A Sub-Fund of Morgan Stanley Investment Funds

# Emerging Markets Debt Fund

**EMERGING MARKETS DEBT TEAM**

**Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this UCITS presents disproportionate communication on the consideration of extra-financial criteria in its management.**

## Performance Review

In the one month period ending 30 November 2025, the Fund's Z shares returned 1.02% (net of fees)[1], 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 Ghanian 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.[2]

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%.

## 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.**

1 Source: Morgan Stanley Investment Management. Data as of 30 November 2025.
2 Source: J.P. Morgan. Data as of 30 November 2025.

## Fund Facts

| | |
|---|---|
| Launch date | 01 April 1995 |
| Base currency | U.S. dollars |
| Benchmark | J.P. Morgan Emerging Markets Bond Index Global Diversified |

## 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 | 13.05 | 12.07 | 13.56 | -18.46 | -2.03 | 6.96 | 14.68 | -6.79 | 10.11 | 10.49 | -2.13 |
| Blended Benchmark | 13.48 | 6.54 | 11.09 | -17.78 | -1.80 | 6.45 | 14.42 | -4.61 | 9.32 | 10.19 | 1.23 |

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 30.11.2025 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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## 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 **JP 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 **JP 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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