

Morgan Stanley Investment Funds

US Dollar High Yield Bond Fund - A Shares (Accumulation Share Class)

Investment Objective

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

Investment Approach

We focus on middle-market credits, or credits with less than \$1 billion of total debt outstanding, using a value-oriented fixed income approach. In our experience, middle-market issues relative to larger peers can provide superior yields, higher coupons, shorter maturities and lower volatility, with default rates that are generally in line with the broader market.

Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Richard Lindquist, Managing Director	2011	37
Jack Cimarosa, Executive Director	2012	14

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

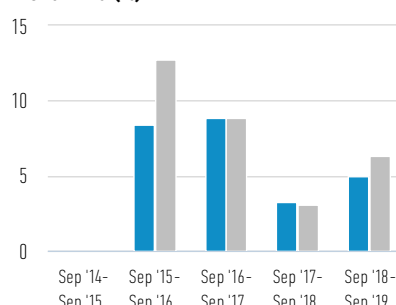
Class A Shares (% net of fees) vs. Index in USD

Performance of 100 USD Invested Since Inception (Cash Value)



— Class A Shares
— Bloomberg Barclays US Corporate High Yield Index

12 Month Performance Periods to Latest Month End (%)



■ Class A Shares
■ Bloomberg Barclays US Corporate High Yield Index

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 A Shares	0.78	1.31	11.16	4.98	5.68	--	--	5.57
Bloomberg Barclays US Corporate High Yield Index	0.36	1.33	11.41	6.36	6.07	--	--	5.67

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class A Shares	-3.57	6.99	15.32	-1.37	--	--	--
Bloomberg Barclays US Corporate High Yield Index	-2.08	7.50	17.13	-4.47	--	--	--

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.



MORNINGSTAR OVERALL RATING*
EAA FUND USD HIGH YIELD BOND
CLASS A SHARES

Out of 492 Funds. Based on Risk Adjusted Return. Class A Shares: 3yr. rating 4 Stars.

Share Class

	CLASS A
Currency	U.S. dollars
ISIN	LU1134226965
Bloomberg	MSUDHYA LX
Inception date	02 December 2014
Net asset value	\$ 32.47

Fund Facts

Launch date	02 December 2014
Base currency	U.S. dollars
Index	Bloomberg Barclays US Corporate High Yield Index
Total net assets	\$ 236.03 million
Structure	Luxembourg SICAV

Charges (%)

	CLASS A
Max Entry Charge	4.00
Ongoing Charges	1.49
Management Fee	1.25

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 (%)	-0.39	--
Alpha (%)	-0.29	--
Beta	0.98	1.00
R squared	0.93	1.00
Sharpe ratio	1.00	1.11
Tracking error (%)	1.09	--
Volatility (Standard deviation) (%)	4.15	4.09

Characteristics

	FUND	INDEX
Duration (years)	2.97	3.07
Yield to worst (%)	6.86	5.65
Average maturity (years)	3.62	6.26
Number of holdings	274	1,890

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 maturity** – weighted average of the maturities of the underlying securities in the portfolio. **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. **Yield to Worst** is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

INDEX INFORMATION

The **Bloomberg Barclays U.S. Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The Index excludes emerging market debt.

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