

Morgan Stanley Investment Funds

Sustainable US High Yield Bond Fund

(Accumulation Share Class)

Investment Objective

To generate current income and total return whilst integrating ESG characteristics and taking into account the long-term global warming objectives of the Paris Agreement.

Investment Approach

The Fund follows the manager's established, well-defined investment process to identify opportunities that aim to maximize total return from US bond issuers. The investment process of the Fund emphasizes ESG considerations, and incorporates active engagement with company management regarding ESG related issues.

Securities are selected to adhere with a strict set of sustainability criteria. The Fund excludes certain issuers and sectors to reduce exposure to sustainability risks, and adheres to minimum safeguards and ethical norms. In addition, it focuses on best-in-class issuers based on a proprietary scoring methodology, resulting in at least a 20% reduction of investment universe compared to the Benchmark, and aims to achieve portfolio-level net zero emissions by 2050.

Please refer to the Restriction Screening Policy and the MSIM Fixed Income Net Zero Methodology paper for more information.

Investment Team

	JOINED FIRM	YEARS OF INDUSTRY EXPERIENCE
Jeffrey D. Mueller, Co-Head of High Yield	2015	19
Kelley Baccei Gerrity, Managing Director	2005	23
Stephen C. Concannon, Co-Head of High Yield	2000	30

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

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

Performance of 100 USD Invested Since Inception (Cash Value)

Past performance is not a reliable indicator of future results.



Investment Performance (% net of fees) in USD

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class I Shares	1.05	0.83	4.18	0.44	4.19	2.63	3.41	6.38
ICE BofA U.S. High Yield Index	0.97	0.78	4.72	1.04	4.87	3.12	3.94	7.39

Calendar Year Returns (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Class I Shares	-10.86	5.50	4.60	13.74	-2.55	6.03	13.12	-2.02	3.03	6.25
ICE BofA U.S. High Yield Index	-11.22	5.36	6.17	14.41	-2.26	7.48	17.49	-4.64	2.50	7.42

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 value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.

HIGH YIELD TEAM

★★★★★ Morningstar Overall Rating*

Out of 665 Funds. Based on Risk Adjusted Return. Class I Shares: 3yr. rating 5 Stars; 5yr. rating 5 Stars; 10yr. rating 5 Stars.

Share Class

	CLASS I
Currency	U.S. dollars
ISIN	LU2536250587
Bloomberg	MOSISIU LX
Inception date	29 August 2002
Net asset value	\$ 23.16

Fund Facts

Launch date	29 August 2002
Base currency	U.S. dollars
Index	ICE BofA U.S. High Yield Index
Total net assets	\$ 22.38 million
Structure	Luxembourg SICAV
SFDR Classification†	Article 8

Charges (%)

	CLASS I
Max Entry Charge	3.00
Ongoing Charges	0.79
Management Fee	0.60

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 I
Minimum initial investment	0
Minimum subsequent Investment	0

Statistics (3 Year Annualised)

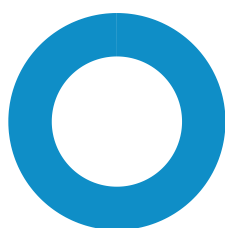
	CLASS I	INDEX
Excess Return (%)	-0.68	--
Alpha (%)	-0.41	--
Beta	0.93	1.00
R squared	0.99	1.00
Sharpe ratio	0.38	0.43
Tracking error (%)	0.98	--
Volatility (Standard deviation) (%)	8.24	8.82

Characteristics

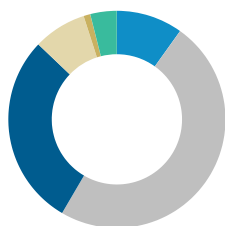
	FUND
Duration (years)	3.71
Average yield to maturity (%)	7.45
Number of holdings	229

Sector Allocation (% of Total Net Assets) ^{1,2}	PORTFOLIO
High Yield Corporates	86.90
Industrial	74.86
Basic Industry	5.88
Capital Goods	9.77
Communications	8.91
Consumer Cyclical	20.65
Consumer Non-Cyclical	13.59
Energy	0.57
Technology	8.90
Transportation	2.30
Industrial Other	4.29
Utility	3.93
Financial Institutions	8.11
Banking	0.41
Brokerage/Asset Managers/Exchanges	0.53
Finance Companies	1.44
Insurance	2.91
REITs	1.37
Financial Other	1.44
Investment Grade Corporates	8.43
NR Corporates	0.17
Convertibles	0.35
Equity	0.40
Cash & Equivalents	3.76

Currency Allocation (% of Total Net Assets) ¹	FUND
● US Dollar	100.00



Quality Distribution (% of Total Net Assets) ^{1,3}	FUND
● BBB	10.00
● BB	49.00
● B	29.00
● CCC	8.00
● Not Rated	1.00
● Cash	4.00



Share Class I Risk and Reward Profile

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.

This rating does not take into account other risk factors which should be considered before investing, these include:

- The value of bonds is 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.
- 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 I Share Classes

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
IM	USD	08.08.2019	LU2536251551	MOSISIM LX

† This Fund is classified as an Article 8 product under the Sustainable Finance Disclosure Regulation. Article 8 products are those which promote environmental or social characteristics and which integrate sustainability into the investment process in a binding manner.

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

² For additional information regarding sector classification/definitions please visit www.msci.com/gics and the glossary at www.morganstanley.com/im.

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.

Please refer to the Prospectus for full risk disclosures, available at www.morganstanleyinvestmentfunds.com. All data as of 30.04.2023 and subject to change daily.

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Information in relation to sustainability aspects of the Fund and the summary of investor rights is available at the aforementioned website.

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 relevant UCITS rules.

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 alphanumeric 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

ICE® BofA® U.S. High Yield Index is an unmanaged index of below-investment grade U.S. corporate bonds. ICE® BofA® indices are not for redistribution or other uses; provided "as is", without warranties, and with no liability.

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*MORNINGSTAR

Ratings as of 30.04.2023. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life

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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.

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