

Morgan Stanley Investment Funds

Euro Strategic Bond Fund

Investment objective

Seeks to provide an attractive rate of relative return, measured in euro, through investment primarily in issues of euro denominated fixed income securities whether issued by corporations, government or government guaranteed issuers. The Fund may, on an ancillary basis, invest in non-euro denominated fixed income securities. Non-Euro currency exposure may be hedged back to the Euro.

Share Class I Risk and Reward profile

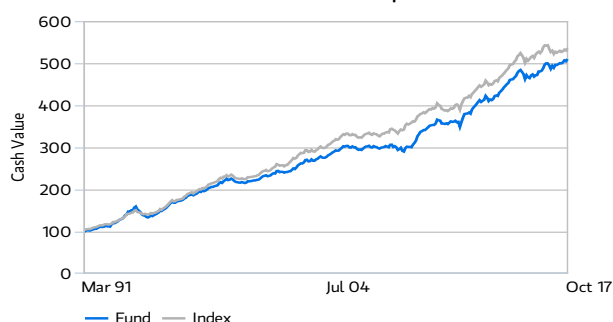


The higher the category (1 - 7), the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk-free investment.

Download the fund's Key Investor Information document for share class tailored risk ratings and warnings at: www.morganstanleyinvestmentfunds.com

Class I shares vs. benchmark^{1,2}

Performance of 100 Euro invested since inception



Returns in Euro vs. benchmark^{1,2}

Fund (net of fees) %

Period	I	A	B	Index
One month	1.05	1.02	0.92	0.99
Last three months	1.57	1.48	1.22	1.39
YTD	3.24	2.88	2.03	1.11
One year	3.20	2.77	1.76	0.29
Three years (annualised)	3.35	2.92	1.90	2.44
Five years (annualised)	4.82	4.40	3.36	4.09
Ten years (annualised)	5.33	4.89	3.85	4.79
Since inception (annualised)	6.30	n/a	n/a	6.49

% 12 month returns

31.10.16 - 31.10.17	3.20	2.77	1.76	0.29
31.10.15 - 31.10.16	4.93	4.50	3.44	3.72
31.10.14 - 31.10.15	1.95	1.52	0.53	3.35
31.10.13 - 31.10.14	9.41	8.98	7.86	8.80
31.10.12 - 31.10.13	4.79	4.38	3.37	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.

Morningstar Overall Rating

Class I shares



EAA Fund EUR Flexible Bond

Out of 327 Funds. Based on Risk Adjusted Return.

Fund facts

Fund launch	February 1991
Investment team	Richard Ford, Richard Class
Location	London
Base currency	Euro
Benchmark³	Bloomberg Barclays Euro-Aggregate Index
Total assets	€ 1.0 billion
NAV Class I	€ 50.98

Portfolio characteristics	Fund	Index
Duration	6.03	6.67
Average yield to maturity	1.21	0.44
Number of holdings	468	4497

Geographic distribution (% of Total Net Assets)	Fund
Italy	17.44
France	13.84
Spain	12.97
Germany	8.90
U.S.	6.92
United Kingdom	6.34
Netherlands	4.82
Mexico	3.05
Australia	2.27
Other	19.49
Cash & Equivalents	3.95
Total	100.00

Sector distribution (% of Total Net Assets)	Fund
Government	46.35
Financial	26.64
Utilities	4.75
Consumer, Non-Cyclical	4.57
Communications	3.19
Energy	2.57
Industrial	2.51
Consumer, Cyclical	2.40
Basic Materials	2.02
Other	0.94
Cash & Equivalents	4.06
Total	100.00

Currency distribution (%)	Fund
Euro	100.01
Norwegian Krone	0.99
Indonesian Rupiah	0.95
Russian Ruble	0.93
Polish Zloty New	0.50
Argentine Peso	0.46
Brazilian Real	0.45
British Pound	0.01
Swiss Franc	(0.50)
Japanese yen	(0.85)
Other	(2.95)
Total	100.00

Quality distribution (% of Total Net Assets) ⁴	Fund
AAA	10.01
AA	14.14
A	21.35
BBB	43.50
BB	5.26
B	0.35
CCC	0.10
Not Rated	1.28
Cash	4.01
Total	100.00

Statistics (Class I shares)	Fund
Alpha	0.91
Beta	0.90
R squared	0.78
Information ratio	0.53
Tracking error	1.73
Fund volatility (Standard deviation)	3.65
Index volatility (Standard deviation)	3.59

Based on monthly observations, annualised over last 3 years.

Charges	Z	I	A	B
Ongoing charges % ⁵	0.60	0.64	1.04	2.04
Management Fee %	0.45	0.45	0.80	0.80

Share Class	CCY	ISIN	Bloomberg	Launch
A	EUR	LU0073234253	MOREUBI LX	01.02.1997
AD	EUR	LU0518379325	MSSTBAD LX	15.09.2010
ADX	EUR	LU0518379598	MSSTADX LX	15.09.2010
AX	EUR	LU0218442688	MORIEAX LX	25.10.2010
B	EUR	LU0073234766	MOREUBB LX	01.09.1997
BD	EUR	LU0518377626	MSSTBBD LX	15.09.2010
BDX	EUR	LU0518377899	MSSTBDX LX	15.09.2010
BX	EUR	LU0520329623	MSESBBX LX	19.10.2010
C	EUR	LU0176161619	MORIEAC LX	18.08.2010
I	EUR	LU0034265644	MORIEUB LX	01.02.1991
Z	EUR	LU0360476740	MORIEAZ LX	21.01.2009
ZD	EUR	LU0518379838	MSSTBZD LX	15.09.2010

Footnotes

Publication date: 16 November 2017.

¹ See the 'Share Class' section for inception date(s).

² The benchmark for the Fund is a blend of the MSCI Euro Debt Index to 30 April 2007 and Bloomberg Barclays Euro-Aggregate Index thereafter. The benchmark is calculated by geometrically chain-linking the monthly returns.

³ The benchmark name changed from Barclays Euro-Aggregate Index to Bloomberg Barclays Euro-Aggregate Index on 24th August 2016.

⁴ 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.

⁵ The Ongoing Charges Figure ("OCF") reflects the payments and expenses which cover aspects of operating the fund and is deducted from the assets over the period. It includes fees paid for investment management, trustee/custodian, and administration charges.

Morningstar

Ratings: The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more 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. © 2017 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

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Copies of the Prospectus, Key Investor Information Document, 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'Île, 1204 Geneva.

The source for all performance and index data is Morgan Stanley Investment Management Limited. Calculations are NAV to NAV. Performance is quoted net of fees and with income reinvested.

For cash management purposes the Fund may invest in shares in the Liquidity Funds of Morgan Stanley Liquidity Funds.

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