Morgan Stanley

INVESTMENT MANAGEMENT

Active, Flexible Fixed Income

GLOBAL FIXED INCOME | FLYER | 30 JUNE 2019

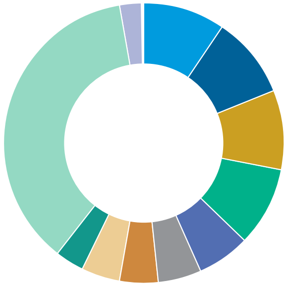
Morgan Stanley Investment Management offers three active, flexible and opportunistic fixed income fund solutions for investors. All three funds seek to add alpha by opportunistically investing within their respective investment parameters.

PRODUCT	MS INVF EUROPEAN FIXED INCOME OPPORTUNITIES	MS INVF GLOBAL FIXED INCOME OPPORTUNITIES	MS INVF EMERGING MARKETS FIXED INCOME OPPORTUNITIES
About the fund	Denominated in euros, the fund takes an unconstrained approach to active investing within the global fixed income universe, focusing on euro currencies, and not tracking a benchmark.	Taking a flexible approach to active investing within the global fixed income universe, the Fund has the ability to invest selectively to help generate alpha, while not tracking a benchmark.	Managed by pioneers of emerging markets (EM) debt investing, the Fund takes a flexible approach to investing across the EM fixed income universe.
Currency	EUR	USD	USD
Fund inception date	30-Sep-14	7-Nov-11	03-Aug-15
Portfolio Managers	Leon GrenyerRichard Ford, Michael B. Kushma, Richard Class	Christian G. Roth, Michael B. Kushma, Jim Caron, Richard Ford	Eric Baurmeister, Warren Mar, Sahil Tandon
Target duration	0-6 years	0-6 years	0-8 years
Credit quality	Maximum 30% in below investment grade	Maximum 50% in below investment grade	No target
STATISTICS (3 YEAR ANNUALISED)			
Alpha	–	4.67	-0.98
Beta	–	0.29	1.16
Information ratio	–	1.38	-0.20
R squared	–	0.20	0.93
Sharpe ratio	–	1.97	0.44
Standard deviation (%)	–	2.38	7.02
PORTFOLIO CHARACTERISTICS			
Duration (years)	1.60	4.30	5.58
Average yield to maturity (%)	1.49	4.38	6.43
Number of holdings	292	644	158

For more information, please contact your Morgan Stanley Investment Management Sales Representative or visit www.morganstanley.com/im

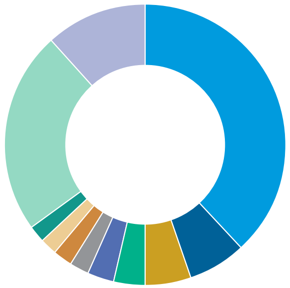
Top Countries (% of Total Net Assets)

MS INVF EUROPEAN FIXED INCOME OPPORTUNITIES



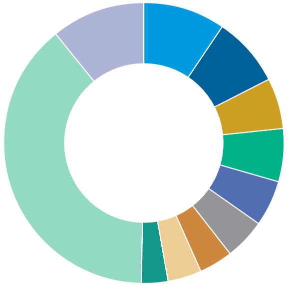
Netherlands	9.59
Spain	9.34
France	9.24
U.S.	9.10
United Kingdom	6.16
Germany	5.00
Australia	4.45
Italy	4.42
China	3.41
Other	36.79
Cash & equivalents	2.51
Total	100.00

MS INVF GLOBAL FIXED INCOME OPPORTUNITIES



U.S.	38.07
United Kingdom	6.78
Spain	5.40
Brazil	3.52
Australia	3.02
Mexico	2.26
Greece	2.19
Indonesia	2.09
Germany	1.91
Other	23.23
Cash & equivalents	11.55
Total	100.00

MS INVF EMERGING MARKETS FIXED INCOME OPPORTUNITIES



Mexico	9.63
Brazil	7.90
Indonesia	6.03
Colombia	6.02
Poland	5.28
South Africa	4.68
Argentina	3.90
Russia	3.82
Nigeria	3.15
Other	38.91
Cash & equivalents	10.71
Total	100.00

Risk Considerations

Fixed income securities are subject to the ability of an issuer to make timely principal and interest payments **(credit risk)**, changes in interest rates **(interest rate risk)**, the creditworthiness of the issuer and general market liquidity **(market risk)**. In the current rising interest rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. **Longer-term securities** may be more sensitive to interest rate changes. In a declining interest rate environment, the portfolio may generate less income. Certain **U.S. government securities** purchased by the strategy, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Public bank loans** are subject to liquidity risk and the credit risks of lower-rated securities. **High-yield securities (junk bonds)** are lower-rated securities that may have a higher degree of credit and liquidity risk. **Sovereign debt securities** are subject to default risk. **Mortgage- and asset-backed securities** are sensitive to early prepayment risk and a higher risk of default, and may be hard to value and difficult to sell **(liquidity risk)**. They are also subject to credit, market and interest rate risks. The **currency market** is highly volatile. Prices in these markets are influenced by, among other things, changing supply and demand for a particular currency; trade; fiscal, money and domestic or foreign exchange control programs and policies; and changes in domestic and foreign interest rates. Investments in **foreign markets** entail special risks such as currency, political, economic and market risks. The risks of investing in **emerging market** countries are greater than the risks generally associated with foreign investments. **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. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities **(liquidity risk)**. Due to the possibility that prepayments will alter the cash flows on **collateralized mortgage obligations (CMOs)**, it is not possible to determine in advance their final maturity date or average life. In addition, if the collateral securing the CMOs or any third-party guarantees are insufficient to make payments, the portfolio could sustain a loss.

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