A Sub-Fund of Morgan Stanley Investment Funds

Emerging Markets Local Income Fund

EMERGING MARKETS DEBT TEAM

Performance Review

In the one month period ending 31 July 2026, the Fund's I shares returned 0.00% (net of fees)[1], while the benchmark returned 0.30%.

-The Fund outperformed its benchmark, the J.P. Morgan GBI-EM Index, for the month of July.

-The Fund experienced positive contributions to relative performance from limited off-benchmark exposure to corporate credit.

-From a regional perspective, the Middle East contributed to performance.

-In Asia, an off-benchmark allocation to South Korean won contributed to performance. The won hit year-to-date lows in June but rallied in July due to repatriation of chipmaker earnings and as the Bank of Korea hiked rates by 25 basis points (bps). An overweight to Kazakhstani rates contributed to performance as the National Bank of Kazakhstan cut rates by 25 bps. This followed a 100 bps rate cut in June; the first cut in almost two years.

-In Eastern Europe, an overweight to Hungarian rates contributed to performance as the central bank cut rates by 25 bps, citing lower-than-expected inflation and a strong forint.

-In Africa, off-benchmark exposure to Egyptian pound detracted from performance as the pound depreciated, primarily on renewed uncertainty between the U.S. and Iran.

-In Latin America, an underweight to Colombian peso detracted from performance as high interest rates continued to attract investors.

Market Review

Performance was mixed for emerging markets (EM) debt in July as rising U.S. interest rates weighed on hard currency sovereign and corporate assets. Spreads marginally widened for both sovereigns and corporates as well. Renewed uncertainty in the Middle East and increasing oil prices introduced volatility and reignited inflation discussions in certain markets. U.S. dollar weakness was broadly supportive for many EM currencies, although currency performance was mixed. In South Africa, the central bank surprisingly held rates, which caused a notable sell-off in the rand. Meanwhile, the Hungarian forint weakened following a central bank rate cut and profit-taking after the forint's strong post-election rally. Asset class flows continued to be positive for both hard and local currency funds, bringing year-to-date flows to $30 billion, which is in line with 2025 calendar year total net flows.[2]

Performance for the underlying EM debt indexes was mixed 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 0.30%. The EM corporate bond index, the J.P. Morgan CEMBI Broad Diversified Index, was down -0.48%. Finally, the U.S. dollar-denominated sovereign index, the J.P. Morgan EMBI Global Diversified Index, fell1.42%.

Strategy and Outlook

The macro backdrop remains broadly supportive for emerging markets debt, although the opportunity set is becoming increasingly differentiated as inflation, growth, fiscal dynamics and domestic policy evolve along distinct paths. Progress on global disinflation has become less uniform, reinforcing the prospect of greater divergence in monetary policy across both developed and emerging economies. Geopolitical risks remain elevated and continue to warrant close attention. Energy markets have been particularly sensitive to developments in the Middle East, underscoring the potential for renewed geopolitical tensions or supply disruptions to translate quickly into inflation and market volatility. We therefore remain constructive on selected EM currencies and rates where attractive valuations, supportive macroeconomic fundamentals and credible policy frameworks should provide sufficient compensation for risk. In an environment characterized by resilient but uneven global growth and fundamentals, we believe active country and security selection and disciplined analysis remain critical to capturing opportunities while managing downside risks.

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

Fund Facts

Launch date	01 February 2018
Base currency	U.S. dollars
Benchmark	JPM GBI - EM Global Diversified Index

1 Source: Morgan Stanley Investment Management. Data as of 31 July 2026.
2 Source: J.P. Morgan. Data as of 31 July 2026.

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Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Class I Shares	4.65	24.82	-1.01	13.88	-10.93	-7.90	5.46	--	--	--	--
JPM GBI - EM Global Diversified Index	1.82	19.26	-2.38	12.70	-11.69	-8.75	2.69	--	--	--	--

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 I 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 31.07.2026 and subject to change daily.

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Information in relation to sustainability aspects of the Fund and the summary of investor rights is available at the aforementioned website.

In addition, all Italian investors should refer to the 'Extended Application Form', and all Hong Kong investors should refer to the 'Additional Information for Hong Kong Investors' section, outlined within the Prospectus. Copies of the Prospectus, KID or KIID, the Articles of Incorporation and the annual and semi-annual reports, in German, and further information can be obtained free of charge from the representative in Switzerland. The representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Ile, 1204 Geneva.

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

J.P. Morgan Government Bond Index Emerging Market (JPM GBI-EM) Global Diversified is an unmanaged index of local-currency bonds with maturities of more than one year issued by emerging markets governments.

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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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 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 **JPMorgan Government Bond Index-Emerging Markets** (JPM GBI-EM) is a definitive local emerging markets debt benchmark that tracks local currency government bonds issued by emerging markets. It is the first comprehensive, global local emerging markets index. The GBI-EMGD limits the weights of those index countries with larger debt stocks and redistributes those weights to the countries with smaller weights. The maximum weight to a country is capped at 10%. The excess is redistributed to those countries that have a market capitalization of less than 10%. The portion that is redistributed is based on the market capitalization of each country, which preserves the relative size of each market within the index.

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