Morgan Stanley Investment Funds (MS INVF)

Global Fixed Income Opportunities Fund

30 June 2022
An Active, Flexible Approach to Investing that Seeks to Identify the Best Ideas within the Global Fixed Income Universe

We believe the time to be passive has passed

In today’s environment, the low levels of yields and the risk of higher interest rates make for a challenging backdrop for global fixed income investors. We believe that a passive or benchmark driven approach to investing in fixed income may be sub-optimal in this environment. As a result, an active, flexible allocation strategy may be an attractive alternative, and stand to outperform a passive approach.

An Active Approach

An active, flexible strategy avoids the limitations of tracking a benchmark and has the ability to consider the widest potential opportunity set within the global fixed income universe. This approach provides investors with the capability to own the best sectors throughout the market cycle.

The MS INVF Global Fixed Income Opportunities Fund adopts an active, flexible approach and pursues an attractive yield and total return over a three to five year horizon, focusing on absolute return and risk-adjusted return rather than a level of tracking error.

Rigorous Active Management

We believe that a truly active approach requires flexible asset allocation between each segment of the market. Our investment decisions discount geographic and sector limitations; we are not driven by a benchmark. Our experienced Asset Allocation team uses macroeconomic analysis and fundamental research to seek to identify the best areas of the fixed income markets. The advantage of a flexible approach is that the portfolio has no “home bias” and if we determine that a particular segment of the market offers little or no value, we do not have to own it.

The MS INVF Global Fixed Income Opportunities Fund allocates across a wide variety of fixed income asset classes. Each sleeve of the portfolio is then populated with the team’s best individual investment ideas; we only select investment opportunities that we believe offer the most compelling fundamental case and valuation prospects. Our flexible approach to portfolio positioning enables us to adjust market exposure as the macroeconomic backdrop changes, striving to generate returns from a broad range of investment opportunities.

Experienced Investors

The MS INVF Global Fixed Income Opportunities Fund is managed by the Global Fixed Income Team, an experienced team of fixed income investors. The Fund fully leverages the expertise of our well-resourced research teams dedicated to each segment of the fixed income universe.

We Consider the Entire Universe of Fixed Income

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.

This represents how the portfolio management team generally implements its investment process under normal market conditions and is being provided for informational purposes only.
Share Class Z Risk and Reward Profile

The risk and reward category shown is based on historic data.

- **Lower Risk**
  - 1: Potentially Lower Rewards
  - 2: Lower Risk
  - 3: Higher Risk
  - 4: Potentially Higher Rewards
  - 5: Higher Risk
  - 6: Potentially Higher Rewards
  - 7: Higher Risk

- **Higher Risk**
  - 1: Potentially Lower Rewards
  - 2: Lower Risk
  - 3: Higher Risk
  - 4: Potentially Higher Rewards
  - 5: Higher Risk
  - 6: Potentially Higher Rewards
  - 7: Higher Risk

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.
- The fund may be impacted by movements in the exchange rates between the fund’s currency and the currencies of the fund’s investments.
- This rating does not take into account other risk factors which should be considered before investing, these include:
  - The value of bonds are 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 fulfil 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 fund’s ability to buy or sell securities.
  - Investment in Fixed Income Securities via the China Interbank Bond Market may also entail additional risks, such as counterparty and liquidity risk.
  - There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets.
  - 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 their investment.
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Differentiators

1. **Active Approach**
   - Our investment decisions discount geographic and sector limitations; we are not driven by a benchmark.

2. **Flexible Asset Allocation**
   - We believe that a truly active approach requires flexible allocation between each segment of the market.

3. **Expertise in Sub Asset Classes**
   - The portfolio is populated with our best individual investment ideas in each segment of the market, selected by our rigorous analysis.

4. **Right Sized**
   - Allows the team to execute trades, both implementation and liquidation, across the global fixed income universe.

5. **Global Presence**
   - Teams located across the globe allow the team to understand each segment of the market.

Calendar Year Returns (%)

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</tr>
</thead>
<tbody>
<tr>
<td>Class Z Shares</td>
<td>-7.54</td>
<td>0.10</td>
<td>4.65</td>
<td>9.98</td>
<td>0.23</td>
<td>7.73</td>
<td>5.04</td>
<td>-0.70</td>
<td>5.58</td>
<td>2.52</td>
<td>16.27</td>
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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. All data is as of 30 June 2022 and subject to change daily. Please visit our website www.morganstanley.com/im to see the latest performance returns for the fund’s other share classes.
Applications for shares in the Fund should not be made without first consulting the current Prospectus and the Key Investor Information Document ("KIID"), which are available in English and in the official language of your local jurisdiction at morganstanleyinvestmentfunds.com or free of charge from Morgan Stanley Investment Management Inc., 1585 Broadway, New York, NY 10036, or from Morgan Stanley Investment Funds, European Bank and Business Centre, 6B route de Tréves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192. A summary of investor rights is available in English at the same website. 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

Government bonds are debt securities issued by a government.

Convertible bonds are debt securities issued by a company that are convertible into common shares of the issuing company within a specified time period. A convertible bond typically features a fixed interest rate and a conversion ratio, which determines the number of shares into which the bond may be converted.Convertible bonds are often used as a means of financing for companies that expect their stock price to rise in the future, as they allow the company to borrow money at a lower rate than would be available in the stock market if it chose to issue new shares.

Corporate bonds are debt securities issued by a company. They are often used to raise capital for a variety of purposes, such as funding new projects, acquiring other companies, or refinancing existing debt. Corporate bonds are typically issued by companies with a higher credit rating, which means they are considered to be less risky than government bonds. This lower risk makes corporate bonds more attractive to investors, who are willing to accept a lower rate of return in exchange for the added security.

Convertible preferred stock is a type of security that gives the holder the option to convert the preferred stock into a specified number of shares of the company’s common stock at a predetermined price. This gives the holder the potential to benefit from an increase in the company’s stock price, while also providing a fixed rate of return on their investment. Convertible preferred stock is a hybrid security, combining elements of both debt and equity. It is often used by companies as a way to raise capital without diluting the existing shareholders’ ownership stake.

Convertible debt is a type of debt security that allows the holder to convert the debt into equity, typically common stock, at a predetermined price. Convertible debt is often used by companies to raise capital without diluting the ownership of existing shareholders, as the debt holders have the potential to increase their holdings in the company if the debt is converted. This type of debt can also provide a lower cost of capital for the company compared to issuing new equity.

Convertible bonds are debt instruments that allow the holder to convert the bond into a specified number of shares of the company’s common stock at a predetermined price. Convertible bonds are often used by companies as a way to raise capital without diluting the ownership of existing shareholders, as the debt holders have the potential to increase their holdings in the company if the bond is converted. This type of bond can also provide a lower cost of capital for the company compared to issuing new equity. Convertible bonds are typically issued by companies with a lower credit rating, as they are considered to be more risky than government or corporate bonds. Convertible bonds are often structured with a conversion period, during which the holder has the option to convert the bond into common stock. If the bond is not converted during the conversion period, it typically matures and the holder receives the principal amount back. Convertible bonds can also feature other features such as call provisions, which allow the issuer to redeem the bond before maturity, or put provisions, which allow the holder to require the issuer to redeem the bond before maturity.
investor or any actions taken or to be taken by the investor in connection with the offer, sale or delivery of the interests in the Fund under Colombian law.

Mexico: Any prospective purchaser of the interests in the Fund must be either an institutional investor (inversionista institucional) or a qualified investor (inversionista calificado) within the meaning of the Mexican Securities Law (Ley del Mercado de Valores) and other applicable Mexican laws in effect.

The interests in the Fund have not and will not be registered in the National Registry of Securities (Registro Nacional de Valores) maintained by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores). The interests in the Fund may not be offered or sold in the United Mexican States by any method or in circumstances which constitute a private offering pursuant to Article 8 of the Securities Market Law and its regulations. No Mexican regulatory authority has approved or disapproved the interests in the Fund or passed on the solvency of the Fund. All applications for public offering of the interests in Mexico are subject to the supervision of, and the offering of the Fund interests in Peru is not subject to the supervision of, the Superintendencia del Mercado de Valores. Any transfers of the Fund interests shall be subject to the limitations contained in the Securities Market Law and the regulations issued thereunder.

Uruguay: The offering of the Interests qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Interests will not be offered or sold (individually or in a portfolio of companies) in Uruguay, except in circumstances which do not constitute a public offering or distribution through a recognized Exchange under Uruguayan laws and regulations. Neither the Fund nor the Interests are or will be registered with the Superintendencia de Servicios Financieros del Banco Central del Uruguay. The Fund corresponds to an investment fund that is not an investment fund regulated by Uruguayan law 16,774 dated September 27, 1996, as amended.

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Applications for shares in the Fund should not be made without first consulting the current Prospectus, Key Investor Information Document ("KIID"), Annual Report and Semi-Annual Report ("Offering Documents"), or other documents available in your local jurisdiction which is available free of charge from the Registered Office: European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192. In addition, all Italian investors should refer to the "Extended Application Form", and all Hong Kong investors should refer to the "Additional Information for Hong Kong Investors" section, outlined within the Prospectus. Copies of the Prospectus, KIID, 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'Ile, 1204 Geneva. The document has been prepared solely for informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy.

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The use of leverage increases risks, such that a relatively small movement in the value of an investment may result in a disproportionately large movement, unfavourable as well as favourable, in the value of that investment and, in turn, the value of the Fund.

Investment in the Fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as building or shares of a company, as these are only the underlying assets owned.

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The Europe/Asia and South Africa category (EAA) includes funds domiciled in European markets, major cross-border Asian markets where
material numbers of European UCITS funds are available (principally Hong Kong, Singapore and Taiwan), South Africa, and selected other Asian and African markets where Morningstar believes it is of benefit to investors for the funds to be included in the EAA classification system.

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