A Sub-Fund of Morgan Stanley Investment Funds

Emerging Markets Debt Opportunities Fund

EMERGING MARKETS DEBT TEAM

Performance Review

In the one month period ending 31 May 2025, the Fund's A shares returned 2.12% net of fees (ex EC)[1], while the benchmark returned 1.14%.

-The Fund underperformed its benchmark, the J.P. Morgan EMB (JEMB) Hard Currency/Local Currency 50-50 Index.

-The Fund normally has a structural zero weight to U.S. Treasury duration compared to the benchmark's nearly three years of U.S. duration. The near-zero weight detracted from performance.

-The Fund experienced positive contributions to relative performance from currencies, local rates and limited off-benchmark exposure to sovereign and corporate credit.

-From a regional perspective, Africa, Asia and Eastern Europe contributed to performance.

-In Africa, off-benchmark exposure to Egyptian pound contributed to performance. The International Monetary Fund completed its fifth review of the current agreement and noted reform progress remains solid. An underweight to South African rand hurt performance as the currency rebounded along with the broader market; however, the growth outlook is not optimistic and the Government of National Unity is looking increasingly fragile.

-In Asia, off-benchmark exposure to Taiwanese dollar contributed; while generally stable, the currency rallied notably during the month, primarily due to exporters rushing to convert USD to local Taiwanese dollar and life insurers increasing their USD hedging in light of U.S. dollar weakness. An overweight to Sri Lankan sovereign credit contributed to performance; the credit rebounded following an exaggerated sell-off in April when it was caught up in the broader credit sell-off.

Market Review

Emerging markets debt saw positive performance for the month of May. Most emerging markets (EM) currencies strengthened as the U.S. dollar continued to weaken. Spreads tightened for both sovereign and corporate credit as the volatility triggered by the 2 April tariff announcements subsided. Global trade negotiations continued, with the U.S. and China coming to an agreement to significantly reduce tariffs and calling a truce in the trade war. By the end of the month, however, both countries accused the other of breaking the tariff truce agreement. Important elections were held in a number of countries, including Romania, Suriname, Poland and South Korea. In Romania, the hard-right candidate George Simion won the first round of elections in a landslide, causing volatility through the second round as the market expected Simion to win that round too. However, the second round resulted in a surprise, with the centrist candidate Nicusor Dan winning; we are cautiously optimistic about the new president. Flows for the asset class turned positive for both hard currency and local currency funds during the month. A potential shift in global investor sentiment may benefit emerging markets debt.

Performance was positive for the local and hard currency segments of the asset class. The local segment of the asset class, represented by the J.P. Morgan Government Bond Index-Emerging Markets Global Diversified, was up 1.41%. Despite rising U.S. Treasury yields, the hard currency segment of the asset class had positive performance. The U.S. dollar-denominated sovereign index, the J.P. Morgan EMBI Global Diversified Index, was up 1.12%. The EM corporate bond index, the J.P. Morgan CEMBI Broad Diversified Index, was up 0.61%.

Strategy and Outlook

The asset class remains attractive at the individual country level and the broader macro economy has turned more supportive for emerging markets debt as a whole. Expectations for a weaker U.S. dollar will likely be supportive for EM currencies, and real yield differentials between emerging and developed markets remain appealing. A number of developed markets central banks have cut rates in the first half of the year, but expectations for a U.S. Federal Reserve rate cut and the potential catalysts needed for that to happen remain up in the air. While noise and volatility in global markets persist due to ongoing trade policy discussions, we continue to focus on individual country fundamentals and policy responses. As U.S. interest rates continue to rise, this may be a sign that investors are starting to seek out other investment opportunities, and we believe emerging markets debt could benefit from a potential asset allocation shift.

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

[1] Source: Morgan Stanley Investment Management Limited. Data as of 31 May 2025.

Fund Facts

Launch date	25 September 2019
Base currency	U.S. dollars
Benchmark	50% GBI-EM Global Div/25% EMBI Global Div/25% CEMBI Div

Investment Performance (% of net fees (ex EC)) in USD†

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class A	2.12	0.92	4.60	9.95	9.74	--	--	4.47
Benchmark	1.14	3.23	6.03	8.66	5.88	--	--	0.67

12 Month Performance Periods To Latest Month End (%)

	MAY'24 -MAY'25	MAY'23 -MAY'24	MAY'22 -MAY'23	MAY'21 -MAY'22	MAY'20 -MAY'21	MAY'19 -MAY'20	MAY'18 -MAY'19	MAY'17 -MAY'18	MAY'16 -MAY'17	MAY'15 -MAY'16
Class A (ex EC)	9.95	16.49	3.18	-9.89	--	--	--	--	--	--
Class A (in EC)	--	--	--	-15.07	--	--	--	--	--	--
Benchmark	8.66	7.61	1.49	-14.81	--	--	--	--	--	--

All performance data is calculated NAV to NAV. The sources for all performance and index data is Morgan Stanley Investment Management ('MSIM Ltd').

Excluding Entry Charge ('ex EC') figure shown assumes reinvestment of all distributions and deduction of fund level costs, but does not reflect the deduction of any sales charge applicable at investor level.

Including Entry Charge ('in EC') figure assumes reinvestment of all distributions and deduction of fund level costs, plus the deduction of any sales charge applicable at investor level.

% Net of fees figure shown assumes reinvestment of all distributions and deduction of fund level costs, which include the deduction of the Management, trustee/custodian and administration charges and the maximum sales charge applicable at investor level that may be taken out of your money before it is invested. Please see the Fund's current prospectus and the share class' Key Investor Information Document for complete details on fees and sales charges.

† Example: An investor wishes to purchase shares of USD 100. At the maximum sales charge of 5.75% the investor has to expend USD 106.10. The sales charge is only incurred upon subscription.

Share Class A 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 is 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.
- 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 31.05.2025 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

The **J.P. Morgan EMB (JEMB) Hard Currency/Local currency 50-50** is a blended index consisting of 50% **J.P. Morgan Government Bond Index Emerging Market Global Diversified** (JPM GBI-EM GD), 25% **J.P. Morgan Emerging Markets Bond Index Global Diversified** (JPM EMBIGD), 25% **J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified** (JPM CEMBI BD).

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.

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 Corporate Emerging Market Bond Index Broad Diversified is an unmanaged index of USD-denominated emerging market corporate bonds.

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

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