

## A Sub-Fund of Morgan Stanley Investment Funds European High Yield Bond

**HIGH YIELD TEAM**

### Performance Review

In the one month period ending 30 June 2025, the Fund's I shares returned 0.45% (net of fees)<sup>1</sup>, while the benchmark returned 0.47%.

Chemicals and technology were the Fund's top-performing sectors relative to the benchmark in June, both due to favourable credit selection. In chemicals, a lack of exposure to a struggling French manufacturer of resin and vinyl was the primary contributor. The company received rescue financing earlier in the year and announced that its chief financial officer stepped down in June. Within technology, an off-benchmark position in the new issue of a British provider of television and radio broadcast infrastructure was the top relative contributor. The portfolio secured a new issue allocation and the position traded up over 1.0% in the last few days of the month.

Health care and energy were the Fund's worst-performing sectors relative to the benchmark during the period. Relative underperformance in health care was driven by challenging credit selection and was led by an overweight position in a French laboratory testing business. The company remains under pressure and it was rumoured that a creditor group reached out to the company. Relative underperformance in energy was mostly due to an underweight position in this outperforming sector. The sector benefited from a temporary boost in the price of oil, which faded following the late month Iran-Israel ceasefire.

In terms of performance by ratings segment, sound credit selection in BB-rated bonds contributed positively to relative performance. Credit selection in bonds rated CCC or below was also additive to returns. Conversely, challenging credit selection in B-rated bonds detracted from relative performance in June.

Finally, an underweight position and credit selection in France helped relative returns. An off-benchmark allocation to U.S. dollar-denominated bonds was also supportive. Conversely, positioning in Italy was a headwind.

### Market Review

Performance in the European high yield markets was positive again in June, primarily driven by coupon income. European government bonds diverged from U.S. Treasuries, with 5-year German government bond yields rising by nearly 10 basis points (bps) during the month as 5-year U.S. Treasury yields fell by more than 20 bps. The market showed little reaction to the Iran-Israel conflict, though upon the ceasefire oil futures fell into the mid-\$60s.<sup>2</sup> Inflows into high yield retail funds remained strong and, when added to May's inflow, were sufficient to more than erase the outflows experienced in April.<sup>2</sup>

The ICE BofA European Currency High Yield 3% Constrained Excluding Subordinated Financials Index (EUR-Hedged) returned 0.47% in June. The spread-to-worst fell 27 bps to end the month at 335 bps, while the yield-to-worst fell by 0.13% to end the month at 5.68%.<sup>2</sup>

Energy, homebuilders & real estate, and containers were three of the best-performing sectors during the month. Restaurant, building materials, and publishing & printing were three of the worst-performing sectors.<sup>2</sup>

Performance was mixed across ratings segments, with CCC-rated bonds delivering negative returns, while B-rated bonds outperformed BB-rated bonds.<sup>2</sup>

Technical conditions were mixed in June. The continued demand for the asset class was set against another very large month for primary issuance, as more than €20 billion of new deals priced. Year-to-date issuance has surpassed €75 billion, which puts the market on pace for its largest-ever year for primary issuance. The vast majority of issuance remains in the BB-rated and B-rated segments of the market. Net issuance has been particularly positive so far this year, with nearly €30 billion of total growth in the European high yield market. European high yield retail funds saw further inflows, with €1.7 billion of net inflows during the month.<sup>3</sup>

After May's record notional default volume, June was more muted in European high yield markets. However, the trailing 12-month default rate remains elevated at 4.04%. Underneath the higher than historically average headline number, we see a small number of large defaults, rather than a large number of small defaults. The latter would be cause for greater concern in our opinion, as it would indicate more broad-based weakness among high yield issuers.<sup>3</sup>

<sup>1</sup> Source: Morgan Stanley Investment Management Limited. Data as of 30 June 2025.

<sup>2</sup> Source: ICE Data Indices, Bloomberg L.P., Morgan Stanley Investment Management. Data as of 30 June 2025.

<sup>3</sup> Source: J.P. Morgan. Data as of 1 July 2025.

## Strategy and Outlook

We begin the second half of 2025 with a cautious outlook. We think peak risk and volatility emanating from evolving tariff and trade policy is likely behind us; however, the ultimate framework of international trade with the U.S. remains unclear. Yields remain historically attractive, but the average spread in the high yield market, while approximately 80 bps above post-Global Financial Crisis lows, finished the second quarter below where it began the period and is susceptible to widening.<sup>4</sup> We come to this conclusion after a thorough analysis of factors including global economic growth, the evolving monetary policy of global central banks, consumer health, the fundamentals of high yield issuers, technical conditions, and valuations. Ultimately, while we believe the likelihood of a recession this year is low, we believe that caution is warranted and expect additional bouts of volatility in the months ahead.

Global central banks are navigating a precarious period with divergent and uncertain inflation backdrops across regions. The previously discussed uncertainty regarding trade policy, in addition to the generally slow economic growth backdrops and shifting fiscal priorities, are further complicating the path of key policy rates. In Europe, realized and expected inflation are tame, and recent policy action reflects it. In May, headline inflation in the eurozone was approximately 1.9% year-over-year, and core inflation 2.3%.<sup>5</sup> The European Central Bank (ECB) is projecting inflation will average 2% for 2025, before slowing to 1.6% in 2026.<sup>5</sup> Expectations for moderate inflation and slow growth prompted the ECB to lower its key policy rate by another 25 bps in June, to 2.0%.<sup>5</sup> Despite the ECB stating in June that rates could be on hold following this seventh cut in the rate-cutting cycle, the market ended the second quarter pricing in one additional cut for this year. In the U.K., year-over-year inflation reached 4.1% in April and 4.0% in May, but the Bank of England still decided to reduce its key policy rate to 4.25% in May, likely prompted by very weak economic growth.<sup>6</sup> Meanwhile, in the U.S., accelerating inflation is widely anticipated, though its elusiveness has complicated Federal Reserve (Fed) policy decisions. For the first two months of the second quarter, the U.S. core consumer price index (CPI) on a three-month basis was running below its 12-month rate. This was driven by limited goods inflation and a moderation in housing inflation. However, we expect to see a pickup in goods inflation as businesses look to preserve margins and pass on rising input costs. In May we observed a month-over-month increase in the Institute for Supply Management (ISM) Prices Paid gauge, which historically has led core CPI by three months.<sup>7</sup> In light of above-target realized inflation, a labor market that has only recently showed modest signs of weakening, and uncertainty regarding fiscal and trade policy, the Fed remained on hold in June. We expect the Fed will likely reduce its key policy rate later this year on weakening labor data, even with inflation above target, as it begins to move toward a target range of 3%-3.5%.

Our strategy remains slightly under-risked relative to the ICE BofA European Currency High Yield 3% Constrained Excluding Subordinated Financials Index, based on a duration-times-spread (DTS) ratio in moderately below 1. During recent periods of market weakness, particularly in the weeks surrounding the April tariff announcements, this positioning was to the benefit of our investors, and we believe it remains prudent due to our expectation for wider peak spreads, particularly in the lower-rated portion of our market where we expect further relative widening during future bouts of volatility. We believe that current risk positioning is appropriate, all-in yield remains historically compelling, but that complacency will likely continue be penalized. We will focus our holdings in segments where growth and free cash flow are most durable and convexity remains most compelling.

In the second quarter, our strategy took advantage of the volatility to add exposure to high conviction segments and issuers at more attractive valuations during periods of weakness, and to trim exposure amid market strength in areas where we have a less favorable view. During the pronounced weakness in April, our strategy added exposure to several cyclical commodity-related sectors where select companies with less cyclical business lines traded lower in sympathy with their sector. In the chemicals sector, we have found opportunities in water treatment and specialty chemicals producers, while staying away from the more cyclical parts of the sector, such as producers of titanium dioxide. Finally, the need of certain issuers with more challenging capital structures to access capital markets during less favorable periods created opportunities to capture attractive, above-market yield in individual issues with strong, tightly structured covenant packages.

In conclusion, we are in a less certain world relative to just three months ago. Fundamentals and technical conditions remain largely supportive and, on average, yield compensation is broadly appropriate. We expect the balance of 2025 will likely be a competitive period for high yield, but certainly not a period without volatility. Geopolitical tensions, regional conflict and a fragile Iran-Israel ceasefire continue to present the potential for expansion or ultimate resolution. Amid a volatile and uncertain backdrop, we will continue to spend our time concentrating on what we do best — focusing on bottom-up fundamental credit analysis with a discerning eye on relative value, as we seek to generate positive risk-adjusted alpha for our clients.

**For further information, please contact your Morgan Stanley Investment Management representative.**

## Fund Facts

Launch date	01 December 1998
Base currency	Euro
Benchmark	Custom- Blended Benchmark

<sup>2</sup> Source: ICE Data Indices, Bloomberg L.P., Morgan Stanley Investment Management. Data as of 30 June 2025.

<sup>4</sup> Source: ICE BofA European Currency Developed Markets High Yield Excluding Subordinated Financials Constrained Index, Morgan Stanley Investment Management. Data as of 30 June 2025.

<sup>5</sup> Source: European Central Bank Data Portal. Data as of 5 June 2025.

<sup>6</sup> Source: Office for National Statistics, United Kingdom. Data as of 18 June 2025.

<sup>7</sup> Source: Institute for Supply Management. Data as of 2 June 2025.

## Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class I Shares	2.12	8.25	12.09	-11.05	3.33	2.21	10.49	-4.47	6.29	9.80	1.31
Blended Benchmark	2.80	8.56	12.14	-11.75	3.25	2.82	10.95	-3.34	6.22	10.07	0.85

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 shares. The sources for all performance and index data is Morgan Stanley Investment Management ('MSIM Ltd'). Please visit our website [www.morganstanley.com/im](http://www.morganstanley.com/im) to see the latest performance returns for the fund's other share classes.

## Share Class I Risk and Reward Profile

- The fund may be impacted by movements in the exchange rates between the fund's currency and the currencies of the fund's investments.
- 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.
- Sustainability factors can pose risks to investments, for example: impact asset values, increased operational costs.
- There may be an insufficient number of buyers or sellers which may affect the funds 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.

- 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.

Please refer to the Prospectus for full risk disclosures, available at [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com). All data as of 30.06.2025 and subject to change daily.

Applications for shares in the Sub-Fund should not be made without first consulting the current Prospectus and the Key Information Document ("KID") or Key Investor Information Document ("KIID"), which are available in English and in the language of countries authorized for fund distribution and is available online at [Morgan Stanley Investment Funds Webpages](http://Morgan Stanley Investment Funds Webpages) or free of charge from the Registered Office at European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxemburg B 29 192.

The summary of investor rights is available in the aforementioned languages and website location under the General Literature section.

Information in relation to sustainability aspects of the Fund is available in English online at: [Sustainable Finance Disclosure Regulation](#).

If the management company of the relevant Fund decides to terminate its arrangement for marketing that Fund in any EEA country where it is registered for sale, it will do so in accordance with the UCITS rules.

## IMPORTANT INFORMATION

This material 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. Investors should be aware that a diversified strategy does not protect against a loss in a particular market.

All investments involve risks, including the possible loss of principal. The material contained herein has not been based on a consideration of any individual client 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 use of leverage increases risks, such that a relatively small movement in the value of an investment may result in a disproportionately large movement, unfavourable as well as favourable, in the value of that investment and, in turn, the value of the Fund.

Investment in the Fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as building or shares of a company, as these are only the underlying assets owned.

Morgan Stanley Investment Management 'MSIM', the asset management division of Morgan Stanley (NYSE: MS), has not authorised financial intermediaries to use and to distribute this material, unless such use and distribution is made in accordance with applicable law and regulation. MSIM shall not be liable for, and accepts no liability for, the use or misuse of this material by any such financial intermediary.

The whole or any part of this material may not be directly or indirectly reproduced, copied, modified, used to create a derivative work, performed, displayed, published, posted, licensed, framed, distributed or transmitted or any of its contents disclosed to third parties without the Firm's express written consent. This material may not be linked to unless such hyperlink is for personal and non-commercial use. All information contained herein is proprietary and is protected under copyright and other applicable law.

This material may be translated into other languages. Where such a translation is made, this English version remains definitive; any discrepancies with another language, the English version prevails.

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 MSIM, the Firm has not sought to independently verify information taken from public and third-party sources.

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.

Charts and graphs provided herein are for illustrative purposes only and subject to change.

## INDEX INFORMATION

The Blended Index performance shown is calculated using the **ICE BofA European Issuers High Yield Index** from inception through 31 July 2002, the **ICE BofA European Currency Constrained High Yield Index** to 31 March 2009 and the **ICE BofA European Currency High Yield 3% Constrained Ex-Sub Financials Index** thereafter.

The **ICE BofA European Currency Constrained high yield index**: The index is designed to track the performance of euro- and British pound sterling-denominated below investment grade corporate debt publicly issued in the eurobond, sterling domestic or euro domestic markets by issuers around the world.

The **ICE BofA European Currency High Yield 3% Constrained Ex-Sub Financials Index**: contains all non-Sub Financial securities in the ICE BofA European Currency High Yield Index but caps issuer exposure at 3%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 3%.

The **ICE BofA European Issuers High Yield Index**: The index is designed to track the performance of USD, EUR and GBP denominated below investment grade corporate debt publicly issued by European corporations in the US, sterling or euro domestic or the eurobond markets.

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. The Sub-Fund is actively managed, and the management of the fund is not constrained by the composition of the Benchmark.

A blended benchmark has been used because there has been a change in benchmark during the reporting period shown.

## DISTRIBUTION

**This material is only intended for and will be only distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations. It is the responsibility of any person in possession of this material and any persons wishing to make an application for Shares in pursuant to the Prospectus to inform themselves and observe all applicable laws and regulations of any relevant jurisdictions.**

**MSIM and its affiliates have arrangements in place to market each other's products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM's affiliates are: Eaton Vance Advisers International Ltd, Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, Atlanta Capital Management LLC and FundLogic Alternatives plc.**

**In the EU**, this material is issued by MSIM Fund Management (Ireland) Limited ('FMIL'). FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at 24-26 City Quay, Dublin 2, D02 NY19, Ireland.

**Outside the EU**, this material is issued by MSIM Ltd is authorized and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

**Switzerland**: MSIM materials are available in German and are issued by Morgan Stanley & Co. International plc, London (Zurich Branch) Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered Office: Beethovenstrasse 33, 8002 Zurich, Switzerland.

**Saudi Arabia**: This document may not be distributed in the Kingdom except to such persons as are permitted under the

Investment Funds Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities to be offered. If you do not understand the contents of this document, you should consult an authorised financial adviser.

This financial promotion was issued and approved for use in Saudi Arabia by Morgan Stanley Saudi Arabia, Al Rashid Tower, Kings Sand Street, Riyadh, Saudi Arabia, authorized and regulated by the Capital Market Authority license number 06044-37.

**Hong Kong:** This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong.

**Singapore:** This material should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In particular, for investment funds that are not authorized or recognized by the MAS, units in such funds are not allowed to be offered to the retail public; any written material issued to persons as aforementioned in connection with an offer is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and investors should consider carefully whether the investment is suitable for them. In cases where you are dealing with a representative of Morgan Stanley Asia Limited, and where such representative is acting on behalf of Morgan Stanley Asia Limited, please note that such representative is not subject to regulatory requirements issued by the Monetary Authority of Singapore nor is under the supervision of the Monetary Authority of Singapore. For any issues which may arise in your dealing with such representative, please approach the Singapore-based contact person who has been established as your local contact person.

**Australia:** This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is

required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

**Chile:** Potential investors are advised that this document refers to foreign securities that may be registered in the Foreign Securities Register ("FSR") from the Commission for Financial Markets (Comisión para el Mercado Financiero or "CMF") (the "Registered Securities") or that may not be registered in the FSR (the "Non-Registered Securities").

**For Registered Securities, please be advised:** The securities being offered are foreign. Shareholder rights and obligations are those of the issuer's home jurisdiction. Shareholders and potential investors should inform themselves on what those rights and obligations are and how to exercise them. CMF supervision of the securities is limited to information requirements in Rule 352, overall supervision is conducted by the foreign regulator in the issuer's home jurisdiction. Public information available for the securities is exclusively that required by the foreign regulator and accounting principles and auditing rules might differ to those applicable to Chilean issuers. The provisions on Article 196 of Law 18.045 are applicable to all parties involved in the registration, deposit, transaction and other acts associated with the foreign securities ruled by Title XXIV of Law 18.045.

**For Non-Registered Securities, please be advised:** THE SECURITIES INCLUDED IN THIS DOCUMENT ARE NOT REGISTERED IN THE FSR AND OFFERS REGARDING SUCH SECURITIES WILL BE CONDUCTED SUBJECT TO GENERAL RULE N°336 OF THE CMF, BEGINNING AT THE DATE OF THIS DOCUMENT. THESE ARE FOREIGN SECURITIES AND THEIR ISSUER IS UNDER NO OBLIGATION TO PROVIDE PUBLIC DOCUMENTS IN CHILE. THE SECURITIES ARE NOT SUBJECT TO THE SUPERVISION OF THE CMF AND CANNOT BE PUBLICLY OFFERED. THEREFORE, THIS DOCUMENT AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE INTERESTS IN THE FUND DO NOT CONSTITUTE A PUBLIC OFFER OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE, THE FUND INTERESTS IN THE REPUBLIC OF CHILE.

Please contact your local Distributor or the person who provided this document for information on the registration status of specific securities.

**Peru:** The Fund is a sub Fund of the Morgan Stanley Investment Funds, a Luxembourg domiciled Société d'Investissement à Capital Variable (the "Company") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part 1 of the Law of 17th December 2010, as amended. The Company is an Undertaking for Collective Investment in Transferable Securities ("UCITS"). If the Fund and the interests in the Fund have been registered in Peru under *Decreto Legislativo 862: Ley de Fondos de Inversión y sus Sociedades Administradoras* as amended; under *Decreto Legislativo 861: Ley del Mercado de Valores* (the "Securities Market Law") as amended, and under the *Reglamento del Mercado de Inversionistas Institucionales* approved by *Resolución SMV N°021-2013-SMV/01* as amended by the *Resolución de Superintendente N°126-2020-SMV/02* (the "Reglamento 1") and *Resolución de Superintendente*

N°035-2021-SMV/02 (the “**Reglamento 2**”), and are being offered to institutional investors only (as defined in article 8 of the Securities Market Law) under the special public offering directed exclusively to the institutional investors under the **Reglamento 1 and Reglamento 2**, then the interests in the Fund will be registered in the Section “**Del Mercado de Inversionistas Institucionales**” of the Securities Market Public Registry ( **Registro Público del Mercado de Valores**) maintained by the **Superintendencia del Mercado de Valores (SMV)**, and the offering of the Fund interests in Peru only to institutional investors will be subject to the supervision of the SMV, as well as any transfers of the Fund interests shall be subject to the limitations contained in the Securities Market Law and the regulations issued thereunder mentioned before, under which the Fund interests may only be transferred between institutional investors under Article 27 of the **Reglamento 1 and Reglamento 2**. If neither the Fund nor the interests in the Fund have been and will not be registered in Peru under **Decreto**

**Legislativo 862** and under **Decreto Legislativo 861 referenced above**, nor they will be subject to a public offering directed to institutional investors under the **Reglamento 1**, and will be offered to institutional investors only (as defined in article 8 of the Securities Market Law) pursuant to a private placement, according to article 5 of the Securities Market Law, the interests in the Fund will not be registered in the Securities Market Public Registry maintained by the **SMV**, and the offering of the Fund interests in Peru to institutional investors nor the Fund will be subject to the supervision of the SMV, and any transfers of the Fund interests shall be subject to the limitations contained in the Securities Market Law and the regulations issued thereunder mentioned before, under which the Fund interests may only be transferred between institutional investors.