

# Morgan Stanley Investment Funds

## Euro Bond Fund

### Investment objective

Seeks to provide an attractive rate of relative return, measured in euro, through investment primarily in high quality issues of euro denominated fixed income securities whether issued by corporations, governments or government guaranteed issuers.

### Share Class I Risk and Reward profile

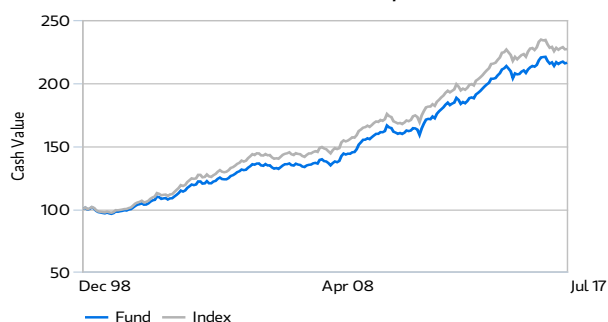


The higher the category (1 - 7), the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk-free investment.

Download the fund's Key Investor Information document for share class tailored risk ratings and warnings at: [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com)

### Class I shares vs. benchmark<sup>1,2</sup>

#### Performance of 100 Euro invested since inception



### Returns in Euro vs. benchmark<sup>1,2</sup>

#### Fund (net of fees) %

Period	I	A	B	Index
One month	0.23	0.19	0.08	0.11
Last three months	(0.06)	(0.12)	(0.45)	(0.32)
YTD	(0.11)	(0.31)	(0.97)	(0.74)
One year	(1.90)	(2.24)	(3.27)	(3.22)
Three years (annualised)	2.59	2.17	1.15	2.34
Five years (annualised)	4.23	3.81	2.76	4.14
Ten years (annualised)	4.83	4.40	3.36	4.71
Since inception (annualised)	4.23	n/a	n/a	4.50

#### % 12 month returns

31.07.16 - 31.07.17	(1.90)	(2.24)	(3.27)	(3.22)
31.07.15 - 31.07.16	6.09	5.62	4.56	6.24
31.07.14 - 31.07.15	3.74	3.30	2.33	4.24
31.07.13 - 31.07.14	8.16	7.75	6.64	8.23
31.07.12 - 31.07.13	5.31	4.92	3.79	5.59

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 Diversified Bond

Out of 1187 Funds. Based on Risk Adjusted Return.

### Fund facts

<b>Fund launch<sup>3</sup></b>	December 1998
<b>Investment team</b>	Richard Ford, Richard Class
<b>Location</b>	London
<b>Base currency</b>	Euro
<b>Benchmark<sup>4</sup></b>	Bloomberg Barclays Euro Aggregate A- or Better Index
<b>Total assets</b>	€ 185.9 million
<b>NAV Class I</b>	€ 17.60

### Portfolio characteristics

	Fund	Index
Duration	6.32	6.61
Average yield to maturity	0.74	0.58
Number of holdings	195	4397

### Geographic distribution (% of Total Net Assets)

	Fund
France	20.87
Germany	15.05
United Kingdom	9.02
U.S.	7.02
Spain	7.00
Netherlands	4.90
China	4.59
Belgium	3.82
Ireland	3.20
Other	23.43
Cash & Equivalents	1.09
<b>Total</b>	<b>100.00</b>

### Sector distribution (% of Total Net Assets)

	Fund
Government	43.01
Financial	38.18
Energy	3.74
Utilities	2.93
Industrial	2.85
Consumer, Non-Cyclical	2.64
Communications	2.62
Consumer, Cyclical	1.39
Basic Materials	0.91
Other	0.64
Cash & Equivalents	1.09
<b>Total</b>	<b>100.00</b>

### Quality distribution (% of Total Net Assets)<sup>5</sup>

	Fund
AAA	20.79
AA	34.83
A	35.79
BBB	7.50
Cash	1.09
<b>Total</b>	<b>100.00</b>

Statistics (Class I shares)	Fund
Alpha	0.25
Beta	0.94
R squared	0.93
Information ratio	0.28
Tracking error	0.91
Fund volatility (Standard deviation)	3.46
Index volatility (Standard deviation)	3.55

Based on monthly observations, annualised over last 3 years.

Charges	Z	I	A	B
Ongoing charges % <sup>6</sup>	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	LU0073254285	MORDMBI LX	01.12.1998
B	EUR	LU0073254871	MORDMBB LX	01.12.1998
C	EUR	LU0176161882	MORDMBC LX	25.07.2008
I	EUR	LU0042383389	MORIDMB LX	01.12.1998
Z	EUR	LU0360477631	MORDMBZ LX	22.05.2008

#### Footnotes

Publication date: 16 August 2017.

<sup>1</sup> See the 'Share Class' section for inception date(s).

<sup>2</sup> The benchmark for the Fund is a blend of the MSCI Euro Debt Index to 30 April 2007, the Barclays Euro-Aggregate Index to 30 November 2014 and the Bloomberg Barclays Euro-Aggregate A- or Better Index thereafter. The benchmark is calculated by geometrically chain-linking the monthly returns.

<sup>3</sup> This Fund was reconstructed in December 1998. Original inception: September 1992.

<sup>4</sup> The benchmark name changed from Barclays Euro Aggregate A-or Better Index to Bloomberg Barclays Euro Aggregate A-or Better Index on 24th August 2016.

<sup>5</sup> 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.

<sup>6</sup> 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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