

Morgan Stanley Investment Funds

### Emerging Markets Corporate Debt Fund - AX Shares (Distributing Share Class)

#### Investment Objective

To generate income and the long term growth of your investment.

#### Investment Approach

Seeks to maximise total return, measured in U.S. dollars, primarily through investments across the credit spectrum of debt securities of corporate issuers, together with investing in debt securities of government and government related issuers located in emerging markets. The Fund intends to invest its assets in emerging market corporate debt securities that provide a high level of current income, while at the same time holding the potential for capital appreciation.

#### Investment Team

	JOINED FIRM	YEARS OF INVESTMENT EXPERIENCE
Warren Mar, Managing Director	2012	24
Eric Baurmeister, Managing Director	1997	25
Sahil Tandon, Executive Director	2004	15

Team members may be subject to change at any time without notice.

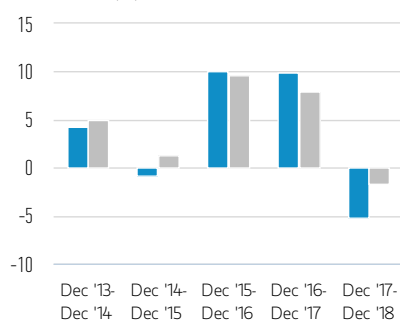
#### Class AX Shares (% net of fees) vs. Index in USD

Performance of 100 USD Invested Since Inception (Cash Value)



— Class AX Shares  
— JPM Corporate Emerging Markets Bond Index-Broad Diversified Index

12 Month Performance Periods to Latest Month End (%)



■ Class AX Shares  
■ JPM Corporate Emerging Markets Bond Index-Broad Diversified Index

#### Investment Performance (% net of fees) in USD

	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class AX Shares	0.50	-0.94	-5.26	-5.26	4.68	3.47	--	4.62
JPM Corporate Emerging Markets Bond Index-Broad Diversified Index	0.72	-0.04	-1.65	-1.65	5.20	4.36	--	4.89

#### Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class AX Shares	-5.26	9.96	10.10	-0.86	4.27	-2.06	20.12
JPM Corporate Emerging Markets Bond Index-Broad Diversified Index	-1.65	7.96	9.65	1.30	4.96	-0.60	15.02

Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. 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 units. The sources for all performance and Index data is Morgan Stanley Investment Management.

#### Share Class

Share Class	CLASS AX
Currency	U.S. dollars
ISIN	LU0691070444
Bloomberg	MSEMCA LX
Inception Date	03 November 2011
NAV	\$ 26.36

#### Fund Facts

Launch date	07 March 2011
Base currency	U.S. dollars
	JPM Corporate Emerging Markets
Index	Bond Index-Broad Diversified Index
Total assets	\$ 1.2 billion
Structure	Luxembourg SICAV

#### Charges (%)

Charges (%)	CLASS AX
Max Entry Charge	4.00
<b>Ongoing Charges</b>	<b>1.69</b>
Management Fee	1.45

Entry Charge is a maximum possible figure. In some cases you might pay less, you can find this out from your financial adviser. Ongoing Charges reflect the payments and expenses incurred during the fund's operation and are deducted from the assets of the fund over the period. It includes fees paid for investment management (Management Fee), trustee/custodian, and administration charges. For more information please see the Charges and Expenses section of the prospectus.

#### Subscriptions (USD)

Subscriptions (USD)	CLASS AX
Minimum Initial Investment	0
Minimum Subsequent Investment	0

#### Statistics

Statistics (3 Year annualised)	CLASS AX	INDEX
Excess Return (%)	-0.52	--
Alpha (%)	-1.42	--
Beta	1.21	1.00
Information ratio	-0.34	--
R squared	0.91	1.00
Sharpe ratio	0.84	1.22
Tracking error (%)	1.54	--
Volatility (Standard deviation) (%)	4.39	3.44

#### Characteristics

Characteristics	FUND	INDEX
Interest Rate Duration (years)	4.28	4.47
Average yield to maturity (%)	7.11	6.26
Number of holdings	195	1,420

**Top 10 Issuers (% of Total Net Assets)<sup>1</sup>**

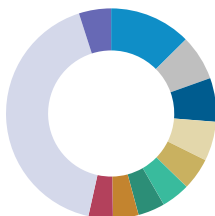
	FUND
Teva Pharmaceutical Finance Neth	1.71
Petrobras Global Finance Bv	1.47
Bahia Sul Holdings Gmbh	1.40
Abu Dhabi National Energy Co.	1.28
Ihs Netherlands Holdco Bv	1.07
Maf Global Securities Ltd	1.07
Gmr Hyderabad International Airport Ltd	1.05
Multibnk	1.04
Gtl Trade Fin	1.03
Hunt Oil Company of Peru Llc (Lima Branc	1.03
<b>Total</b>	<b>12.15</b>

**Asset Breakdown (% of Total Net Assets)<sup>2</sup>**

	PORTFOLIO
<b>Sovereign</b>	<b>0.00</b>
<b>Quasi-Sovereign</b>	<b>4.41</b>
<b>Corporates</b>	<b>90.63</b>
Industrial	6.73
Financials	25.95
Oil & Gas	10.25
Consumer	6.80
Diversified	1.46
TMT	7.84
Infrastructure	5.76
Metals & Mining	5.32
Pulp & Paper	1.40
Transport	1.59
Real Estate	8.30
Utilities	9.23
Other	0.00
<b>Cash</b>	<b>4.96</b>

**Geographic Allocation (% of Total Net Assets)<sup>2</sup>**

	FUND
China	12.56
Brazil	6.97
United Arab Emirates	6.74
India	6.04
Mexico	4.94
Indonesia	4.40
Peru	4.14
Colombia	3.92
Hong Kong	3.76
Other	41.53
Cash & equivalents	4.96
<b>Total</b>	<b>100.00</b>



<sup>1</sup>These securities and percentage allocations are only for illustrative purposes and do not constitute, and should not be construed as, investment advice or recommendations with respect to the securities or investments mentioned.

<sup>2</sup>May not sum to 100% due to rounding.

Please refer to the Prospectus for full risk disclosures, available at [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com). All data as of 31.12.2018 and subject to change daily.

**DEFINITIONS**

**Alpha** (Jensen's) is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. Prior to 6/30/2018 Alpha was calculated as the excess return of the fund versus benchmark. **Average yield to maturity** measures the annual return on interest-bearing securities. In this it is assumed that they will be held to maturity. This metric includes both the coupon payments received during the term of the security and the repayment of the capital on maturity. **Beta** is a measure of the relative volatility of a fund to the market's upward or downward movements. A beta greater than 1.0 identifies an issue or fund that will

**Share Class AX Risk and Reward Profile**

The risk and reward category shown is based on historic data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The fund is in this category because it invests in fixed income securities from emerging markets and the fund's simulated and/or realised return has experienced medium rises and falls historically.
- The fund may be impacted by movements in the exchange rates between the fund's currency and the currencies of the fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- 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.
- 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.

**Additional A Share Classes**

	CURRENCY	LAUNCH	ISIN	BLOOMBERG
A	USD	07.03.2011	LU0603408039	MSEMCDAX LX
AH (EUR)	EUR	07.03.2011	LU0603408468	MSEMCAH LX
AHX (EUR)	EUR	03.11.2011	LU0691070527	MSEMAHX LX
AR	USD	11.10.2017	LU1697575261	MSEMCAR LX

move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The Beta of the Market is always equal to 1. **Bloomberg** stands for 'Bloomberg Global Identifier (BBGID)'. This is a unique 12 digit alphanumeric code designed to enable the identification of securities, such as the Morgan Stanley Investment Funds sub-funds at share class level, on a Bloomberg Terminal. The Bloomberg Terminal, a system provided by Bloomberg L.P., enables analysts to access and analyse real-time financial market data. Each Bloomberg code starts with the same BBG prefix, followed by nine further characters that we list here in this guide for each share class of each fund. **Cash & Equivalents** are defined as the value of assets that can be converted into cash immediately. These include commercial paper, open FX transactions,

Treasury bills and other short-term instruments. Such instruments are considered cash equivalents because they are deemed liquid and not subject to significant risk of changes in values. **Excess Return** or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. **Information ratio** is the portfolio's alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio's benchmark. **Interest Rate Duration** is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. **ISIN** is the international securities identification number (ISIN), a 12 digit code consisting of numbers and letters that distinctly identifies securities. **NAV** is the Net Asset Value per share of the Fund (NAV), which represents the value of the assets of a fund less its liabilities. **Number of holdings** provided are a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades. **R squared** measures how well an investment's returns correlate to an index. An R squared of 1.00 means the portfolio performance is 100% correlated to the index's, whereas a low r-squared means that the portfolio performance is less correlated to the index's. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Tracking error** is the standard deviation of the difference between the returns of an investment and its benchmark. **Volatility (Standard deviation)** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

#### 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.

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