

A Sub-Fund of Morgan Stanley Investment Funds

Emerging Markets Corporate Debt Fund

EMERGING MARKETS DEBT TEAM

Performance Review

In the one month period ending 31 August 2025, the Fund's Z shares returned 1.20% (net of fees)¹, while the benchmark returned 1.29%.

Contributors to Relative Performance

- Overweights to Colombian aviation company Abra Group and its Brazilian subsidiary Gol. The strategic pivot away from domestic markets and into international routes in Colombia has operationalized improvements in EBITDAR² and leverage metrics. On Gol specifically, the majority of its Chapter 11 cases have been closed, and rating agencies expect good liquidity and deleveraging over the next two years.
- An overweight to Chinese e-commerce company Alibaba, as second quarter earnings showed steady top-line growth but ongoing margin pressure from e-commerce price wars.

Detractors from Relative Performance

- An overweight to Brazilian chemicals company Braskem, as weaker second quarter results led to revised forecasts and a downgrade from Fitch ratings.
- An overweight to Indian financial services company Portea Investment.
- An underweight to Colombian energy company Ecopetrol, which is expected to take over Shell's 50% stake in three offshore oil blocks in Colombia.

Market Review

Performance was positive for emerging markets debt for the month of August. The U.S. dollar reverted to the weakening pattern that we have seen for most of the year-to-date period, as investors anticipated a potential interest rate cut and a weak jobs figure. Spreads were flat month-over-month for both sovereign and corporate credit. U.S. tariffs continued to make headlines, as the U.S. implemented a 50% tariff on a vast number of Indian imports and 50% tariffs were applied to Brazil as well. A trade truce between China and the U.S. was extended until November. In addition to a potential U.S. Federal Reserve rate cut on the horizon, developed markets continued to cut interest rates (U.K., Australia and New Zealand) and emerging markets (EM) central banks followed suit: Turkey's central bank cut its policy rate by 300 basis points (bps) as inflation continued to decrease, and the Bank of Mexico cut rates by 25 bps. Investors' increased appetite for EMD continued as the asset class saw another month of inflows for both hard currency and local currency funds, totaling \$2.5 billion and \$1.5 billion, respectively.³

Performance for the major segments of emerging markets debt was positive for the month. The local segment of the asset class, represented by the J.P. Morgan Government Bond Index-Emerging Markets Global Diversified, was up 2.15%. The U.S. dollar-denominated sovereign index, the J.P. Morgan EMBI Global Diversified Index, was up 1.63%. Finally, the EM corporate bond index — the J.P. Morgan CEMBI Broad Diversified Index — was up 1.29%.

Portfolio Activity

During the month, we added exposure to Ukrainian agriculture company Kernel and Chinese e-commerce company Alibaba, while reducing exposure to Pan-Caribbean telecommunications company Digicel and Chinese real estate company Yuexiu.

Strategy and Outlook

Asset class fundamentals remain strong and supportive as reform momentum continues to be strong in many EM countries. Despite the continued uncertainty surrounding U.S. tariffs, economic cycles are generally on the upturn and growth expectations are resilient. Valuations also continue to be attractive, as most EM currencies are relatively cheap and real yield differentials between emerging and developed markets remain wide and attractive. The likely continued weakness of the U.S. dollar should also continue to be supportive of local assets. While uncertainty regarding U.S. tariffs remains, discussions and negotiations will determine the degree of impact at the individual country level. Since the asset class is quite differentiated and bifurcated, we believe bottom-up country analysis is crucial to capitalize on value.

For further information, please contact your Morgan Stanley Investment Management representative.

¹ Source: Morgan Stanley Investment Management Limited. Data as of 31 August 2025.

² Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs.

³ Source: J.P. Morgan. Data as of 31 August 2025.

Fund Facts

Launch date	07 March 2011
Base currency	U.S. dollars
Benchmark	JPM Corporate Emerging Markets Bond Index-Broad Diversified Index

Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class Z Shares	6.15	10.01	9.30	-13.06	-0.02	5.00	13.22	-4.52	10.67	10.77	-0.26
JPM Corporate Emerging Markets Bond Index-Broad Diversified Index	6.33	7.63	9.08	-12.26	0.91	7.13	13.09	-1.65	7.96	9.65	1.30

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 shares. The sources for all performance and index data is Morgan Stanley Investment Management ('MSIM Ltd'). Please visit our website www.morganstanley.com/im to see the latest performance returns for the fund's other share classes.

Share Class Z Risk and Reward Profile

- The fund may be impacted by movements in the exchange rates between the fund's currency and the currencies of the fund's investments.
- 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.
- Sustainability factors can pose risks to investments, for example: impact asset values, increased operational costs.
- There may be an insufficient number of buyers or sellers which may affect the funds ability to buy or sell securities.
- Investment in Fixed Income Securities via the China Interbank Bond Market may also entail additional risks, such as counterparty and liquidity risk.

- There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets.
- 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.

Please refer to the Prospectus for full risk disclosures, available at www.morganstanleyinvestmentfunds.com. All data as of 31.08.2025 and subject to change daily.

Applications for shares in the Sub-Fund should not be made without first consulting the current Prospectus and the Key Information Document ("KID") or Key Investor Information Document ("KIID"), which are available in English and in the language of countries authorized for fund distribution and is available online at Morgan Stanley Investment Funds Webpages or free of charge from the Registered Office at European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxemburg B 29 192.

The summary of investor rights is available in the aforementioned languages and website location under the General Literature section.

Information in relation to sustainability aspects of the Fund is available in English online at: Sustainable Finance Disclosure Regulation.

If the management company of the relevant Fund decides to terminate its arrangement for marketing that Fund in any EEA country where it is registered for sale, it will do so in accordance with the UCITS rules.

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The use of leverage increases risks, such that a relatively small movement in the value of an investment may result in a disproportionately large movement, unfavourable as well as favourable, in the value of that investment and, in turn, the value of the Fund.

Investment in the Fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as building or shares of a company, as these are only the underlying assets owned.

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Charts and graphs provided herein are for illustrative purposes only and subject to change.

INDEX INFORMATION

JP Morgan CEMBI Broad Diversified Index a global, liquid corporate emerging-markets benchmark that tracks U.S.-denominated corporate bonds issued by emerging-markets entities.

The indexes are unmanaged and do not include any expenses, fees, or sales charges. It is not possible to invest directly in an index.

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J.P. Morgan Emerging Markets Bond Index Global Diversified is an unmanaged index of USD-denominated bonds with maturities of more than one year issued by emerging markets governments.

J.P. Morgan Government Bond Index Emerging Market (GBI-EM)

Global Diversified is an unmanaged index of local-currency bonds with maturities of more than one year issued by emerging markets governments.

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