

Morgan Stanley Investment Funds

Global Convertible Bond Fund

Important information

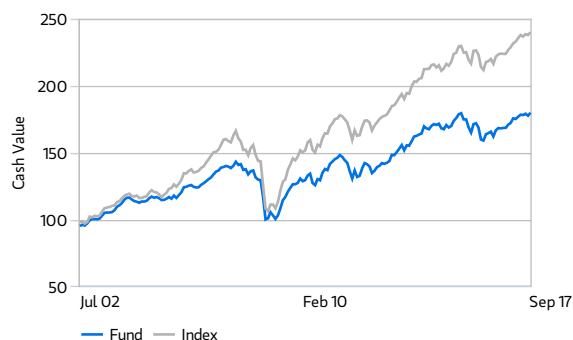
- The Fund invests primarily in convertible bonds issued by companies organised or operating in either the developed or emerging markets which will be denominated in global currencies.
- Investment involves risks. Key risks for this fund include High Yield Securities Risk, Credit Risk, Interest Rate Risk, Exchange Rate Risk, Downgrading Risk, Emerging Market Currency Risk, Derivatives Risk, Unrated Securities Risk and Risk of Exposure to the Euro and Eurozone.
- There is a risk that you may potentially lose your entire investment in this Fund.
- The investment decision is yours but you should not invest unless the intermediary who sells it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives. You should not make any investment decision solely based on this document. Please read the relevant offering document carefully for further fund details including risk factors.

Investment objective

Seeks long-term capital appreciation, measured in U.S. dollars, through investment primarily in convertible bonds issued by companies organised or operating in either the developed or emerging markets which will be denominated in global currencies.

Class A shares vs. benchmark^{1,2,3}

Performance of 100 U.S. dollars invested since inception



Returns in U.S. dollars vs. benchmark^{1,2,3}

Fund (net of fees) %

Period	A	Index
One month	1.24	0.87
Last three months	0.94	1.39
YTD	5.22	5.85
One year	6.92	7.11
Three years (cumulative)	6.89	13.60
Five years (cumulative)	26.34	35.71
Ten years (cumulative)	28.14	47.25

% 12 month returns

31.12.15 - 31.12.16	1.26	1.59
31.12.14 - 31.12.15	(0.02)	3.83
31.12.13 - 31.12.14	3.18	4.73
31.12.12 - 31.12.13	13.75	13.03
31.12.11 - 31.12.12	8.27	11.26

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.

Morningstar Overall Rating

Class A shares



EAA Fund Convertible Bond - Global, USD Hedged
Out of 92 Funds. Based on Risk Adjusted Return.

Fund facts

Fund launch	July 2002
Investment team	Christian Roth, Tom Wills, Mikhael Breiterman-Loader
Location	New York
Base currency	U.S. dollars
Benchmark	Thomson Reuters Convertible Global Focus (USD Hedged) Index
Total assets	\$ 520.9 million
NAV Class A	\$ 44.99

Portfolio characteristics

	Fund	Index
Duration	3.41	3.42
Delta (equity sensitivity)	43.50	39.00
Current Yield	0.93	0.88
Conversion Premium	34.56	23.38

Top 10 holdings (% of Total Net Assets)

	Fund
Dish Network Corp, 2.375000%, 2024-03-15	2.60
Steinhoff Finance Holding GmbH, 1.250000%, 2022-08-11	2.31
Microchip Technology Inc, 1.625000%, 2027-02-15	2.20
Tesla Motors Inc, 1.250000%, 2021-03-01	2.04
America Movil Sab de Cv, 0.000000%, 2020-05-28	1.90
Ctrip.com International Ltd, 1.000000%, 2020-07-01	1.66
Siemens Financieringsmaatschappij, 1.650000%, 2019-08-16	1.23
Nuance Communications Inc, 1.000000%, 2035-12-15	1.19
Micron Technology Inc, 3.000000%, 2043-11-15	1.17
Rag-Stiftung, 0.000000%, 2021-02-18	1.16
Total	17.46

Sector distribution (% of Total Net Assets)	Fund
Information Technology	21.46
Consumer Discretionary	17.64
Industrials	10.71
Health Care	8.21
Materials	6.65
Financials	5.73
Energy	5.66
Utilities	5.39
Real Estate	5.27
Telecommunication Services	4.71
Other	2.88
Cash & Equivalents	5.69
Total	100.00

Regional exposure (% of Total Net Assets)	Fund
Americas	34.82
EMEA	33.42
Asia & Other	26.06
Cash & Equivalents	5.69
Total	100.00

Statistics (Class A shares)	Fund
Alpha	(2.10)
Beta	1.09
R squared	0.92
Information ratio	(1.14)
Tracking error	1.84
Fund volatility (Standard deviation)	6.33
Index volatility (Standard deviation)	5.56

Based on monthly observations, annualised over last 3 years.

Charges	A
Ongoing charges % ⁴	1.24
Management Fee %	1.00
Sales Charge %	4.00

Share Class ⁵	CCY	ISIN	Bloomberg	Launch
A	USD	LU0149084633	MORSCUA LX	17.07.2002
AH (CHF)	CHF	LU0856053482	MSGCAHC LX	19.11.2012
AH (EUR)	EUR	LU0410168768	MRSGBAH LX	20.03.2009
B	USD	LU0149084989	MORSCUB LX	17.07.2002
BH (EUR)	EUR	LU0410168842	MRSGBBH LX	20.03.2009
CH (EUR)	EUR	LU0410168925	MRSGBCH LX	20.03.2009
I	USD	LU0149084476	MORSCUI LX	17.07.2002
IH (EUR)	EUR	LU0410169063	MRSGBZH LX	20.03.2009
NH	CHF	LU1077972898	MGCNHCH LX	16.07.2014
Z	USD	LU0360484413	MSGCVBZ LX	06.08.2010
ZH (EUR)	EUR	LU0360484504	MSGCUZH LX	08.04.2009
ZH (GBP)	GBP	LU1598064217	MSGCZHG LX	20.04.2017
ZHX (EUR)	EUR	LU0410169147	MRSGBZH LX	20.03.2009
ZX	USD	LU0360613086	MSGCUZX LX	02.07.2013

Footnotes

Publication date: 16 October 2017.

¹ See the 'Share Class' section for inception date(s).

² The benchmark for the Fund is a blend of the Merrill Lynch G300 Global Convertible Index Local Currency to 31 October 2005, the BofA Merrill Lynch G300 Global Convertible Index USD Hedged to 30 April 2011 and the Thomas Reuters Convertible Global Focus (USD Hedged) Index thereafter. The benchmark is calculated by geometrically chain-linking the monthly returns.

³ For performance purposes, if the time period being examined commences before the Global Bond Fund AH Share Class was launched, then the return is a blend of the Global Convertible Bond (Euro) Fund Class A to 19 March 2009 and the Global Bond Fund Class AH thereafter. This has been achieved by chain linking the respective share classes.

⁴ The Ongoing Charges Figure ("OCF") reflects the payments and expenses which cover aspects of operating the fund and is deducted from the assets over the period. It includes fees paid for investment management, trustee/custodian, and administration charges.

⁵ Only A and C share classes of the Fund are authorized by the Securities & Futures Commission of Hong Kong to be offered to the public in Hong Kong.

Morningstar

Ratings: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. © 2017 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

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The source for all performance and index data is Morgan Stanley Investment Management Limited. Calculations are NAV to NAV. Performance is quoted net of fees and with income reinvested.

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