

# Morgan Stanley Investment Funds

## Emerging Markets Domestic Debt Fund

Data as of 30 April 2014

### INVESTMENT OBJECTIVE

Seeks to maximise total return primarily through investment in a portfolio of emerging market bonds and other emerging market debt securities, denominated in the local currency of issue. The Fund intends to invest its assets in emerging market debt securities that provide a high level of current income, while at the same time holding the potential for capital appreciation.

### INVESTMENT PROCESS

- Active top-down analysis of global environment and impact on emerging markets of global events determines overall risk exposure and country allocations.
- Proprietary valuation models allow independent analysis of currencies and interest rates.
- Bottom-up security selection is based on in-depth research and value and quantitative analysis.

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

Period	Fund (net of fees) %			Index
	Class I	Class A	Class B	
One month	0.88	0.86	0.76	0.89
Last three months	6.59	6.48	6.24	7.80
YTD	1.48	1.33	1.02	2.81
One year	(13.87)	(14.30)	(15.12)	(9.42)
Three years (annualised)	(2.53)	(3.06)	(4.02)	(0.12)
Five years (annualised)	6.30	5.71	4.68	8.21
Since inception (annualised)	5.05	n/a	n/a	7.50

#### 12 months to:

April 2014	(13.87)	(14.30)	(15.12)	(9.42)
April 2013	7.97	7.38	6.32	10.31
April 2012	(0.42)	(1.01)	(2.03)	(0.28)
April 2011	11.88	11.24	10.13	16.35
April 2010	31.02	30.29	29.07	27.99

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	February 2007	Base currency	U.S. dollars
Investment team	Eric Baurmeister Federico Kaune	Benchmark	JPM GBI - EM Global Diversified Index
Location	New York	Total assets	\$ 306.6 million
		NAV Class I	\$ 35.58

### Portfolio characteristics

	Fund	Index
Duration	4.13	4.63
Average yield to maturity	6.89	6.76
Number of holdings	40	188

### Asset breakdown

	%
Sovereign	84.57
Quasi Sovereign	8.55
Corporate Bonds	6.15
Cash & equivalents	0.73
<b>Total</b>	<b>100.00</b>

### Geographic distribution

	%
Mexico	11.36
Brazil	11.12
Poland	10.97
South Africa	9.92
Turkey	9.53
Russia	8.58
Indonesia	8.14
Malaysia	7.76
Thailand	7.44
Other	14.47
Cash & equivalents	0.73
<b>Total</b>	<b>100.00</b>

### Quality distribution Moody's

	%
Aaa	0.00
A	30.08
Baa	61.52
Ba	7.67
Cash & equivalents	0.73
<b>Total</b>	<b>100.00</b>

### Statistics (Class I shares)<sup>2</sup>

	%
Alpha	(2.41)
Beta	1.08
R squared	0.97
Information ratio	(0.98)
Tracking error	2.46
Fund volatility (Standard deviation)	14.11
Index volatility (Standard deviation)	12.94

Publication date: 15 May 2014.

<sup>1</sup> Launch date of Class I, Class A & Class B shares was February 2007.

<sup>2</sup> Based on monthly observations, annualised over last 3 years.

Please refer to the back cover for important information.

Charges	Class Z	Class I	Class A	Class B
Management Fee %	0.90	0.90	1.40	1.40
TER %	1.13	1.17	1.75	2.74

#### TICKER CODES

Class	Currency	ISIN Code	Bloomberg
A	USD	LU0283960077	MOREMDA LX
AH	EUR	LU0333229507	MSTEMAH LX
AHX	EUR	LU0691071095	MEMDAHX LX
ARM	USD	LU0778465061	MEMDARM LX
AX	USD	LU0283960408	MORDOAX LX
B	USD	LU0283960150	MOREMDB LX
BH	EUR	LU0341474343	MSTEMBH LX
BHX	EUR	LU0691071251	MEMDBHX LX
BX	USD	LU0691071178	MSTEMBX LX
C	USD	LU0362497652	MSEMDDC LX
CH	EUR	LU0845089936	MEMDDCH LX
I	USD	LU0283960234	MOREMDI LX
Z	USD	LU0360486202	MOREMZD LX
ZH	EUR	LU0360486384	MOREMZH LX
ZX	USD	LU0360613839	MOREMZX 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.