

Product Key Facts

Morgan Stanley Investment Funds Emerging Markets Debt Fund

July 2024

**This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.**

QUICK FACTS

Management Company	MSIM Fund Management (Ireland) Limited
Investment Manager	Morgan Stanley Investment Management Limited located in the United Kingdom
Sub-investment Managers	Morgan Stanley Investment Management Inc. located in the United States of America (internal delegation)
Depository	J.P. Morgan SE, Luxembourg Branch
Ongoing Charges over a year (*)	Classes A, A (EUR), AX, AX (EUR), ARM: 1.64% Classes AH (EUR) : 1.66% Class AHX (EUR): 1.67%
Dealing frequency	Daily, each dealing day ¹
Dividend Policy	No dividends will be distributed (income/capital gains will be reinvested) for classes A, A (EUR) and AH (EUR). Dividends if any will be distributed quarterly for classes AHX (EUR), AX and AX (EUR), and monthly for ARM. Class ARM may pay dividend out of the sub-fund's capital. Any distributions involving payment of dividends out of the sub-fund's capital may result in an immediate reduction of the net asset value per share.
Base currency	USD
Financial year end of this sub-fund	31 December
Min. investment	No minimum initial and additional investment amounts

(*): The ongoing charges figure is based on the total expenses charged to each class of the sub-fund as at 31 December 2023, calculated net of any fee waivers and expressed as a percentage of average net assets for the year. This figure is based on the information in the audited financial statements for the year ended 31 December 2023 and may vary from year to year.

WHAT IS THIS PRODUCT ?

Morgan Stanley Investment Funds Emerging Markets Debt Fund is a sub-fund of Morgan Stanley Investment Funds (the "SICAV") which is constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

¹The term "dealing day" formerly used "Luxembourg Business Day" as reference and refers to any day which the sub-fund accepts requests for transactions in its shares. There is no change to the dealing frequency of this sub-fund. For a complete list of dates that are not considered as dealing days, please go to morganstanleyinvestmentfunds.com, then click on "General Literature" and "MS INVF Holiday Calendar" or refer to the Prospectus for further details.

OBJECTIVES AND INVESTMENT STRATEGY

Objective

To increase the value of your investment through a combination of income and growth of capital (total return).

Strategy

The sub-fund invests at least 70% of its value in government and corporate bonds in emerging markets. Some of these investments may be below investment grade (high yield bonds). Specifically, these investments are in bonds of issuers located in an emerging market country or in a developed country but whose bonds are primarily traded in, or that derive at least half of company revenue from, emerging markets. These investments may be of any credit quality and may include securitized instruments, such as asset or mortgage-backed securities (ABSs/MBSS) and loan assignments and participations, and convertible bonds.

Emerging countries are determined by the JP Morgan Emerging Markets Bond Index Global Diversified and developed countries are determined JP Morgan Government Bond Index. The sub-fund may also invest in less developed countries before they are added to the benchmark.

The sub-fund may invest up to 30% of its value in bonds not meeting the criteria of the sub-fund's primary investments, such as bonds issued in developed markets, and other types of securities.

The sub-fund may invest in, or be exposed to, up to 20% of its value in contingent convertible (coco) bonds, up to 20% of its value in Chinese bonds (through the China Interbank Bond Market), and up to 10% of its value in warrants issued by emerging market issuers and in ETFs.

In actively managing the sub-fund, the Investment Manager combines market and fundamental analysis to select securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The sub-fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

The Investment Manager applies proprietary assessment and scoring methodologies that are bespoke to fixed income securities the sub-fund may invest in, focused on sovereign issuance. Additionally, as part of the Investment Manager's bottom-up, fundamental research process, and in its engagements with issuers, the Investment Manager incorporates an assessment of sustainability-related risks and opportunities into the assessment process to determine impacts on credit fundamentals, implications for valuation and spreads, and any material aspects that may affect the trading technicalities of the fixed income securities. These criteria may include, but are not limited to environmental, social and governance ("ESG") themes such as carbon emissions, climate vulnerability, forestry conservation, life expectancy and health, education, living standards, voice and accountability, political stability, effective government, regulatory quality, rule of law, corruption, violence/terrorism. The Investment Manager will monitor core sustainability indicators, including ESG assessments from third party providers in order to measure and evaluate the contribution of the fixed income securities to the ESG themes described above. The indicators will be measured and evaluated at least on an annual basis.

The Investment Manager also deploys a proprietary assessment framework for labelled sustainable bonds, through which the robustness, impact and transparency of such instruments are evaluated. The Investment Manager promotes good governance and social practices among sovereigns. Consequently, the Investment Manager will not make any new investments in countries where there is evidence of significant social violations. Investments that are held by the sub-fund but become restricted because they breach the good governance and social practices exclusions, after they are acquired for the sub-fund, will be sold. Such sales will take place over a period of time to be determined by the Investment Manager, taking into account the best interests of the shareholders of the sub-fund. Any countries exhibiting positive momentum with respect to such violations shall not be subject to the purchase restriction. The Investment Manager shall disclose the methodology used to evaluate significant social violations on the SICAV's website.

Investments that are held by the sub-fund which as a result of the application of the ESG criteria above become restricted after they are acquired for the sub-fund, will be sold. Such sales will take place over a time period to be determined by the Investment Manager, taking into account the best interests of the shareholders.

Investments shall not knowingly include any company whose business activity involves the manufacturing or production of controversial weapons, civilian firearms, or tobacco, and mining and extraction of thermal coal where the company derives 5% or more revenue from such business activity (except for investments in labelled Green and Sustainability Bonds that are issued to raise capital specifically for climate-related projects, so long as it has been determined that the

objectives of such instruments are consistent with a reduction by the issuer in its carbon emissions. Investment in such instruments will be subject to diligence by the Investment Manager). The sub-fund may invest in issuers who may not themselves contribute to the specific environmental or social characteristics promoted by the financial product such as hedging instruments.

The Investment Manager may also engage company management around the topics of decarbonisation and climate risk, as well as corporate governance practices and what it deems to be materially important other environmental and/or social issues facing a company. In addition to the above sectoral exclusions, the Investment Manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the Investment Manager sources from third party providers. The Investment Manager will consider controversy cases that it views as being very severe based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. The Investment Manager may decide to implement additional restrictions to the sub-fund, and such new restrictions will be disclosed in the sub-fund's SFDR Website Disclosure (as defined in the Prospectus). Please refer to the ESG-related disclosures in the Prospectus for further details.

The sub-fund may use derivatives, including exchange traded and over-the-counter options, futures and other derivatives, for reducing risks (including hedging) and costs, and for investment purposes. Derivatives may be used to manage interest rate, yield-curve and yield spread risk.

For the purpose of cash management, the sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets (please refer to the sub-fund's investment objectives and strategies and SFDR-related disclosures in the Prospectus for further details). Such restriction may, under exceptionally unfavorable market conditions, temporarily be exceeded for a period of time strictly necessary up to 100% of its net assets, in order to take measures to mitigate risks relative to such exceptional unfavorable market conditions, in the best interest of the shareholders.

Unless otherwise specified, the sub-fund may hold cash equivalents (as defined in the Prospectus) up to 30% of its net assets for treasury purposes and/or up to 100% of its net assets in case of unfavorable market conditions. These include money market instruments or money market funds which may be managed by the Investment Manager, the Sub-investment Manager or advisers affiliated either to the Investment Manager or the Sub-investment Manager (please refer to the Prospectus for further details).

The sub-fund may invest in debt instruments with loss-absorption features, e.g. contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events. The sub-fund's expected total maximum investments in such debt instruments will be no more than 20% of its net asset value.

The sub-fund measures its performance against the JP Morgan Emerging Markets Bond Global Diversified Index and the JP Morgan Government Bond Index. The sub-fund is actively managed and references the JP Morgan Emerging Markets Bond Global Diversified Index and the JP Morgan Government Bond Index for the purpose of defining a geographical allocation of the countries the sub-fund will invest into.

USE OF DERIVATIVES / INVESTMENT IN DERIVATIVES

The sub-fund's net derivative exposure may be up to 50% of the sub-fund's net asset value.

WHAT ARE THE KEY RISKS ?

Investment involves risks. Please refer to the offering document including the section headed "Risk Descriptions" for details including the risk factors.

1. Credit risk

Fixed income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation. A bond or money market instrument from any type of issuer could fall in price, and become more volatile and less liquid, if the security's credit rating or the issuer's financial health deteriorates, or the market believes it might.

Below investment grade bonds

These bonds are considered speculative. Compared to investment grade bonds, prices and yields of below investment grade bonds are more volatile and sensitive to economic events, and the bonds are less liquid and carry greater default risk.

Downgrading risk

The downgrading of a rated debt security could decrease the value and liquidity of the security, particularly in a thinly traded market, and also increase the price volatility. The sub-fund may continue to invest in securities that are downgraded after purchase.

Unrated bonds

While the Investment Manager assesses the credit quality of any unrated securities, there is no guarantee that its determinations will match those a rating agency would have made.

2. Interest rate risk

When interest rates rise, bond values generally fall. This risk is generally greater the longer the duration of a bond investment. For bank deposits and for money market instruments and other short-maturity investments, interest rate risk works in the opposite direction: falling interest rates can be expected to cause investment yields to fall. Very low or negative interest rates can mean that the sub-fund's ownership of a bond effectively requires the sub-fund to pay interest to the issuer rather than to receive income.

3. ABS/MBS risk

Asset-backed and mortgage-backed securities (ABSs and MBSs), and other types of collateralised debt security, typically carry credit, prepayment and extension risk and can carry above-average liquidity risk. These securities have no credit guarantee other than the quality of the loans behind them, and any other structural credit protection provided by the terms of the bond deal they belong to.

4. Coco bonds risk

Contingent convertible securities (coco bonds) are comparatively untested, their issuers can cancel or modify scheduled income payments at will, they are more vulnerable to losses than equities, they carry extension risk, and they can be highly volatile.

5. Country risk — China

The legal rights of investors in China are uncertain, government intervention is common and unpredictable, some of the major trading and custody systems are unproven, and all types of investments are likely to have comparatively high volatility and greater liquidity and counterparty risks.

6. Currency risk

To the extent that the sub-fund holds assets that are denominated in currencies other than the base currency, or any share class currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses, in some cases significantly. Exchange rates can change rapidly and unpredictably, and it may be difficult for the sub-fund to unwind its exposure to a given currency in time to avoid losses.

7. Derivatives risk

Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general and exposing the sub-fund to potential losses significantly greater than the cost of the derivative. Derivatives are complex investments that are subject to the risks of the underlying asset(s) – typically in modified and greatly amplified form – as well as their own risks.

8. Emerging markets risk

Emerging markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, illiquid security, counterparty, legal and currency risks, and are more likely to experience risks that in developed markets are associated with unusual market conditions.

9. Eurozone risk

In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the sub-fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the sub-fund.

10. Hedging risk

Any attempts to use hedging to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss.

The sub-fund may use hedging with respect to any designated share classes, to hedge the currency exposure of the share class. Hedging involves costs, which reduce investment performance. With any share class that involves hedging both at the sub-fund level and the share class level, there will be two layers of costs.

At times, and particularly in emerging markets, it may be impractical or economically unfeasible for the sub-fund or a share class to enter into hedging positions, leaving it exposed to currency risk.

11. Leverage risk

Because the sub-fund uses warrants, derivatives, or securities lending to amplify its net exposure to certain markets, rates, or other financial reference sources, it may have above average sensitivity to price changes in a reference source and above-average volatility.

Although leverage presents opportunities for increasing total investment return, it also has the potential to increase losses. Because the sub-fund's expected level of leverage is an indicator and not a regulatory limit, leverage may be higher when interest rates are expected to change significantly, when credit spreads are expected to widen or tighten significantly, or when market volatility is very low. For this reason, levels stated in the sub-fund description may not adequately reflect the sub-fund's true risk profile.

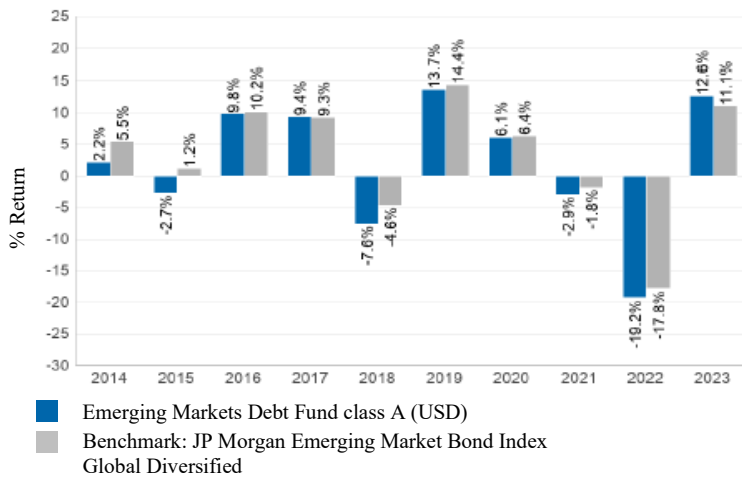
12. Default risk

The issuers of certain bonds could become unable to make payments on their bonds.

13. Discretionary distributing share class risk

The Discretionary distributing share class may pay distributions out of capital. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of the sub-fund's capital may result in an immediate decrease of the net asset value per share. We may amend the above dividend policy subject to SFC's prior approval and will give you one month's prior notice.

HOW HAS THE FUND PERFORMED ?



Past performance information is not indicative of future performance. Investors may not get back the full amount invested.

The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.

These figures show by how much the sub-fund increased or decreased in value during the calendar year being shown.

The sub-fund was launched in 1995. This share class was launched in 1997.

Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

The sub-fund measures its performance against the JP Morgan Emerging Market Bond Index Global Diversified.

IS THERE ANY GUARANTEE ?

This sub-fund does not have any guarantees. You may not get back the full amount of money you invest.

WHAT ARE THE FEES AND CHARGES ?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the sub-fund.

Fee

What you pay

Subscription Fee (Sales Charge)	Up to 5.75% of the amount you buy for classes A, A (EUR), AX, AX (EUR), ARM, AH (EUR), AHX (EUR).
Switching Fee (Conversion Fee)	Usually nil, but up to 2% of the conversion value where the Management Company determine the trading activity of the investor has adversely affected other shareholders.
Redemption Fee	Usually nil, but up to 2% of the redemption value where the Management Company determine the trading activity of the investor has adversely affected other shareholders.
Contingent Deferred Sales Charges	Nil for classes A, A (EUR), AX, AX (EUR), ARM, AH (EUR), AHX (EUR).

Ongoing fees payable by the Fund

The following expenses will be paid out of the sub-fund. They affect you because they reduce the return you get on your investments.

Annual Rate

Management Fee	1.40% of the average daily net assets for classes A, A (EUR), AX, AX (EUR), ARM, AH (EUR), AHX (EUR).
Depository Fee	The Depository Fee will be paid out of the Administration Fee.
Performance Fee	Not applicable
Administration Fee	Currently 0.19% of the average daily net assets, which is capped at the maximum annual rate of 0.25% as set out in the Prospectus.

All fees and charges will remain in force for an unlimited period and may be changed by the Management Company as set out in the Prospectus subject to obtaining the prior approval of the Securities and Futures Commission and provision of one month's prior notice to investors where there is an increase in fees and charges.

Other fees

You may have to pay other fees when dealing in the shares of the sub-fund.

ADDITIONAL INFORMATION

- You generally buy, exchange and sell shares of the sub-fund at the sub-fund's next-determined net asset value (NAV) after the transfer agent receives your request in good order on or before 1pm (Central European Time) on the relevant dealing day. The distributors may impose earlier cut-off deadlines.
- If the sub-fund or a class of shares of the sub-fund is being held by investors of Hong Kong, the net asset value per share of the sub-fund is calculated and published daily on www.morganstanleyinvestmentfunds.com* in USD.
- The compositions of the dividends (i.e. the relative amount paid out of (i) net distributable income and (ii) capital) for the last 12 months is available from the Hong Kong representative on request and also on <http://www.morganstanley.com/im>*.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from www.morganstanleyinvestmentfunds.com*.

*The website has not been reviewed by the SFC.

IMPORTANT

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.