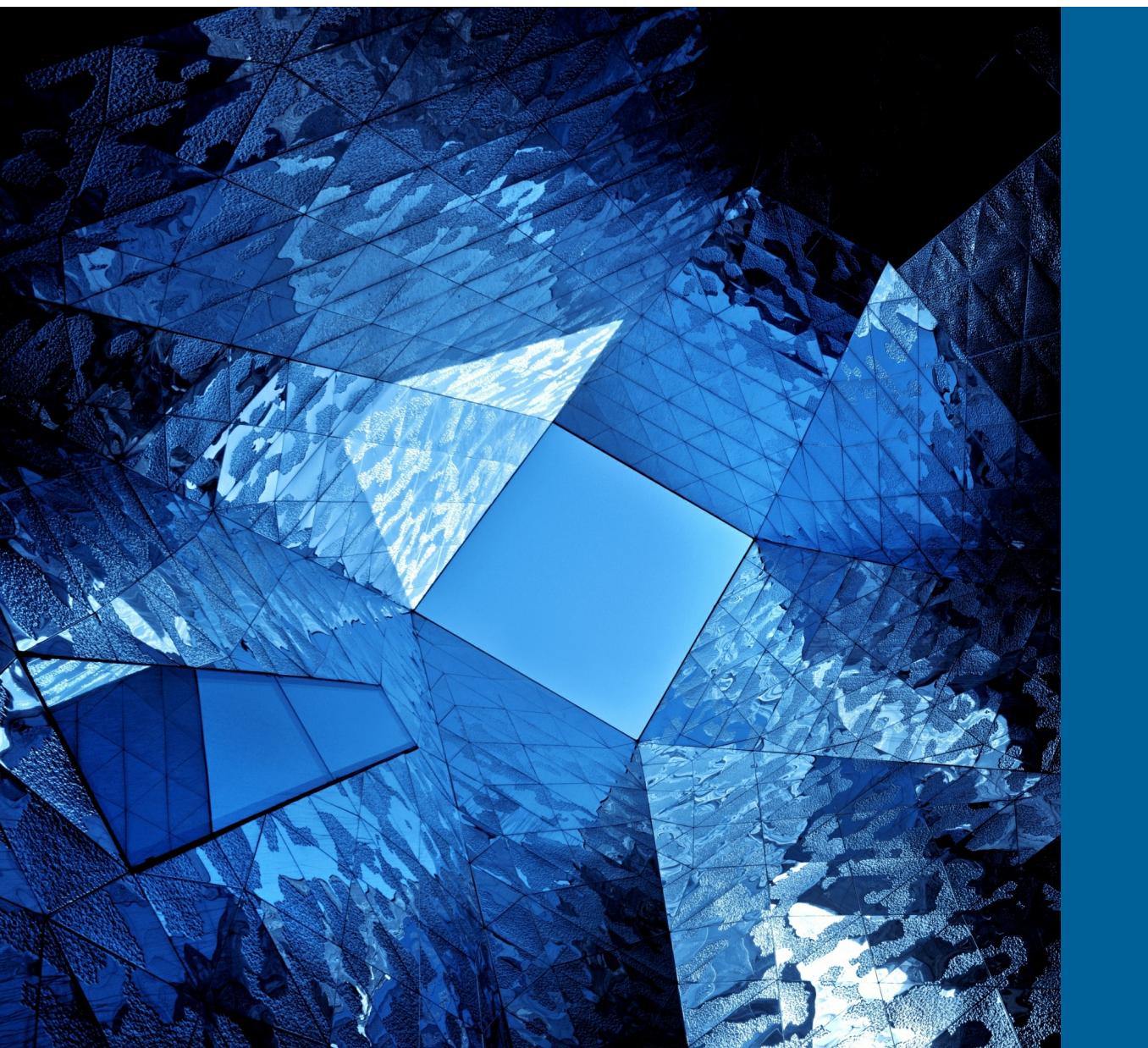


Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Investment Funds (MS INV)

Global High Yield Bond Fund



An Actively Managed Approach to High-Yield Investing with a Focus on Compounding the Benefits of Middle Market Issuers

The MS INVF Global High Yield Fund uses an active, value oriented approach that seeks to maximize total returns from income and price appreciation by investing in a globally diversified portfolio of debt issued by corporations and nongovernment issuers. The fund has a special focus on middle market credits, which the team defines as companies with \$150 million to \$1 billion of total bonds outstanding. To help achieve this objective, the fund employs a bottom-up, credit-intensive approach that looks for relative value opportunities, integrated with top-down macroeconomic analysis.

Morgan Stanley Investment Management's Global High Yield portfolio management team is well placed to maximise the opportunities in the high-yield market through active management of the portfolio. With long experience in investing in high-yield bonds, the fund managers have a proven ability to generate attractive returns. Richard Lindquist, Global Head of High-Yield at Morgan Stanley Investment Management, has over 36 years investment experience in the high-yield sector. He is complemented by Leon Grenyer, who has 22 years of experience in the European high-yield market. Richard and Leon are supported by a large and diverse team of fundamental analysts located in three continents to aid them in security selection.

An Active, Global Approach

We believe that an actively managed approach to high-yield investing can help uncover the most valuable opportunities within the sector.

Annual default experience in the high-yield universe has historically been concentrated in a few different sectors of the market each year, highlighting the importance of an active approach and a deep understanding of the risk factors driving each part of the high-yield market. Our globally located portfolio managers optimise the geographic spread and broad sector positioning of the portfolio by combining a top-down macroeconomic assessment with market specific valuation analysis.

The Fund invests in issuers across the U.S., Europe, and in Asia, recognizing that the high-yield universe is heavily represented by the U.S. The team's strategy combines what we consider to be a unique approach to investing in U.S. middle-market credits, with \$150 million to \$1 billion of total bonds outstanding, with a focus on larger, higher-quality issuers in Europe and in Asia.

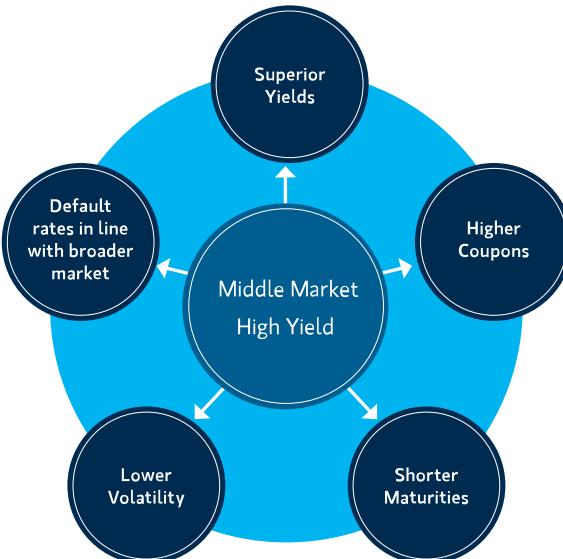
An Emphasis on Middle Market Issuers

We believe that a high-yield portfolio focused on middle market issuers can potentially offer greater returns, due to the characteristics of these borrowers. This belief is based on our proprietary research that demonstrates that middle market high-yield bonds can offer a significant yield advantage relative to the broader market, have less sensitivity to interest rates, and demonstrate lower volatility than larger issues.

Middle market issuers generally receive less scrutiny from market participants including credit rating agencies, underwriters and asset managers. The team believes one of the most attractive features of middle market bonds is derived from an investment manager's ability to use diligent fundamental research to identify issuers with the strongest credit metrics and then look to benefit from the additional yield they can provide.

We typically allocate up to 80-85% of U.S. high-yield exposure to middle market issuers, in order to capitalise on the potential benefits of these securities.¹

Characteristics of Middle Market Issuers:



¹ Allocations are at the discretion of the Portfolio Manager and are subject to change without notice.

This represents how the portfolio management team generally implements its investment process under normal market conditions included here for informational purposes only.



Investment Team

	INVESTMENT EXPERIENCE
Richard Lindquist, Managing Director	37 years
Leon Grenyer, Managing Director	23 years
Jack Cimarosa, Executive Director	14 years
Sarah Harrison, Vice President	10 years

Team members may be subject to change at any time without notice.

Differentiators

1. Global Approach

Our global approach allows access to greater liquidity in the broader market, and allows exposure to different economic trajectories across the world.

2. Strong Track Record

The Fund has a track record of outperformance in different market conditions.

3. Robust Bottom-up Analysis

We seek to identify securities with the potential to provide a superior total return over the entire market cycle, not just for yield generation.

4. Well Resourced Team

The broader Morgan Stanley network provides significant resources to inform investment analysis and decision making.

5. Disciplined, Value-Driven Process

We utilise a bottom-up approach to value investing, complemented by comprehensive top-down analysis.

MS INVF Global High Yield Bond Fund

Class Z (% net of fees) Performance of 100 USD Invested Since Inception (18 November 2011)



12 Month Performance Periods to Latest Month End (%)

	DECEMBER '17 - DECEMBER '18	DECEMBER '16 - DECEMBER '17	DECEMBER '15 - DECEMBER '16	DECEMBER '14 - DECEMBER '15	DECEMBER '13 - DECEMBER '14
Class Z Shares	-4.61	9.79	12.67	-2.70	-1.97
Bloomberg Barclays Global High Yield - Corporate Index	-3.47	10.29	13.99	-4.94	0.20

Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. All performance data is calculated NAV to NAV, net of fees, and does not take account of commissions and costs incurred on the issue and redemption of units. The sources for all performance and Index data is Morgan Stanley Investment Management. All data as of 31 December 2018 and subject to change daily. Please visit our website www.morganstanley.com/im to see the latest performance returns for the fund's other share classes.

Share Class Z Risk and Reward Profile



The risk and reward category shown is based on historic data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The fund is in this category because it invests in fixed income securities and the fund's simulated and/or realised return has experienced medium rises and falls historically.
- The fund may be impacted by movements in the exchange rates between the fund's currency and the currencies of the fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- The value of bonds are likely to decrease if interest rates rise and vice versa.
- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Sub-Fund.

- Issuers may not be able to repay their debts, if this happens the value of your investment will decrease. This risk is higher where the fund invests in a bond with a lower credit rating.
- The fund relies on other parties to fulfill certain services, investments or transactions. If these parties become insolvent, it may expose the fund to financial loss.
- There may be an insufficient number of buyers or sellers which may affect the fund's ability to buy or sell securities.
- Investment in Fixed Income Securities via the China Interbank Bond Market may also entail additional risks, such as counterparty and liquidity risk.
- There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets.
- Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. The value of investments and the income from them can go down as well as up and investors may lose all or a substantial portion of his or her investment.
- The value of the investments and the income from them will vary and there can be no assurance that the Fund will achieve its investment objectives.
- Investments may be in a variety of currencies and therefore changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Furthermore, the value of investments may be adversely affected by fluctuations in exchange rates between the investor's reference currency and the base currency of the investments.

DEFINITIONS

High-yield bonds have a credit rating that indicates a higher risk of credit default than investment grade-bonds. Fundamental analysis is the analysis of overall economic, industry and company metrics.

INDEX INFORMATION

The **Bloomberg Barclays Global High Yield Index**: is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive.

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Applications for shares in the Fund should not be made without first consulting the current Prospectus, Key Investor Information Document ("KIID"), Annual Report and Semi-Annual Report ("Offering Documents"), or other documents available in your local jurisdiction which is available free of charge from the Registered Office: European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192. In addition, all Italian investors should refer to the 'Extended Application Form', and all Hong Kong investors should refer to the 'Additional Information for Hong Kong Investors' section, outlined within the Prospectus. Copies of the Prospectus, KIID, the Articles of Incorporation and the annual and semi-annual reports, in German, and further information can be obtained free of charge from the representative in Switzerland. The representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. The document has been prepared solely for informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy.

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