

Morgan Stanley Investment Funds Absolute Return Fixed Income Fund

Investment objective

Seeks to provide positive returns, measured in euros, by investing primarily in the global securities of corporate, government and government related issuers, across a spectrum of fixed income asset classes, including high yield bonds, investment-grade bonds, mortgage-backed securities, convertibles and currencies.

Share Class Z Risk and Reward profile

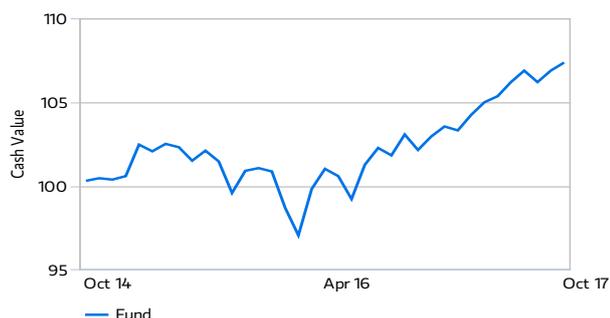


The higher the category (1 - 7), the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk-free investment.

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

Class Z shares¹

Performance of 100 Euro invested since inception



Returns in Euro¹

Fund (net of fees) %

Period	Z	A
One month	0.45	0.38
Last three months	0.45	0.27
YTD	4.27	3.67
One year	4.15	3.50
Three years (annualised)	2.29	1.61
Since inception (annualised)	2.33	1.66

% 12 month returns

31.10.16 - 31.10.17	4.15	3.50
31.10.15 - 31.10.16	2.14	1.44
31.10.14 - 31.10.15	0.60	(0.08)

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.

Fund facts

Fund launch	September 2014
Investment team	Richard Ford, Jim Caron, Michael Kushma, Christian Roth, Richard Class
Location	New York/London
Base currency	Euro
Total assets	€ 39.4 million
NAV Class Z	€ 26.84

Morningstar Overall Rating

Class Z shares



EAA Fund Global Flexible Bond - EUR Hedged
Out of 388 Funds. Based on Risk Adjusted Return.

Portfolio characteristics

Portfolio characteristics	Fund
Duration	(0.14)
Average yield to maturity	1.46
Number of holdings	276

Geographic distribution (% of Total Net Assets)

Geographic distribution (% of Total Net Assets)	Fund
U.S.	10.35
United Kingdom	10.25
Spain	9.65
France	8.41
Germany	7.07
Italy	5.28
Mexico	4.51
Netherlands	4.42
Australia	4.37
Other	28.61
Cash & Equivalents	7.10
Total	100.00

Sector distribution (% of Total Net Assets)

Sector distribution (% of Total Net Assets)	Fund
Financial	33.67
Government	14.48
Consumer, Non-Cyclical	9.56
Utilities	9.50
Energy	5.88
Communications	4.94
Consumer, Cyclical	4.62
Basic Materials	4.02
Industrial	3.29
Other	3.54
Cash & Equivalents	6.50
Total	100.00

Currency distribution (%)

Currency distribution (%)	Fund
Euro	99.47
Indonesian Rupiah	0.99
Russian Ruble	0.98
Norwegian Krone	0.95
Polish Zloty New	0.50
Argentine Peso	0.49
Brazilian Real	0.47
British Pound	0.09
Mexican New Peso	(0.06)
Swiss Franc	(0.50)
Other	(3.39)
Total	100.00

Quality distribution (% of Total Net Assets) ²	Fund
AAA	1.48
AA	2.04
A	28.16
BBB	45.14
BB	12.64
B	0.73
Not Rated	2.73
Cash	7.09
Total	100.00

Charges	Z	A
Ongoing charges % ³	0.60	1.24
Management Fee %	0.45	1.00

Share Class	CCY	ISIN	Bloomberg	Launch
A	EUR	LU1109965605	MSARFXA LX	30.09.2014
AH (USD)	USD	LU1209887949	MSARAHU LX	31.03.2015
AR	EUR	LU1135359625	MSARFAR LX	07.11.2014
B	EUR	LU1135359971	MSARFXB LX	07.11.2014
BR	EUR	LU1135360128	MSARFBR LX	07.11.2014
C	EUR	LU1135360391	MSARFCX LX	07.11.2014
CR	EUR	LU1135360557	MSARFCR LX	07.11.2014
IH (USD)	USD	LU1209887519	MSARIHU LX	31.03.2015
Z	EUR	LU1109965860	MSARFXZ LX	30.09.2014

Footnotes

Publication date: 16 November 2017.

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

² 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.

³ 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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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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