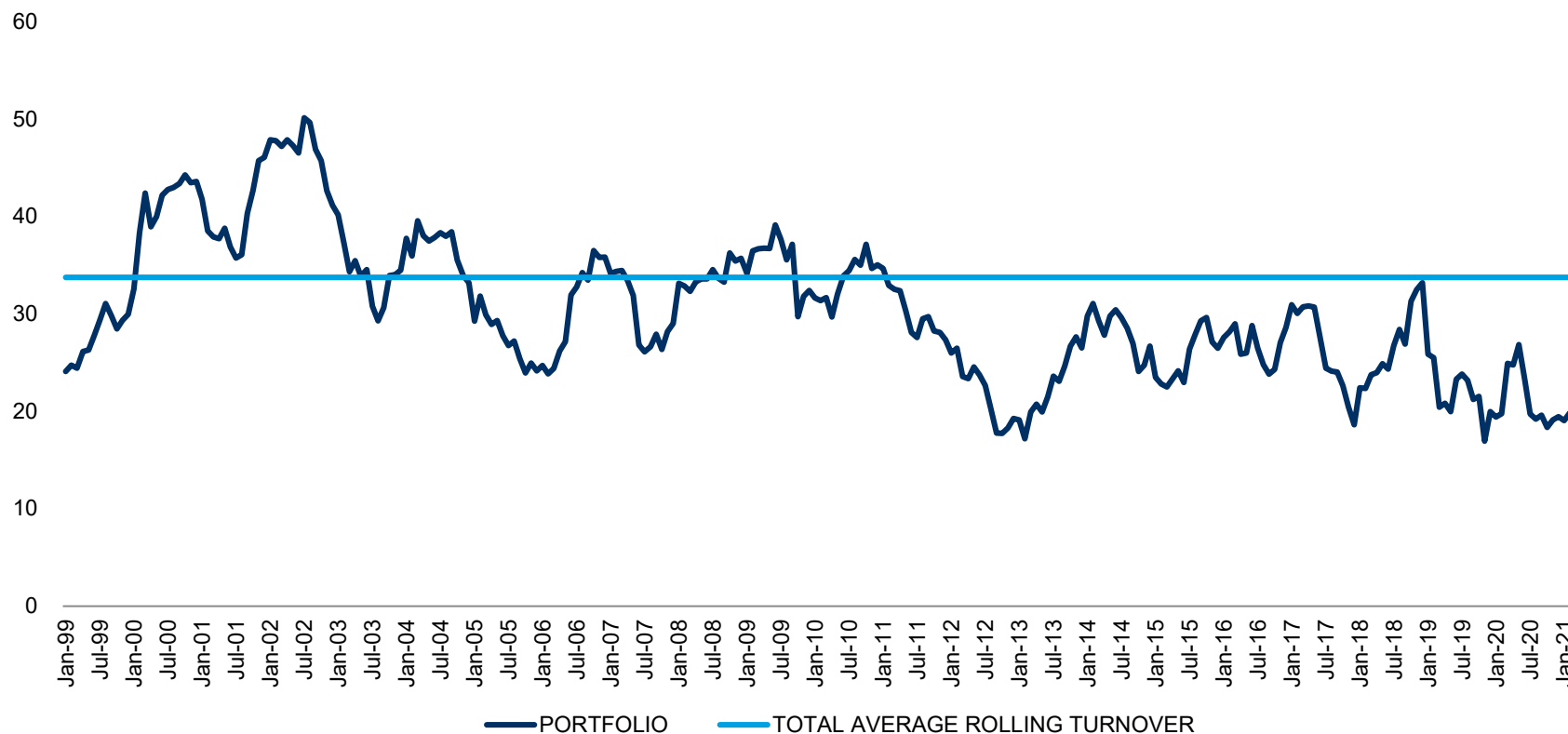
	SINCE INCEPTION		10 YEARS		5 YEARS	
	PORTFOLIO	MSCI EAFE INDEX	PORTFOLIO	MSCI EAFE INDEX	PORTFOLIO	MSCI EAFE INDEX
Annualized Return (%)	10.83	6.11	6.67	5.52	9.07	8.85
Standard Deviation (%)	14.90	17.08	14.44	15.10	14.57	14.74
Beta (x)	0.79	-	0.92	-	0.95	-
Information Ratio	0.63	-	0.29	-	0.05	-
Sharpe Ratio	0.52	0.18	0.42	0.33	0.54	0.52
Tracking Error	7.45	-	3.93	-	4.24	-

Source: MSCI, Morgan Stanley Investment Management as of March 31, 2021. **Past performance is not a 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.

# 12 Month Rolling Turnover

## Turnover

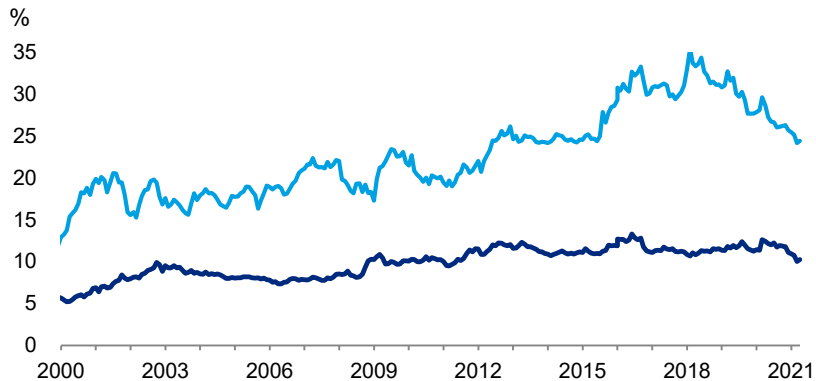
Percent (%)



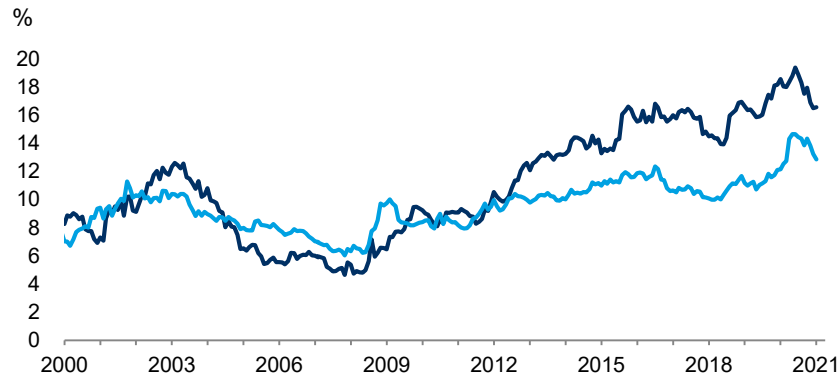
Source: Morgan Stanley Investment Management. Data from January 1, 1999 to March 31, 2021. **Past performance is not a guarantee of future results.** Subject to change daily. Provided for informational purposes only. Turnover calculated as:  $(\text{Total of the lesser of buys or sales over 12 month period} / \text{Averaged market values over period}) \times 100$ .

# Historical Sector Weightings

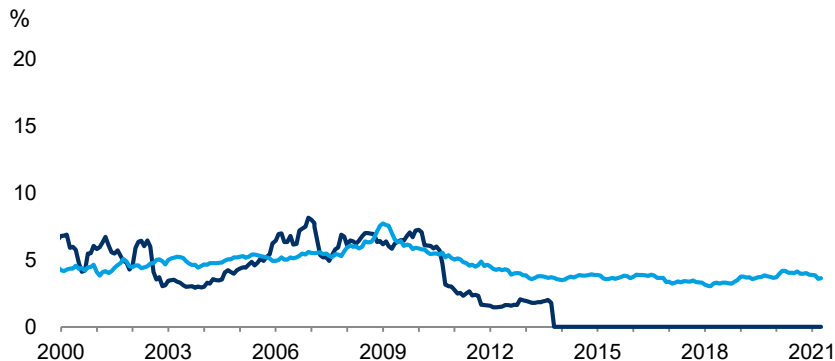
**Consumer Staples**



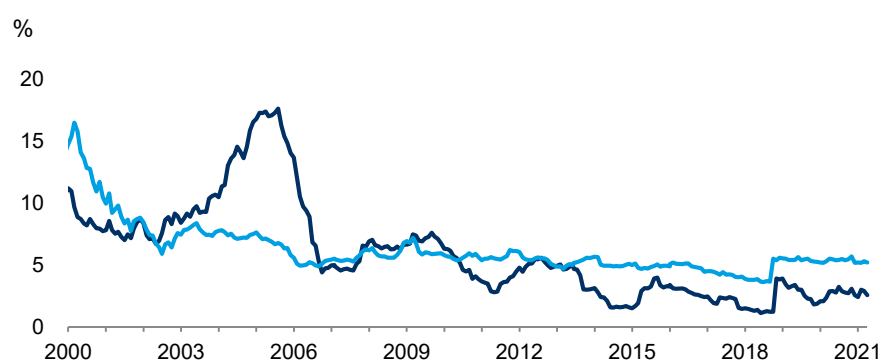
**Health Care**



**Utilities**



**Communications**

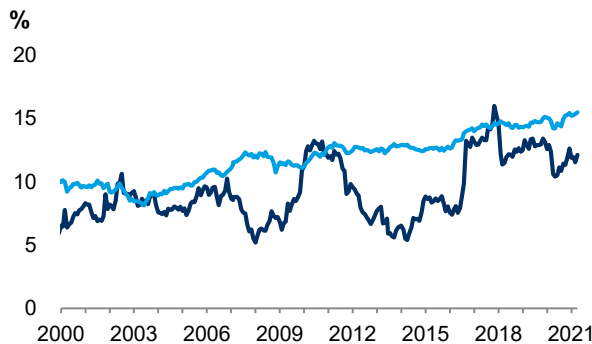


—PORTFOLIO —MSCI EAFE INDEX

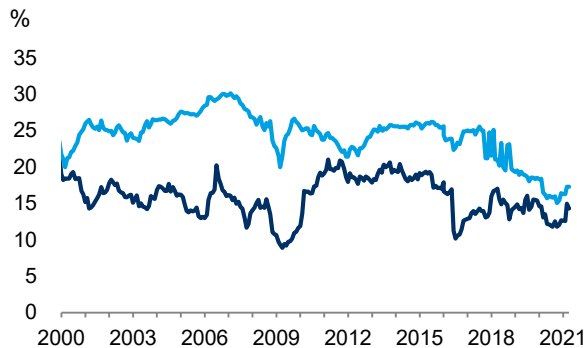
Source: Morgan Stanley Investment Management and MSCI. Data as of March 31, 2021. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to purchase or sell securities in the sector referenced.

# Historical Sector Weightings

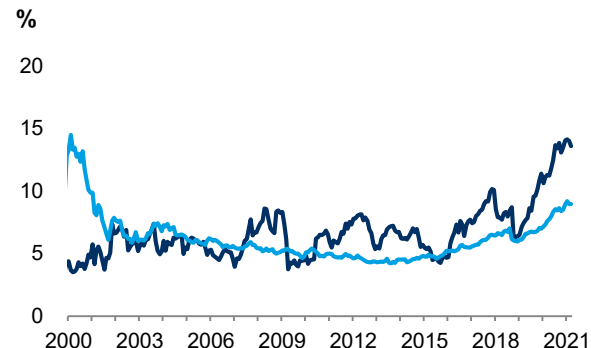
## Industrials



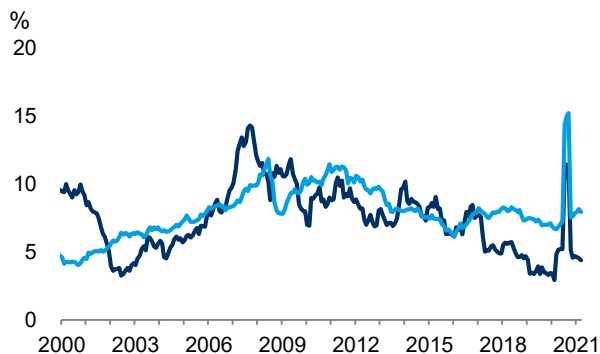
## Financials



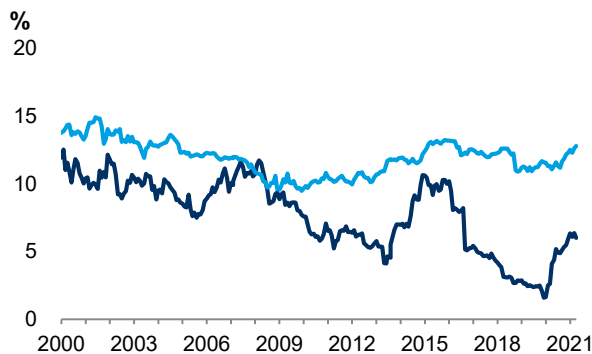
## Information Technology



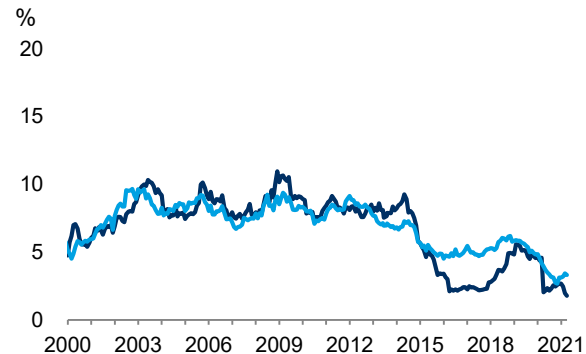
## Materials



## Consumer Discretionary



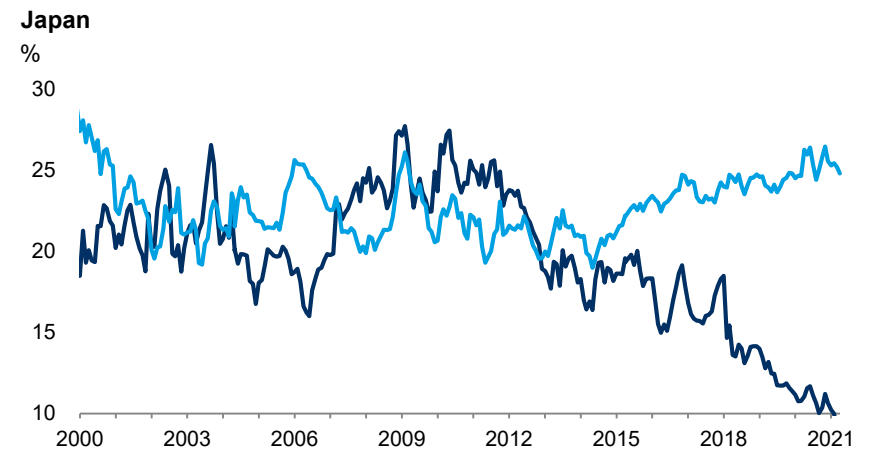
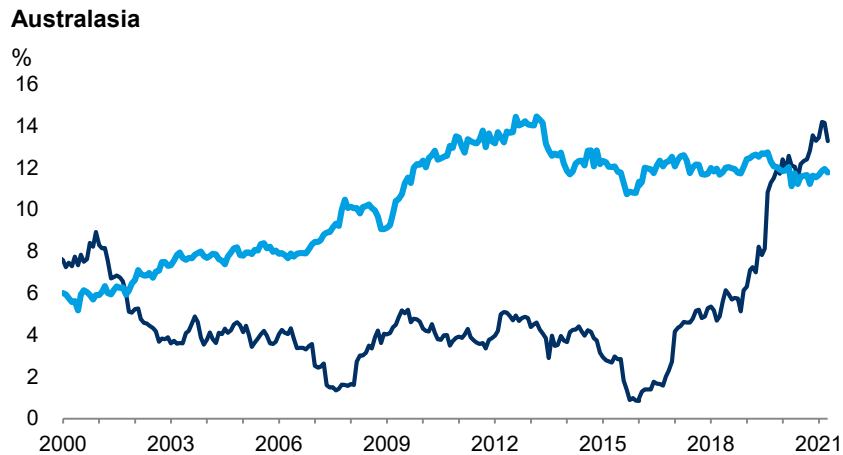
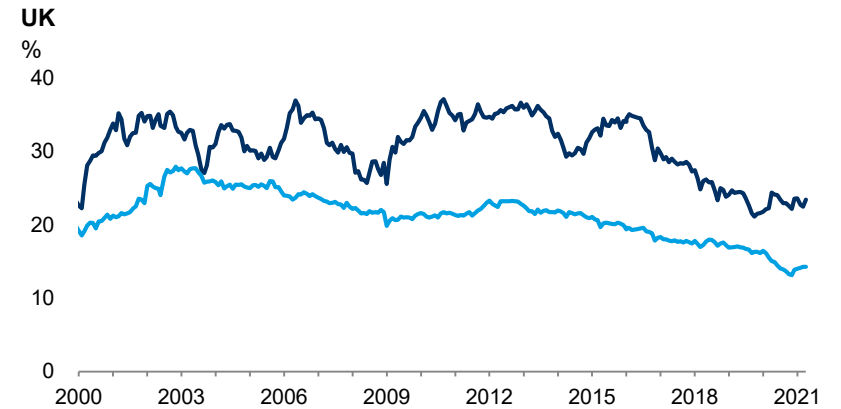
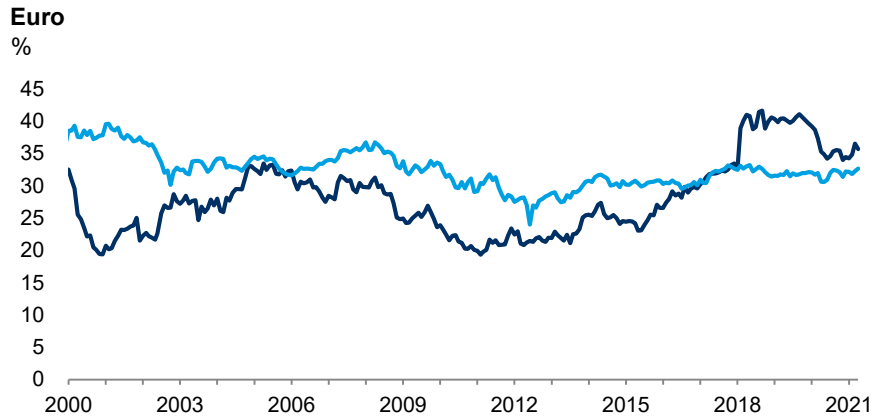
## Energy



— PORTFOLIO — MSCI EAFE INDEX

Source: Morgan Stanley Investment Management and MSCI. Data as of March 31, 2021. 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

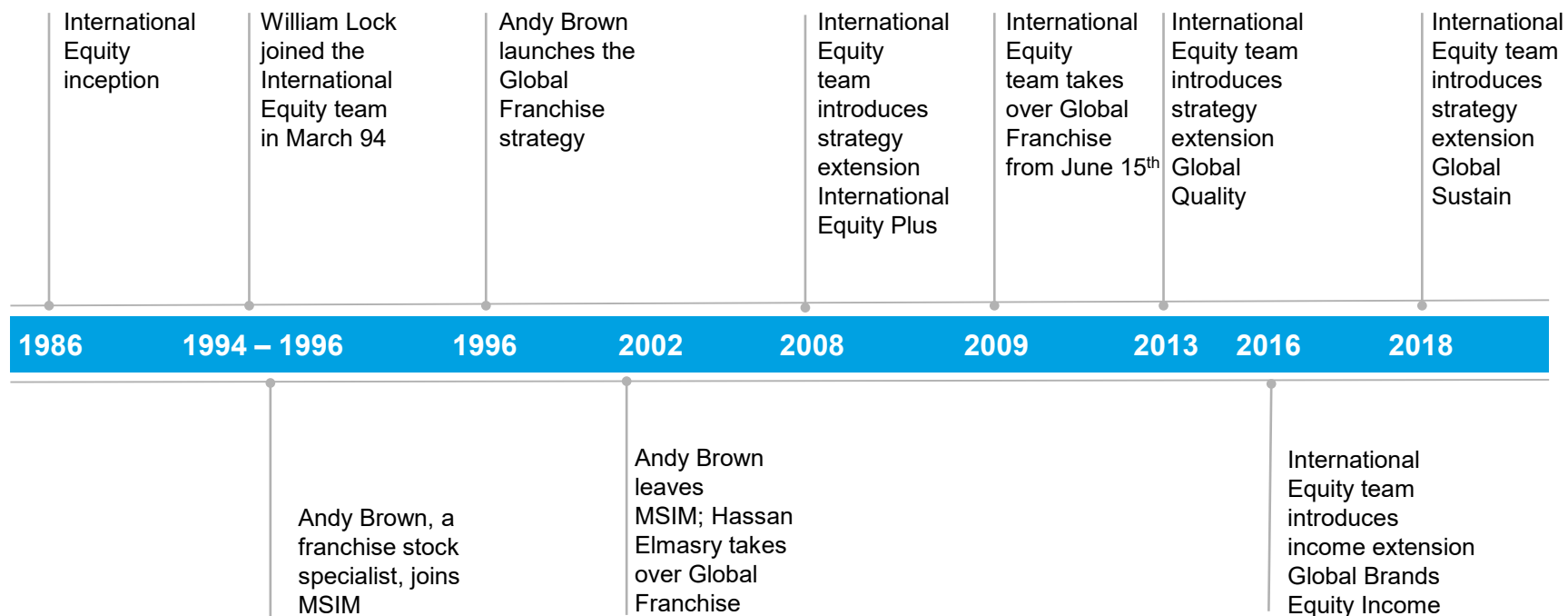


Source: Morgan Stanley Investment Management and MSCI. Data as of March 31, 2021. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to purchase or sell securities in the sector referenced.

# History of International Equity

These Strategies Share a Long History and a Strong Philosophical Overlap

## Timeline



## Portfolio Management Team

### William Lock

Managing Director



[william.lock@morganstanley.com](mailto:william.lock@morganstanley.com)

William is a portfolio manager and head of the London-based International Equity team. He joined Morgan Stanley in 1994 and has 29 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



[bruno.paulson@morganstanley.com](mailto:bruno.paulson@morganstanley.com)

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 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 was a parent-founder of The Rise School, a free school for children with high-functioning autism. He is a governor at Kensington Aldridge Academy, where he chairs the Business Committee.

### Nic Sochovsky

Managing Director



[nic.sochovsky@morganstanley.com](mailto:nic.sochovsky@morganstanley.com)

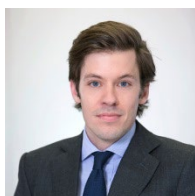
Nic is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2015 and has 23 years of industry experience. Prior to joining the team, Nic worked for Credit Suisse within a top industry ranked consumer staples team covering Food manufacturing, HPC, beverages and 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. Data as of January 2021.

## Portfolio Management Team

### Marcus Watson

Executive Director

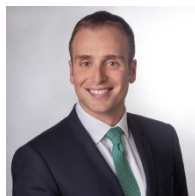


[marcus.watson@morganstanley.com](mailto:marcus.watson@morganstanley.com)

Marcus is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2008 and has 13 years of investment experience. He received a B.Sc in psychology from the University of Newcastle Upon Tyne.

### Alex Gabriele, CFA

Executive Director

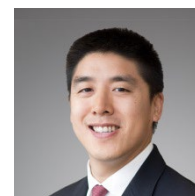


[alexander.gabriele@morganstanley.com](mailto:alexander.gabriele@morganstanley.com)

Alex is a portfolio manager for the London based International Equity team. He joined Morgan Stanley from Sloane Robinson LLP in 2012 and has 12 years of buy-side investment experience. Prior to joining the team, Alex was responsible for stock selection across the cyclical universe, predominantly in Asia ex-Japan. Alex is a trustee at the Belvedere Trust, a UK charity that gives grants to education, poverty alleviation and the arts. Alex holds a B.A. in Natural Sciences from Trinity College, Cambridge.

### Nathan Wong, CFA

Executive Director



[nathan.wong@morganstanley.com](mailto:nathan.wong@morganstanley.com)

Nathan is a portfolio manager on the London-based International Equity team. He joined Morgan Stanley in July 2017 and has 21 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. Data as of January 2021.

## Portfolio Management Team

### Vladimir Demine, CFA

Executive Director



[vladimir.demine@morganstanley.com](mailto:vladimir.demine@morganstanley.com)

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 19 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 Masters in finance with Distinction from St Petersburg State University of Economics and Finance.

### Richard Perrott, CFA

Executive Director



[richard.perrott@morganstanley.com](mailto:richard.perrott@morganstanley.com)

Richard is a portfolio manager for the London-based International Equity team. He joined Morgan Stanley in 2015 and has 15 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 health care 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.

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Team members may change from time to time. Data as of January 2021.

## Portfolio Management Team

### Fei Teng

Senior Associate



[fei.teng@morganstanley.com](mailto:fei.teng@morganstanley.com)

Fei is a research analyst on the London-based International Equity team. He joined Morgan Stanley in February 2019 and has 8 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.

### Helena Miles

Senior Associate



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Helena is a research analyst and a member of the International Equity team. She joined Morgan Stanley in September 2019 and has 8 years of investment experience, most recently covering Luxury Goods & Retail at Capital World Investors. Previously, Helena covered European Business Services at Bank of America Merrill Lynch. Helena holds an M.A in History from Trinity Hall, Cambridge with 1st class honours. She was elected a Bateman Scholar and awarded the C W Crawley prize for Academic Excellence.

## Cash Management & Data Analytics

### Rob Butler, CFA

Vice President



[rob.butler@morganstanley.com](mailto:rob.butler@morganstanley.com)

Rob manages portfolio cash and performs data analytics for the International Equity team. He joined Morgan Stanley in 2016 and has 10 years of industry experience. Prior to joining the team, Rob was a Portfolio and Quantitative Analytics Specialist at FactSet. Rob received a B.A in Economics from the University of Exeter, and M.Sc in Applied Statistics and Computational Data Analytics from Birkbeck College, University of London.

Team members may change from time to time. Data as of January 2021.

## Portfolio Specialist Team

### Jill Ytuarte

Managing Director

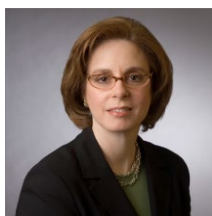


[jill.ytuarte@morganstanley.com](mailto:jill.ytuarte@morganstanley.com)

Jill is a senior 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 23 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.

### Catherine M. Colecchi

Managing Director



[catherine.colecchi@morganstanley.com](mailto:catherine.colecchi@morganstanley.com)

Cathy is the global COO for the International Equity team. She joined the team in 2000 as a portfolio specialist covering the International Equity and Global Franchise strategies. Cathy joined Morgan Stanley in 1983 and MSIM in 1997. 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.

As of May 01, 2021. Team members may change from time to time.

## Portfolio Specialist Team

### David Bernard

Executive Director

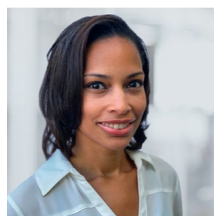


[david.bernard@morganstanley.com](mailto:david.bernard@morganstanley.com)

David is a portfolio specialist for the London-based International Equity team and works with North America based clients. He joined Morgan Stanley in 2008 and has 13 years of industry experience. Prior to joining the team, David was a member of the Global Emerging Markets Equity team and previously worked on the Intermediary sales team where he was responsible for leading sales efforts on the East Coast focusing on Registered Investment Advisors and Bank Trusts. David received a B.A. in political science from Furman University with honors.

### Colleen Dyer

Executive Director



[colleen.dyer@morganstanley.com](mailto:colleen.dyer@morganstanley.com)

Colleen is a member of the International Equity portfolio specialists team based in New York. She joined Morgan Stanley Investment Management in 2007 and has 20 years of industry experience. Prior to joining the firm, Colleen worked on the Consultant Relations team at Capital Guardian Trust Company. Prior to that, she worked on the Consultant Relations team at State Street Global Advisors. Colleen received a B.A. in International Relations from Boston University.

### Julia Forde

Vice President

[julia.forde@morganstanley.com](mailto:julia.forde@morganstanley.com)

Julia is a portfolio specialist in London for the International Equity team and works with North America based clients. She joined Morgan Stanley Investment Management in 1992 and has 33 years of industry experience. Prior to joining Morgan Stanley, Julia worked at Chase Manhattan Bank for their InfoServ and Investment Banking groups.

As of May 01, 2021. 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.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley. Morgan Stanley is a full-service securities firm engaged in a wide range of financial services including, for example, securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

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# 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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This communication has been prepared solely for informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy.

**Past performance is not a guarantee of future results.** Returns may increase or decrease as a result of currency fluctuations. The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.

A separately managed account may not be suitable for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. 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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All investments involve risks, including the possible loss of principal. The material contained herein has not been based on a consideration of any individual client circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication'.

Except as otherwise indicated herein, the views and opinions expressed are those of the portfolio management team, and are based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date hereof. These do not reflect the opinions of all Investment teams at MSIM or the views of the firm as a whole, and may not be reflected in the strategies and products that the Firm offers.

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The information presented does not constitute, and should not be construed as, investment advice or recommendations with respect to the investments mentioned. Moreover, neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any investment.

## Important Information Continued

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# International Equity Strategy

## Presented in USD Terms

YEAR	GROSS COMPOSITE RETURN (%)	NET COMPOSITE RETURN (%)	INDEX RETURN (%)	COMPOSITE 3-YR EX-POST STANDARD DEVIATION (%)	INDEX 3-YR EX-POST STANDARD DEVIATION (%)	NUMBER OF ACCOUNTS	COMPOSITE MARKET VALUE (M)	FIRM ASSETS (B)	INTERNAL DISPERSION (%)
2010	7.04	6.13	7.75	22.40	26.61	6	9,856	222.8	0.1
2011	(7.07)	(7.86)	(12.14)	19.73	22.75	5	8,009	233.3	N/A
2012	20.72	19.72	17.32	17.89	19.65	4	8,945	279.7	N/A
2013	21.60	20.59	22.78	14.91	16.48	4	9,646	309.7	N/A
2014	(5.18)	(6.02)	(4.90)	12.49	13.21	5	8,651	331.9	N/A
2015	1.23	0.32	(0.81)	12.03	12.64	5	7,271	334.0	N/A
2016	(0.98)	(1.88)	1.00	12.05	12.64	5	6,672	337.2	N/A
2017	26.32	25.23	25.03	11.24	12.00	5	7,325	394.1	N/A
2018	(12.97)	(13.72)	(13.79)	10.98	11.40	5	4,755	369.3	N/A
2019	21.58	20.62	22.01	11.17	10.96	5	4,661	451.1	N/A

Morgan Stanley Investment Management ("MSIM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MSIM has been independently verified for the periods January 1, 1994 through December 31, 2019. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Morgan Stanley Investment Management ("MSIM") is the asset management business of Morgan Stanley. Assets are managed by teams representing different MSIM investment platforms. The GIPS® firm for MSIM ("The Firm") is defined as the Active Fundamental Equity, Global Fixed Income, and Global Liquidity investment platforms, as well as the Global Listed Real Assets, Global Multi Asset, Managed Solutions, and Applied Equity Advisors investment strategies. Effective February 26, 2016, the Firm was redefined to reflect a realignment of the legal entities into investment platforms, which did not impact the Firm assets under management.

Prior to January 1, 2002, the Firm was defined as an investment management firm consisting of investment advisory operations within various legal entities. As of January 1, 2002, the Firm definition was expanded to include all investment advisory operations within MSIM excluding affiliated and unaffiliated wrap fee programs. From January 1, 2007 to May 31, 2010, the Firm definition included wrap fee programs, which were sold May 31, 2010. Due to an acquisition of assets from Morgan Stanley Smith Barney LLC ("MSSB") business on October 1, 2015, the Firm definition was expanded to include wrap fee programs. The Fundamental Equity Advisors wrap fee program was transferred to another firm in October 2018.

# International Equity Strategy

## Presented in USD Terms

The International Equity Strategy was created on September 30, 1998 and its inception date is September 30, 1986. This composite includes all pooled vehicles managed on a fully discretionary basis according to the International Equity strategy. The strategy seeks long-term capital appreciation by investing primarily in non-U.S. stocks in developed markets. The strategy may also invest a portion of the portfolio in non-EAFE countries including Canada and Emerging Markets. Fundamental analysis, with a focus on the direction and sustainability of long term returns on capital, and bottom up stock selection underpin the strategy's country and sector weightings. Environmental, Social and Governance (ESG) considerations are an integrated part of this process as material weaknesses or opportunities in any of these areas can impact company fundamentals and the long term sustainability of a company's returns. With the exception of foreign currency forward exchange contracts, no derivatives are used in this strategy. Using derivatives involves specific risks, including those related to counterparty, liquidity, valuation, correlation, and market risks. A complete list and description of all composites is available upon request.

**Performance data quoted represents past performance, which is no guarantee of future results.** Each portfolio may differ due to specific investment restrictions and guidelines. Any double digit return cannot be sustained and investors should be aware that these returns were primarily achieved during favourable market conditions. Returns are reported in USD. The composite can include portfolios with different currencies which have been converted to the reported currency. The internal dispersion of annual returns is measured by the standard deviation of asset-weighted portfolio gross of fees returns included in the composite for the full year. The internal dispersion is not applicable ("N/A") for any period if fewer than 6 accounts are in the composite for the full year. The three-year annualized ex-post standard deviation measures the variability of the gross composite and benchmark returns over the preceding 36-month period. The three-year ex-post standard deviation is not applicable ("N/A") for any period if 36 monthly returns for the composite are not available. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The MSCI EAFE Index is used as a benchmark. This index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The benchmark is calculated with net dividends reinvested. The index is unmanaged and does not include any expenses, fees or sales charges, which would lower performance. The benchmark is used for comparative purposes only. It is not possible to invest directly in an index.

Gross performance is net of all transaction costs and withholding taxes. Net performance is net of all transaction costs, withholding taxes and actual investment management/advisory fees which include performance fees if applicable and applicable administrative expenses. Any performance fees are accounted for and deducted when earned. Performance returns include the reinvestment of dividends and income. The standard investment advisory fee schedule is as follows: 0.80% per annum on first \$25 million of assets; 0.60% per annum on next \$25 million of assets; 0.50% per annum on next \$25 million of assets; 0.40% per annum on assets in excess of \$75 million. Actual investment advisory fees incurred by clients may vary.

# International Equity Plus Commingled Composite

## Presented in USD Terms

YEAR	GROSS COMPOSITE RETURN (%)	NET COMPOSITE RETURN (%)	INDEX RETURN (%)	COMPOSITE 3-YR EX-POST STANDARD DEVIATION (%)	INDEX 3-YR EX-POST STANDARD DEVIATION (%)	NUMBER OF ACCOUNTS	COMPOSITE MARKET VALUE (M)	FIRM ASSETS (B)	INTERNAL DISPERSION (%)
2010	8.68	8.30	7.75	N/A	N/A	1	1,495	222.8	N/A
2011	(6.71)	(6.98)	(12.14)	18.73	22.75	1	1,506	233.3	N/A
2012	20.17	19.80	17.32	17.31	19.65	1	1,783	279.7	N/A
2013	23.48	23.11	22.78	14.71	16.48	2	2,178	309.7	N/A
2014	(3.03)	(3.34)	(4.90)	12.21	13.21	2	2,081	331.9	N/A
2015	2.39	2.05	(0.81)	11.98	12.64	5	2,550	334.0	N/A
2016	0.54	0.18	1.00	11.75	12.64	8	2,962	337.2	N/A
2017	26.08	25.65	25.03	10.99	12.00	7	3,369	394.1	0.2
2018	(9.38)	(9.69)	(13.79)	10.23	11.40	9	3,389	369.3	0.1
2019	23.41	22.98	22.01	10.49	10.96	9	4,101	451.1	0.6

Morgan Stanley Investment Management ("MSIM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MSIM has been independently verified for the periods January 1, 1994 through December 31, 2019. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Morgan Stanley Investment Management ("MSIM") is the asset management business of Morgan Stanley. Assets are managed by teams representing different MSIM investment platforms. The GIPS® firm for MSIM ("The Firm") is defined as the Active Fundamental Equity, Global Fixed Income, and Global Liquidity investment platforms, as well as the Global Listed Real Assets, Global Multi Asset, Managed Solutions, and Applied Equity Advisors investment strategies. Effective February 26, 2016, the Firm was redefined to reflect a realignment of the legal entities into investment platforms, which did not impact the Firm assets under management.

Prior to January 1, 2002, the Firm was defined as an investment management firm consisting of investment advisory operations within various legal entities. As of January 1, 2002, the Firm definition was expanded to include all investment advisory operations within MSIM excluding affiliated and unaffiliated wrap fee programs. From January 1, 2007 to May 31, 2010, the Firm definition included wrap fee programs, which were sold May 31, 2010. Due to an acquisition of assets from Morgan Stanley Smith Barney LLC ("MSSB") business on October 1, 2015, the Firm definition was expanded to include wrap fee programs. The Fundamental Equity Advisors wrap fee program was transferred to another firm in October 2018.

# International Equity Plus Commingled Composite

## Presented in USD Terms

The International Equity Plus Commingled Composite was created on September 30, 2016 and its inception date is March 31, 2008. This composite is designed to include all separately managed accounts and pooled vehicles managed on a fully discretionary basis according to the International Equity Plus strategy. The strategy seeks long-term capital appreciation by investing primarily in non-U.S. stocks in developed markets, with an allocation to U.S. stocks of up to 30%. The strategy may also invest a portion of the portfolio in other non-EAFE countries including Canada and Emerging Markets. Fundamental analysis, with a focus on the direction and sustainability of long term returns on capital, and bottom up stock selection underpin the strategy's country and sector weightings. Environmental, Social and Governance (ESG) considerations are an integrated part of this process as material weaknesses or opportunities in any of these areas can impact company fundamentals and the long term sustainability of a company's returns. With the exception of foreign currency forward exchange contracts, no derivatives are used in this strategy. Using derivatives involves specific risks, including those related to counterparty, liquidity, valuation, correlation, and market risks. Prior to November 30, 2020, the composite was named the International Equity Plus U.S. Composite. A complete list and description of all composites is available upon request.

**Performance data quoted represents past performance, which is no guarantee of future results.** Each portfolio may differ due to specific investment restrictions and guidelines. Any double digit return cannot be sustained and investors should be aware that these returns were primarily achieved during favourable market conditions. Returns are reported in USD. The composite can include portfolios with different currencies which have been converted to the reported currency. The internal dispersion of annual returns is measured by the standard deviation of asset-weighted portfolio gross of fees returns included in the composite for the full year. The internal dispersion is not applicable ("N/A") for any period if fewer than 6 accounts are in the composite for the full year. The three-year annualized ex-post standard deviation measures the variability of the gross composite and benchmark returns over the preceding 36-month period. The three-year ex-post standard deviation is not applicable ("N/A") for any period if 36 monthly returns for the composite are not available. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The MSCI EAFE Index is used as a benchmark. This index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The benchmark is calculated with net dividends reinvested. The index is unmanaged and does not include any expenses, fees or sales charges, which would lower performance. The benchmark is used for comparative purposes only. It is not possible to invest directly in an index.

Gross performance is net of all transaction costs and withholding taxes. Net performance is net of all transaction costs, withholding taxes and actual investment management/advisory fees which include performance fees if applicable and applicable administrative expenses. Any performance fees are accounted for and deducted when earned. Performance returns include the reinvestment of dividends and income. The standard investment advisory fee schedule is as follows: 0.80% per annum on first \$25 million of assets; 0.60% per annum on next \$25 million of assets; 0.50% per annum on next \$25 million of assets; 0.40% per annum on assets in excess of \$75 million. Actual investment advisory fees incurred by clients may vary.