

INVESTMENT MANAGEMENT

Morgan Stanley Investment Funds

Global Convertible Bond Fund - A Shares (Accumulation Share Class)

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.
- The Fund may use derivatives for investment or efficient portfolio management (including hedging) purposes which may expose to higher counterparty, liquidity and valuation risks. The Fund may suffer losses from its derivatives usage.

Investment Approach

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.

Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Tom D. Wills, Managing Director	2010	21
Christian G. Roth, Managing Director	1991	32
Richard Class, Managing Director	2009	19

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

Class A Shares (% net of fees) vs. Index in USD

Performance of 100 USD Invested Since Inception (Cash Value)



— Class A Shares
— Thomson Reuters Convertible Global Focus (USD Hedged) Index

12 Month Performance Periods to Latest Month End (%)



■ Class A Shares
■ Thomson Reuters Convertible Global Focus (USD Hedged) Index

Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualised (% p.a.)				INCEPTION
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	
Class A Shares	-3.67	-1.22	4.88	-0.04	3.05	1.29	4.69	3.60
Thomson Reuters Convertible Global Focus (USD Hedged) Index	-2.96	-1.24	5.09	0.82	3.65	2.60	6.65	5.46

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class A Shares	-4.14	5.54	1.26	-0.02	3.18	13.75	8.27
Thomson Reuters Convertible Global Focus (USD Hedged) Index	-3.01	6.00	1.59	3.83	4.73	13.03	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. The sources for all performance and Index data is Morgan Stanley Investment Management.

The Blended Index performance shown is calculated using the ICE BofAML G300 Global Convertible Index Local Currency to 31 October 2005, the ICE BofAML G300 Global Convertible Index USD Hedged to 30 April 2011 and the Thomson Reuters Thomson Reuters Convertible Global Focus (USD Hedged) Index thereafter.

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.

Please refer to the additional information and definitions section at the end of this document.

Share Class

	CLASS A
Currency	U.S. dollars
ISIN	LU0149084633
Bloomberg	MORSCUA LX
Inception Date	17 July 2002
Net Asset Value	\$ 45.37

Fund Facts

Launch date	17 July 2002
Base currency	U.S. dollars
Index	Thomson Reuters Convertible Global Focus (USD Hedged) Index
Total assets	\$ 348.04 million
Structure	Luxembourg SICAV

Charges (%)

	CLASS A
Max Entry Charge	4.00
Ongoing Charges	1.24
Management Fee	1.00

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 A
Minimum Initial Investment	0
Minimum Subsequent Investment	0

Statistics

(3 Year annualised)

	CLASS A	INDEX
Excess Return (%)	-0.61	--
Alpha (%)	-0.81	--
Beta	1.09	--
Information ratio	-0.39	--
R squared	0.93	--
Sharpe ratio	0.31	0.48
Tracking error (%)	1.54	--
Volatility (Standard deviation) (%)	5.57	4.94

Characteristics

	FUND	INDEX
Duration (years)	3.41	2.97
Delta (equity sensitivity)	41.80	38.80
Current Yield (%)	0.91	0.92
Conversion premium	48.92	40.50

Top Holdings (% of Total Net Assets)¹

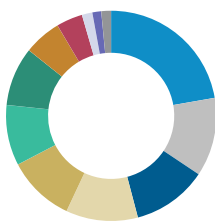
	FUND
Microchip Technology Inc, 1.625000%, 2027-02-15	2.31
Tesla Motors Inc, 1.250000%, 2021-03-01	1.87
China Evergrande Group, 4.250000%, 2023-02-14	1.73
Splunk Inc, 0.500000%, 2023-09-15	1.67
Deutsche Wohnen AG, 0.325000%, 2024-07-26	1.55
Kyushu Electric Power Co. Inc, 0.000000%, 2022-03-31	1.36
Mitsubishi Chemical Holdings, 0.000000%, 2024-03-29	1.32
Palo Alto Networks Inc, 0.750000%, 2023-07-01	1.31
Sika AG, 0.150000%, 2025-06-05	1.24
Eni SPA, 0.000000%, 2022-04-13	1.23
Total	15.59

Additional A Share Classes

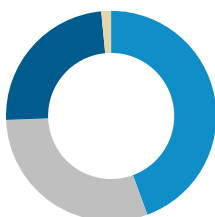
	CURRENCY	LAUNCH	ISIN	BLOOMBERG
AH (CHF)	CHF	19.11.2012	LU0856053482	MSGCAHC LX
AH (EUR)	EUR	20.03.2009	LU0410168768	MRSGCAH LX

Sector Allocation (% of Total Net Assets)^{2,3}

	FUND
Information Technology	22.26
Consumer Discretionary	12.12
Health Care	11.53
Industrials	11.07
Telecommunication Services	10.37
Materials	9.32
Real Estate	9.05
Financials	5.77
Energy	4.04
Consumer Staples	1.61
Other	1.36
Cash & equivalents	1.51
Total	100.00

**Regional Allocation (% of Total Net Assets)²**

	FUND
Americas	44.41
EMEA	29.99
Asia & Other	24.09
Cash & equivalents	1.51
Total	100.00



¹These securities and percentage allocations are only for illustrative purposes and do not constitute, and should not be construed as, investment advice or recommendations with respect to the securities or investments mentioned.

²May not sum to 100% due to rounding.

³For additional information regarding sector classification/definitions please visit www.msci.com/gics and the glossary at www.morganstanley.com/im.

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.

Please refer to the Prospectus for full risk disclosures, available at www.morganstanleyinvestmentfunds.com. All data as of 31.05.2019 and subject to change daily.

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. **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. **Conversion Premium** is the amount by which the price of a convertible security exceeds the current market value of the common stock into which it may be converted. **Current Yield** is a measure that looks at the current price of a bond instead of its face value and represents the return an investor would expect if he or she purchased the bond and held it for a year. Calculated by dividing the Annual Cash Inflows / Market Price. **Delta** is the ratio of the change in price of an option to the change in price of the underlying asset. **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. **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 **Thomson Reuters Convertible Global Focus USD Hedged Index** is a market weighted index with a minimum size for inclusion of \$500 million (US), 200 million (Europe), 22 billion Yen, and \$275 million (Other) of Convertible Bonds with an Equity Link.

ICE BofAML G300 Global Convertible Index - Local Currency is a global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region. It is composed of securities denominated in their respective local currencies.

ICE BofAML G300 Global Convertible Index USD Hedged is a global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region. It is hedged to the U.S. dollar.

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