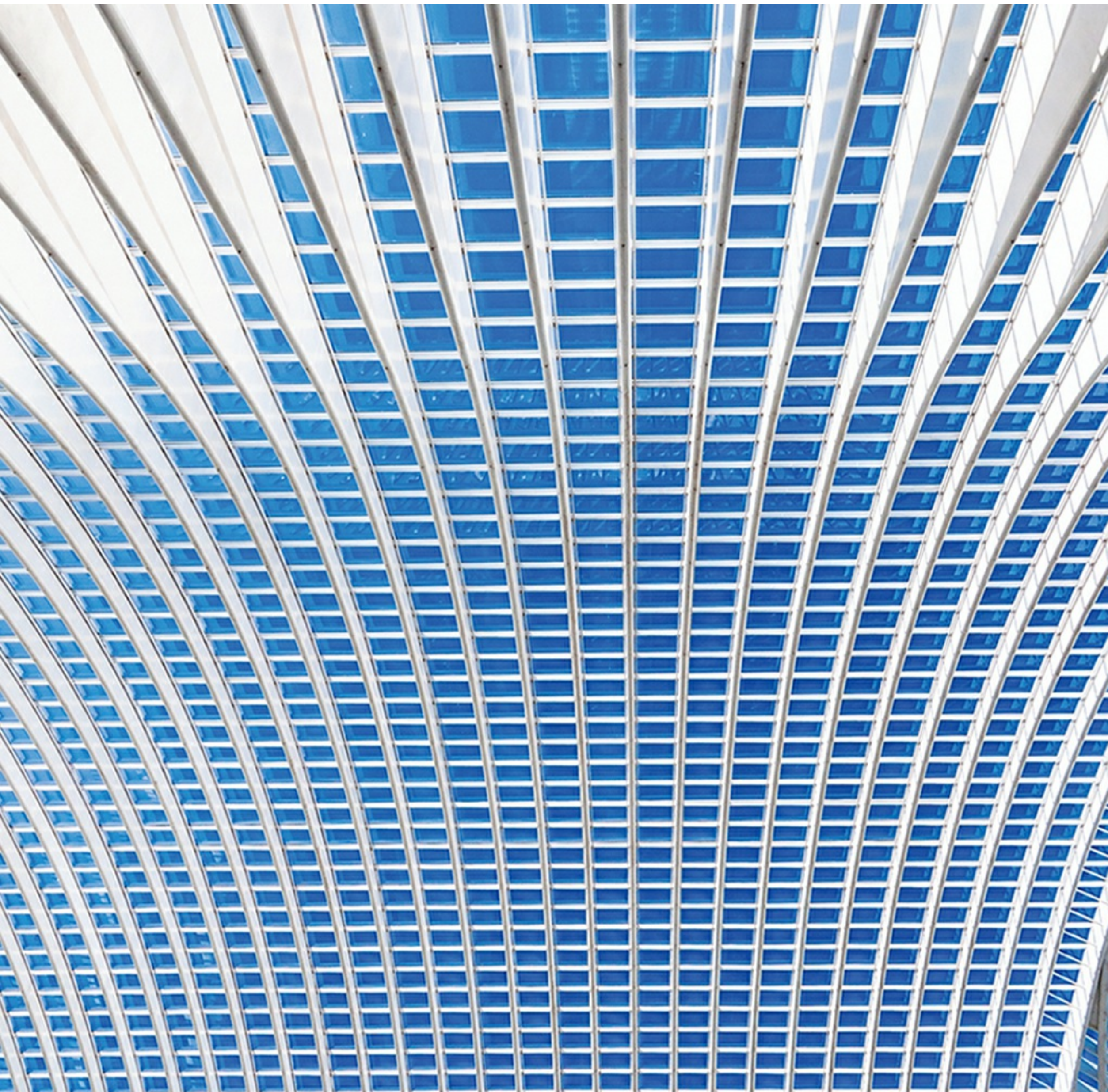
Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Investment Funds (MS INVF)

Short Maturity Euro Bond Fund



GLOBAL FIXED INCOME | GLOBAL FIXED INCOME TEAM

FUND OVERVIEW | 30 SEPTEMBER 2019

A Diversified Portfolio of High Quality, Euro Denominated Fixed Income

The prolonged low yield environment, characterised by negative yields on short-dated investments, and on longer dated core European government bonds, presents significant challenges to the short-term markets. Monetary policy action from the European Central Bank has introduced negative rates. In addition, new regulations mean that certain deposits are no longer welcomed by banks, and the volume of issuance in the short-term space has declined.

In the midst of a challenging backdrop, investors in the short-term markets are considering changing their investment parameters to take more credit and duration risk, in order to generate a positive return. We understand that in this challenging environment, liquidity and capital preservation remain key objectives for investors. MS INVF Short Maturity Bond Fund provides access to a diversified portfolio of high quality, euro-denominated fixed income securities. The Fund seeks to manage duration exposure actively, to optimise portfolio exposure to changes in interest rates.

A Diversified Portfolio

We believe that a carefully constructed, diversified portfolio offers the potential for higher returns with broadly the same amount of risk versus an all-sovereign portfolio. We populate the portfolio with what we believe are the best ideas available within the short-dated euro-denominated, investment-grade credit space. The Fund provides exposure to an extensive array of issuer types beyond the realm of traditional liquidity funds. Alongside financials and governments, we also invest in industrials and utilities. This wider opportunity set and our active approach allow us to build a well-diversified portfolio, with broad alpha generation capabilities.

A Rigorous Process

The objectives of this fund are to generate returns without taking unacceptable levels of risk, and to preserve capital. The Fund exhibits higher credit risk than a traditional all-sovereign portfolio to help maximise return generation within the short-term space. However, our rigorous investment process provides frameworks to assess value and seeks to avoid default risk. Active management is incorporated into each element of the investment process; we actively manage the allocation between government and corporate bonds, as well as the overall duration of the portfolio.

Experienced Team

The MS INVF Short Maturity Euro Bond Fund is managed by the European Fixed Income Team within Morgan Stanley Investment Management. The team is well-resourced and experienced, with a truly global presence. They adopt a rigorous, fundamental researchbased approach to top-down macroeconomic asset allocation and bottom-up security selection to maximise alpha generation across the opportunity set.

The Fund Offers the Following Characteristics:

This represents how the portfolio management team generally implements its investment process under normal market conditions and is being provided for informational purposes only.

Investment Team	INVESTMENT EXPERIENCE
Leon Grenyer, *Managing Director*	23 years
Richard Ford, *Managing Director*	28 years
Richard Class, *Managing Director*	19 years

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

Differentiators

1. High Quality Portfolio

Provides access to a diversified portfolio of high quality, Euro denominated fixed income securities

2. Diversified Portfolio [1]

Typically invests in 120 to 180 holdings.

3. Rigorous Process

Provides frameworks to assess value. We actively manage the allocation between Government and Corporate bonds, in addition to portfolio duration.

4. Dedicated Traders

Offer an extensive range of market contacts, to provide access to a deeper pool of liquidity.

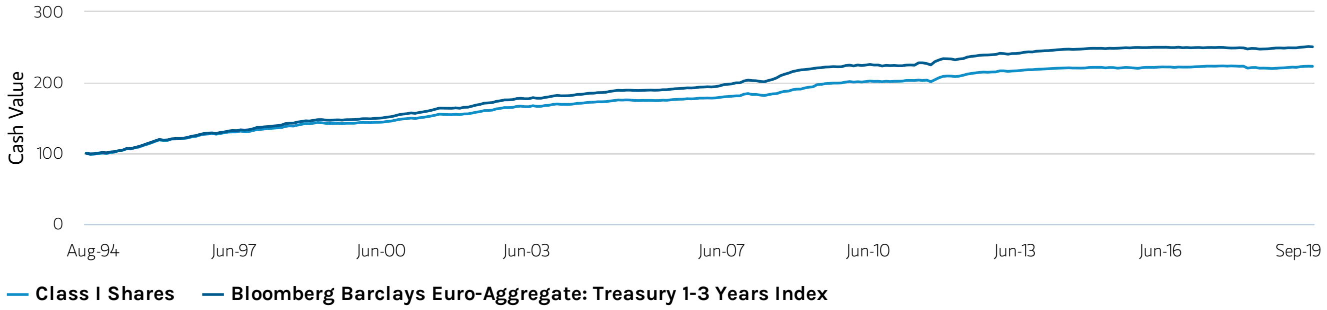
5. Experienced Team

The Fixed Income Team has managed the Fund for over 20 years.

[1] Diversification does not protect against a loss in a particular market; however it allows to spread that risk across various asset classes.

MS INVF Short Maturity Euro Bond Fund

Class I (% net of fees) Performance of 100 EUR Invested Since Inception (01 August 1994)



12 Month Performance Periods to Latest Month End (%)

	SEPTEMBER '18 - SEPTEMBER '19	SEPTEMBER '17 - SEPTEMBER '18	SEPTEMBER '16 - SEPTEMBER '17	SEPTEMBER '15 - SEPTEMBER '16	SEPTEMBER '14 - SEPTEMBER '15
Class I Shares	1.13	-1.21	0.50	0.77	-0.23
Bloomberg Barclays Euro-Aggregate: Treasury 1-3 Years Index	1.23	-0.77	-0.19	0.56	0.52

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 30 September 2019 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.

The Blended Index performance shown is calculated using the MSCI EMU Sovereign Debt 1-3 Yrs Index from inception through 30 April 2007 and the Bloomberg Barclays Euro-Aggregate: Treasury 1-3 Yrs Index thereafter.

Share Class I Risk and Reward Profile

Lower Risk						Higher Risk
1	**2**	3	4	5	6	7
Potentially Lower Rewards						Potentially Higher Rewards

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 low 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 funds ability to buy or sell securities.
- 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

Government bonds are debt securities issued by a government. **Monetary policy** is the process by which the monetary authority of a country, like the central bank or currency board, controls the supply of money, often targeting an inflation rate or interest rate to ensure price stability and general trust in the currency. **Duration risk** is the risk associated with the sensitivity of a bond's price to a one percent change in interest rates. **Credit risk** refers to the ability of an issuer to make timely payments of interest and principal. **Duration** is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. **Rising interest rates** mean falling bond prices, while declining interest rates mean rising bond prices. **Investment grade bonds** have a credit rating that indicates a low risk of credit default. **Corporate bonds** are debt securities issued by a corporation. **Fundamental factors** are overall economic, industry and company metrics. Top-down investing is an investment approach that involves looking at the overall picture of the economy and then breaking down the various components into finer details. **Bottom-down** investing is an investment approach that involves looking at the underlying fundamentals of a company or security. Investments in securities rated below investment grade (commonly known as "junk bonds") present greater risk of loss to principal and interest than investment in higher-quality securities.

INDEX INFORMATION

The **Bloomberg Barclays Euro Aggregate Treasury 1-3 Years Index** is a benchmark that measures the 1-3 year maturity Treasury euro-denominated issues. Inclusion is based on currency denomination of a bond and not country of risk of the issuer.

MSCI EMU Sovereign Debt 1-3 Yrs Index is a benchmark for sovereign fixed rate debt denominated in the euro, or the various Economic and Monetary Union (EMU) currencies, are rated investment grade and have a maturity of 1-3 years.

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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. Luxemburg 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'Ile, 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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