

Morgan Stanley Investment Funds

### Euro Strategic Bond Fund - AX Shares (Distributing Share Class)

#### Investment Objective

To generate income and the long term growth of your investment.

#### Investment Approach

Seeks to provide an attractive rate of relative return, measured in Euro, through investment primarily in issues of Euro denominated fixed income securities whether issued by corporations, government or government guaranteed issuers. The Fund may, on an ancillary basis, invest in non-euro denominated fixed income securities. Non-Euro currency exposure may be hedged back to the Euro.

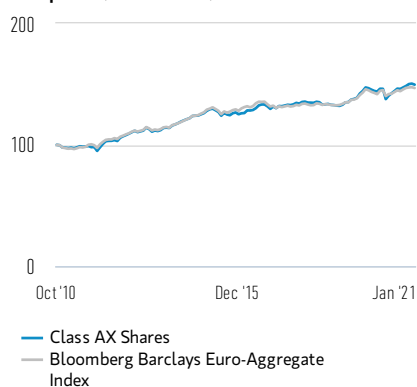
#### Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Leon Grenyer, Managing Director	2002	25
Richard Ford, Managing Director	1991	30
Richard Class, Managing Director	2009	21

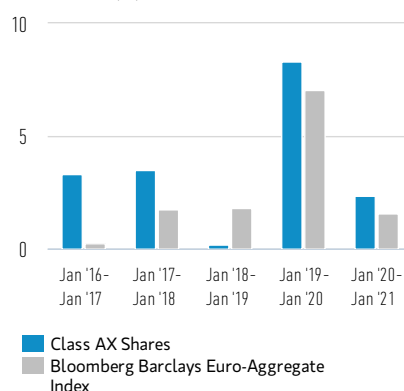
Team members may be subject to change at any time without notice.

#### Class AX Shares (% net of fees) vs. Index in EUR

Performance of 100 EUR Invested Since Inception (Cash Value)



12 Month Performance Periods to Latest Month End (%)



#### Investment Performance (% net of fees) in EUR

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class AX Shares	-0.56	0.75	-0.56	2.32	3.55	3.50	4.39	4.00
Bloomberg Barclays Euro-Aggregate Index	-0.46	-0.05	-0.46	1.55	3.45	2.46	4.25	3.81

#### Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014
Class AX Shares	4.56	8.17	-1.34	2.47	5.09	-0.73	10.73
Bloomberg Barclays Euro-Aggregate Index	4.05	5.98	0.41	0.68	3.32	1.00	11.10

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.

The Blended Index performance shown is calculated using the MSCI Euro Debt Index from inception through 30 April 2007 and the Bloomberg Barclays Euro-Aggregate Index thereafter.



MORNINGSTAR OVERALL RATING\*

EAA FUND EUR FLEXIBLE BOND

CLASS AX SHARES

Out of 467 Funds. Based on Risk Adjusted Return. Class AX Shares: 3yr. rating 5 Stars; 5yr. rating 4 Stars; 10yr. rating 4 Stars.

#### Share Class

	CLASS AX
Currency	Euro
ISIN	LU0218442688
Bloomberg	MORIEAX LX
Inception date	25 October 2010
Net asset value	€ 31.33

#### Fund Facts

Launch date	01 February 1991
Base currency	Euro
Index	Bloomberg Barclays Euro-Aggregate Index
Total net assets	€ 1.8 billion
Structure	Luxembourg SICAV

#### Charges (%)

	CLASS AX
Max Entry Charge	4.00
Ongoing Charges	1.04
Management Fee	0.80

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 (USD)

	CLASS AX
Minimum initial investment	0
Minimum subsequent investment	0

#### Statistics

##### (3 Year Annualised)

	CLASS AX	INDEX
Excess Return (%)	0.09	--
Alpha (%)	-1.00	--
Beta	1.28	1.00
Information ratio	0.05	--
R squared	0.87	1.00
Sharpe ratio	0.81	1.08
Tracking error (%)	2.02	--
Volatility (Standard deviation) (%)	4.87	3.54

#### Characteristics

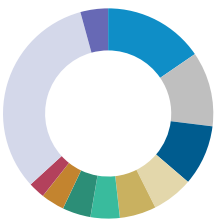
	FUND	INDEX
Duration (years)	7.33	7.73
Average yield to maturity (%)	0.70	-0.10
Number of holdings	486	6,020

**Sector Allocation (% of Total Net Assets)<sup>1,2</sup>**

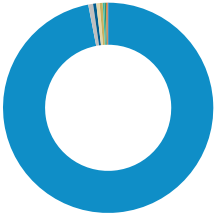
	PORTFOLIO
Treasuries	34.56
Sovereign	8.38
Government Related	13.68
Investment Grade Corporates	23.48
Industrial	8.64
Financial Institutions	12.50
Utility	2.33
High Yield Corporates	6.72
NR Corporates	0.26
Covered	6.93
Convertibles	0.70
Non-Agency RMBS	0.54
ABS	0.29
Credit Default Swaps	-0.29
ETFs	0.50
Cash & Equivalents	4.25

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

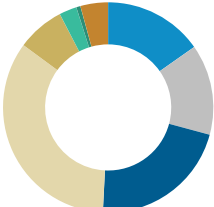
	FUND
Italy	15.46
Spain	11.50
France	9.33
Germany	6.31
U.S.	5.62
Netherlands	4.49
Australia	4.36
United Kingdom	3.61
Supranational	2.54
Other	32.54
Cash	4.25


**Currency Allocation (% of Total Net Assets)<sup>1</sup>**

	FUND
Euro	99.70
Mexican New Peso	0.76
Norwegian Krone	0.51
South Africa Rand	0.51
South Korean Won	0.50
Indonesian Rupiah	0.26
Chinese Yuan Renminbi	0.25
Egyptian Pound	0.24
Russian Ruble	0.09
Brazilian Real	-0.01
Other	-2.81


**Quality Distribution (% of Total Net Assets)<sup>1,3</sup>**

	FUND
AAA	15.26
AA	13.92
A	21.64
BBB	34.28
BB	7.31
B	2.69
Not Rated	0.65
Cash	4.25



Please refer to the Prospectus for full risk disclosures, available at [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com). All data as of 31.01.2021 and subject to change daily.

**Share Class AX 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 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 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.

**Additional A Share Classes**

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
A	EUR	01.02.1997	LU0073234253	MOREUBI LX

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

<sup>2</sup>For additional information regarding sector classification/definitions please visit [www.msci.com/gics](http://www.msci.com/gics) and the glossary at [www.morganstanley.com/im](http://www.morganstanley.com/im).

<sup>3</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.

## 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 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 alphanumerical code designed to enable the identification of securities, such as the Morgan Stanley Investment Funds sub-funds at share class level, 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 we list here in this guide for each share class of each 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 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 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 **Bloomberg Barclays Euro Aggregate Bond Index** is a benchmark that measures the investment grade, euro-denominated, fixed-rate bond market, including treasuries, government-related, corporate and securitized issues. Inclusion is based on currency denomination of a bond and not country of risk of the issuer.

**MSCI Euro Debt Index** is a broad-based benchmark for the sovereign and credit bond markets. It includes fixed rate debt denominated in the euro, or the various European Economic and Monetary Union (EMU) currencies, and rates as investment grade.

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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

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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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