

Global Fixed Income Opportunities



**MORNINGSTAR OVERALL RATING
EAA FUND GLOBAL FLEXIBLE BOND
CLASS A SHARES**

Out of 231 Funds. Based on Risk Adjusted Return. Class A Shares Fund ratings out of 5 Stars: 3yr. rating 5 Stars; 5yr. rating 4 Stars.

A Global Bond Strategy That Can Adapt

Change is constant in a global environment where politics, policy and regulation are playing an ever increasing role in asset prices. The Morgan Stanley Investment Funds (MS INVF) Global Fixed Income Opportunities Fund takes a flexible approach to active investing within the global fixed income universe. We believe it is right-sized for the investing climate, with the ability to be agile and invest selectively to help generate alpha.

1 Active and Flexible

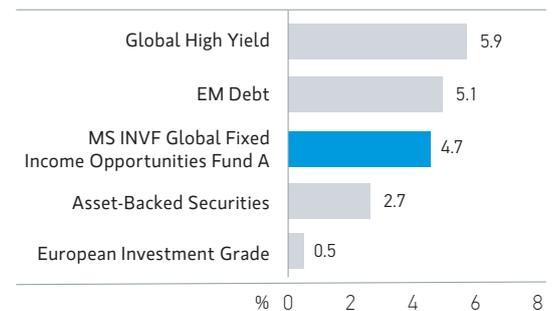
Not tracking to a benchmark allows the fund to actively invest across the global fixed income universe and pivot to the most attractive opportunities that could provide additional potential returns.



2 Diversified Sources of Income

Diversifying across different sources of income has allowed the fund to historically offer attractive yields. The historically higher yield offered by the fund's holdings also provides a potential buffer should interest rates rise.

Average Yield to Maturity^{2,3}



3 Historically Lower Volatility

Our goal is to reduce the volatility of returns through flexible duration, currency and asset allocations that reduce the fund's correlation to markets.

3 Year Risk/Return^{2,3}



¹ There is no assurance that this target will be attained.

² Source: MSIM and Bloomberg. Data as at 30 June 2019. For illustrative purposes only. Past performance is not indicative of future results.

³ Asset classes represented by indexes, see page 3.

Experienced Team⁴

At Morgan Stanley Investment Management, we are well placed to help investors navigate the opportunities presented by the growing complexities of the global fixed income market. The team believes in managing risk at every stage of the process and paying close attention to the correlations between asset classes. ESG risks are also explicitly considered by our research analysts and portfolio managers when conducting fundamental credit research, and during the portfolio construction process.

The Global Fixed Income Opportunities Fund is managed by senior members of the Global Fixed Income Team, all with over 25 years of industry experience and including the CIO of Global Fixed Income.



CHRISTIAN G. ROTH
Portfolio Manager
Joined the firm in 1991,
with 32 years of financial
industry experience



MICHAEL B. KUSHMA
CIO of Global Fixed Income
Joined the firm in 1987,
with 31 years of financial
industry experience



JIM CARON
Portfolio Manager
Joined the firm in 2006,
with 27 years of financial
industry experience



RICHARD FORD
Portfolio Manager
Joined the firm in 1991,
with 28 years of financial
industry experience

⁴ Team members may be subject to change at any time without notice.

Investment Performance – Class A (% net of fees)*

Average annual total return (Periods ending 30 June 2019)

| | QTD | 1 YEAR | 3 YEAR | 5 YEAR | SINCE INCEPTION 07/11/2011 |
|--|------|--------|--------|--------|----------------------------------|
| Global Fixed Income Opportunities Fund | 3.24 | 6.76 | 5.40 | 2.84 | 4.90 |

12 Month Performance Periods to Latest Month End (%) – Class A

| | JUN '14 - JUN '15 | JUN '15 - JUN '16 | JUN '16 - JUN '17 | JUN '17 - JUN '18 | JUN '18 - JUN '19 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Global Fixed Income Opportunities Fund | -1.44 | -0.32 | 6.82 | 2.68 | 6.76 |

Source: MSIM, Bloomberg Barclays.

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.

SHARE CLASS

| | |
|---------|--------------|
| Class A | LU0694238766 |
| Class Z | LU0694239061 |

PORTFOLIO CHARACTERISTICS – CLASS A

| | |
|-------------------------------|------|
| Duration (years) | 4.30 |
| Average yield to maturity (%) | 4.38 |
| 3 Year Sharpe Ratio | 0.94 |
| Number of holdings | 651 |

* Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (unannualised). Performance for other share classes will vary.

Risk Considerations

- 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 fulfill certain services, investments or transactions. If these parties become insolvent, it may expose the fund to financial loss.
- There may be an insufficient number of buyers or sellers which may affect the fund's ability to buy or sell securities.
- 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 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.

DEFINITIONS

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. **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. **Home bias** is the tendency for investors to invest a large portion of their investments in domestic holdings. **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.

INDEX DEFINITIONS

The Bloomberg Barclays Euro Aggregate Corporate Index (European Investment Grade) is an index designed to reflect the performance of the euro-denominated investment-grade corporate bond market.

The Bloomberg Barclays Global High Yield Corporate Index (Global High Yield): is a multi-currency measure of the global high yield corporate debt market. The benchmark name changed from Barclays Global High Yield – Corporate Index to Bloomberg Barclays Global High Yield – Corporate Index on 24 August 2016.

The Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index (Asset-Backed Securities) tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage. Introduced in 1985, the GNMA, FHLMC and FNMA fixed-rate indexes for 30- and 15-year securities were backdated to January 1976, May 1977 and November 1982, respectively. In April 2007, agency hybrid adjustable-rate mortgage (ARM) pass-through securities were added to the index.

EM Debt – Represented by a Blended Index of equal-weighted (1/3%) of JP Morgan EMBI Global, JP Morgan CEMBI Broad Diversified and JP Morgan GBI-EM Global Diversified Index. **The JP Morgan Emerging Markets Bond Index Global (EMBI Global)** tracks total returns for traded external debt instruments in the emerging markets and is an expanded version of the EMBI+. As with the EMBI+, the EMBI Global includes U.S. dollar-denominated Brady bonds, loans and eurobonds with an outstanding face value of at least \$500 million. **The JP Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified Index** is a global, liquid corporate emerging markets benchmark that tracks U.S.-denominated corporate bonds issued by emerging markets entities. **The JP Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified Index** is a market-capitalisation-weighted, liquid global benchmark for U.S.-dollar corporate emerging market bonds representing Asia, Latin America, Europe and the Middle East/Africa.

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