

Morgan Stanley Investment Funds

Global High Yield Bond Fund

Investment objective

Seeks to provide an attractive rate of return, measured in U.S. dollars, through investments worldwide primarily in Fixed Income Securities issued by corporations that are rated lower than 'BBB-' by S&P or 'Baa3' by Moody's or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. The global nature of the Fund allows the portfolio manager to access greater liquidity in a broader market, to seek relative value opportunities, and to obtain exposure to different economic trajectories around the world.

Share Class Z Risk and Reward profile



The higher the category (1-7), the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk-free investment.

Download the fund's Key Investor Information document for share class tailored risk ratings and warnings at: www.morganstanleyinvestmentfunds.com

Class Z shares vs. benchmark¹

Performance of 100 U.S. dollars invested since inception



Returns in U.S. dollars vs. benchmark¹

Fund (net of fees) %

Period	Z	A	B	Index
One month	0.74	0.68	0.59	0.31
Last three months	1.71	1.58	1.33	1.32
YTD	8.67	8.22	7.34	9.64
One year	10.22	9.69	8.58	10.32
Three years (annualised)	4.45	3.94	2.90	5.01
Five years (annualised)	6.61	6.07	5.01	5.90
Since inception (annualised)	8.66	n/a	n/a	7.66

% 12 month returns

31.10.16 - 31.10.17	10.22	9.69	8.58	10.32
31.10.15 - 31.10.16	6.17	5.63	4.61	8.38
31.10.14 - 31.10.15	(2.61)	(3.08)	(4.07)	(3.15)
31.10.13 - 31.10.14	4.54	3.96	2.93	4.30
31.10.12 - 31.10.13	15.60	14.99	13.88	10.27

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 Z shares



EAA Fund Global High Yield Bond

Out of 433 Funds. Based on Risk Adjusted Return.

Fund facts

Fund launch	November 2011
Investment team	Leon Grenyer, Richard Lindquist, Jack Cimarosa
Location	New York
Base currency	U.S. dollars
Benchmark²	Bloomberg Barclays Global High Yield - Corporate Index
Total assets	\$ 613.3 million
NAV Class Z	\$ 40.97

Portfolio characteristics	Fund	Index
Duration	3.24	3.69
Average yield to maturity	6.48	5.33
Number of holdings	319	2931

Geographic distribution (% of Total Net Assets)	Fund
U.S.	75.57
United Kingdom	3.75
Canada	3.71
Luxembourg	3.19
France	2.47
Germany	1.46
Netherlands	1.38
Ireland	1.37
Australia	1.07
Other	6.36
Cash & Equivalents	(0.35)
Total	100.00

Sector distribution (% of Total Net Assets)	Fund
Consumer, Cyclical	20.63
Industrial	18.38
Consumer, Non-Cyclical	15.73
Energy	11.73
Financial	10.63
Communications	10.12
Basic Materials	6.36
Technology	3.54
Utilities	1.73
Other	1.76
Cash & Equivalents	(0.60)
Total	100.00

Currency distribution (%)	Fund
US Dollar	79.73
Euro	17.26
British Pound	2.93
Australian Dollar	0.08
Total	100.00

Quality distribution (% of Total Net Assets) ³	Fund
BBB	1.99
BB	32.87
B	50.40
CCC	14.24
Not Rated	0.89
Cash	(0.40)
Total	100.00

Statistics (Class Z shares)	Fund
Alpha	(0.56)
Beta	0.96
R squared	0.91
Information ratio	(0.29)
Tracking error	1.91
Fund volatility (Standard deviation)	6.17
Index volatility (Standard deviation)	6.09

Based on monthly observations, annualised over last 3 years.

Charges	Z	A	B
Ongoing charges % ⁴	0.75	1.24	2.24
Management Fee %	0.60	1.00	1.00

Share Class ⁵	CCY	ISIN	Bloomberg	Launch
A	USD	LU0702163295	MGHYBAU LX	18.11.2011
AH (EUR)	EUR	LU0712125052	MGHYAHE LX	02.04.2012
AHX (EUR)	EUR	LU0702163535	MGHYAHX LX	18.11.2011
AR	USD	LU1697575428	MSGHYAR LX	11.10.2017
AX	USD	LU0702163378	MGHYAXU LX	18.11.2011
B	USD	LU0702162727	MGHYBBU LX	18.11.2011
BH (EUR)	EUR	LU0712125136	MGHYBHE LX	02.04.2012
BHX (EUR)	EUR	LU0702163022	MGHYBHX LX	18.11.2011
BX	USD	LU0702162990	MGHYBXU LX	18.11.2011
C	USD	LU0712124675	MGHYBCU LX	15.11.2012
CH (EUR)	EUR	LU0712125219	MGHYCHE LX	15.11.2012
I	USD	LU0705913167	MGHYBIU LX	28.10.2013
IX	USD	LU0712124758	MSGHYIX LX	03.07.2014
Z	USD	LU0702163451	MGHYBZU LX	18.11.2011
ZH (EUR)	EUR	LU0712125565	MSGHYZH LX	21.03.2014

Footnotes

Publication date: 16 November 2017.

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

² The benchmark name changed from Barclays Global High Yield – Corporate Index to Bloomberg Barclays Global High Yield – Corporate Index on 24th August 2016.

³ 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.

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 The I Share Class for this fund was launched on 28th October 2013. It was then closed on 24th January 2014. The I Share Class re-launched in May 2014.

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:

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Copies of the Prospectus, Key Investor Information Document, the Articles of Incorporation and the annual and semi-annual reports, in German, and further information can be obtained free of charge from the representative in Switzerland. The representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva.

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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