Morgan Stanley

# Product Key Facts

## Morgan Stanley Investment Funds
## Global Bond Fund

*April 2024*

**This statement provides you with key information about this product.**
**This statement is a part of the offering document.**
**You should not invest in this product based on this statement alone.**

### QUICK FACTS

| | |
|---|---|
| **Management Company** | MSIM Fund Management (Ireland) Limited |
| **Investment Manager (Investment Adviser)** | Morgan Stanley Investment Management Limited located in the United Kingdom |
| **Sub Adviser** | Morgan Stanley Investment Management Inc. located in the United States of America (internal delegation) |
| **Depositary** | J.P. Morgan SE, Luxembourg Branch |
| **Ongoing Charges over a year (*)** | Classes A, AX: 1.04%<br>Classes AH (EUR), AHX (EUR): 1.07% |
| **Dealing frequency** | Daily, each Luxembourg Business Day |
| **Dividend Policy** | No dividends will be distributed (income/capital gains will be reinvested) for classes A, AH (EUR).<br>Dividends if any will be distributed quarterly for classes AHX (EUR), AX. |
| **Base currency** | USD |
| **Financial year end of this sub-fund** | 31 December |
| **Min. investment** | No minimum initial and additional investment amounts |

(*): The ongoing charges figure is based on the total expenses charged to each class of the sub-fund as at 31 December 2023, calculated net of any fee waivers and expressed as a percentage of average net assets for the year. This figure is based on the information in the audited financial statements for the year ended 31 December 2023 and may vary from year to year.

### WHAT IS THIS PRODUCT ?

Morgan Stanley Investment Funds Global Bond Fund is a sub-fund of Morgan Stanley Investment Funds (the “Company”) which is constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

## OBJECTIVES AND INVESTMENT STRATEGY

### Objective

To provide an attractive rate of return measured in U.S. Dollars, through market, instrument and currency selection.

### Strategy

At least 70% of the sub-fund's value will be invested in domestic, international, emerging market and Euromarket Fixed Income Securities (e.g. bonds), denominated in various currencies, including asset-backed securities (including mortgage backed securities), loan participations and loan assignments, to the extent that these instruments are securitized.

The Investment Adviser applies proprietary assessment and scoring methodologies that are bespoke to Fixed Income Securities the sub-fund may invest in, focused on corporate, sovereign, and securitized issuance. Additionally, as part of the Investment Adviser's bottom-up, fundamental research process, and in its engagements with issuers, the Investment Adviser incorporates an assessment of sustainability-related risks and opportunities into the assessment process to determine impacts on credit fundamentals, implications for valuation and spreads, and any material aspects that may affect the trading technicalities of the Fixed Income Securities. These criteria may include, but are not limited to certain environmental, social and governance ("ESG") themes.

Investments shall not knowingly include any company whose business activity involves the manufacturing or production of controversial weapons, civilian firearms, or tobacco, and mining and extraction of thermal coal where the company derives 5% or more revenue from such business activity (except for investments in labelled Green and Sustainability bonds).

The sub-fund will seek to exclude certain companies from its investment selection based on ESG considerations. The Investment Adviser may decide to implement additional restrictions to the sub-fund, and such new restrictions will be disclosed in the sub-fund's SFDR Website Disclosure (as defined in the Prospectus). Please refer to the ESG-related disclosures in the Prospectus for further details.

The sub-fund may use derivatives, including exchange traded and over-the-counter options, futures and other derivatives, for investment or efficient portfolio management (including hedging) purposes. Derivatives may be used to manage interest rate, yield-curve and yield spread risk.

Other than for 10% of the sub-fund, securities will be suitable for investment if they are rated BBB- or better by S&P or Baa3 or better by Moody's or determined to be of similar creditworthiness by the Investment Adviser. Up to 10% of the sub-fund can be invested in securities which are rated lower than BBB- by S&P or lower than Baa3 by Moody's.

For the purpose of cash management, the sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Law (as defined in the Prospectus) or for a period of time strictly necessary in case of unfavorable market conditions (please refer to the sub-fund's investment objectives and strategies and SFDR-related disclosures in the Prospectus for further details). Such restriction may, under exceptionally unfavorable market conditions, temporarily be exceeded for a period of time strictly necessary up to 100% of its net assets, in order to take measures to mitigate risks relative to such exceptional unfavorable market conditions, in the best interest of the shareholders.

Unless otherwise specified, the sub-fund may hold Cash Equivalents (as defined in the Prospectus) up to 30% of its net assets for treasury purposes and/or up to 100% of its net assets in case of unfavorable market conditions. These include money market instruments or money market funds which may be managed by the Investment Adviser, the Sub Adviser or advisers affiliated either to the Investment Adviser or the Sub Adviser (please refer to the Prospectus for further details).

The sub-fund may invest in debt instruments with loss-absorption features, e.g., contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events. The sub-fund's expected total maximum investments in such debt instruments will be no more than 20% of its net asset value.

The sub-fund may invest in Fixed Income Securities acquired on the China Interbank Bond Market. No more than 10% of the sub-fund's assets will be invested in such Fixed Income Securities.

The sub-fund may invest up to 10% of its assets in units/shares of other collective investment schemes, including the Company's sub-funds and open-ended exchange traded funds provided that any such exchange-traded funds are eligible investments for undertakings for collective investment in transferable securities.

The sub-fund measures its performance against the Bloomberg Global Aggregate Index (the "Benchmark"). The sub-fund is actively managed and is not designed to track the Benchmark. Therefore, the management of the sub-fund is not constrained by the composition of the Benchmark.

## USE OF DERIVATIVES / INVESTMENT IN DERIVATIVES

The sub-fund's net derivative exposure may be up to 50% of the sub-fund's net asset value.

## WHAT ARE THE KEY RISKS ?

**Investment involves risks. Please refer to the offering document including the section headed "Risk Factors" for details including the risk factors.**

1. Fixed Income Risk

Funds which invest in Fixed Income Securities will be subject to interest rate and credit risk, and the additional risks associated with Fixed Income Securities such as high-yield debt securities or asset backed securities. These risks include:

Interest Rate Risk - The values of bonds are usually impacted by the variation of interest rates. The value of a portfolio of bonds is likely to decrease if interest rates rise and vice versa.

Credit Risk - There is a risk of an issuer's inability to meet principal and interest payments on its obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity, if this happens the value of your investment will decrease.

High Yield Securities Risk - Investing in higher yielding Fixed Income Securities (typically those rated lower than BBB- by S&P or lower than Baa3 by Moody's) is speculative as it generally entails increased credit and market risk. Such Fixed Income Securities are subject to the issuer's inability to meet principal and interest payments on its obligations and may also be subject to price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

Downgrading Risk - The ratings given to Fixed Income Securities may be subject to change. The sub-fund may continue to invest in Fixed Income Securities that are downgraded after purchase. If the sub-fund holds downgraded Fixed Income Securities, it may decrease in value due to price volatility on the perceived creditworthiness of the issuer. The sub-fund may not be able to dispose of Fixed Income Securities which have been downgraded.

Unrated Securities Risk - Investing in unrated Fixed Income Securities may carry increased risk. Such Fixed Income Securities may be subject to price volatility and greater risks may be assumed due to interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. There may also be a higher chance of default in unrated Fixed Income Securities than highly rated Fixed Income Securities.

2. Exchange Rate Risk

The value of your investment may be impacted by the currency exchange rates between the sub-fund's base currency (U.S. Dollar) and the valuation currencies of the assets which the sub-fund has invested in. This sub-fund invests in a variety of currencies some of whose exchange rates to the U.S. Dollar may be volatile.

3. Emerging Market Currency Risk

This sub-fund can invest in assets denominated in emerging market currencies. Many emerging countries have experienced substantial devaluation relative to the currencies of more developed countries.

4. Derivatives Risk

The use of derivatives involves different types of risk, and, in certain cases, this is greater than the risks presented by more traditional investment instruments. These risks include:

Market risk – the value of the derivative may go down as well as up in response to changes in market factors. If a short position is taken and the underlying investments increase in value, losses could, in theory, be unlimited in extreme market conditions.

Liquidity risk – it may be difficult to buy or sell a derivative, particularly if the derivative transaction is large or if the relevant market is illiquid. In such instances it may not be possible to undertake a transaction, or to undertake that transaction at a favorable price.

Leverage risk – derivative instruments allow the sub-fund to gain a larger exposure to asset values than the amount it invests. As a result, losses on derivative instruments can exceed the amount invested in them and significantly reduce the value of the sub-fund as a whole and increase volatility in the sub-fund. In extreme circumstances, this may result in significant or total loss of the value of your investment and the sub-fund.

Counterparty risk – over-the-counter derivatives exposes a sub-fund to the credit of the counterparty and their ability to fulfil the terms of the derivative contract. If the counterparty is made bankrupt or becomes insolvent, then the value of the derivative is likely to decline, and the sub-fund may experience delays or the inability to realize its investment.

Valuation risk – derivative instruments may not always track closely the value of the underlying assets and consequently they may not be an effective means of following a sub-fund's investment objective.

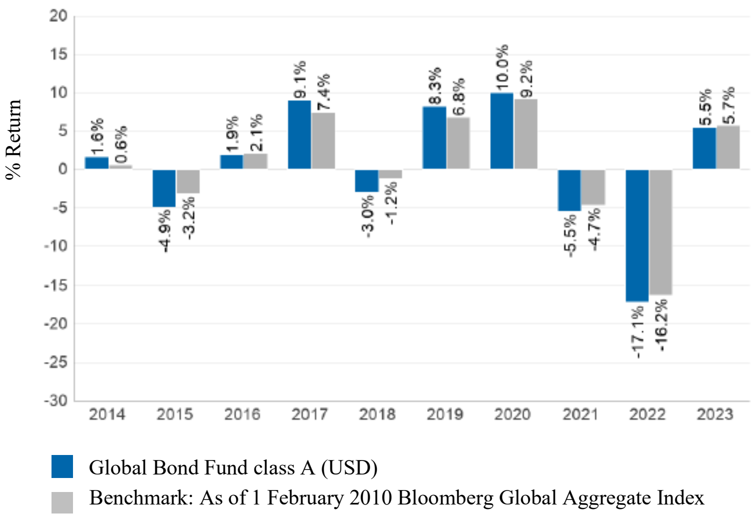
5. Exposure to the Euro and the Eurozone

The Eurozone is an economic and monetary union of 19 European member states that have adopted the Euro as their common currency and sole legal tender. The success of the Euro and the Eurozone is therefore dependent on the general economic and political condition of each member state, as well as each state's credit worthiness and the willingness of the members to remain committed to monetary union and support for the other members. Currently, there are widely held concerns in the market regarding the credit risk associated with certain sovereigns, including some member states of the Eurozone, and the continued viability of the Eurozone.

Default by any state on its Euro debts or a material decline in the credit rating of any Eurozone state could have a material negative impact on the Company and its investments. A number of the sub-funds of the Company may operate in Euro and/ or may hold Euro denominated assets either directly or as collateral. In addition, the Company's counterparties, banks, custodians and service providers may have direct or indirect exposure to these countries or currency and a default or credit decline could impact their ability to meet their obligations to and/or perform services for the Company. In the event of one or more member states exiting the Eurozone, or the abandonment of the Euro entirely, there may be material negative impact on some or all sub-funds of the Company and the value of investments, including risk of redenomination from Euro into another currency, possible capital controls and legal uncertainty as to the ability to enforce obligations and debts.

Prospective shareholders should inform themselves as to the risks surrounding the Eurozone crisis and the associated risk of an investment in the Company, taking into account the uncertainty as to how the Eurozone crisis and more general global economic situation will continue to evolve.

## HOW HAS THE FUND PERFORMED ?




Past performance information is not indicative of future performance. Investors may not get back the full amount invested.

The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.

These figures show by how much the sub-fund increased or decreased in value during the calendar year being shown.

The sub-fund was launched in 1989. This share class was launched in 1997.

Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

The sub-fund currently measures its performance against the Bloomberg Global Aggregate Index. However, the performance shown was calculated using the FTSE WGBI Index from 1 January 2010 to 31 January 2010.

## IS THERE ANY GUARANTEE ?

This sub-fund does not have any guarantees. You may not get back the full amount of money you invest.

## WHAT ARE THE FEES AND CHARGES ?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the sub-fund.

| Fee | What you pay |
|---|---|
| **Subscription Fee (Sales Charge)** | Up to 4% of the amount you buy for classes A, AH (EUR), AHX (EUR), AX. |
| **Switching Fee (Conversion Fee)** | Usually nil, but up to 2% of the conversion value where the Management Company determine the trading activity of the investor has adversely affected other shareholders. |
| **Redemption Fee** | Usually nil, but up to 2% of the redemption value where the Management Company determine the trading activity of the investor has adversely affected other shareholders. |
| **Contingent Deferred Sales Charges** | Nil for classes A, AH (EUR), AHX (EUR), AX. |

### Ongoing fees payable by the Fund

The following expenses will be paid out of the sub-fund. They affect you because they reduce the return you get on your investments.

| | Annual Rate |
|---|---|
| **Management Fee** | 0.80% of the average daily net assets for classes A, AH (EUR), AHX (EUR), AX. |
| **Depositary Fee** | The Depositary Fee will be paid out of the Administration Charge. |
| **Performance Fee** | Not applicable |
| **Administration Charge** | Currently 0.19% of the average daily net assets, which is capped at the maximum annual rate of 0.25% as set out in the Prospectus. |

All fees and charges will remain in force for an unlimited period and may be changed by the Management Company as set out in the Prospectus subject to obtaining the prior approval of the Securities and Futures Commission and provision of one month's prior notice to investors where there is an increase in fees and charges.

### Other fees

You may have to pay other fees when dealing in the shares of the sub-fund.

## ADDITIONAL INFORMATION

- You generally buy and redeem shares of the sub-fund at the sub-fund's next-determined net asset value (NAV) after the transfer agent receives your request in good order on or before 1pm (Central European Time) on the relevant dealing day. The distributors may impose earlier cut-off deadlines.
- If the sub-fund or a class of shares of the sub-fund is being held by investors of Hong Kong, the net asset value per share of the sub-fund is calculated and published daily on www.morganstanleyinvestmentfunds.com in USD.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from www. morganstanleyinvestmentfunds.com.

## IMPORTANT

**If you are in doubt, you should seek professional advice.**

**The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.**