

# Morgan Stanley

INVESTMENT MANAGEMENT

## City of Fort Pierce Retirement and Benefit System International Equity Trust

May 16, 2024



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AND NOT FOR ONWARD DISTRIBUTION.

CRC#6567848-EXP.04.30.2025

# International Equity Trust

## Data as of March 31, 2024

Original Investment (September 1, 1991)	\$	2,767,286.72
+ Contributions		9,045,000.00
- Withdrawals		(15,131,563.00)
- Investment Management Fees		(3,289,477.29)
+ Interest Income		309,478.22
+ Dividend Income		10,014,137.18
+ Realized Gain/(Loss)		20,600,571.24
- Other Expenses		(31,319.49)
+/- Market Appreciation/(Depreciation)		(343,096.49)
Market Value (March 31, 2024)	\$	24,892,636.39

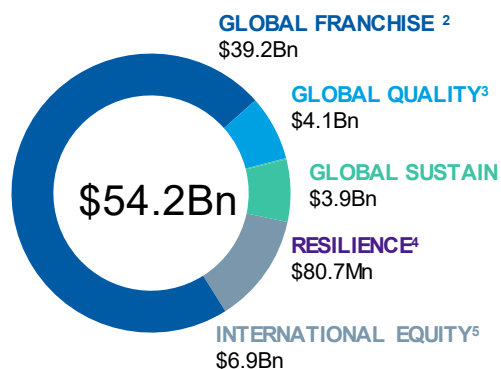
State Street custodial accounting information reflects time period beginning January 1993. Data not available for client inception of September 1, 1991. Fund Accounting Systems changed effective August 1, 2001. All cumulative numbers past July 31, 2001 should be considered estimates. Our figures represent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

# International Equity Team

A disciplined and well-resourced team



## Assets Under Management<sup>1</sup>



- Fifteen investment professionals with ~200 years of combined investment experience
- Incentives aligned with those of our clients
- Accessible portfolio managers with access to company managements
- Dedicated portfolio specialists to oversee client servicing requirements

## Portfolio Management Team<sup>6</sup>

<b>William Lock (Head)</b> Managing Director (32/30 years)	<b>Bruno Paulson<sup>7</sup></b> Managing Director (30/15 years)
<b>Nic Sochovsky</b> Managing Director (26/9 years)	<b>Alex Gabriele, CFA</b> Managing Director (15/12 years)
<b>Marcus Watson</b> Managing Director (16/16 years)	<b>Isabelle Mast, PhD</b> Executive Director (19/3 years)
<b>Anton Kryachok, CFA</b> Executive Director (14/3 years)	<b>Richard Perrott, CFA</b> Executive Director (18/9 years)
<b>Marte Borhaug<sup>8</sup></b> Head of ESG Executive Director (14/3 years)	<b>Vlad Demine, CFA Head of ESG Research</b> Executive Director (23/15 years)
<b>Research</b>	
<b>Alessandro Vaturi</b> Vice President (15/<1 years)	<b>Helena Miles</b> Vice President (11/5 years)
<b>Fei Teng</b> Vice President (11/5 years)	<b>Bart Dziejcz, CFA</b> Vice President (9/<1 years)
<b>Jinny Hyun</b> (3/3 years)	

## Portfolio Specialists<sup>9</sup>

<b>Laura Bottega, COO</b> Head of Client Experience Managing Director (26/18 years)	<b>Jill Ytuarte</b> Managing Director (26/20 years)
<b>Candida de Silva</b> Managing Director <sup>10</sup> (24/5 years)	<b>David Bernard</b> Executive Director (16/16 years)
<b>Monica Carta</b> Executive Director (22/22 years)	<b>Alistair Corden-Lloyd</b> Executive Director (32/27 years)
<b>Colleen Dyer</b> Executive Director (23/17 years)	<b>Munenori Yoshimi, CFA</b> Executive Director (30/25 years)
<b>Anna Baron</b> Vice President (34/23 years)	<b>Julia Forde</b> Vice President (36/31 years)
<b>Tepppei Adachi</b> Vice President <sup>10</sup> (13/5 years)	
<b>Cash &amp; Data Analytics</b>	
<b>Rob Butler, CFA</b> Vice President (13/8 years)	

1. AUM as of December 31, 2023, quoted in USD. Figures include assets managed globally under this strategy within a number of separate products, jurisdictions and mandates. The team also provides advisory services to a range of clients. Updated quarterly.  
 2. Includes \$629 million in Global Brands Equity Income and \$271 million in Global Franchise ex Tobacco.  
 3. Includes \$167 million in Global Quality ex Tobacco.  
 4. Includes \$67 million in International Resilience and \$14 million in American Resilience.  
 5. Includes \$2.7 billion in International Equity Plus

6. As of January 2024. Years of investment experience / years on the International Equity Team.  
 7. Years of investment experience (7 years as a consultant, 23 years in financial services)/years on the International Equity Team.  
 8. Years of experience (12 years in sustainability, 7 years of which in financial services)/years on the International Equity Team.  
 9. As of January 2024. Years of industry experience / years with the Firm.  
 10. As of January 2024.  
 Team members may change from time to time.

# Primary Research Responsibilities

William Lock	Bruno Paulson	Nic Sochovsky	Marcus Watson	Alex Gabriele	Richard Perrott	Isabelle Mast	Anton Kryachok	Marte Borhaug	Vlad Demine
Consumer Staples	Software & Services	Consumer Staples	Health Care	Payment Services	Tech Hardware & Equipment	Insurance	Banks	ESG	ESG Research
	Financials	Energy	Software & Services	Communication Services	Industrials	Hotels & Leisure	Payment Services		
		Materials		Media	Specialist Financials	Specialist Financials	Automobiles		

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

Alessandro Vaturi	Helena Miles	Fei Teng	Bart Dzedzic	Jinny Hyun
Industrials	Pharma	Specialty Pharma	Consumer	Generalist
	Media/Luxury	Building Products		
	Materials	Commercial Services & Suppliers		

**Internal and External Resources**

MSIM Sustainability/ Global Stewardship Team Data and Cash Management	FactSet Quality and Valuation Screens Sell-Side Analysts Industry Consultants ESG Data Providers
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The primary research responsibilities and team members may change from time to time, without prior notice.

## 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**

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.

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

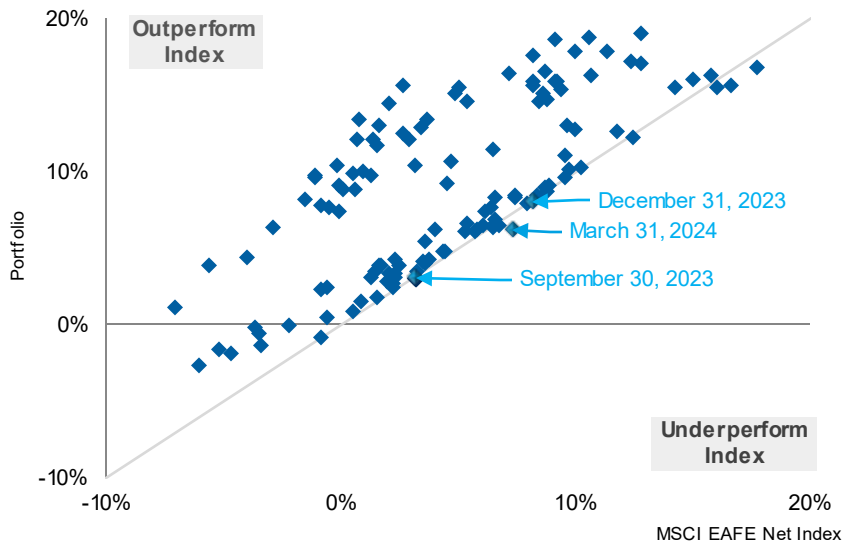
## International Equity Trust - USD

Data from Since Inception to March 31, 2024

*Past Performance is No Guarantee of Future Results*

### An Asymmetric Return Profile

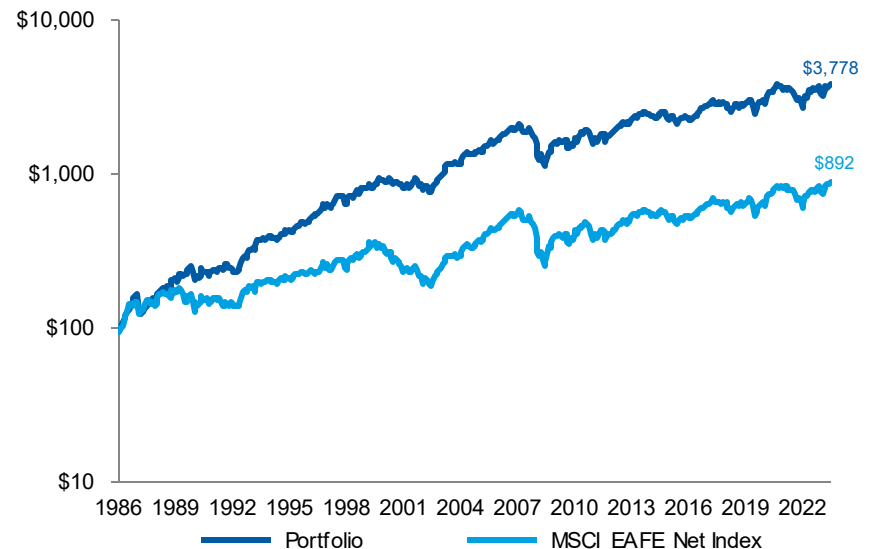
Rolling 5 Year Annualized Returns - Quarterly Data



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

### ... Underpins Long-Term Compounding

Value of \$100 Today



COMPOUND	NET
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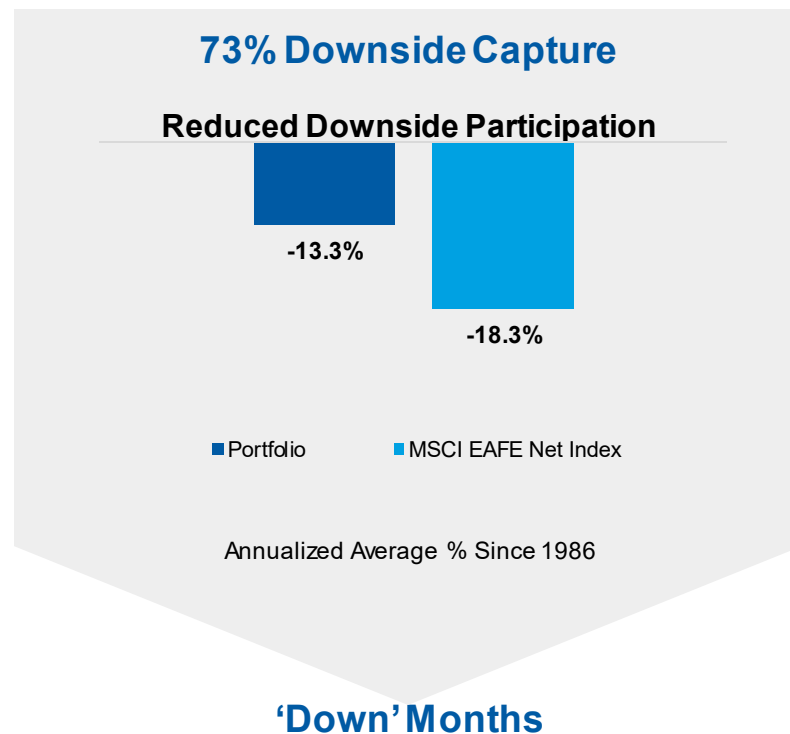
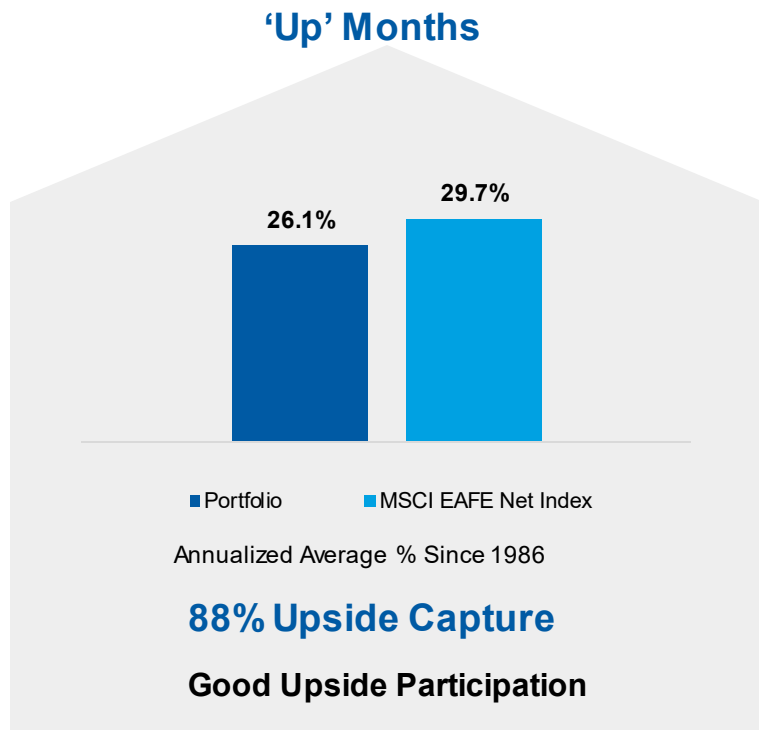
- |             |        |
|-------------|--------|
| • Portfolio | 10.2 % |
| • EAFE      | 6.0 %  |

Source: Morgan Stanley Investment Management. The inception date for the International Equity Trust is September 30, 1986. Growth of a dollar using a logarithmic scale. 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 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. Please refer to the standardized performance slide for additional information.

# Portfolio has Delivered an Asymmetric Pattern of Performance

## International Equity Trust - USD

Past Performance is No Guarantee of Future Results



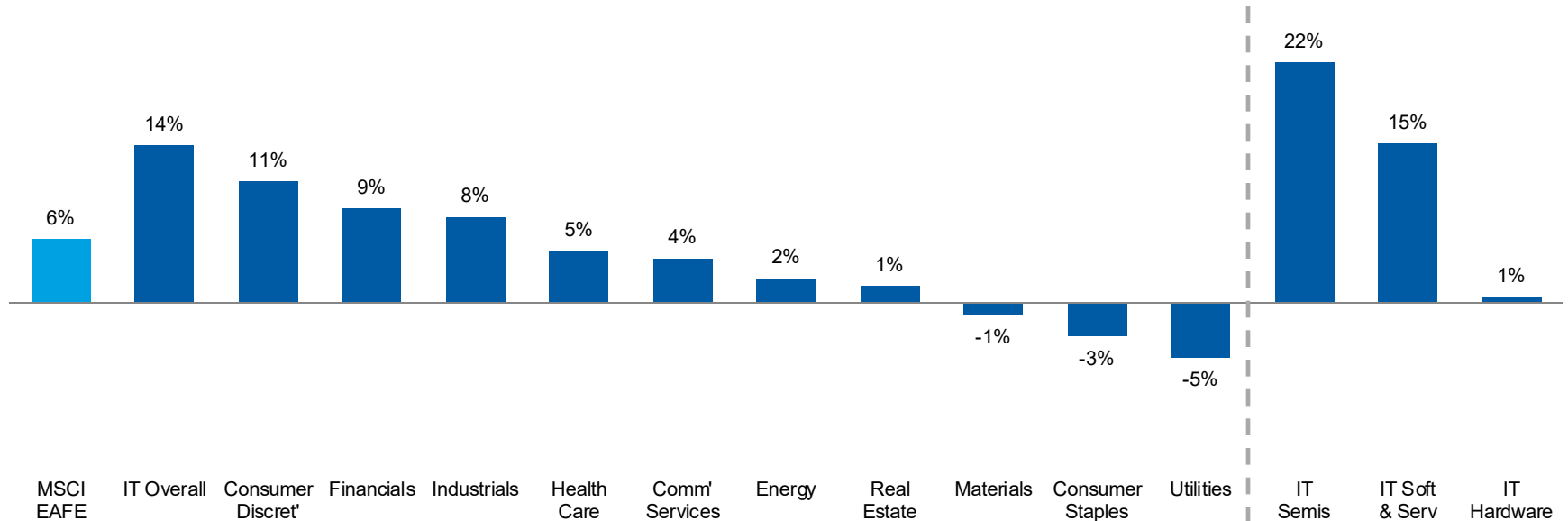
Source: MSCI, Morgan Stanley Investment Management. Data as of March 31, 2024. The International Equity Trust's inception date is September 30, 1986. Returns may increase or decrease as a result of currency fluctuations. The comparison index is the MSCI EAFE Net Index with Net dividends reinvested. The 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. 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. Updated quarterly. Please refer to the standardized performance slide for additional information.

# The Cyclical Sectors Led the Way in Q1

## MSCI EAFE Indices Performance by Sector

(%)

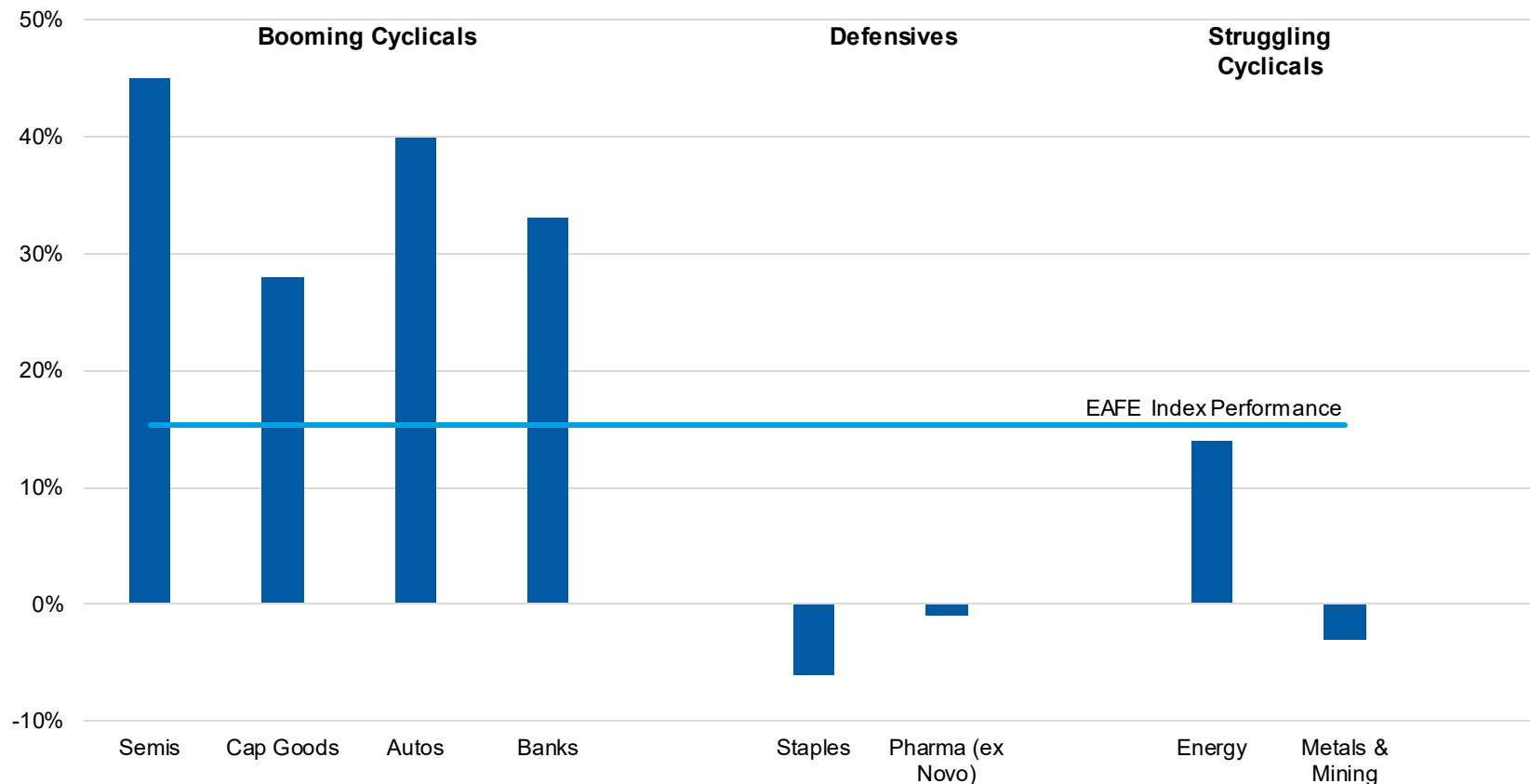
*Past performance is no guarantee of future results*



Source: FactSet. Data as of March 31, 2024. Chart shown for illustrative purposes only. On March 17 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

# Last Year Has Seen Strong Cyclical Performance – except Commodities

## 12 Month EAFE Performance – Selected Sectors



Source: FactSet as of March 31, 2024.

# Performance Returns

## City of Fort Pierce Retirement and Benefit System - USD

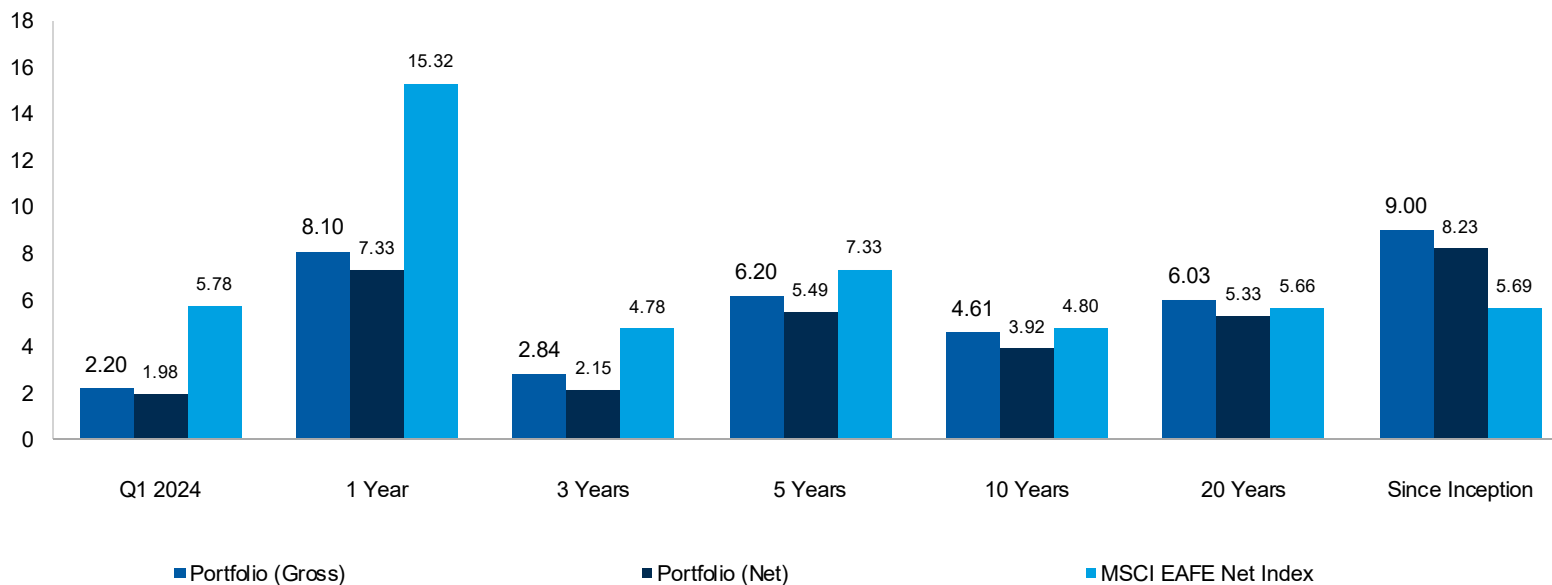
Data as of March 31, 2024

(%)

Inception Date: September 01, 1991

Market Value as of March 31, 2024: \$24,892,636.39

Past Performance is No Guarantee of Future Results



Gross Excess Return	-3.58	-7.22	-1.94	-1.13	-0.19	0.37	3.31
Net Excess Return	-3.80	-7.99	-2.63	-1.84	-0.88	-0.33	2.54

Source: Morgan Stanley Investment Management. Performance returns reflect the average annual rates of return. Periods less than 1 year are not annualized. The returns shown are gross and net of investment advisory/management fees, are quoted in USD and include the reinvestment of dividends and income. Performance returns are compared to those of the MSCI EAFE Net Index with Net dividends reinvested, which is an unmanaged market index and is considered to be a relevant comparison to the Portfolio. The index does not include any expenses, fees or sales charges. Comparisons of performance assume the reinvestment of all dividends and income. It is not possible to invest directly in an index.

# Sector Attribution – 1 Year

## International Equity Trust - USD

### Top Five Positive Effect<sup>1</sup>:

SAP	+172 bps
TSMC	+138 bps
CONSTELLATION SOFTWARE	+128 bps
SAFRAN	+97 bps
RELX	+86 bps

### Attribution from April 01, 2023 to March 31, 2024 <sup>1,2,3 (B&H)</sup>

		SECTOR PERFORMANCE	AVERAGE SECTOR WEIGHTINGS	PERFORMANCE ATTRIBUTION			TOTAL EFFECT (%)	
		INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)		
		INFORMATION TECHNOLOGY	31.21	16.99	8.29	0.42	1.62	2.04
		COMMUNICATION SERVICES	6.60	2.23	4.18	0.53	0.24	0.77
		UTILITIES	2.69	--	3.38	--	0.42	0.42
		ENERGY	14.48	4.79	4.41	0.16	0.10	0.25
		REAL ESTATE	13.05	--	2.34	--	0.05	0.05
		MATERIALS	10.23	3.14	7.44	-0.65	0.28	-0.37
		HEALTH CARE	8.61	11.52	13.19	-0.79	0.11	-0.69
		CONSUMER DISCRETIONARY	15.65	6.40	12.20	-0.70	-0.03	-0.73
		INDUSTRIALS	23.05	18.57	16.12	-1.54	0.19	-1.35
		CONSUMER STAPLES	-5.92	15.49	9.75	-0.56	-1.27	-1.83
		FINANCIALS	25.91	17.18	18.70	-3.98	-0.15	-4.13
		CASH	--	3.70	--	--	-0.61	-0.61
		<b>TOTAL</b>	<b>15.32</b>	<b>100.00</b>	<b>100.00</b>	<b>-7.11</b>	<b>0.96</b>	<b>-6.15</b>

### Top Five Negative Effect<sup>1</sup>:

WORLDLINE	-134 bps
AIA	-65 bps
PERNOD RICARD	-60 bps
RECKITT BENCKISER	-58 bps
PRUDENTIAL	-55 bps

Source: Morgan Stanley Investment Management and FactSet. **The MSCI EAFE Net Index return and attribution information is historical and should not be construed as future results.**

1. Sector attribution information (security, selection, and allocation) illustrates the effect to the Portfolio's absolute and relative performance. Attribution is based on the segment market returns, the Portfolio's positioning and includes the reinvestment of all dividends and income. Attribution is not representative of, and should not be construed as, the Portfolio's security or sector performance; actual performance will differ. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities or securities in the sectors shown. Portfolio weight and Index weights are an average for the period. Top Five Positive and Negative Effect illustrates the effect to the Portfolio's absolute performance. Each Portfolio may differ due to specific investment restrictions and guidelines.

2. The 'Cash' line in the attribution includes cash balances as well as other cash instruments.

3. On March 17, 2023 the GICS Industry Group, Industry and Sub-Industry classifications were amended and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified. Performance history for these securities is reflected in their new Industry Group, Industry and Sub-Industry, as such, sector performance may differ from official MSCI sector performance.

As of February 28, 2022, attribution compounding methodology has been updated to reflect changes made by the vendor. 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 – Q1 2024

## International Equity Trust - USD

### Portfolio Turnover

Q1 2024: 11.53%

### Major Transactions: January 01, 2024 to March 31, 2024

INITIAL PURCHASES	ADDITIONS	REDUCTIONS	FINAL SALES
Haleon	BP	TSMC	Svenska Handelsbanken <sup>1</sup>
NatWest	Infineon	AXA	Thales
Davide Campari	AngloAmerican	SAP	SK Hynix
Kyocera	Rightmove	Heineken	Legal & General <sup>1</sup>
Sony Group	AstraZeneca	UBS	MTU Aero Engines
Tsingtao Brewery	AIA	Constellation Software	Shiseido
St James' Place	Kone	Knorr-Bremse	Adidas
		Safran	MintH
			Partners Group

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. Turnover is calculated as (Total of the lesser of buys or sales over 3 month period / Averaged market values over period) x 100.

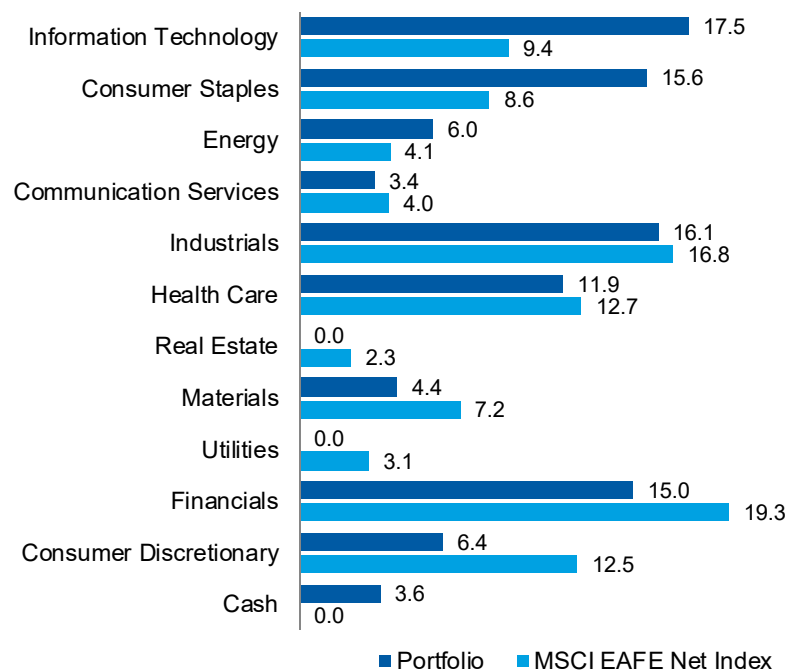
1. The decision to sell out of the company took place during Q1 but a small residual position was still held as of March 31, 2024.

# Portfolio Remains Defensively Positioned

Sector weights result from bottom-up stock selection process

## Sector Weightings

International Equity Trust, data as of March 31, 2024



SECTOR	LARGEST SECURITIES
INFORMATION TECHNOLOGY	SAP, Constellation Software, Samsung Electronics
CONSUMER STAPLES	Heineken, Carlsberg, Haleon
ENERGY	Shell, BP, Tourmaline
COMMUNICATION SERVICES	Universal Music Group, Rightmove
INDUSTRIALS	RELX, Safran, Legrand
HEALTH CARE	AstraZeneca, Qiagen, Roche
MATERIALS	Barrick Gold, Anglo American, Boliden
FINANCIALS	DBS, Hiscox, AIA
CONSUMER DISCRETIONARY	Moncler, LVMH, Evolution

- Overweight defensive sectors (31.1% vs. 24.3%)
- Underweight cyclical sectors (68.9% vs. 75.7%)

Source: Morgan Stanley Investment Management. Sector weightings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities mentioned or securities within the sectors shown. Up to the three largest holdings are stated for each sector. Holdings and weightings are subject to change. On March 17, 2023 the GICS Industry Group, Industry and Sub-Industry classifications were amended and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

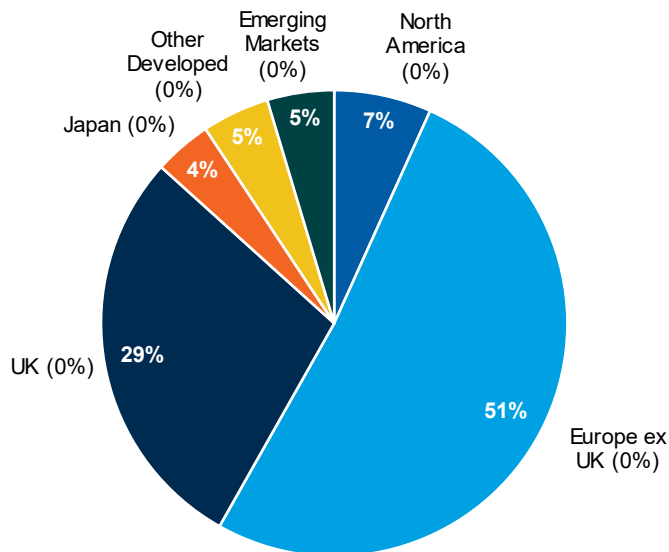
# Indirect Exposure to the Right Kind of Emerging Market Growth

## 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

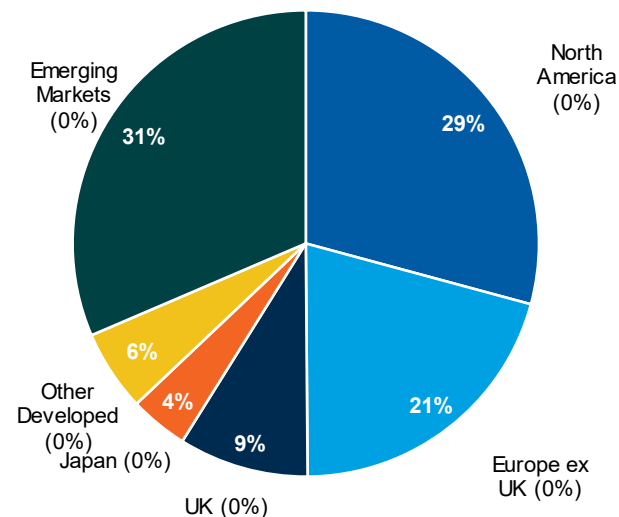
### Regional Breakdown: MSCI Country<sup>1</sup>

International Equity Trust  
(MSCI EAFE Net Index)



### Revenue Exposure<sup>2</sup>

International Equity Trust  
(MSCI EAFE Net Index)



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

Tsingtao Brewery	98%
Anglo American	67%
AIA	52%
Pernod Ricard	51%
Infineon	50%
Prudential	50%
Samsung	50%
Epiroc	49%
SMC	49%
Merck	47%
Atlas Copco	45%
Barrick Gold	44%
LVMH	44%
Evolution	42%
Heineken	42%
KBC Group	42%
L'Oréal	42%
RELX	40%

Source: MSCI, FactSet and Morgan Stanley Investment Management. Data as of March 31, 2024. Subject to change. Updated quarterly.

1. Excludes cash and is rebalanced to 100%. Due to rounding total may not add up to 100%.

2. Excludes cash and unassigned stocks and is rebalanced to 100%. Due to rounding total may not add up to 100%.

3. Securities shown are for illustrative purposes only and should not be deemed as a recommendation to purchase or sell the securities mentioned or securities within the regions shown. The percentages represent the weighted average based on revenues from emerging market sales over 40%.

This portfolio is actively managed, therefore holdings may not be current. Each portfolio may differ due to specific investment restrictions and guidelines. The securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Investors should not assume that investments in the securities identified and discussed were or will be profitable.

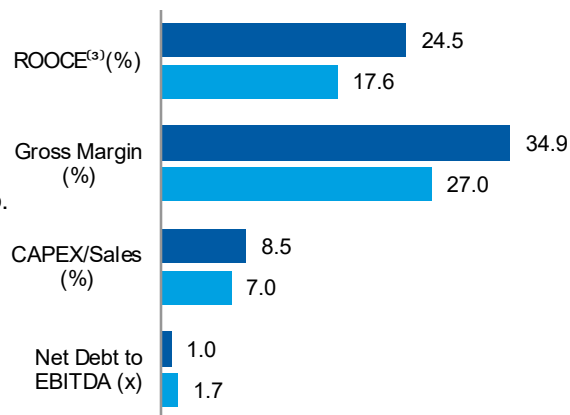
# Higher Quality Portfolio, at a Reasonable Valuation

## International Equity Trust - USD

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

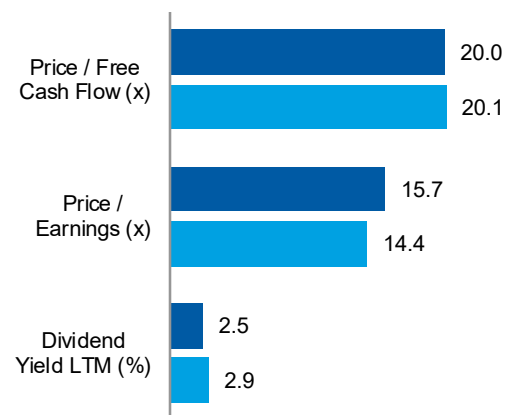
### Quality Ratios – Historical<sup>1,2,3</sup>

Past performance is no guarantee of future results



Portfolio

### Valuation Ratios<sup>1,2,3</sup>



MSCI EAFE Net Index

### Market Cap Weights

	PORTFOLIO %	MSCI EAFE NET INDEX %
Mega Cap > \$100 Bn	25	31
Large Cap > \$50 - 100 Bn	23	24
Mid Cap > \$10 - 50 Bn	46	37
Small/Mid Cap > \$1 - 10 Bn	6	8
Weighted Average Market Cap (\$Bn)	89.5	103.1

Source: Morgan Stanley Investment Management FactSet / Worldscope/MSCI. Data as of March 31, 2024. 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. Please refer to the standardized performance slide for additional information.

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.

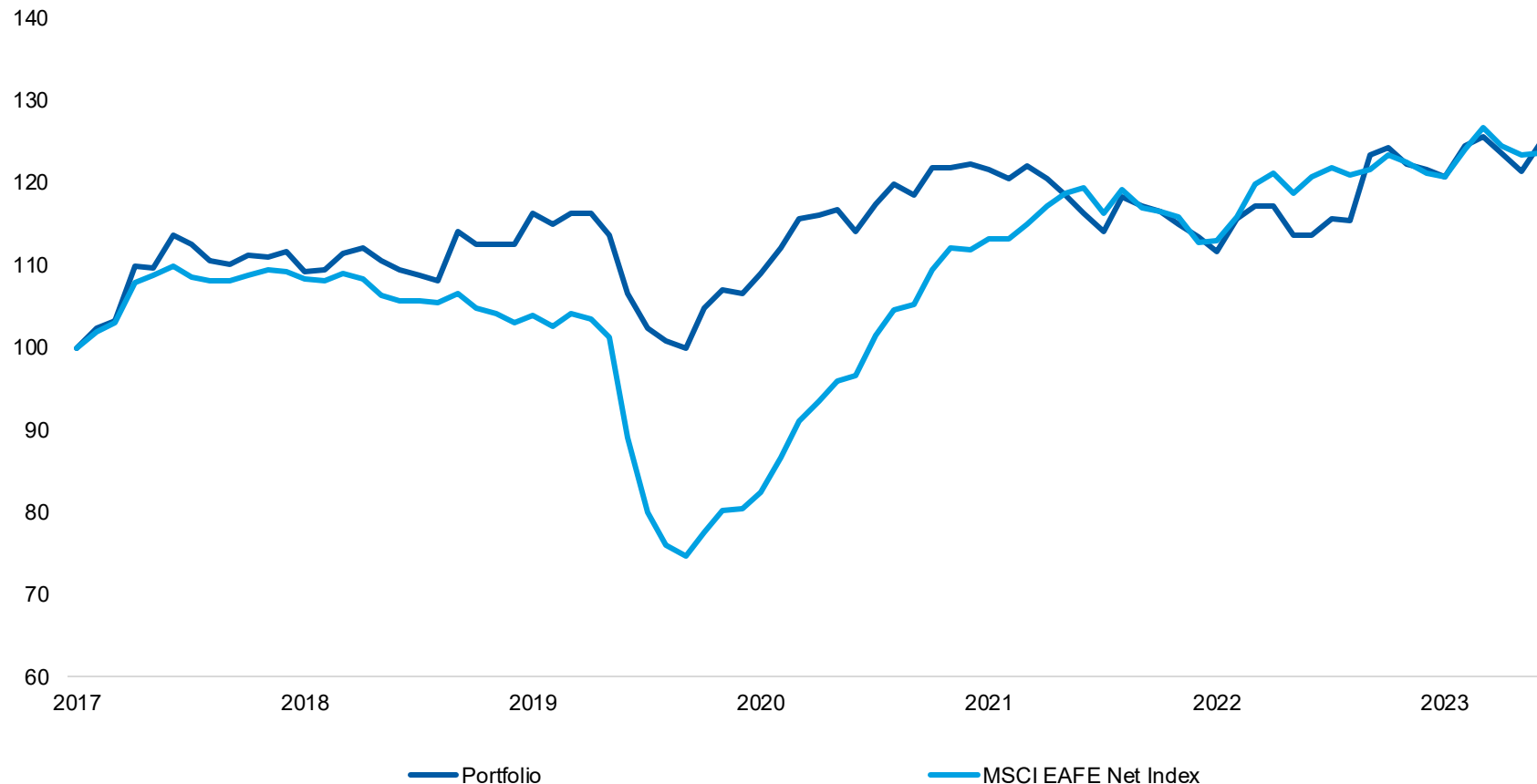
2. ROOCE, Gross Margin, Capex/Sales, and Net Debt to EBITDA use last reported ex-Financials data. Dividend Yield uses last reported including Financials data. The Price/Earnings ratio and Price/Free Cash Flow use FactSet Consensus 12 month forward earnings and free cash flow per share data. Characteristics 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: sum(shares in index \* numerator per share)/sum(shares in index \* denominator per share). Portfolio: sum(shares in portfolio \* numerator per share)/sum(shares in portfolio \* denominator per share).

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

## International Equity Trust - USD

EPS NTM



Source: FactSet. Data as of March 31, 2024. Past performance should not be construed as a guarantee of future performance.

# Our Outlook Remains Cautious Given Ebullient Markets

- **Markets continued to rise on back of expanding multiples**
  - Q1 MSCI EAFE 6% rise in Q1 entirely due to multiples as earnings down, partly due to strengthening dollar
  - MSCI EAFE multiple up 30% in 18 months, as against 9% rise in forward earnings
- **US and EAFE macro diverging**
  - US expected 2024 GDP growth up to 2.2%, versus only 0.6% in September 2023 as real disposable income rises
  - EAFE 2024 expected growth far slower: EU 0.5% & Japan 0.7%
  - China remains significant source of uncertainty in both demand and potential overcapacity
- **EAFE earnings estimates far less demanding than US**
  - Market expects 14% EAFE earnings growth over next two years, as against 26% in US
  - Even EAFE earnings growth may be a stretch given slow economic growth
- **EAFE cyclicals have strongly outperformed defensives despite only modest economic growth, which has benefitted Japan**
  - Over last year, cyclical Capital Goods (+28%), Autos (+40%), Semis (+45%) and Banks (+33%) well ahead of EAFE index's 15% gain
  - By contrast Consumer Staples down 6% and Pharmaceuticals ex-Novo Nordisk down 1%
- **Defensives and commodities now look cheap versus history in EAFE market at above historic PEs**
  - Consumer Staples at 13% discount to 10 year average PE, and Pharmaceuticals ex-Novo Nordisk a 12% discount
  - Energy (-35%) and Metals & Mining (-14%) also below 10 year average PEs despite constrained supply environment
- **MSCI EAFE remains at a major 30%+ discount to MSCI US (14.4x versus 21.2x), and a 24% discount even excluding the Magnificent 7, which may limit downside risk**

Maintaining tilt to compounders and attractively priced value opportunities

Source: Morgan Stanley Investment Management, FactSet. As of March 31, 2024. 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.

# Appendix



# EAFE Still Remains Cheap Versus the US

Relative 12 Month Forward PE: MSCI EAFE vs MSCI USA



Source: FactSet. Data as of March 31, 2024

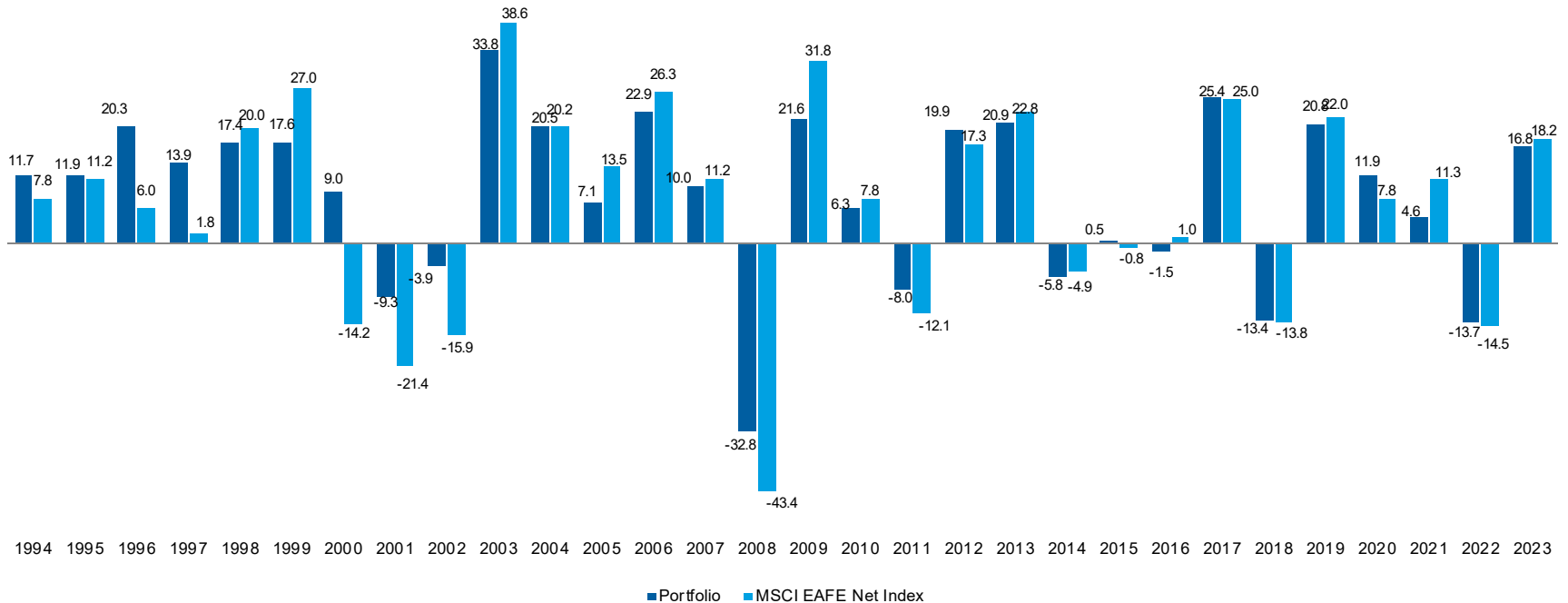
# Calendar Year Performance Returns

## International Equity Trust - USD

The inception date of the International Equity Trust is September 30, 1986

*Past Performance is No Guarantee of Future Results*

Percent %



Source: Morgan Stanley Investment Management. Performance returns reflect the average annual rates of return. Periods less than one year are not annualized. The results shown are Net 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 Net Index with net dividends reinvested. Please refer to the standardized performance slide for additional information.

# The Portfolio has a Substantial Quality Bias

## International Equity Trust - USD

	HIGH QUALITY COMPOUNDERS <sup>1</sup>	VALUE OPPORTUNITIES <sup>1</sup>	TOTAL PORTFOLIO <sup>1</sup>	MSCI EAFE NET INDEX <sup>1</sup>
<ul style="list-style-type: none"> <li>Quality bias comes through holdings of High Quality Compounders.</li> </ul>	PORTFOLIO WEIGHT %	57% (61%*) <sup>2</sup>	25% (35%*) <sup>2</sup>	--
<ul style="list-style-type: none"> <li>Current heavy skew towards High Quality Compounders versus history:                             <ul style="list-style-type: none"> <li>Absolute valuation of High Quality Compounders reasonable at roughly intrinsic value</li> <li>Low “margin of safety” a worry given valuations in lower quality areas for Value Opportunities</li> <li>Given macro, tough to find improving businesses in lower quality sectors</li> </ul> </li> </ul>	ROOCE <sup>3</sup> %	43%	16%	24%
	GROSS MARGIN %	52%	22%	35%
	CAPEX / SALES %	7%	10%	9%
	NET DEBT / EBITDA	1.21	0.71	0.95

Data as of March 31, 2024

1. Excluding Financials, apart from portfolio weight in parenthesis

2. Value Opportunities 25% excluding Financials; 35% including Financials (\*Some financials in High Quality Compounders: AIA, Prudential)

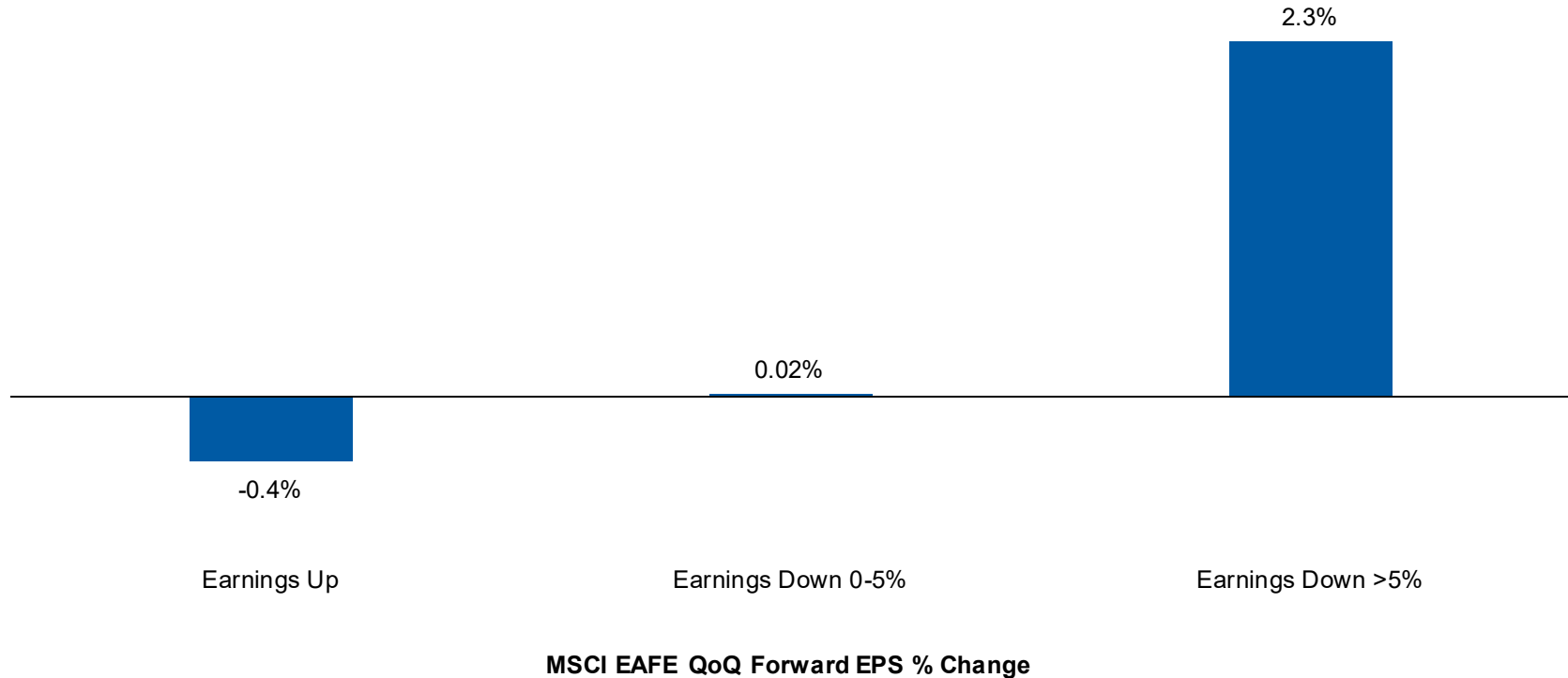
3. ROOCE is Earnings Before Interest and Taxes (EBIT) / Property Plant and Equipment (PPE) + trade working capital (excludes goodwill)  
For illustrative purposes only. There is no guarantee any security within each category will perform as outlined above.

# Relative Performance Driven by Direction and Magnitude of Change in Earnings

Average QoQ Total Return Relative to the Index

## International Equity Trust vs. MSCI EAFE

Data from June 2003 to March 2024



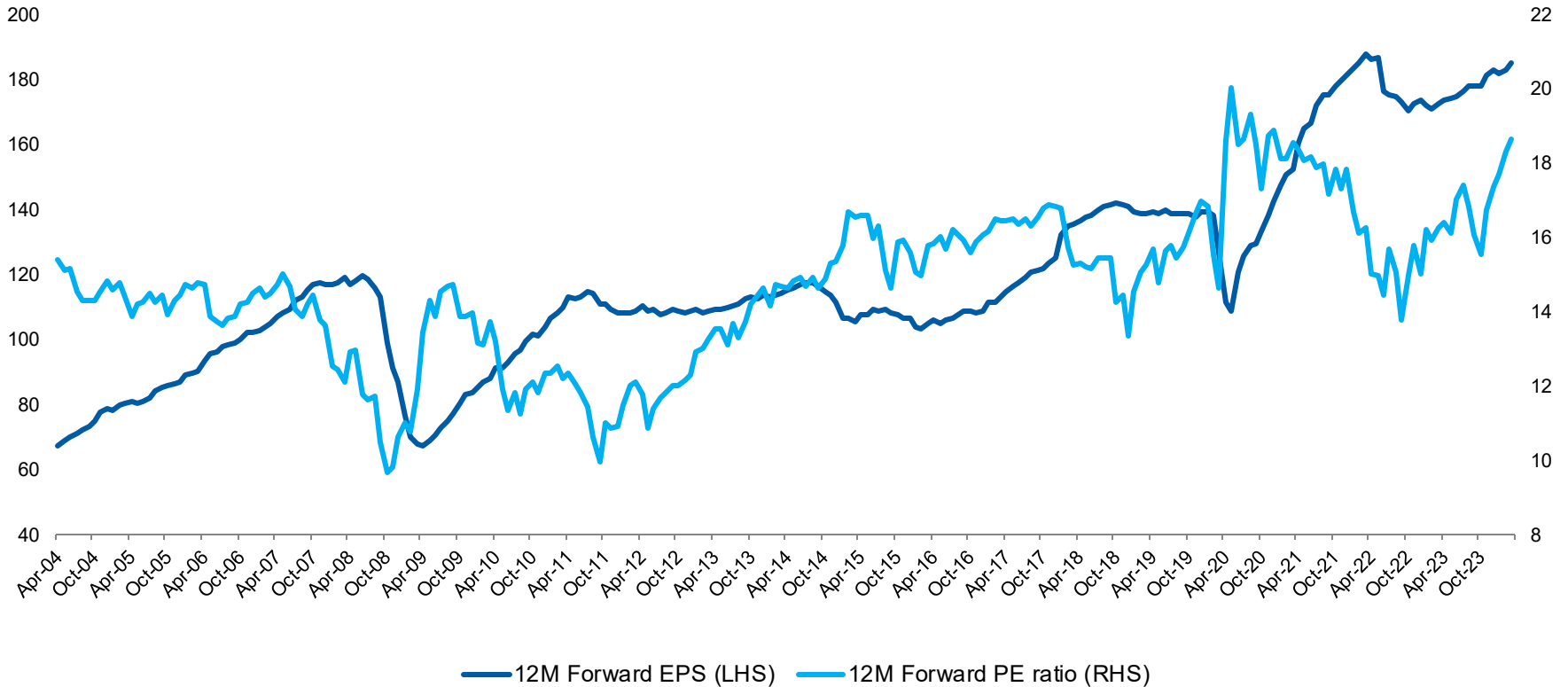
Source: FactSet. Data as of March 31, 2024. The inception date of the International Equity Trust is September 30, 1986.

# Market Moves Have Mainly Been About Derating And Rerating Though Forward Earnings Edging Up

MSCI World 12 Month Forward EPS Expectations and 12 Month Forward PE

MSCI World EPS 12M

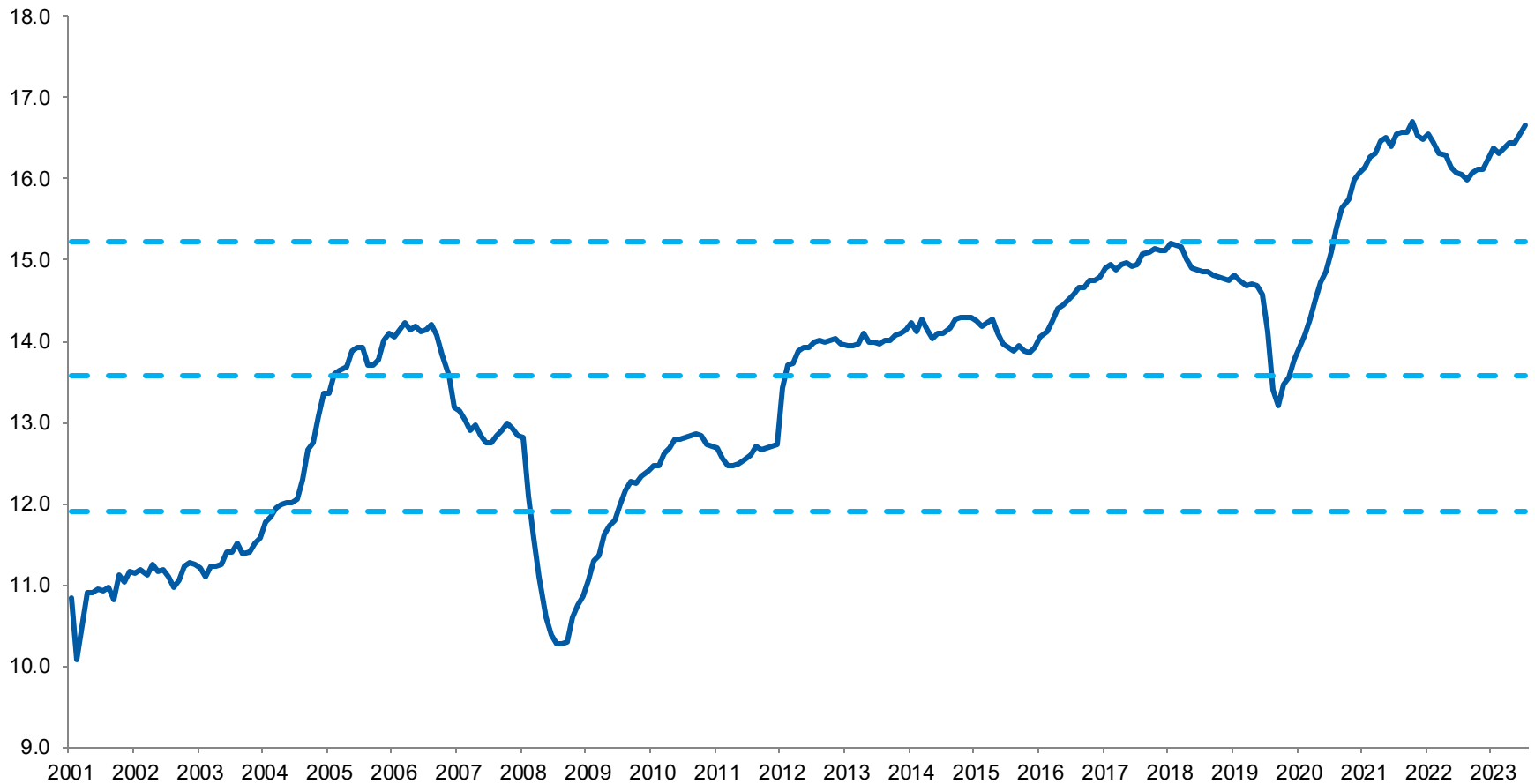
MSCI World PE Ratio 12M



Source: FactSet. Data as of March 31, 2023.

# Double Digit Earnings Growth Implies That Peak Margins Rise Further

## MSCI World – 12 Month Forward EBIT Margin

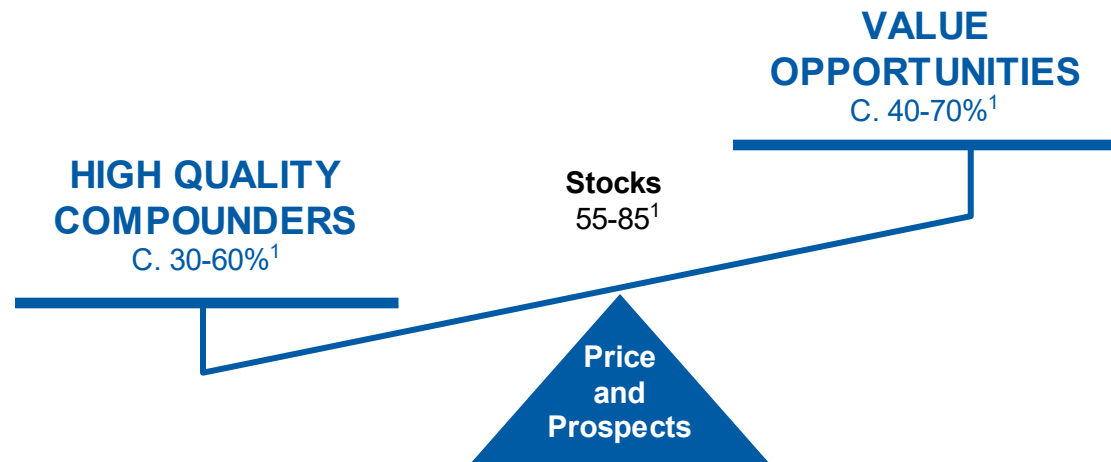


Source: FactSet. Data as of March 31, 2024.

# 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.

# Top Ten Skewed Towards Defensive Quality Sectors

## International Equity Trust - USD

SECURITY	INDUSTRY	COUNTRY	(%)
SAP	Software & Services	Germany	3.5
Constellation Software	Software & Services	Canada	3.0
Shell	Energy	United Kingdom	2.7
RELX	Commercial & Professional Services	Netherlands, United Kingdom	2.6
Barrick Gold	Materials	Canada	2.5
Heineken	Food, Beverage & Tobacco	Netherlands	2.5
AstraZeneca	Pharmaceuticals, Biotech & Life Sciences	United Kingdom	2.5
Qiagen	Pharmaceuticals, Biotech & Life Sciences	Germany	2.4
Carlsberg	Food, Beverage & Tobacco	Denmark	2.4
BP	Energy	United Kingdom	2.3
<b>Total</b>			<b>26.4</b>

Source: Morgan Stanley Investment Management. Total number of securities held is 64. Subject to change daily. Data as of March 31, 2024. 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.

# Investment Process

## Stock Selection

1

### SCREEN

- ~ MSCI ACWI ex USA
- ~ 2000 stocks
- > \$2bn market capitalization

### High Quality Compounders

- Have high returns<sup>1</sup> been sustained?
- Is valuation fair value or better?

### Value Opportunities

- Do price or price movements look interesting?
- Do returns look reasonable or unusually depressed?

2

### ANALYZE

- ~300-400 stocks

- Engine of returns<sup>1</sup> and profitability
- Direction of returns<sup>1</sup>
- Market shares and distinct competitive advantages
- Degree of cyclicality and capital intensity
- Financial strength

- Threats & opportunities for sustainable returns
  - industry dynamics
  - company developments
  - material ESG factors
- Management
  - Response to potential threats & opportunities
  - Incentives
  - Capital Allocation

3

### VALUE

- A focus on free cash flow (FCF)<sup>2</sup>, not accounting numbers

- FCF yield and other measures such as P/E, ROE, P/B, DCF, EV/NOPAT<sup>3</sup> where relevant

4

### CONSTRUCT

- ~55-85 stocks

- Does new idea have a better risk/ reward trade-off?
- Weights influenced by absolute level of risk and team's level of conviction

- Compounders tend to have larger positions – lower absolute risk
- 5% max security weight
- No country or sector limits

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

1. ROOCE = Earnings Before Interest and Taxes (EBIT) / Property Plant and Equipment (PPE) + trade working capital ex Financials (excludes goodwill)

2. Free cash flow = operating cash flow minus capital spending, working capital growth, interest and tax.

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

# Investment Process

## Active Ownership

### 5 ACTIVE OWNERSHIP

#### ONGOING

##### *Test investment thesis with management*

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

##### *Proxy Voting & Engagement*

– *not outsourced*

#### EVENT DRIVEN

##### *Assess materiality and management action*

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Capital allocation                             <ul style="list-style-type: none"> <li>– What?</li> <li>– Why?</li> <li>– Impact?</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Material event                             <ul style="list-style-type: none"> <li>– What?</li> <li>– Why?</li> <li>– Impact?</li> <li>– Fix?</li> </ul> </li> </ul> |
|--|--|

### 6 SELL DISCIPLINE

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• No sale is automatic</li> <li>• Does valuation exceed intrinsic or fair value?</li> </ul> | <ul style="list-style-type: none"> <li>• A negative development for the investment thesis?</li> <li>• A source of funding for new, better ideas?</li> </ul> |
|--|---|

**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

### 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

## Risk We DON'T

Tracking error

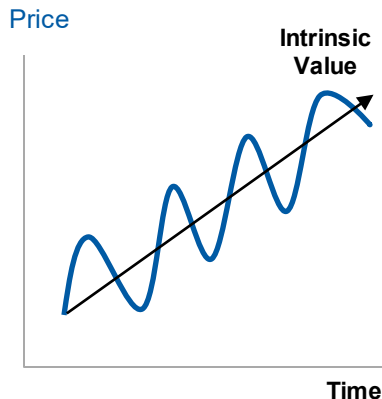
Missing out on latest investment trend

Short term “noise”

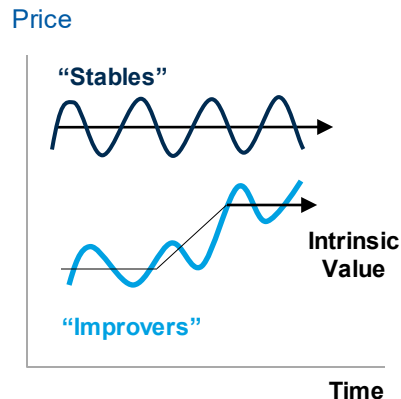
Risk management implies an effort to monitor risk but should not be confused with and does not imply low risk.

# How We Categorize Businesses

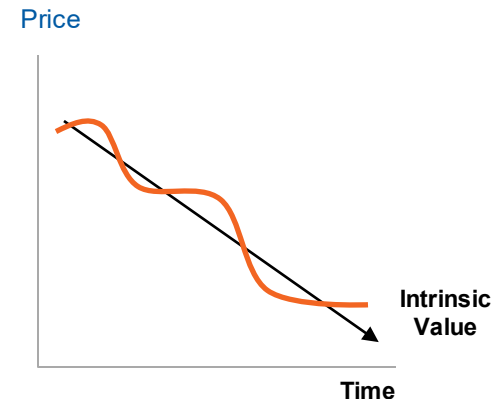
## High Quality Compounders



## Value Opportunities



## Value Traps



### QUALITY

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

### PRICE

- Fair value or better

### OUR OPPORTUNITY

- Longer time horizon than the market

- 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)

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

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

- 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

- Avoid at any price

- 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.

# 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>

# Significant Movements in the Portfolio – 2023

## International Equity Trust - USD

### Portfolio Turnover

2023: 26.40%

### Major Transactions: January 01, 2023 to December 31, 2023

INITIAL PURCHASES	ADDITIONS	REDUCTIONS	FINAL SALES
Universal Music Group <sup>1</sup>	Qiagen	<b>ABF</b>	Kirin
BP	<b>Hexagon</b>	<b>SK hynix<sup>6</sup></b>	Imperial Brands
<b>Evolution</b>	<b>Halma</b>	<b>Shiseido<sup>11</sup></b>	Teleperformance
<b>Anglo American</b>	<b>Carlsberg</b>	<b>MTU Aero Engines</b>	St James' Place
Rightmove <sup>1</sup>	Heineken	<b>KBC<sup>10</sup></b>	<b>Worldline<sup>7</sup></b>
Merck	Pernod Ricard	Partners Group <sup>9</sup>	Fanuc
SMC	AIA	<b>Adidas</b>	Fresenius
Boliden <sup>2</sup>	BAT	Safran	Mowi
	Tryg	Samsung <sup>5</sup>	Tencent
	Roche	<b>AXA</b>	<b>Sandoz<sup>12</sup></b>
	<b>KBC<sup>10</sup></b>	Prudential	Lumine <sup>13</sup>
	<b>Kone</b>	UBS	Meituan <sup>14</sup>
	RELX <sup>4</sup>	Hoya <sup>8</sup>	
	Samsung <sup>5</sup>	<b>Svenska Handelsbanken<sup>6</sup></b>	
	Svenska Handelsbanken <sup>6</sup>	<b>SAP</b>	
	AstraZeneca	RELX <sup>4</sup>	
	<b>Barrick Gold</b>	LVMH	
	Deutsche Boerse <sup>3</sup>	Moncler	
	Worldline <sup>7</sup>	<b>Deutsche Boerse<sup>3</sup></b>	
	Hoya <sup>8</sup>	<b>Deutsche Post</b>	
	Partners Group <sup>9</sup>	<b>Atlas Copco</b>	
	<b>Shiseido<sup>11</sup></b>	Constellation Software	
	Tourmaline Oil		
	AXA		
	<b>Experian</b>		
	Hiscox		
	Shell		
	SK hynix <sup>6</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. Turnover is calculated as (Total of the lesser of buys or sales over the period shown / Averaged market values over period) x 100.

**Companies in bold/italics represent activity during Q4 2023.**

- Initially purchased during Q2 2023 and added to during Q3 2023
- Initially purchased during Q3 and added to during Q4 2023
- Portfolio movements owing to valuation in Q1, Q2 and Q4 2023
- Portfolio movements owing to valuation in Q1 and Q2 2023
- Added during Q1 2023 but reduced in Q2 and Q3 2023
- Added during H1 2023 and reduced in H2 2023
- Added during Q2 and Q3 and sold in Q4
- Added in Q1 2023 and reduced in Q2 2023
- Added in H1 2023 and reduced in Q3 2023
- Reduced in Q1 2023 and added to during Q4 2023
- Reduced in Q2 2023 then added to in early Q4 2023 but reduced later in Q4 2023 owing to an unexpected change in the investment thesis
- Sandoz was spun out of Novartis. Position size <10bps
- Lumine was spun out of Constellation Software. Position size <10bps
- Meituan was spun out of Tencent. Position size 1bp

# Consumer Staples Weights Dissected

## International Equity Trust - USD

- 9% of staples portfolio is invested in industries outside the classic staples ones. Namely:

Apparel retailing (ABF)<sup>1</sup>

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
BEVERAGES	1.7	7.9	Heineken, Carlsberg, Pernod Ricard, Davide Campari-Milano, Tsingtao Brewery
PERSONAL CARE PRODUCTS	1.8	3.2	Haleon, L'Oréal
HOUSEHOLD PRODUCTS	0.5	1.7	Reckitt Benckiser
TOBACCO	0.7	1.6	BAT
FOOD PRODUCTS	2.7	1.3	ABF
CONSUMER STAPLES DISTRIBUTION & RETAIL	1.1	--	
	<b>8.6</b>	<b>15.7</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

1. ABF is 1.3% of the Portfolio. Whilst the stock is categorized by MSCI as a Consumer Staple company, the majority of the company is Apparel retailing.

# Health Care Weights Dissected

## International Equity Trust - USD

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
"BIG 6" PHARMACEUTICALS <sup>1</sup>	3.7	5.2	AstraZeneca, Roche Holding, Novartis
OTHER PHARMACEUTICALS	5.3	2.6	Sanofi, Merck
LIFE SCIENCES	0.5	2.4	Qiagen
HEALTH CARE EQUIPMENT & SERVICES	2.3	1.7	Hoya, Alcon
BIOTECHNOLOGY	0.8	--	
	<b>12.7</b>	<b>11.9</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

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

# Financials Weights Dissected

## International Equity Trust - USD

- 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 WEIGHTINGS	MSCI EAFE NET INDEX (%)	PORTFOLIO
BANKS	10.2	4.8
CAPITAL MARKETS	2.9	2.7
FINANCIAL SERVICES	1.1	--
INSURANCE	5.2	7.5
<b>FINANCIALS</b>	<b>19.3</b>	<b>15.0</b>

BANKS WEIGHTING	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
U.K.	1.6	1.6	NATWEST GROUP PLC
FRANCE	0.6	--	
ITALY	0.8	--	
SPAIN	1.0	--	
JAPAN	1.7	--	
AUSTRALIA	1.9	--	
OTHER	2.5	3.2	DBS (Singapore), KBC Group (Belgium), Svenska Handelsbanken <sup>1</sup> (Sweden)

INSURANCE WEIGHTING	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
U.K.	0.5	3.3	Hiscox, Prudential, Legal & General <sup>1</sup>
FRANCE	0.4	1.0	AXA
AUSTRALIA	0.3	--	
SWITZERLAND	0.9	--	
JAPAN	0.9	--	
GERMANY	1.2	--	
OTHER	1.0	3.3	AIA (Hong Kong), Tryg (Denmark)

CAPITAL MARKETS WEIGHTING	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
GERMANY	0.4	1.7	Deutsche Boerse
SWITZERLAND	0.9	0.7	UBS
U.K.	0.6	0.3	St. James Place
HONG KONG	0.2	--	
JAPAN	0.3	--	
AUSTRALIA	0.3	--	
OTHER	0.2	--	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified. 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.

<sup>1</sup>. Decision to sell out of the company took place during Q1 but a small position was still held as of March 31, 2024.

# Materials Weights Dissected

## International Equity Trust - USD

- Against a challenging macro backdrop of inflation and weakening China demand, we favour gold miners as a way to hedge against inflation.

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
METALS AND MINING	2.9	4.4	Barrick Gold, Anglo American, Boliden
CHEMICALS	3.1	--	
CONSTRUCTION MATERIALS	0.8	--	
PAPER AND FOREST PRODUCTS	0.3	--	
CONTAINERS AND PACKAGING	0.1	--	
	<b>7.2</b>	<b>4.4</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

# Industrials Weights Dissected

## International Equity Trust - USD

- Our capital goods holdings are among the higher returns and more cash generative companies in the sector.

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
CAPITAL GOODS	12.9	10.7	Safran, Legrand, Kone, Knorr Bremse, Atlas Copco, Epiroc, SMC
COMMERCIAL AND PROFESSIONAL SERVICES	2.1	3.9	RELX, Experian
TRANSPORTATION	1.8	1.5	Deutsche Post
	<b>16.8</b>	<b>16.1</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified. This may impact the Portfolio's overall sector positioning.

# Energy Weights Dissected

## International Equity Trust - USD

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
DIVERSIFIED "SUPER-MAJORS" <sup>1</sup>	2.8	5.0	Shell, BP
OTHER OIL, GAS AND CONSUMABLE FUELS <sup>2</sup>	1.2	1.0	Tourmaline
ENERGY EQUIPMENT AND SERVICES	0.1	--	
	<b>4.1</b>	<b>6.0</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified..

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

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

# Consumer Discretionary Weights Dissected

## International Equity Trust - USD

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
CONSUMER DURABLES AND APPAREL	4.3	4.2	Moncler, LVMH, Sony
CONSUMER SERVICES	1.7	2.3	Evolution, Aristocrat Leisure
AUTOMOBILES AND COMPONENTS	4.7	--	
CONSUMER DISCRETIONARY DISTRIBUTION & RETAIL	1.8	--	
	<b>12.5</b>	<b>6.4</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

# Communication Services Weights Dissected

## International Equity Trust - USD

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
MEDIA & ENTERTAINMENT	1.4	3.4	Universal Music Group, Rightmove
TELECOM SERVICES	2.6	--	
	<b>4.0</b>	<b>3.4</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

# Information Technology Weights Dissected

## International Equity Trust - USD

INDUSTRY SUB GROUP	MSCI EAFE NET INDEX (%)	PORTFOLIO (%)	HOLDINGS
TECHNOLOGY, HARDWARE & EQUIPMENT	2.0	7.4	Samsung Electronics, Hexagon, Halma, Kyocera, Keyence
SOFTWARE & SERVICES	2.8	6.5	SAP, Constellation Software
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT	4.5	3.6	Infineon Technologies, TSMC
	<b>9.4</b>	<b>17.6</b>	

Source: MSCI and FactSet. Data as of March 31, 2024. 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. On March 17, 2023 some revisions came into effect for the Global Industry Classification Standard (GICS) Industry Group, Industry and Sub-Industry classifications and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

# Sector Attribution – 2023

## International Equity Trust - USD

Top Five Positive Effect <sup>1</sup> :		Attribution from January 01, 2023 to December 31, 2023 <sup>1,2,3 (B&amp;H)</sup>						TOTAL EFFECT (%)
		SECTOR PERFORMANCE	AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION			
		INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)		
SAP	+159 bps							
CONSTELLATION SOFTWARE	+155 bps							
ABF	+105 bps							
TSMC	+105 bps	INFORMATION TECHNOLOGY	37.15	16.21	7.89	1.64	1.62	3.26
RELX	+99 bps	COMMUNICATION SERVICES	13.14	1.48	4.27	0.66	0.15	0.81
		ENERGY	12.42	4.33	4.55	0.05	0.21	0.26
		REAL ESTATE	9.07	--	2.40	--	0.25	0.25
		UTILITIES	16.97	--	3.41	--	0.05	0.05
		CONSUMER DISCRETIONARY	22.09	6.66	12.11	0.08	-0.12	-0.04
		HEALTH CARE	9.27	11.06	13.19	-0.29	0.23	-0.06
		INDUSTRIALS	27.44	19.42	15.82	-0.57	0.38	-0.19
		MATERIALS	19.91	2.72	7.58	-0.36	0.06	-0.30
		CONSUMER STAPLES	4.47	16.35	10.05	-0.37	-0.72	-1.09
		FINANCIALS	19.15	18.34	18.73	-2.44	0.02	-2.41
		CASH	--	3.42	--	--	-0.44	-0.44
		<b>TOTAL</b>	<b>18.24</b>	<b>100.00</b>	<b>100.00</b>	<b>-1.59</b>	<b>1.67</b>	<b>0.08</b>
Top Five Negative Effect <sup>1</sup> :								
WORLDLINE	-115 bps							
SHISEIDO	-53 bps							
TELEPERFORMANCE	-37 bps							
BAT	-35 bps							
AIA	-25 bps							

Source: Morgan Stanley Investment Management and FactSet. The MSCI EAFE Net Index return and attribution information is historical and should not be construed as future results.

1. Sector attribution information (security, selection, and allocation) illustrates the effect to the Portfolio's absolute and relative performance. Attribution is based on the segment market returns, the Portfolio's positioning and includes the reinvestment of all dividends and income. Attribution is not representative of, and should not be construed as, the Portfolio's security or sector performance; actual performance will differ. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities or securities in the sectors shown. Portfolio weight and Index weights are an average for the period. Top Five Positive and Negative Effect illustrates the effect to the Portfolio's absolute performance. Each Portfolio may differ due to specific investment restrictions and guidelines.

2. The 'Cash' line in the attribution includes cash balances as well as other cash instruments.

3. On March 17, 2023 the GICS Industry Group, Industry and Sub-Industry classifications were amended and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified. Performance history for these securities is reflected in their new Industry Group, Industry and Sub-Industry, as such, sector performance may differ from official MSCI sector performance.

As of February 28, 2022, attribution compounding methodology has been updated to reflect changes made by the vendor. 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 – 3 Year

## International Equity Trust - USD

Top Five Positive Effect <sup>1</sup> :		Attribution from April 01, 2021 to March 31, 2024 <sup>1,2,3 (B&amp;H)</sup>						TOTAL EFFECT (%)
		SECTOR PERFORMANCE	AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION			
		INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)		
SAP	+229 bps							
CONSTELLATION SOFTWARE	+225 bps							
RELX	+163 bps							
SAFRAN	+154 bps	INFORMATION TECHNOLOGY	26.61	14.73	8.05	0.85	1.87	2.72
LVMH	+105 bps	CONSUMER DISCRETIONARY	9.33	6.79	12.03	0.44	0.35	0.79
		REAL ESTATE	-11.05	--	2.67	--	0.78	0.78
		UTILITIES	-0.39	--	3.42	--	0.56	0.56
		INDUSTRIALS	17.73	16.88	15.74	0.08	0.46	0.54
		COMMUNICATION SERVICES	-11.39	2.01	4.55	-0.40	0.81	0.41
		MATERIALS	11.66	2.94	7.66	-0.34	0.17	-0.17
		ENERGY	64.05	3.15	4.19	-0.36	-1.01	-1.37
		HEALTH CARE	15.48	13.26	13.13	-2.40	0.73	-1.68
		FINANCIALS	29.44	17.66	18.31	-3.46	0.10	-3.36
		CONSUMER STAPLES	-3.09	19.22	10.25	-3.04	-0.54	-3.57
		CASH	--	3.37	--	--	-0.66	-0.66
		<b>TOTAL</b>	<b>15.05</b>	<b>100.00</b>	<b>100.00</b>	<b>-8.62</b>	<b>3.61</b>	<b>-5.01</b>

Source: Morgan Stanley Investment Management and FactSet. **The MSCI EAFE Net Index return and attribution information is historical and should not be construed as future results.**

1. Sector attribution information (security, selection, and allocation) illustrates the effect to the Portfolio's absolute and relative performance. Attribution is based on the segment market returns, the Portfolio's positioning and includes the reinvestment of all dividends and income. Attribution is not representative of, and should not be construed as, the Portfolio's security or sector performance; actual performance will differ. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities or securities in the sectors shown. Portfolio weight and Index weights are an average for the period. Top Five Positive and Negative Effect illustrates the effect to the Portfolio's absolute performance. Each Portfolio may differ due to specific investment restrictions and guidelines.

2. The 'Cash' line in the attribution includes cash balances as well as other cash instruments.

3. On March 17, 2023 the GICS Industry Group, Industry and Sub-Industry classifications were amended and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified. Performance history for these securities is reflected in their new Industry Group, Industry and Sub-Industry, as such, sector performance may differ from official MSCI sector performance.

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# Sector Attribution – 5 Year

## International Equity Trust - USD

### Top Five Positive Effect<sup>1</sup>:

CONSTELLATION SOFTWARE	+433 bps
SAP	+302 bps
TSMC	+292 bps
LVMH	+259 bps
RELX	+247 bps

### Attribution from April 01, 2019 to March 31, 2024 <sup>1,2,3 (B&H)</sup>

		SECTOR PERFORMANCE	AVERAGE SECTOR WEIGHTINGS	PERFORMANCE ATTRIBUTION			TOTAL EFFECT (%)	
		INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)		
		INFORMATION TECHNOLOGY	102.54	13.36	7.57	3.03	3.94	6.97
		REAL ESTATE	-14.51	--	2.95	--	2.23	2.23
		COMMUNICATION SERVICES	12.07	2.28	4.87	0.55	0.97	1.53
		ENERGY	28.04	3.31	4.14	2.01	-0.92	1.09
		UTILITIES	20.06	--	3.63	--	0.86	0.86
		MATERIALS	53.97	3.46	7.52	0.62	0.05	0.66
		INDUSTRIALS	57.35	14.96	15.55	0.26	0.13	0.40
		CONSUMER DISCRETIONARY	53.77	5.64	11.77	0.79	-0.70	0.10
		FINANCIALS	51.08	16.10	18.08	-4.44	0.44	-3.99
		HEALTH CARE	45.53	14.92	13.08	-6.99	1.58	-5.41
		CONSUMER STAPLES	5.70	22.64	10.84	-5.38	-2.94	-8.32
		CASH	--	3.34	--	--	-1.50	-1.50
		<b>TOTAL</b>	<b>42.41</b>	<b>100.00</b>	<b>100.00</b>	<b>-9.53</b>	<b>4.15</b>	<b>-5.38</b>

### Top Five Negative Effect<sup>1</sup>:

FRESENIUS	-159 bps
WORLDLINE	-150 bps
SHISEIDO	-131 bps
GRIFOLS	-119 bps
TELEPERFORMANCE	-101 bps

Source: Morgan Stanley Investment Management and FactSet. **The MSCI EAFE Net Index return and attribution information is historical and should not be construed as future results.**

1. Sector attribution information (security, selection, and allocation) illustrates the effect to the Portfolio's absolute and relative performance. Attribution is based on the segment market returns, the Portfolio's positioning and includes the reinvestment of all dividends and income. Attribution is not representative of, and should not be construed as, the Portfolio's security or sector performance; actual performance will differ. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities or securities in the sectors shown. Portfolio weight and Index weights are an average for the period. Top Five Positive and Negative Effect illustrates the effect to the Portfolio's absolute performance. Each Portfolio may differ due to specific investment restrictions and guidelines.

2. The 'Cash' line in the attribution includes cash balances as well as other cash instruments.

3. On March 17, 2023 the GICS Industry Group, Industry and Sub-Industry classifications were amended and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified. Performance history for these securities is reflected in their new Industry Group, Industry and Sub-Industry, as such, sector performance may differ from official MSCI sector performance.

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# Long-Term Sector Attribution

## International Equity Trust - USD

Attribution for January 1, 1999 – March 31, 2024 <sup>1,2,3</sup>

	SECTOR PERFORMANCE	AVERAGE SECTOR WEIGHTINGS		PERFORMANCE ATTRIBUTION		TOTAL EFFECT (%)
	INDEX (%)	PORTFOLIO (%)	INDEX (%)	SELECTION (%)	ALLOCATION (%)	
CONSUMER STAPLES	466.87	21.24	9.73	73.72	54.10	127.81
INFORMATION TECHNOLOGY	283.88	6.76	6.10	66.10	23.00	89.10
FINANCIALS	144.58	15.05	21.50	22.59	20.72	43.31
INDUSTRIALS	277.44	11.88	13.06	36.93	5.69	42.62
COMMUNICATION SERVICES	123.52	6.86	7.88	32.22	4.15	36.37
MATERIALS	433.09	7.23	7.60	17.23	6.09	23.31
CONSUMER DISCRETIONARY	334.60	5.42	10.15	18.01	-5.80	12.21
UTILITIES	254.49	2.83	4.51	-3.85	14.82	10.97
REAL ESTATE	105.01	0.85	2.71	-1.15	10.77	9.62
OTHER	--	0.00	--	--	-0.04	-0.04
ENERGY	338.23	6.33	6.44	5.68	-9.25	-3.57
HEALTH CARE	612.30	11.66	10.34	-24.29	13.71	-10.58
CASH	--	3.90	--	--	-30.52	-30.52
HEDGING	--	-0.00	--	--	-2.42	-2.42
<b>TOTAL</b>	<b>273.95</b>	<b>100.00</b>	<b>100.00</b>	<b>243.18</b>	<b>105.02</b>	<b>348.20</b>

Source: Morgan Stanley Investment Management and FactSet.

- 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.
- The 'Cash' line in the attribution includes cash balances as well as other cash instruments.
- 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.

# Country Weightings

## International Equity Trust - USD

- In our view, what a company does and where it does business is more important than where it is listed
- Country weights are a residual of our search for quality businesses

REGION	PORTFOLIO (%)	MSCI EAFE NET INDEX (%)
<b>EUROPE DEVELOPED</b>	<b>77.0</b>	<b>65.2</b>
U.K.	27.5	14.2
GERMANY	13.3	8.7
FRANCE	11.2	12.1
SWEDEN	6.2	3.1
NETHERLANDS	4.7	5.1
SWITZERLAND	4.1	9.4
DENMARK	4.0	3.6
ITALY	2.7	2.8
FINLAND	1.9	1.0
BELGIUM	1.5	0.9
SPAIN	0.0	2.7
IRELAND	0.0	0.7
NORWAY	0.0	0.6
AUSTRIA	0.0	0.2
PORTUGAL	0.0	0.2
<b>AUSTRAL-ASIA DEVELOPED</b>	<b>8.4</b>	<b>34.1</b>
JAPAN	3.9	23.6
SINGAPORE	1.7	1.3
HONG KONG	1.7	1.8
AUSTRALIA	1.1	7.3
NEW ZEALAND	0.0	0.2
<b>NORTH AMERICA</b>	<b>6.5</b>	<b>0.0</b>
CANADA	6.5	0.0
<b>EMERGING MARKETS</b>	<b>4.5</b>	<b>0.0</b>
SOUTH KOREA	2.2	0.0
TAIWAN	1.7	0.0
CHINA	0.6	0.0
<b>MIDDLE EAST</b>	<b>0.0</b>	<b>0.7</b>
ISRAEL	0.0	0.7
<b>CASH</b>	<b>3.6</b>	<b>0.0</b>

Source: Morgan Stanley Investment Management. Data as of March 31, 2024. Subject to change daily. Provided for illustrative purposes only and should not be deemed a recommendation to buy or sell any securities in the countries shown. Portfolios may differ due to specific investment restrictions and guidelines. Numbers may not add up to 100 due to rounding. MSCI EAFE Net Index shown for comparative purposes only.

# Historically Attractive Risk Return Profile

## International Equity Trust - USD

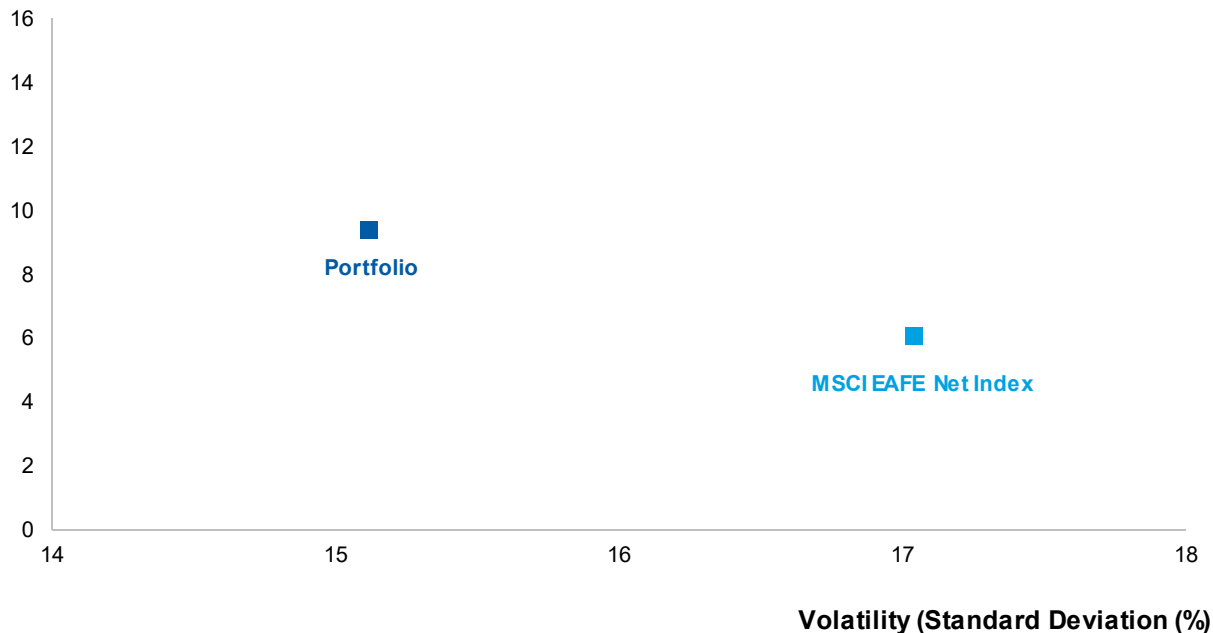
**Performance History:**

- Attractive upside capture
- Reduced downside participation
- Lower volatility

**Volatility vs. Return – Since Inception to March 31, 2024<sup>1</sup>**

*Past Performance is No Guarantee of Future Results*

**Annualized Return (%)**



Source: Morgan Stanley Investment Management. The inception date of the Portfolio is September 30, 1986. Performance returns reflect the average annual rates of return. Periods less than one year are not annualized. The results shown are Net 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 Net Index with net dividends reinvested. Please refer to the standardized performance slide for additional information.

# Risk Characteristics

## International Equity Trust - USD

For Periods Ending March 31, 2024

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

*Past Performance is No Guarantee of Future Results*

<b>SINCE INCEPTION</b>	<b>PORTFOLIO (%)</b>	<b>MSCI EAFE NET INDEX (%)</b>
STANDARD DEVIATION	15.13	17.05
BETA	0.80	--
INFORMATION RATIO	0.57	--
SHARPE RATIO	0.47	0.17
TRACKING ERROR	7.28	--
<b>10 YEARS</b>		
STANDARD DEVIATION	15.13	15.12
BETA	0.96	--
INFORMATION RATIO	-0.04	--
SHARPE RATIO	0.21	0.23
TRACKING ERROR	4.35	--
<b>5 YEARS</b>		
STANDARD DEVIATION	18.28	17.92
BETA	0.99	--
INFORMATION RATIO	-0.24	--
SHARPE RATIO	0.23	0.29
TRACKING ERROR	4.62	--

Source: Morgan Stanley Investment Management. For the most recent month-end performance figures, please visit [morganstanley.com/im](http://morganstanley.com/im) or speak with your portfolio specialist. Investment returns and principal value will fluctuate and assets may be worth more or less than their original cost. Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (not annualized). Performance for other share classes will vary. Returns are compared to those of an unmanaged market index and are considered to be a relevant comparison to the portfolio. Comparisons of performance assume the reinvestment of all dividends and income. It is not possible to invest directly in an index. Please refer to the standardized performance slide for additional information.

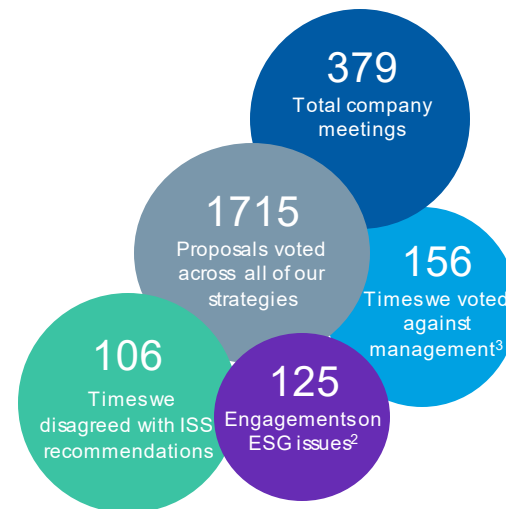
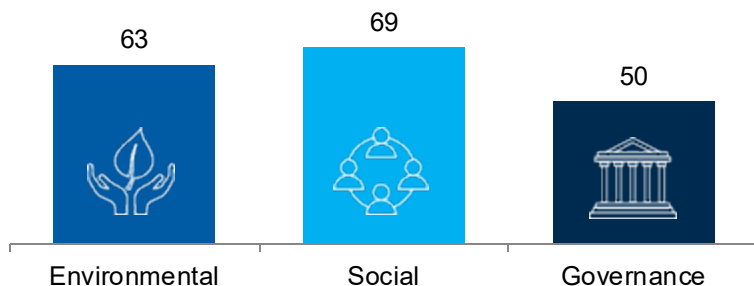
## ESG and Sustainability

- 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

Strategies that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance. 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.

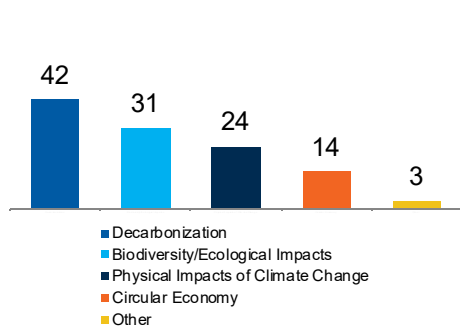
# Investment Team Led Engagement

Number of engagements on ESG-related topics, in the last 12 months<sup>1</sup>

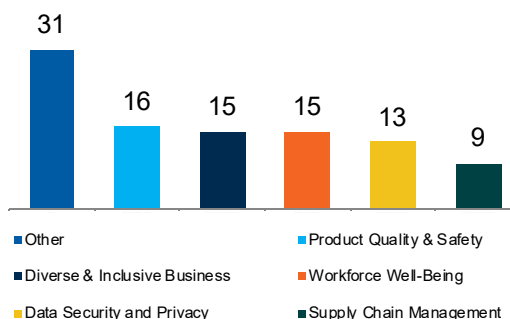


Topics addressed during our engagements, in the last 12 months<sup>1</sup>

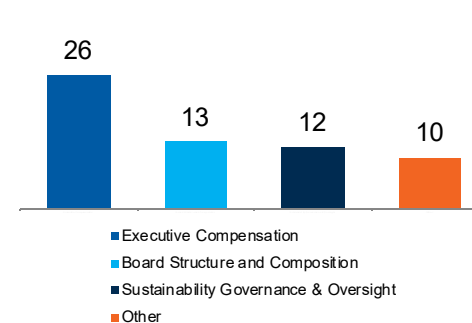
## Environmental



## Social



## Governance



Source: Morgan Stanley Investment Management. Data shown is December 31, 2023. Engagement data was pulled from our system on the date shown. Data may change depending on when it is accessed through our system. Updated semi-annually.

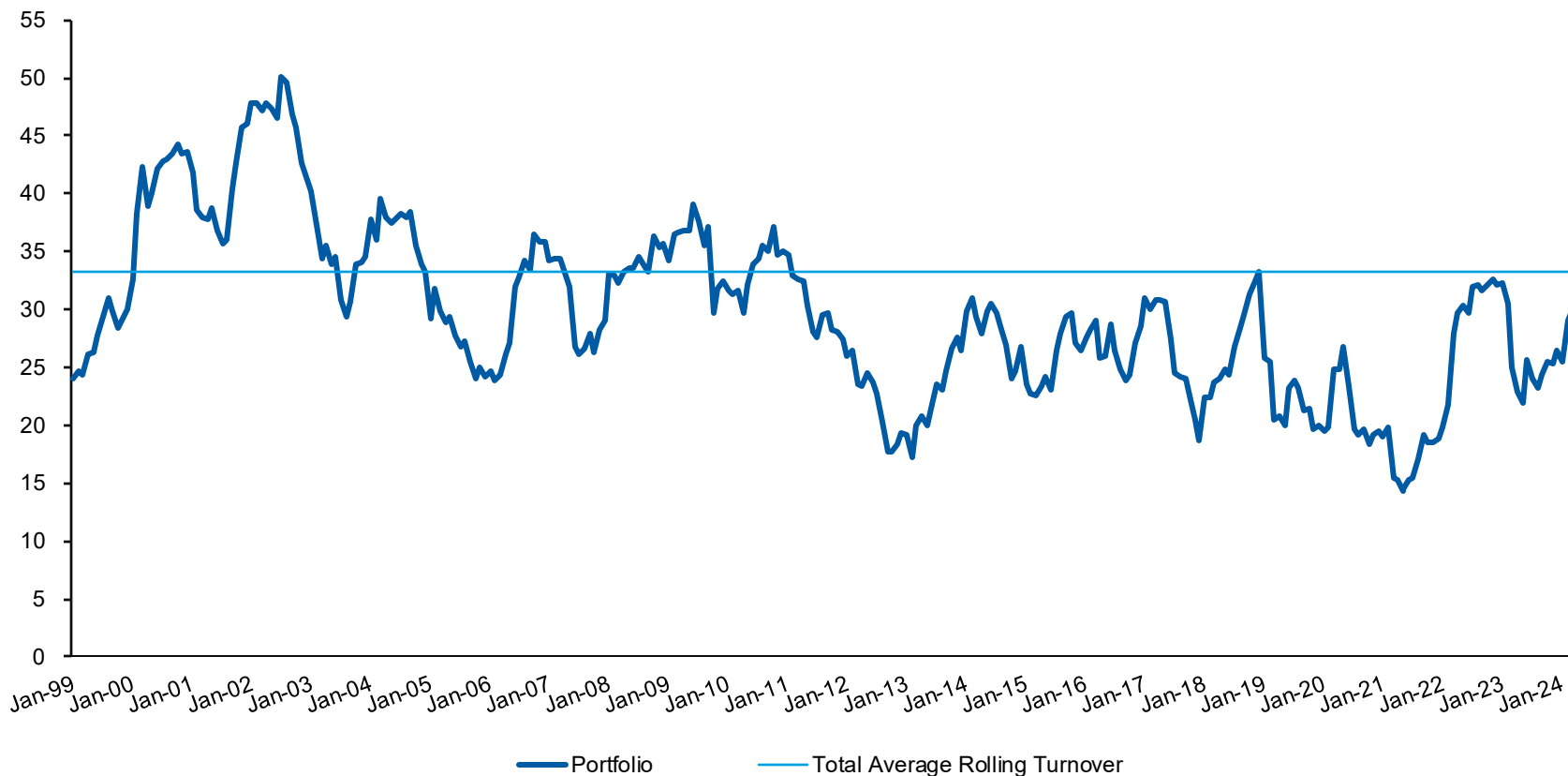
This page details the 125 ESG-related engagements the investment team conducted in the last 12 months, out of a broader set of 379 company meetings.

1. All engagements with all companies held or researched by the International Equity team across all strategies
2. Total count of ESG topics is higher than total number of ESG engagements as more than one topic may be discussed in a meeting.
3. Votes against management include any votes not aligned with management's recommendation.

# 12 Month Rolling Turnover

## International Equity Trust - USD

**Turnover**  
Percent (%)

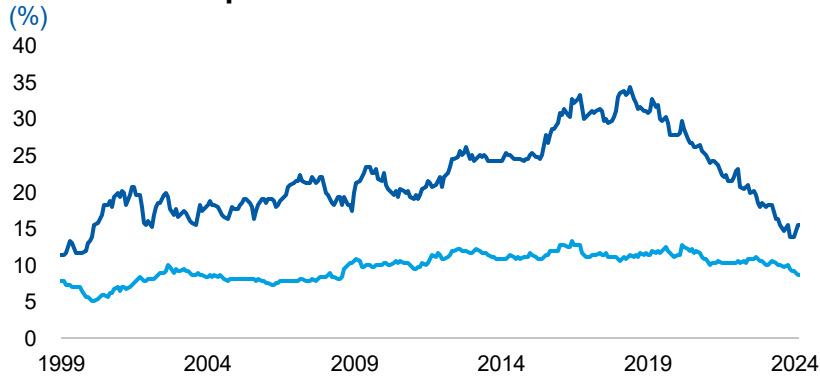


Source: Morgan Stanley Investment Management. Data from January 31, 1999 to March 31, 2024. **Past performance should not be construed as a guarantee of future results.** Subject to change daily. Provided for informational purposes only. Turnover calculated as: (Total of the lesser of buys or sales over 12 month period / Averaged market values over period) x 100.

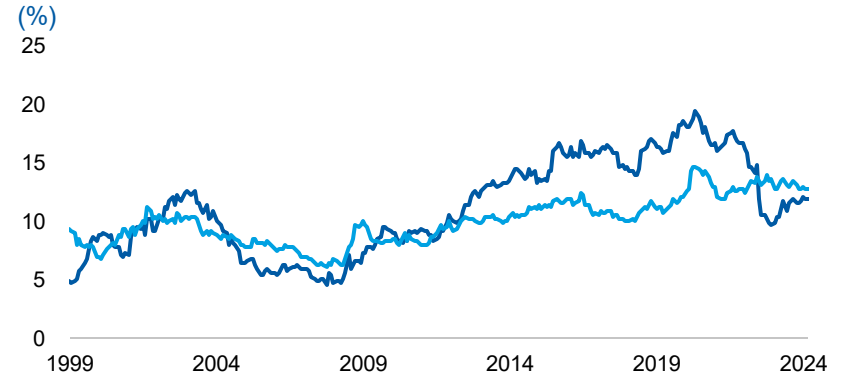
# Historical Sector Weightings

## International Equity Trust - USD

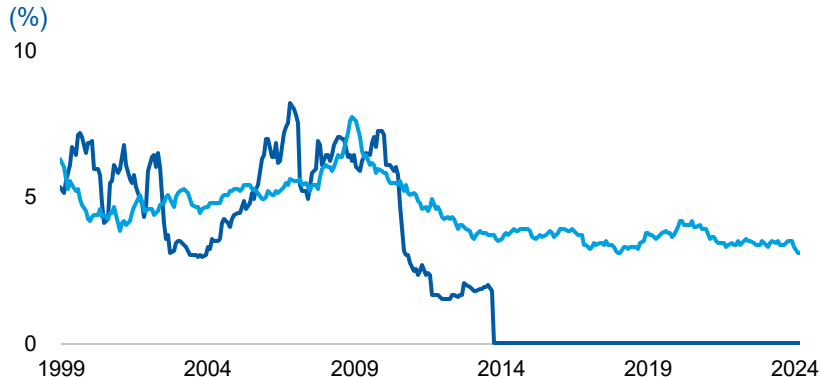
### Consumer Staples



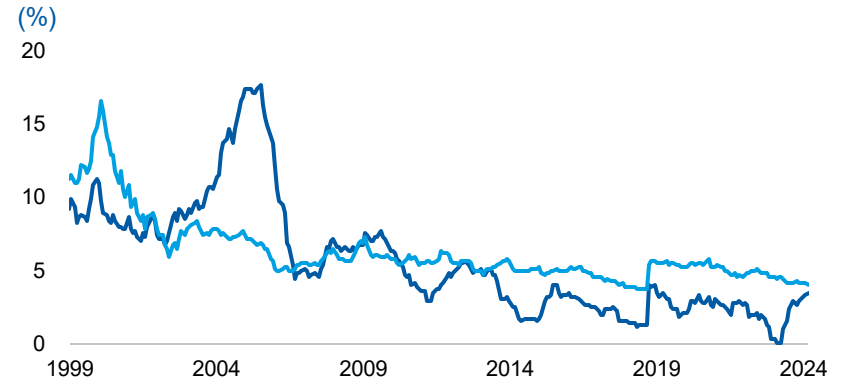
### Health Care



### Utilities



### Communication Services



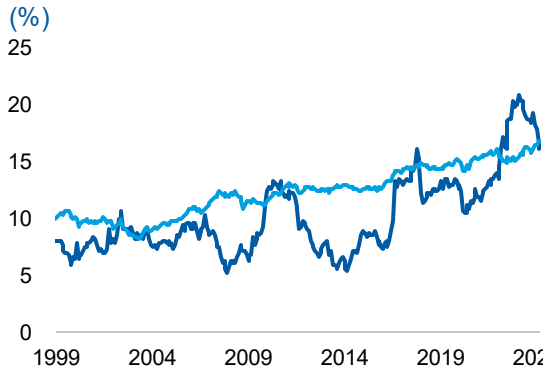
— Portfolio — MSCI EAFE Net Index

Source: Morgan Stanley Investment Management and MSCI. Data as March 31, 2024. 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. On March 17, 2023 the GICS Industry Group, Industry and Sub-Industry classifications were amended and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

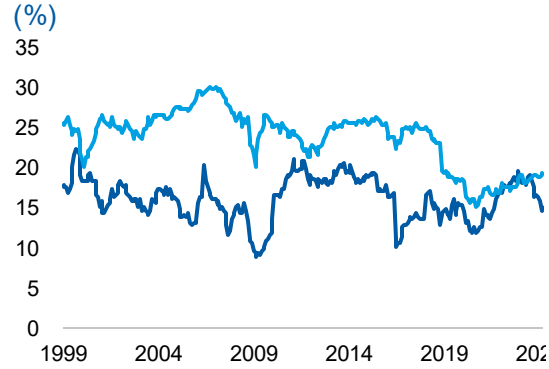
# Historical Sector Weightings

## International Equity Trust - USD

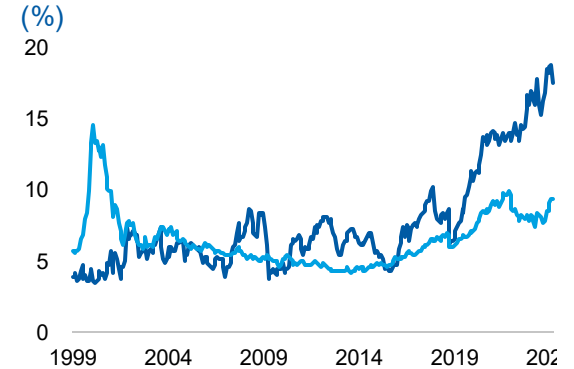
### Industrials



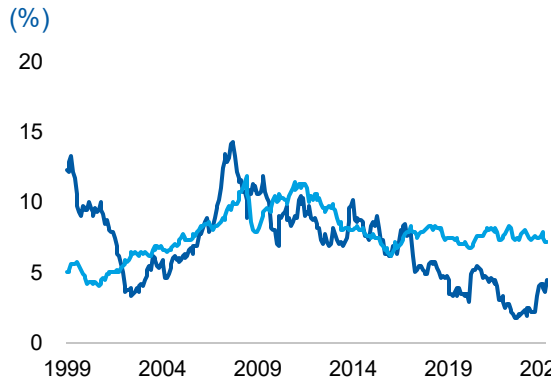
### Financials



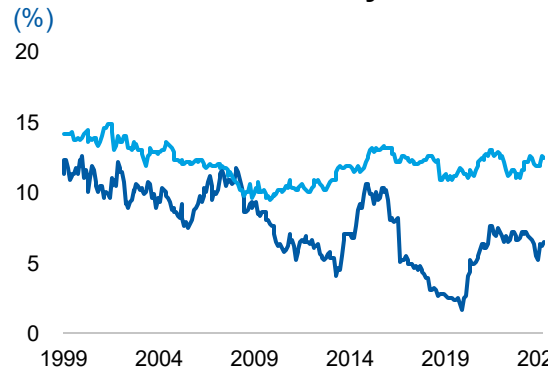
### Information Technology



### Materials



### Consumer Discretionary



### Energy



— Portfolio — MSCI EAFE Net Index

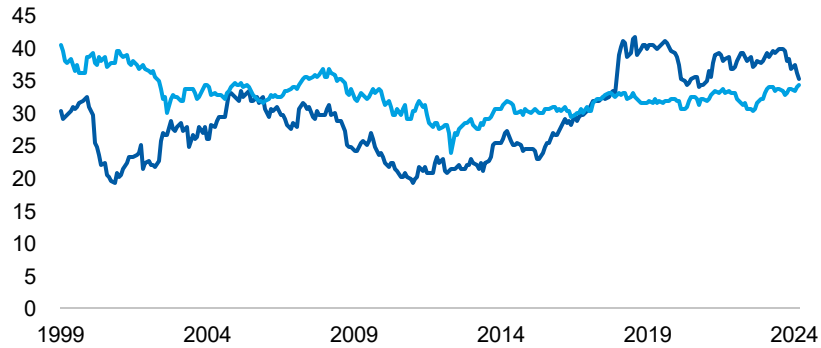
Source: Morgan Stanley Investment Management and MSCI. Data as March 31, 2024. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to purchase or sell securities in the sector referenced. On March 17, 2023 the GICS Industry Group, Industry and Sub-Industry classifications were amended and consequently a number of securities within Consumer Discretionary, Consumer Staples, Financials, Industrials, Information Technology and Real Estate were re-classified.

# Historical Country Weightings

## International Equity Trust - USD

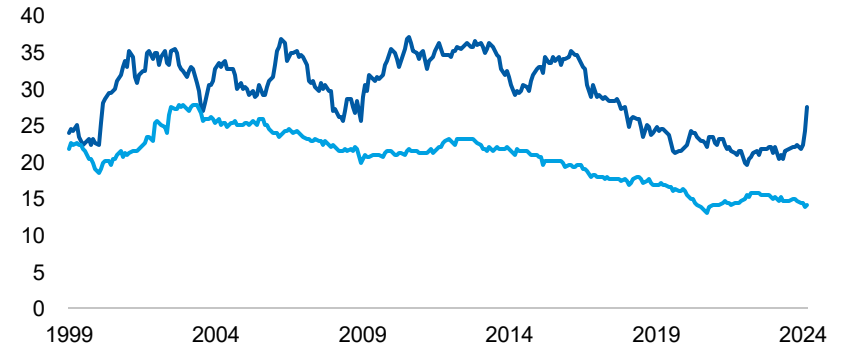
### Euro

(%)



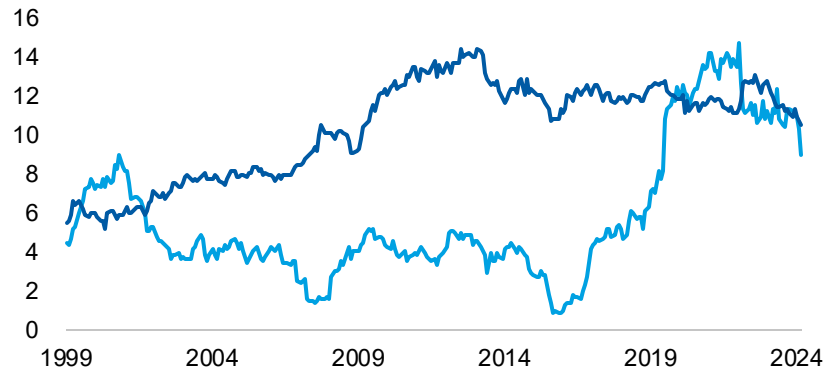
### United Kingdom

(%)



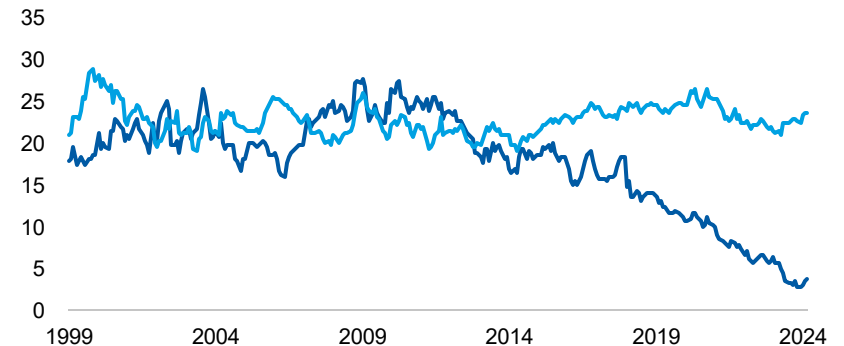
### Australasia

(%)



### Japan

(%)



— Portfolio — MSCI EAFE Net Index

Source: Morgan Stanley Investment Management and MSCI Data as of March 31, 2024. Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to purchase or sell securities in the region referenced.

# International Equity Plus Strategy

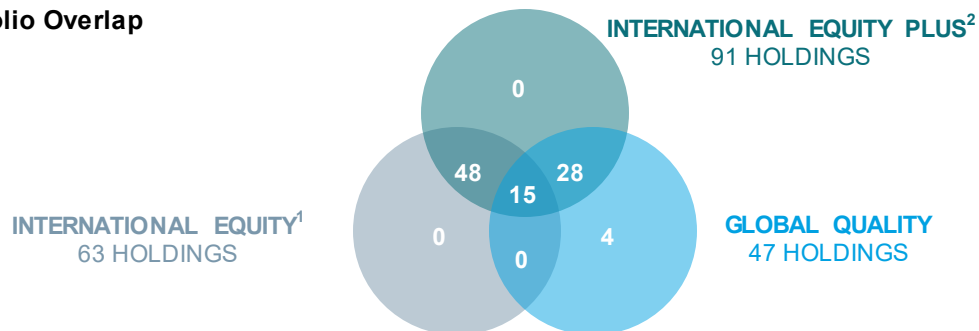
## A DIFFERENTIATED PHILOSOPHY:

- Seeks to generate superior long-term returns by investing in both High Quality Compounders and Value Opportunities
- Invests in high quality US companies held in our concentrated global strategies with unique franchises and strong intangibles

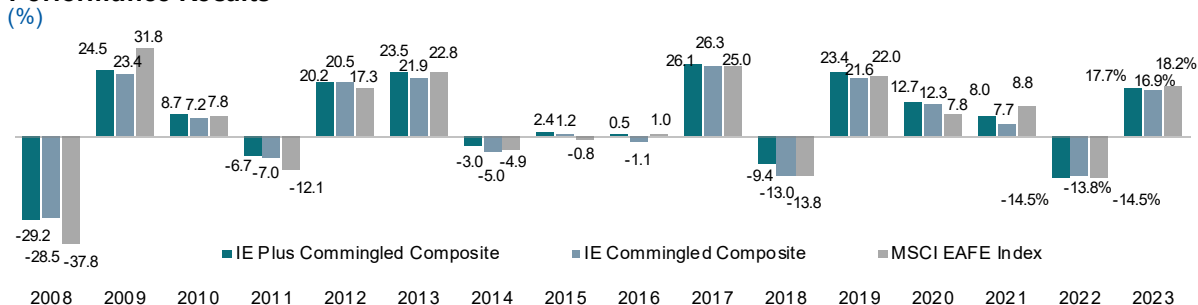
## INTENDED FOR:

- EAFE-based investors looking to modestly globalize investment universe but maintain core international equity exposure
- \$2.5B AUM in strategy assets as of September 30, 2023, representing 39% of the total International Equity AUM

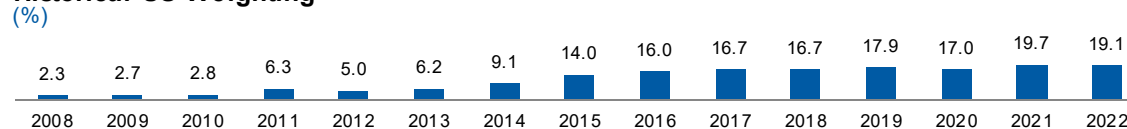
## Portfolio Overlap



## Performance Results



## Historical US Weighting



Source: Morgan Stanley Investment Management. Data as of March 31, 2024. 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 composite results shown are net of investment advisory/management fees, are quoted in and include the reinvestment of dividends and income. If expenses were deducted returns would have been lower. 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 for the International Equity Plus Commingled Composite is March 31, 2008.

1. Includes Legal and General / Svenska Handelsbanken. Decision to sell out of the companies took place during Q1 but a small position was still held as of March 31, 2024.  
 2. Includes Legal and General / Svenska Handelsbanken / Veralto. Decision to sell out of the companies took place during Q1 but a small position was still held as of March 31, 2024.

## How We Are Different From the Market

### INTERNATIONAL EQUITY TEAM

- Sustainably Long-Term
- Absolute Risk
- Cash Based
- Returns Focused
- Downside-averse

### MARKET

- Tactically Short-Term
- Relative Risk
- Earnings Based
- Growth Fixated
- Chasing Upside

**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**

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.

## Engagement Case Studies H2 2023

### International Equity Trust

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- **Water scarcity:** Although Carlsberg is one of the most water-efficient brewers in the world in terms of its own operations, the long-term financially material risk is water scarcity in barley and rice farming upon which the company is dependent. We encouraged Carlsberg to improve disclosure on its efforts to mitigate this risk by helping farmers adopt sustainable growing practices that are less water intensive.

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### Deutsche Börse

- **Pay:** Encouraged the company to improve the structure of its pay plan in terms of performance metrics and disclosure of individual objectives in the annual bonus. They are currently discussing the renewal of the plan.
- **ESG opportunities:** Discussed their significant sustainability opportunities in areas such as ESG data (majority stake in Institutional Shareholder Services, ISS), renewables and carbon trading. We explored outlook for these markets and believe above average growth is likely to continue.



- **EU Deforestation Regulation (EUDR):** EUDR presents a financially material risk with potential fines up to 4% of EU sales for non-compliance. Discussed LVMH's key commodity exposures (e.g. leather and palm oil) and the measures it is taking to comply, which increased our confidence this risk is being appropriately managed.
- 

Source: Morgan Stanley Investment Management. Data as of December 31, 2023.

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. There is no assurance that a portfolio will achieve its investment objective or an investment strategy will work under all market conditions. Logos shown with permission of Carlsberg and LVMH.

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# Holdings

## International Equity Trust - USD

SECURITY NAME	PORTFOLIO WEIGHT %	SECURITY NAME	PORTFOLIO WEIGHT %	SECURITY NAME	PORTFOLIO WEIGHT %
1 SAP SE	3.5	31 NATWEST GROUP PLC	1.6	61 LEGAL & GENERAL GROUP PLC <sup>1</sup>	0.4
2 CONSTELLATION SOFTWARE INC/CANADA	3.0	32 PERNOD RICARD SA	1.6	62 ST JAMES'S PLACE PLC	0.3
3 SHELL PLC	2.7	33 SANOFI SA	1.6	63 SVENSKA HANDELSBANKEN AB <sup>1</sup>	0.1
4 RELX PLC	2.6	34 DEUTSCHE POST AG	1.5		
5 BARRICK GOLD CORP	2.5	35 KBC GROUP NV	1.5		
6 HEINEKEN NV	2.5	36 ASSOCIATED BRITISH FOODS PLC	1.3		
7 ASTRAZENECA PLC	2.5	37 KNORR-BREMSE AG	1.3		
8 CARLSBERG AS	2.4	38 EXPERIAN PLC	1.3		
9 QIAGEN NV	2.4	39 ANGLO AMERICAN PLC	1.3		
10 BP PLC	2.3	40 ATLAS COPCO AB	1.2		
11 SAFRAN SA	2.2	41 RIGHTMOVE PLC	1.2		
12 SAMSUNG ELECTRONICS CO LTD	2.2	42 EVOLUTION AB	1.2		
13 UNIVERSAL MUSIC GROUP NV	2.2	43 PRUDENTIAL PLC	1.2		
14 LEGRAND SA	2.2	44 EPIROC AB	1.1		
15 HALEON PLC	2.1	45 ARISTOCRAT LEISURE LTD	1.1		
16 INFINEON TECHNOLOGIES AG	1.9	46 L'OREAL SA	1.1		
17 KONE OYJ	1.9	47 HOYA CORP	1.1		
18 HEXAGON AB	1.9	48 NOVARTIS AG	1.1		
19 MONCLER SPA	1.9	49 TOURMALINE OIL CORP	1.0		
20 HALMA PLC	1.9	50 MERCK KGAA	1.0		
21 RECKITT BENCKISER GROUP PLC	1.7	51 AXA SA	1.0		
22 TAIWAN SEMICONDUCTOR MANUFACTURING CO LT	1.7	52 KYOCERA CORP	0.9		
23 DBS GROUP HOLDINGS LTD	1.7	53 DAVIDE CAMPARI-MILANO NV	0.8		
24 AIA GROUP LTD	1.7	54 SMC CORP	0.8		
25 HISCOX LTD	1.7	55 UBS GROUP AG	0.7		
26 ROCHE HOLDING AG	1.7	56 BOLIDEN AB	0.7		
27 DEUTSCHE BOERSE AG	1.7	57 SONY GROUP CORP	0.6		
28 BRITISH AMERICAN TOBACCO PLC	1.6	58 ALCON INC	0.6		
29 LVMH MOET HENNESSY LOUIS VUITTON SE	1.6	59 TSINGTAO BREWERY CO LTD	0.6		
30 TRYG A/S	1.6	60 KEYENCE CORP	0.5		

Source: Morgan Stanley Investment Management. Data as of March 31, 2024.

1. Decision to sell out of the companies took place during Q1 but a small position was still held as at March 31, 2024.

## Portfolio Management Team

### WILLIAM LOCK

Managing Director



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William is a portfolio manager and Head of the International Equity team, based in London. He joined Morgan Stanley in 1994 and has 32 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 holds a B.A. in Modern History from Keble College, Oxford. He 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 International Equity team, based in London. He joined Morgan Stanley in 2009 and has 30 years of investment experience. Prior to joining the firm, Bruno worked at Sanford Bernstein for 8 years, as a senior analyst covering financials. Previously, he was a manager at Boston Consulting Group, focusing on financial services. Bruno holds an MBA from INSEAD where he was awarded the Ford Prize for graduating top of class. He was a Research Fellow in Political Economy at Nuffield College, Oxford, and also holds a B.A. in Politics, Philosophy and Economics with First 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 chairs the Business Committee as a governor at Kensington Aldridge Academy.

### NIC SOCHOVSKY

Managing Director



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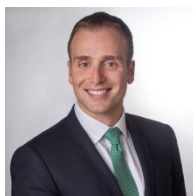
Nic is a portfolio manager for the International Equity team, based in London. He joined Morgan Stanley in 2015 and has 26 years of industry experience. Prior to joining the firm, Nic worked for Credit Suisse within a top industry ranked consumer staples team, covering food manufacturing, home and personal care (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 holds a B.A. in Economics from Sheffield University. He is a longtime supporter of Place 2Be, a leading UK children's mental health charity.

Team members may change from time to time. As of January 2024.

## Portfolio Management Team

### ALEX GABRIELE, CFA

Managing Director

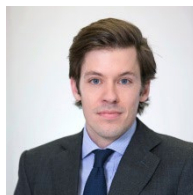


[alexander.gabriele@morganstanley.com](mailto:alexander.gabriele@morganstanley.com)

Alex is a portfolio manager for the International Equity team, based in London. He joined Morgan Stanley from Sloane Robins on LLP in 2012 and has 15 years of investment experience. Alex holds a B.A. in Natural Sciences from Trinity College, Cambridge. He is a trustee at the Belvedere Trust, a UK charity that gives grants to education, poverty alleviation and the arts.

### MARCUS WATSON

Managing Director



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Marcus is a portfolio manager for the International Equity team, based in London. He joined Morgan Stanley in 2008 and has 16 years of investment experience. He holds a B.Sc. in Psychology from the University of Newcastle.

### ISABELLE MAST, PhD

Executive Director



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Isabelle is a portfolio manager for the International Equity team, based in London. She joined Morgan Stanley in 2021 and has 19 years of investment experience and is a Chartered Accountant. Prior to joining the firm, she worked at Fidelity and Citadel. She read English at Pembroke College, Oxford, holds a Doctorate in English Literature from Hertford College, Oxford, a Masters in Medieval Studies from York and an M.B.A. from Queens' College, Cambridge

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Team members may change from time to time. As of January 2024.

## Portfolio Management Team

### **RICHARD PERROTT, CFA**

Executive Director



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

Richard is a portfolio manager for the International Equity team, based in London. He joined Morgan Stanley in 2015 and has 18 years of industry experience. Prior to joining the firm, Richard was an equity research analyst at Autonomous Research and Berenberg Bank, covering specialty financials. Before that, he worked at Sanford Bernstein, covering health care and financials. Richard holds an M.A. in Mathematics and Philosophy from St Edmund Hall, Oxford. He is a trustee of Shrewsbury House Community Association.

### **ANTON KRYACHOK, CFA**

Executive Director



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Anton is a portfolio manager for the International Equity team, based in London. He joined Morgan Stanley in 2021 and has 14 years of investment experience. Prior to joining the firm, Anton was a research analyst at Sculptor Capital (formerly OchZiff) and before that he was an equity analyst covering European banks at UBS. He holds a B.Sc. in Economics from the London School of Economics and Political Science.

## Portfolio Management Team

### MARTE BORHAUG

Executive Director



[marte.borhaug@morganstanley.com](mailto:marte.borhaug@morganstanley.com)

Marte is a Portfolio Manager and Head of ESG for the International Equity team, based in London. She joined Morgan Stanley in 2021 and has 14 years of experience in sustainability, six of which in financial services. She was previously the Global Head of Sustainable Outcomes at Aviva Investors. She joined Aviva from the Confederation of British Industry (CBI) where she was Head of Financial Services and Corporate Governance. Prior to this, she led sustainable finance campaigns at the EU public affairs consultancy, The Brussels Office and the Mission of Norway to the EU. Marte holds an MSc in European Political Economy from the London School of Economics. She is co-chair of the 30% Club Investor Group, an advisor to Rosa UK, a charity that funds grassroots women's organisations and a mentor at the social accelerator Bethnal Green Ventures.

### 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 International Equity team, based in London. He joined Morgan Stanley in 2009 and has 23 years of investment management experience. Prior to joining the firm, Vladimir worked for UBS Global Asset Management, where he covered consumer staples. Vladimir holds 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.

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Team members may change from time to time. As of January 2024.

## Portfolio Management Team

### ALESSANDRO VATURI

Vice President



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Alessandro is a research analyst on the International Equity team, based in London. He joined Morgan Stanley in 2023 and has 14 years of investment experience. Prior to joining the firm, Alessandro was a senior fund manager covering global equities at Tesco Pension Investment between 2014 to 2022. Before that, Alessandro spent two years as generalist equity analyst at long short hedge fund Anavon Capital LLP. He began his career at Goldman Sachs in 2009 as part of the graduate intake in the Equity Research department. Alessandro holds a First Class BSc in Economics from University College London.

### HELENA MILES

Vice President



[helena.miles@morganstanley.com](mailto:helena.miles@morganstanley.com)

Helena is a research analyst on the International Equity team, based in London. She joined Morgan Stanley in 2019 and has 11 years of investment experience. Prior to joining the firm, she covered luxury goods & retail at Capital World Investors and covered European business services at Bank of America Merrill Lynch. Helena holds an M.A in History from Trinity Hall, Cambridge with First Class Honours. She was elected a Bateman Scholar and awarded the C W Crawley prize for Academic Excellence.

### FEI TENG

Vice President



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Fei is a research analyst on the International Equity team, based in London. He joined Morgan Stanley in 2019 and has 11 years of investment experience. Prior to joining the firm, Fei was an analyst at Berenberg and at Credit Suisse. He holds a M.Eng. in Chemical Engineering from Downing College, University of Cambridge.

Team members may change from time to time. As of January 2024.

## Portfolio Management Team

### BART DZIEDZIC, CFA

Vice President

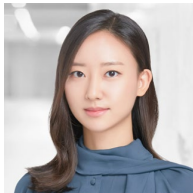


[bartlomiej.dziejdzic@morganstanley.com](mailto:bartlomiej.dziejdzic@morganstanley.com)

Bart is a research analyst on the International Equity team, based in London. He joined Morgan Stanley in 2023 and has 9 years of investment experience. Prior to joining the firm, Bart covered international equities as a generalist portfolio manager at Pictet Asset Management (PAM). Prior to that, Bart was an investment analyst on PAM's emerging markets team. Bart holds a Bachelor in Finance and Accounting from Warsaw School of Economics and an MSc in International Finance, with highest honours, from HEC Paris

### JINNY HYUN

Associate



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Jinny is a research analyst on the International Equity team, based in London. She joined Morgan Stanley in 2021 and has 3 years of investment experience. Jinny holds a First Class Honours degree in Business Administration from the University of Hong Kong.

# 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, based in London. He joined Morgan Stanley in 2016 and has 13 years of industry experience. Prior to joining the firm, he was a portfolio and quantitative analytics specialist at FactSet. Rob holds 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.

## Portfolio Specialist Team

### LAURA BOTTEGA

Managing Director

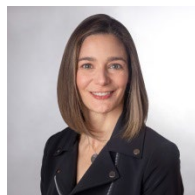


[laura.bottega@morganstanley.com](mailto:laura.bottega@morganstanley.com)

Laura is the COO and Head of Client Experience for the International Equity team. She joined Morgan Stanley in 2006 and has 26 years of industry experience. Between 2006 and 2009, Laura was CAO of the London Active Equity Group of MSIM. She is also a member of the Investment Management Operating Committee. Prior to joining the firm, Laura was an Executive Director at Goldman Sachs Asset Management in active equity product management. Before that, she worked as an equity research analyst for the European strategy and luxury goods at Salomon Smith Barney. She holds a B.A. (Hons.) in Political Studies from the University of Cape Town. Laura was named Investment Manager of the Year in Professional Pensions' Women in Pensions 2018 awards. She led MSIM EMEA's diversity efforts in 2019 and participates in MS initiatives encouraging girls to consider careers in financial services.

### JILL YTUARTE

Managing Director



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Jill is the lead portfolio specialist on the International Equity team, based in New York. She joined Morgan Stanley in 2004 and has 26 years of industry experience. Prior to joining the firm, she served as a management consultant at Kasina. Before that, she was an Assistant Vice President of Institutional Marketing at AllianceBernstein. Jill holds 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.

### CANDIDA DE SILVA

Managing Director



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Candida is a portfolio specialist on the International Equity team, based in London. She joined Morgan Stanley in August 2019 and has 24 years of industry experience. Prior to joining the firm, she spent 11 years at BlackRock, most recently as Head of the UK Charities & Endowments business, having previously served as Head of EMEA Retail Marketing. This was preceded by roles at Goldman Sachs Asset Management as well as Mellon and its subsidiary Newton Investment Management. Candida holds an M.A. in Modern Languages from Fitzwilliam College, Cambridge University, and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing. She leads retention efforts for MSIM's Diversity Focus Committee, is a trustee for a girls' educational foundation and was highly commended in the category of Fund Saleswoman of the Year in the Investment Week Women in Investment Awards 2021.

Team members may change from time to time. As of January 2024.

## Portfolio Specialist Team

### DAVID BERNARD

Executive Director

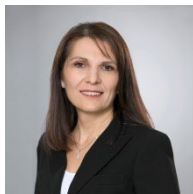


[david.bernard@morganstanley.com](mailto:david.bernard@morganstanley.com)

David is a portfolio specialist on the International Equity team, based in New York. He joined Morgan Stanley in 2008 and has 16 years of industry experience. Prior to joining the team, he was a member of the Global Emerging Markets Equity team and previously worked on the Intermediary sales team where he led the sales efforts on the East Coast, focusing on Registered Investment Advisors and Bank Trusts. David holds a B.A. (Hons.) in Political Science from Furman University.

### MONICA CARTA

Executive Director



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Monica is a portfolio specialist on the International Equity team, based in London. She joined Morgan Stanley in 2002 and has 22 years of investment experience. Prior to joining the firm, she worked in the Fixed Income Division for the Securitized Product Group. Before that, Monica worked at PriceWaterhouse Coopers in their BPO product development team.

### ALISTAIR CORDENLLOYD

Executive Director



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Alistair is a portfolio specialist on the International Equity team, based in London. He joined Morgan Stanley in 1997 and was an investor on the International Small Cap strategy for 12 years. Prior to joining the firm, he worked in the luxury goods industry for 5 years. He holds a B.Sc. in Geography from Kingston University, an M.Sc. in computer science from Kent University and an M.B.A. from the Graduate School of Business, University of Cape Town.

Team members may change from time to time. As of January 2024.

## Portfolio Specialist Team

### COLLEEN DYER

Executive Director



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Colleen is a portfolio specialist on the International Equity team, based in New York. She joined Morgan Stanley Investment Management in 2007 and has 23 years of industry experience. Prior to joining the firm, she worked on the Consultant Relations team at Capital Guardian Trust Company and before that at State Street Global Advisors. Colleen holds a B.A. in International Relations from Boston University.

### MUNENORI YOSHIMI, CFA

Executive Director



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Munenori is a portfolio specialist on the International Equity team, based in Tokyo. He joined Morgan Stanley in 1999 and has 30 years of investment experience. Prior to joining the team, he was a portfolio manager for global equity portfolios and previously worked as a manager for Japanese and Asian equities at Daiwa International Capital Management. Before that, he was responsible for the trading and sales of Japanese equity derivative products and also worked as a Compliance Officer at Solomon Brothers (Asia). Munenori holds a B.A. in Law from the University of Tokyo and is a Chartered Member of the Security Analysts Association of Japan and a member of the CFA Institute.

## Portfolio Specialist Team

### ANNA BARON

Vice President

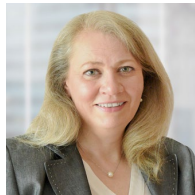


[anna.baron@morganstanley.com](mailto:anna.baron@morganstanley.com)

Anna is a portfolio specialist on the International Equity team, based in London. She joined Morgan Stanley in 2001 and has 34 years of industry experience. Prior to joining the firm, she worked in marketing at the London Stock Exchange for 11 years. Anna holds a professional Postgraduate Diploma in Marketing from the Chartered Institute of Marketing.

### JULIA FORDE

Vice President



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Julia is a portfolio specialist on the International Equity team, based in London. She joined Morgan Stanley in 1992 and has 36 years of industry experience. Prior to joining the firm, she worked at Chase Manhattan Bank for their InfoServ and Investment Banking groups.

### TEPPEI ADACHI

Vice President



[tepei.adachi@morganstanley.com](mailto:tepei.adachi@morganstanley.com)

Teppei is a portfolio specialist on the International Equity team, based in Tokyo. He joined Morgan Stanley in 2020 and has 13 years of industry experience. Prior to joining the firm, he worked at Nomura Securities in the Equity Derivatives, Execution Sales Trading and Prime Brokerage businesses. Teppei holds a B.A in Political Science from Waseda University.

# International Equity 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 (%)
2013	21.90	21.09	22.78	14.91	16.48	22	15,946.97	309.7	0.4
2014	(5.03)	(5.69)	(4.90)	12.49	13.21	26	15,027.17	331.9	0.3
2015	1.24	0.51	(0.81)	12.03	12.64	21	11,654.78	334.0	0.2
2016	(1.08)	(1.82)	1.00	12.06	12.64	19	10,116.24	337.2	0.2
2017	26.34	25.44	25.03	11.30	12.00	22	11,456.27	394.1	0.3
2018	(13.00)	(13.64)	(13.79)	10.98	11.40	19	6,617.26	369.3	0.2
2019	21.63	20.80	22.01	11.13	10.96	20	6,954.19	451.1	0.2
2020	12.33	11.58	7.82	17.91	18.14	20	7,089.38	661.8	0.7
2021	5.28	4.59	11.26	17.41	17.16	21	6,778.17	750.8	0.3
2022	(13.24)	(13.84)	(14.45)	20.31	20.25	13	4,350.69	568.5	0.4

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, 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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 Balanced and Risk Control, Global Multi Asset, Global Model Solutions and Applied Equity Advisors investment teams. 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.

The International Equity Commingled Composite was created on November 13, 2020 and its inception date is September 30, 1986. This composite is designed to include all separately managed accounts and 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. A complete list and description of all composites and limited distribution pooled funds (LDPF) is available upon request. A list of the firm's broad distribution pooled funds is available on the firm's website (MSIM.com).

# International Equity Commingled Composite

## Presented in USD Terms

The value of investments held by the strategy may increase or decrease in response to economic, and financial events (whether real, expected or perceived) in the U.S. and global markets. In general, equities securities' values also fluctuate in response to activities specific to a company. Investments in small- and medium-capitalization companies tend to be more volatile and less liquid than those of larger, more established, companies. Investments in foreign markets entail special risks such as currency, political, economic, market and liquidity risks. The risks of investing in emerging market countries are greater than risks associated with investments in foreign developed countries. Illiquid securities may be more difficult to sell and value than publicly traded securities (liquidity risk). ESG strategies that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance. Using derivatives involves specific risks, including those related to counterparty, liquidity, valuation, correlation, and market risks.

**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 favorable 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 investments, calculating performance and preparing GIPS Reports 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 under management. Actual investment advisory fees incurred by clients may vary. For the Offshore International Equity Fund, the maximum management fee is 0.75% of the first US\$25 million and highest total expense ratio is 0.86%. For the International Equity Trust, the maximum management fee is 0.75% of the first \$25 million and highest total expense ratio is 0.76%. For the International Equity Trust II, the maximum management fee is 0.75% of the first \$25 million and highest total expense ratio is 0.76%.

# 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 (%)
2013	23.48	23.11	22.78	14.71	16.48	2	2,177.85	309.7	N/A
2014	(3.03)	(3.34)	(4.90)	12.21	13.21	2	2,081.17	331.9	N/A
2015	2.39	2.05	(0.81)	11.98	12.64	5	2,550.03	334.0	N/A
2016	0.54	0.18	1.00	11.75	12.64	8	2,961.55	337.2	N/A
2017	26.08	25.65	25.03	10.99	12.00	7	3,369.15	394.1	0.2
2018	(9.38)	(9.69)	(13.79)	10.23	11.40	9	3,388.73	369.3	0.1
2019	23.41	22.98	22.01	10.49	10.96	9	4,100.73	451.1	0.6
2020	12.68	12.29	7.82	16.91	18.14	9	4,440.31	661.8	0.5
2021	7.78	7.41	11.26	16.48	17.16	6	3,852.23	750.8	0.7
2022	(14.19)	(14.48)	(14.45)	19.11	20.25	8	2,974.19	568.5	0.2

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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.

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. A complete list and description of all composites and limited distribution pooled funds (LDPF) is available upon request. A list of the firm's broad distribution pooled funds is available on the firm's website (MSIM.com).

Oct-2023

# International Equity Plus Commingled Composite

## Presented in USD Terms

The value of investments held by the strategy may increase or decrease in response to economic, and financial events (whether real, expected or perceived) in the U.S. and global markets. In general, equities securities' values also fluctuate in response to activities specific to a company. Investments in foreign markets entail special risks such as currency, political, economic, market and liquidity risks. The risks of investing in emerging market countries are greater than risks associated with investments in foreign developed countries. 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. Non-diversified portfolios often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility. They also may be subject to counterparty, liquidity, valuation, correlation and market risks. Illiquid securities may be more difficult to sell and value than publicly traded securities (liquidity risk). Privately placed and restricted securities may be subject to resale restrictions as well as a lack of publicly available information, which will increase their illiquidity and could adversely affect the ability to value and sell them (liquidity risk). ESG strategies that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance. Using derivatives involves specific risks, including those related to counterparty, liquidity, valuation, correlation, and market risks.

**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 favorable 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 investments, calculating performance and preparing GIPS Reports 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 under management. Actual investment advisory fees incurred by clients may vary.

## 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 and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. 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.

**ESG strategies** that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance.

**Risks of International Investing.** Any investment in foreign equity securities may involve a greater degree of risk than an investment in domestic equity securities. Among other things, foreign securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities regulation, less favorable tax provisions, and a greater likelihood of war and expropriation of personal property than investments in domestic securities.

**Liquidity.** A withdrawing subscriber may, at the discretion of MSIM, receive securities owned by the Trust in lieu of cash. The risk of loss and delay in liquidating these securities will be borne by the subscriber, with the result that such subscriber may receive less cash than it would have received on the date of withdrawal.

**ERISA Issues.** MSIM anticipates that most or all of the subscribers will be entities subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and their participation will require special consideration of certain factors that are described in more detail in the Memorandum.

**Federal Income Taxation.** The Trust has received a determination letter from the Internal Revenue Service as to the tax-exempt status of the Trust. MSIM, and the Trustee intend to comply with the provisions of ERISA and the Internal Revenue Code at all times. However, if for any reason the Trust should lose its tax-exempt status as a group trust, it would terminate pursuant to the terms of the Agreement of Trust.

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 appropriate 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.

## Important Information

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

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.

**A separately managed account may not be appropriate 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 managers, please refer to Form ADV Part 2.**

The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

This material has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and the Firm has not sought to independently verify information taken from public and third-party sources. This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor 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 Firm does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. It was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. Each Jurisdiction tax laws are complex and constantly changing. You should always consult your own legal or tax professional for information concerning your individual situation.

Charts and graphs provided herein are for illustrative purposes only. Past performance is no guarantee of future results.

The indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

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# Glossary

**Attribution: B&H Methodology:** Uses the security's beginning of day weight and closing price to calculate market value; transactions' impact is not included. Attribution performance is gross and will differ from gross official returns. **TBR Methodology:** Uses Ending Market Value. Purchase/Sale Value of a security is provided to calculate market value. Attribution performance is gross and may not exactly match gross official returns.

**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.

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

**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.

**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.

**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.

**Gross Margin** represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company.

**NTM** = Next Twelve Months.

**Net debt** is a measure of a company's ability to repay all debt if it were called immediately. It is calculated by adding short-term and long-term debt and subtracting all cash and cash equivalents.

**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.

**The Representative Account** is selected from the Commingled Composite (comprised of separate accounts and pooled vehicles), which is used to illustrate performance. MSIM believes the representative account is appropriate because it does not include any client restrictions or guidelines, is the largest pool of assets, and has a long history. Refer to each composite's GIPS compliant presentation for their composite description.

**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).

**Turnover** is based on the fund's current prospectus.

**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.

# Indices

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 **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 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 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 Quality Index** is based on MSCI World, its parent index, which includes large and mid cap stocks across 23 Developed Market (DM) countries\*. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage. The MSCI Quality Indexes complement existing MSCI Factor Indexes and can provide an effective diversification role in a portfolio of factor strategies.

The **FTSE All-Share Index** is a capitalisation-weighted index, comprising around 600 of more than 2,000 companies traded on the London Stock Exchange (LSE). The index is maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group. It aims to represent at least 98% of the full capital value of all UK companies that qualify as eligible for inclusion.

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.