

Morgan Stanley Funds (UK)

# Sterling Corporate Bond Fund

**Investment Objective**

The Fund aims to provide income while also growing your investment by outperforming, net of fees, the ICE BofA Sterling Non-Gilt Index over 1 to 3 years.

**Investment Approach**

The objective of the Fund is to provide an attractive rate of return through investment primarily in sterling corporate and other sterling non-gilt fixed interest securities. A proportion of the Fund may also invest in non-sterling fixed interest securities as well as UK gilts.

Investment Team	JOINED FIRM	YEARS OF INDUSTRY EXPERIENCE
Richard Ford, Co-Head, Broad Markets Fixed Income	1991	33
Dipen Patel, Executive Director	2009	15

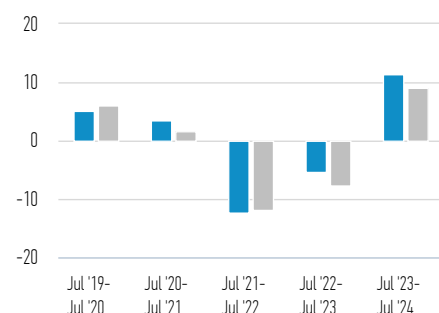
Team members may be subject to change at any time without notice.

**Class F INC shares (% net of fees) vs Index in GBP**

Performance of 100 GBP Invested Since Inception (Cash Value)



12 Month Performance Periods to Latest Month End (%)



— Class F INC Shares  
— ICE BofA Sterling Non-Gilt Index

■ Class F INC Shares  
■ ICE BofA Sterling Non-Gilt Index

**Investment Performance (% net of fees) in GBP**

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class F INC Shares	1.74	3.44	2.55	11.31	-2.62	0.10	2.63	2.76
ICE BofA Sterling Non-Gilt Index	1.59	3.37	1.51	9.18	-3.86	-0.85	2.42	2.54

**Calendar Year Returns (%)**

	2023	2022	2021	2020	2019	2018	2017
Class F INC Shares	10.70	-17.30	-2.06	7.63	10.31	-2.58	5.47
ICE BofA Sterling Non-Gilt Index	8.62	-17.75	-3.03	7.96	9.47	-1.57	4.34

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.

**BROAD MARKETS FIXED INCOME TEAM**

★★★★ Morningstar Overall Rating\*

Out of 431 Funds. Based on Risk Adjusted Return. Class F INC Shares: 3yr. rating 4 Stars; 5yr. rating 4 Stars; 10yr. rating 4 Stars.

Share Class	CLASS F INC
Currency	Sterling
ISIN	GB00BHZ7N946
Bloomberg	MSSCBFI LN
Inception date	04 March 2014
Net asset value	£ 0.99

Fund Facts	
Launch date	11 December 2000
Base currency	Sterling
Index	ICE BofA Sterling Non-Gilt Index
Total net assets	£ 128.72 million
Structure	UK OEIC

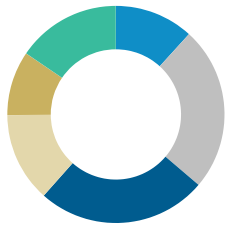
Charges (%)	CLASS F INC
Max Entry Charge	0.00
Ongoing Charges	0.22
Management Fee	0.15

Entry Charge is a maximum possible figure. In some cases you might pay less, you can find this out from your financial adviser. Ongoing Charges reflect the payments and expenses incurred during the fund's operation and are deducted from the assets of the fund over the period. It includes fees paid for investment management (Management Fee), trustee/custodian, and administration charges. For more information please see the Charges and Expenses section of the prospectus.

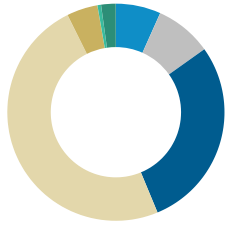
Subscriptions (GBP)	CLASS F INC
Minimum initial investment	150,000,000
Minimum subsequent Investment	0

Statistics (3 Year Annualised)	CLASS F INC	INDEX
Excess Return (%)	1.24	--
Alpha (%)	1.48	--
Beta	1.03	1.00
Information ratio	0.67	--
R squared	0.97	1.00
Sharpe ratio	-0.57	-0.74
Tracking error (%)	1.87	--
Volatility (Standard deviation) (%)	9.85	9.36

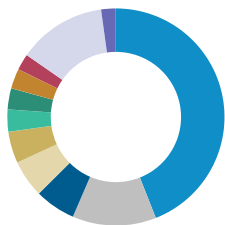
Characteristics	FUND
Duration (years)	5.60
Average maturity (years)	7.92
Average quality	BBB+
Average yield to maturity (%)	5.78
Number of holdings	180

Duration Distribution (% of Total Net Assets)<sup>1</sup>

	FUND
Less than 1 Year	11.76
1 to 3 Years	24.47
3 to 5 Years	25.34
5 to 7 Years	13.33
7 to 10 Years	9.60
Greater than 10 Years	15.49

Quality Distribution (% of Total Net Assets)<sup>1,2</sup>

	FUND
AAA	6.70
AA	8.45
A	28.59
BBB	48.91
BB	4.62
B	0.54
Cash	2.18

Top Countries (% of Total Net Assets)<sup>1</sup>

	FUND
United Kingdom	44.02
France	12.47
U.S.	6.08
Germany	5.56
Supranational	4.71
Spain	3.30
Australia	3.14
Italy	2.98
United Arab Emirates	2.42
Other	13.16
Cash	2.18

<sup>1</sup>May not sum to 100% due to the exclusion of other assets and liabilities.

<sup>2</sup>Quality distribution data for securities is sourced from Fitch, Moody's and S&P. Where the credit ratings for individual securities differ between the three ratings agencies, the 'highest' rating is applied. The rating of credit default swaps is based on the 'highest' rating of the underlying reference bond. 'Cash' includes investments in short term instruments, including investments in Morgan Stanley liquidity funds.

Please refer to the Prospectus for full risk disclosures. All data as of 31.07.2024 and subject to change daily.

## DEFINITIONS

**Alpha** (Jensen's) is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. Prior to 6/30/2018 Alpha was calculated as the excess return of the fund versus benchmark. **Average maturity** – weighted average of the maturities of the underlying securities in the portfolio. **Average quality** – average credit quality gives a snapshot of the portfolio's overall credit quality. It is an average of each security's credit rating, adjusted for its relative weighting in the portfolio. **Average yield to maturity** measures the annual return on interest-bearing securities. In this it is assumed that they will be held to maturity. This metric includes both the coupon payments received during the term of the security and the repayment of the capital on maturity. **Beta** is a measure of the relative volatility of a fund to the market's upward or downward movements. A beta greater than 1.0 identifies an issue or fund that will move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The Beta of the Market is always equal to 1. **Bloomberg** stands for Bloomberg Global Identifier (BBGID). This is a unique 12 digit alphanumeric code designed to enable the identification of securities, on a Bloomberg Terminal. The Bloomberg Terminal, a system provided by Bloomberg L.P., enables analysts to access and analyse real-time financial market data. Each Bloomberg code starts with the same BBG prefix, followed by nine further characters that are listed for each share class of the Sub-Fund. **Cash & Equivalents** are defined as the value of assets that can be converted into cash immediately. These include commercial paper, open FX transactions, Treasury bills and other short-term instruments. Such instruments are considered cash equivalents because they are deemed liquid and not subject to significant risk of changes in values. **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. **Excess Return** or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. **Information ratio** is the portfolio's alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio's benchmark. **ISIN** is the international securities identification number (ISIN), a 12 digit code consisting of numbers and letters that distinctly identifies securities. **NAV** is the Net Asset Value per share of the Sub-Fund (NAV), which represents the value of the assets of a fund less its liabilities. **Number of holdings** provided are a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades. **R squared** measures how well an investment's returns correlate to an index. An R squared of 1.00 means the portfolio performance is 100% correlated to the index's, whereas a low r-squared means that the portfolio performance is less correlated to the

## Share Class F INC Risk and Reward Profile

Lower Risk

Higher Risk



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 interest 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 can be complex and volatile, 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.
- Sustainability factors can pose risks to investments, for example: impact asset values and increased operational costs.
- There may be an insufficient number of buyers or sellers which may affect the fund's 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.

## Additional F Share Classes

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
F ACC	GBP	03.03.2014	GBO0BHZ7N839	MSSCBFA LN

index's. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Tracking error** is the standard deviation of the difference between the returns of an investment and its benchmark. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

## INDEX INFORMATION

The **ICE BofA Sterling Non-Gilt Index**: tracks the performance of GBP denominated investment grade non-sovereign debt publicly issued in the eurobond or UK domestic market, including quasi-government, corporate, securitized and collateralized securities. Defaulted securities are excluded from the Index.

The Index has been selected as a target benchmark because it is representative of the type of bonds in which the Fund is likely to invest, and it is therefore an appropriate target for the Fund's performance.

## IMPORTANT INFORMATION

This document contains information relating to the sub-funds of Morgan Stanley Funds (UK) (the 'Company') in accordance with the Open-Ended Investment Companies Regulations 2001 and the rules contained in the Collective Investment Schemes Sourcebook made by the Financial Conduct Authority in exercise of its powers under Section 247 of the Financial Services and Markets Act 2000. The Company is an Undertaking for Collective Investment in Transferable Securities ('UCITS').

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The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account sales loads.

The **Europe/Asia and South Africa category (EAA)** includes funds domiciled in European markets, major cross-border Asian markets where material numbers of European UCITS funds are available (principally Hong Kong, Singapore and Taiwan), South Africa, and selected other Asian and African markets where Morningstar believes it is of benefit to investors for the funds to be included in the EAA classification system.

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**Past performance is no guarantee of future results.**