

Morgan Stanley

INVESTMENT MANAGEMENT

MORGAN STANLEY INVESTMENT FUNDS (MS INVF)

US Dollar Corporate Bond Fund

FIXED INCOME
GLOBAL FIXED INCOME TEAM
INVESTMENT IDEA
30 SEPTEMBER 2020



MORNINGSTAR OVERALL RATING*
EAA FUND USD CORPORATE BOND
CLASS Z SHARES

Out of 240 Funds. Based on Risk Adjusted Return. Class Z Shares: 3 yr. rating 4 Stars

SHARE CLASS

Class Z LU1387592535

A Value-Driven Approach to Credit

The fund aims to provide greater income potential relative to treasuries through a diversified portfolio of primarily investment grade bonds. Our philosophy reflects a long-term, active, value-driven style to investing that focuses on maximizing risk adjusted returns. We look to add value by identifying inaccurate market forecasts and position the portfolio to exploit the value inherent in these opportunities.

1 Active Approach

Investment process blends top-down sector views with rigorous bottom-up credit analysis. While predominately comprised of U.S. dollar-denominated investment grade corporate bonds, the fund opportunistically invests in off index sectors to help diversify alpha sources.

2 Diversified Portfolio¹

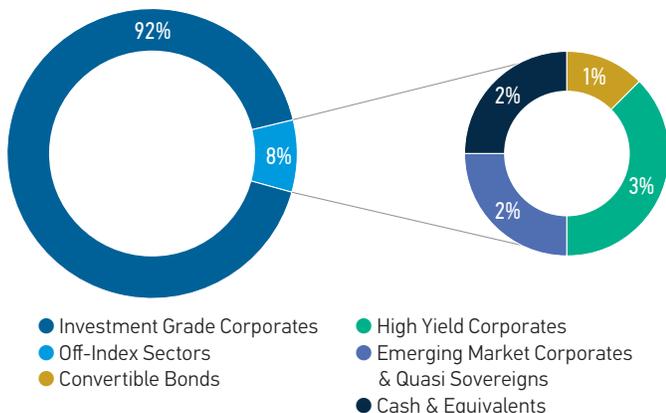
Our value-driven style is rooted in the belief that diversification can help mitigate idiosyncratic risk, an approach that has historically resulted in strong-risk adjusted returns.

3 Global Team Resources

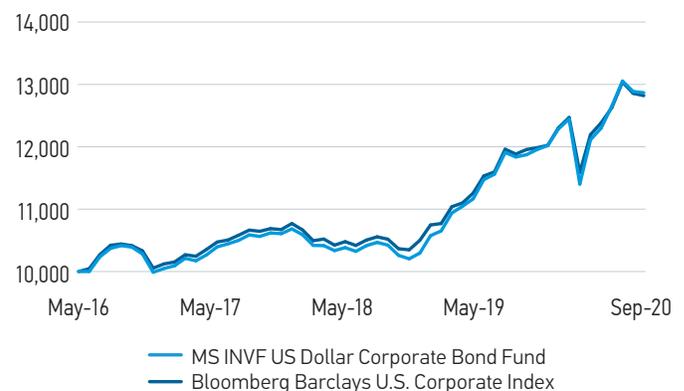
Portfolio managers average 25 years of experience in the corporate bond markets, with the expertise of a globally integrated, long-tenured team located in New York, Singapore and Tokyo.

Small Allocations to Off Index Sectors Have Historically Resulted in Strong Performance

Portfolio sector composition as of 30 September 2020



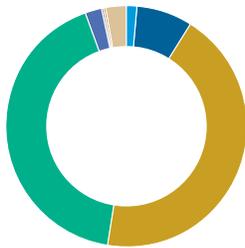
Growth of \$10,000 (20 May 2016 - 30 September 2020, Class Z Shares)



Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. See next page for performance information. Growth of Investment illustration is based on an initial investment of \$10,000 made since fund inception, assumes reinvestment of dividends and capital gains and application of fees, but does not include sales charges. Performance would have been lower if sales charges had been included. Results are hypothetical.

¹ Diversification neither assures a profit nor guarantees against loss in a declining market

Quality Distribution (% of Total Net Assets)*



	FUND
AAA	1.53
AA	7.43
A	43.57
BBB	42.00
BB	2.16
B	0.27
Not Rated**	0.35
Cash	2.69

* May not sum to 100% due to rounding.

** Not rated includes not rated corporate bonds and derivatives such as FX or CDX.

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

Average annual total return (Periods ending 30 September 2020)

	QTD	YTD	1 YEAR	3 YEAR	SINCE INCEPTION 05/20/2016
MS INVF US Dollar Corporate Bond Fund	1.71	7.05	8.72	6.81	5.96
Bloomberg Barclays U.S. Corporate Index	1.54	6.64	7.90	6.41	5.88

Investment Team

JOSEPH MEHLMAN, *Managing Director*

Joined the firm in 2002, with 18 years of financial industry experience.

CHRISTIAN ROTH, *Managing Director*

Joined the firm in 1991, with 33 years of financial industry experience.

Team members may change, without notice, from time to time.

PORTFOLIO CHARACTERISTICS – CLASS Z

Duration (years)	8.49
Average yield to maturity (%)	2.26
Number of holdings	370

* 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.

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

	SEP '15 - SEP '16	SEP '16 - SEP '17	SEP '17 - SEP '18	SEP '18 - SEP '19	SEP '19 - SEP '20
MS INVF US Dollar Corporate Bond Fund	–	1.66	-1.33	13.58	8.72
Bloomberg Barclays U.S. Corporate Index	–	2.21	-1.19	13.00	7.90

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.

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 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.

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. **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 U.S. Corporate Index** is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate bond market.

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MORNINGSTAR

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months of total returns. While the 10-year overall star 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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