

A Sub-Fund of Morgan Stanley Investment Funds

# Emerging Markets Debt Fund

**EMERGING MARKETS DEBT TEAM**

## Important Information

- The Fund invests primarily in the debt securities of government and government-related issuers located in emerging countries, and the Fund may also invest in debt securities of entities organised to restructure outstanding debt of such issuers, together with investing in the debt securities of corporate issuers located in or organised under the laws of emerging countries.
- Investment involves risks. Key risks for this fund include Emerging Market Risk, Credit Risk, Interest Rate Risk, High Yield Securities Risk, Derivatives Risk, Downgrading Risk, Unrated Securities Risk, Risk of Exposure to the Euro and the Eurozone and Risk of Discretionary Distributing Share Class.
- The Fund may pay distributions out of capital. Payment of dividends out of capital amounts to a return or withdrawal of part of a Shareholder's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital may result in an immediate decrease of the NAV per share.
- There is a risk that you may potentially lose your entire investment in this Fund.
- The investment decision is yours but you should not invest unless the intermediary who sells it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives. You should not make any investment decision solely based on this document. Please read the relevant offering document carefully for further fund details including risk factors.
- The Fund may use derivatives for investment or efficient portfolio management (including hedging) purposes which may expose to higher counterparty, liquidity and valuation risks. The Fund may suffer losses from its derivatives usage.

## Performance Review

In the one month period ending 30 November 2025, the Fund's A shares returned 0.96% (net of fees)<sup>1</sup>, while the benchmark returned 0.41%.

### Contributors to Relative Performance

- An overweight to Ukrainian sovereign credit helped performance, as progress toward a peace plan contributed.
- An overweight to Ecuadorian sovereign credit contributed to performance after Fitch Ratings upgraded Ecuador's long-term rating from CCC+ to B- and voters rejected President Noboa's constitutional referendum.
- An overweight to Venezuelan credit contributed to performance as assets rallied in part due to increased U.S. presence in the region and pressure on politics.

### Detractors from Relative Performance

- An overweight to Ghanaian oil and gas company Kosmos Energy detracted from performance as third quarter earnings disappointed and energy sector volatility was an additional drag.
- An overweight to Lebanese sovereign credit detracted from performance as reform momentum, including for necessary fiscal reforms, has slowed down.

## Market Review

Performance was strong for emerging markets local markets, while performance for hard currency assets was also positive but more modest. The U.S. dollar weakened moderately due to soft U.S. labor data and increasing expectations of a Federal Reserve rate cut in December. The Bank of Mexico cut interest rates as inflation slowed, and to stimulate growth after gross domestic product contracted in the third quarter. The National Bank of Poland also cut rates as inflation dropped below its target. U.S. foreign policy has recently increased its focus on Latin America, with an additional military presence in the Caribbean and greater attention on Venezuelan politics. The U.S. announced that it is removing 40% tariffs imposed earlier this year on Brazilian products such as beef, coffee and oranges, following favorable negotiations. Meanwhile, in their latest tariff agreement, the U.S. and China extended exclusions for certain products until November 2026, and China suspended the rare-earth export restrictions announced in October. Asset class flows continued to be positive for both hard and local currency funds during November, totaling \$0.8 billion and \$1.3 billion, respectively. This brings year-to-date flows to \$25.2 billion, which highlights investors' interest to diversify their portfolios and seek fixed income solutions outside the U.S.<sup>2</sup>

Performance for the underlying emerging markets debt indexes 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 1.35%. The U.S. dollar-denominated sovereign index, the J.P. Morgan EMBI Global Diversified Index, was up 0.41%. Finally, the emerging markets corporate bond index — the J.P. Morgan CEMBI Broad Diversified Index — was up 0.24%.

<sup>1</sup> Source: Morgan Stanley Investment Management. Data as of 30 November 2025.

<sup>2</sup> Source: J.P. Morgan. Data as of 30 November 2025.

## Portfolio Activity

During the month, we established a new position in Congo sovereign credit and added to the Slovenian sovereign credit position. We reduced exposure to Panama.

## Strategy and Outlook

The outlook for the asset class remains robust as numerous countries implement strong reform agendas. Valuations are appealing, especially for local assets. Many emerging markets currencies are relatively undervalued and are supported against the U.S. dollar, which has continued to weaken. Real yield differentials between emerging markets and developed markets remain favorable. The macroeconomic environment is supportive for emerging markets debt, and investors continue to allocate to the asset class. However, the emerging markets landscape is diverse, making it essential to focus on country-specific fundamentals and policy directions.

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

## Fund Facts

Launch date	01 April 1995
Base currency	U.S. dollars
Benchmark	Custom- Blended Benchmark

## 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 A Shares	12.16	11.07	12.56	-19.17	-2.86	6.06	13.73	-7.59	9.41	9.81	-2.71
Blended Benchmark	13.48	6.54	11.09	-17.78	-1.80	6.45	14.42	-4.61	9.32	10.19	1.23

**Investment involves risks. All performance data is calculated NAV to NAV, net of fees, and assume the reinvestment of all dividends and income. The sources for all performance and index data is Morgan Stanley Investment Management ('MSIM Ltd'). Please refer to the relevant offering documents for fund details, including risk factors.**

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. Luxembourg 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.

### IMPORTANT INFORMATION

This material has been prepared solely for informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. Investors should be aware that a diversified strategy does not protect against a loss in a particular market.

All investments involve risks, including the possible loss of

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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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## INDEX INFORMATION

**Blended Benchmark** refers to performance of Fund's benchmark since inception - April 1st, 1995 to June 8th, 2020 – **J.P. Morgan Emerging Markets Bond Index Global**; June 8th, 2020 and beyond – **J.P. Morgan Emerging Markets Bond Index Global Diversified**.

**J.P. Morgan Emerging Markets Bond Index Global Diversified** – tracks total returns for traded external debt instruments in the emerging markets, and is an expanded version of the EMBI+. As with the EMBI+, the EMBI Global includes US dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least \$500 million.

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

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A blended benchmark has been used because there has been a change in benchmark during the reporting period shown.

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

The **J.P. Morgan EMBI Global Diversified Index** tracks liquid, U.S. dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan GBI-EM Global Diversified Index** is a comprehensive global local emerging markets index that consists of regularly traded, liquid fixed-rate, domestic currency government bonds and includes only the countries which give access to their capital market to foreign investors (excludes China, India). The index is market capitalization weighted, with a cap of 10% to any one country.

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