

# Morgan Stanley Investment Funds

## Emerging Markets Debt Fund

31 March 2014

### INVESTMENT OBJECTIVE

Seeks to maximise total return, measured in US dollars, through investment in the debt securities of government and government-related issuers located in emerging countries.

### INVESTMENT PROCESS

- Active top-down analysis of global environment and impact on emerging markets of global events determines overall risk exposure and country allocations.
- Bottom-up security selection is based on in-depth research and value and quantitative analysis.
- Risk measurement is integral to the process and risk exposure is constantly monitored.

### RETURNS IN U.S. DOLLARS VS. BENCHMARK<sup>1</sup>

Period	Fund (net of fees) %				(EUR)	
	I	(USD) A	B	Index	AH	Index <sup>2</sup>
One month	1.29	1.25	1.15	1.26	1.26	1.26
Last three months	3.06	2.93	2.66	3.48	2.90	3.38
YTD	3.06	2.93	2.66	3.48	2.90	3.38
One year	(3.96)	(4.53)	(5.47)	(1.05)	(4.76)	(1.45)
Three years (annualised)	5.79	5.17	4.13	7.15	4.96	6.79
Five years (annualised)	10.48	9.83	8.75	11.54	9.60	11.12
Ten years (annualised)	7.49	6.87	5.81	8.31	-	-
Since inception (annualised)	11.93	n/a	n/a	12.04	n/a	n/a
<b>12 months to:</b>						
March 2014	(3.96)	(4.53)	(5.47)	(1.05)	(4.76)	(1.45)
March 2013	9.66	9.02	7.96	10.44	8.56	9.88
March 2012	12.41	11.76	10.62	12.60	11.85	12.47
March 2011	5.97	5.32	4.30	8.65	5.09	8.05
March 2010	31.21	30.45	29.16	29.15	30.15	28.74

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.

### CLASS I SHARES VS. BENCHMARK<sup>1</sup>

#### Performance of 100 U.S. dollars invested since inception



### Facts and figures

Fund launch	April 1995	Base currency	U.S. dollars
Investment team	Eric Baurmeister Federico Kaune	Benchmark	JPM Emerging Markets Bond Index Global
Location	New York	Total assets	\$ 428.7 million
		NAV Class I	\$ 85.12

Portfolio characteristics	Fund	Index
Duration	6.16	7.11
Average yield to maturity	5.53	5.86
Number of holdings	102	417

Asset breakdown	%
Quasi Sovereign	43.22
Sovereign	39.73
Corporate Bonds	13.40
Warrants	0.13
Cash & equivalents	3.51
<b>Total</b>	<b>100.00</b>

Geographic distribution	%
Mexico	15.05
Indonesia	9.77
Brazil	9.39
Russia	8.82
Turkey	7.27
Venezuela	6.98
Philippines	4.74
Kazakhstan	4.35
Hungary	3.26
Other	26.87
Cash & equivalents	3.51
<b>Total</b>	<b>100.00</b>

Quality distribution Moody's	%
Aaa	0.00
Aa	3.03
A	2.48
Baa	65.95
Ba	8.10
B	3.08
Caa	7.26
Not rated	6.59
Cash & equivalents	3.51
<b>Total</b>	<b>100.00</b>

Statistics (Class I shares) <sup>3</sup>	%
Alpha	(1.37)
Beta	1.09
R squared	0.96
Information ratio	(0.72)
Tracking error	1.89
Fund volatility (Standard deviation)	8.92
Index volatility (Standard deviation)	7.99

Publication date: 14 April 2014.

<sup>1</sup> Launch date of Class I shares was April 1995, Class A shares was February 1997 and Class B shares was July 1997. Launch date of euro hedged share classes AH was October 2006.

<sup>2</sup> Benchmark is JPM Emerging Markets Bond Index Global Euro Hedged.

<sup>3</sup> Based on monthly observations, annualised over last 3 years.

Please refer to the back cover for important information.

Charges	Z	I	A	AH	B
Management Fee %	0.90	0.90	1.40	1.40	1.40
TER %	1.10	1.13	1.73	1.77	2.71

#### TICKER CODES

Class	Currency	ISIN Code	Bloomberg
A	USD	LU0073230004	MOREDPI LX
AH	EUR	LU0266119204	MOREDAH LX
AHX	EUR	LU0691071764	MSEKAHX LX
ARM	USD	LU0749490537	MSEMARM LX
AX	USD	LU0239678807	MOREDAX LX
B	USD	LU0073230343	MOREDPB LX
BH	EUR	LU0341474269	MOREDBH LX
BHX	EUR	LU0691071921	MSEKBHX LX
BX	USD	LU0691071848	MSEMBX LX
C	USD	LU0176158151	MSEMDBC LX
CH	EUR	LU0845089852	MSEKDCH LX
I	USD	LU0057132697	MORIEMD LX
NH	EUR	LU0560702499	MSEMDNH LX
S	USD	LU0390558137	MSEMDTS LX
Z	USD	LU0360479504	MSEMDTZ LX
ZH	EUR	LU0360479769	MOREDZH LX
ZHX	GBP	LU0497141811	MORGZHX LX

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The sources for all performance and index data are Morningstar and Morgan Stanley Investment Management Limited. Calculations are NAV to NAV. Performance is quoted net of fees and with income reinvested.

For cash management purposes the Fund may invest in shares in the Liquidity Funds of Morgan Stanley Liquidity Funds.