A Sub-Fund of Morgan Stanley Investment Funds

Global Opportunity Fund

GLOBAL OPPORTUNITY

Performance Review

In the one month period ending 31 December 2025, the Fund's Z shares returned 1.73% (net of fees)[1], while the benchmark returned 1.04%.

Year-to-date (YTD), the Fund's Z shares returned 12.16% and the benchmark returned 22.34%.

Global Opportunity creates a high conviction, concentrated portfolio of undervalued, high quality businesses. The long-term investment horizon and high active share approach can result in periods of performance deviation from the benchmark. The Fund underperformed the MSCI All Country World Index (ACWI) this quarter due to unfavourable stock selection and sector allocation.

Market Review

Global equity markets advanced in the fourth quarter, led by outperformance in health care, materials and financials. The real estate and consumer discretionary sectors declined, while consumer staples also underperformed the benchmark.

Portfolio Review

Stock selection in communication services, consumer discretionary and financials and an overweight allocation to the consumer discretionary sector were the greatest overall detractors from the relative performance of the portfolio. Top individual detractors included global mobility platform Uber Technologies, Inc., Korean ecommerce platform Coupang, food delivery platform DoorDash, Swedish audio streaming platform Spotify Technology SA and Latin American ecommerce platform MercadoLibre.

The portfolio's underweight allocations to the consumer staples, real estate and information technology sectors were the greatest overall contributors to the relative performance of the portfolio during the period. Top individual contributors included Danish freight forwarder DSV A/S, Taiwan Semiconductor Manufacturing Co., Ltd., a French luxury group, Italian luxury brand Moncler SpA, and homestay and experience marketplace Airbnb.

Shares of Uber underperformed during the period after the company issued fourth quarter guidance below market expectations, as the company chooses to prioritise future growth over short-term margin expansion. Uber reported quarterly results that exceeded revenue expectations, supported by continued momentum in its Uber One membership programme and solid bookings growth. Uber operates a global mobility platform in over 15,000 cities in over 70 countries through its mobility, delivery and freight services.[2] Uber's 189 million monthly active platform consumers average over six trips per month,[2] and it has leadership positions in its top mobility markets and in eight of its top 10 delivery countries.[3] We believe that Uber is unique because of its strong network effects and scale, while gross bookings have penetrated less than 2% of a $14 trillion total addressable market.[2] Uber's competitive advantage over other platforms that offer exclusively ride-booking or food delivery is a result of platform synergies, as evidenced by spending per cross-platform user that is over three times the average spend per users of a single vertical, with customer acquisition costs 50% lower[4] than paid marketing channels when it cross-sells delivery services to its mobility app users. The Uber One cross-platform membership program reached 36 million members and generated more than 40% of Uber's combined delivery and mobility bookings.[2]

Shares of Coupang declined after reporting a cybersecurity incident involving unauthorised access to customer accounts. We are closely monitoring the issue, and note that the company activated an incident response, disabled the threat actor's unauthorised access, reported the incident to authorities and warned customers of potential impact. Based on company filings, no customer financial information or login credentials were compromised in the incident. Coupang is Korea's largest ecommerce company, operating under a first-party and third-party model, with a focus on building a next-generation customer experience by enabling a large selection of items at low prices delivered on the same or next day, with a frictionless return process. For example, the average Rocket delivery time was under 12 hours and 99% of orders were delivered within one day.[5] We believe Coupang is unique due to its scalable logistics infrastructure, low customer acquisition cost structure, loyal customer base of nearly 14 million paid subscribers[6] to its Rocket WOW membership programme, and a growing third-party marketplace that may be further monetised through advertising and fulfilment services. The company's differentiation and efficient scale may enable it to gain share of a fragmented ecommerce market, with the potential to extend its ecosystem beyond its core business and establish strong positions in new verticals such as food delivery and fintech. Coupang currently accounts for a small percentage of Korea's overall ecommerce market,

[1] Source: Morgan Stanley Investment Management. Data as of 31 December 2025.
[2] Source: Uber company data as of 30 September 2025.
[3] Source: Uber Investor Update as of 31 March 2025.
[4] Source: Uber Investor Update as of February 2024.
[5] Source: Coupang company data as of 30 September 2025.
[6] Source: Coupang company data as of 30 June 2025.

which is projected to exceed $336 billion by 2027,[7] and we have seen from other geographies that an ecommerce market leader can capture as much as one-sixth of the country's total retail sales.[8]

Shares of DSV advanced after posting stronger-than-expected third quarter earnings results and guiding towards sooner-than-expected synergies realised from the acquisition of DB Shenker logistics operations. DSV A/S is a leading global asset-light freight forwarder with a unique blend of people, processes and information technology services. DSV enjoys leading positions in air and sea logistics globally as a result of strategic acquisitions that have diversified the firm out of the core road forwarding business and enabled it to grow in scale, network and sophistication in digital capabilities, on top of industry consolidation trends. We believe the company's information technology platform, people and processes allow it to operate efficiently in the value-added activities in forwarding that have been more immune from digital disruptions and volatile market pricing. The company also maintains a shareholder-friendly capital allocation policy that combines share buybacks with stable dividends in the absence of value-accretive merger and acquisition (M&A) activity.

Strategy and Outlook

Quality underperformed by the largest percentage in over 20 years in 2025, trailing the MSCI ACWI by 424 bps globally.[9] The rotation has benefited shares of lower quality cyclicals characterised by slower growth, lower profitability and higher debt, in a market driven by exuberance for artificial intelligence and more accommodative monetary policy.

This dynamic has been more pronounced outside the U.S. as quality underperformed international stocks by 1,041 bps, driven by outperformance in shares of European financials and defence, and Asian semiconductors and materials.[10] The impact in the U.S. has been partially insulated by the inclusion of five of the Magnificent 7 stocks within the MSCI ACWI Quality Index. Our portfolio has historically underperformed in similar rotational market environments, where top-down factors outweigh bottom-up fundamentals.

To put current dynamics into context: following 12-month periods of underperformance over the last 25 years, quality outperformed by 2.1% over the next year and 7.8% over the next three years.[11]

Following 12-month periods of underperformance since inception, Global Opportunity Fund has outperformed the MSCI ACWI by 8.424% over subsequent years and by 22.87% cumulatively over the next three years, net of fees.[12]

Despite a challenging market environment to navigate, our investment philosophy remains unchanged. We have high conviction in our portfolio holdings, supported by strong execution stories and robust fundamentals. Our portfolio is now trading at an attractive absolute valuation level of 5.3% free cash flow yield, and our companies are expected to grow revenues 14.9% compounded annually over the next three years, twice that of the benchmark at 7.2%.[13] We believe this creates one of the most attractive backdrops in our strategy's history.

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

Fund Facts

Launch date	30 November 2010
Base currency	U.S. dollars
Benchmark	MSCI All Country World Net Index

7 Source: Payments & Commerce Market Intelligence as of October 2025.
8 Source: Alibaba earnings call transcript, March Quarter 2020 and FY 2020 Results.
9 Quality stocks are represented by the MSCI ACWI Quality Index, which aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity, stable year-over-year earnings growth and low financial leverage. Year-to-date as of 31 December 2025, the MSCI ACWI Quality Index returned 18.10% and the MSCI ACWI returned 22.34%. Source: MSCI.
10 Year-to-date as of 31 December 2025, the MSCI ACWI ex USA Quality Index returned 21.98% and the MSCI All Country World ex USA Index returned 32.39%. The MSCI ACWI ex USA Quality Index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity, stable year-over-year earnings growth and low financial leverage. Source: MSCI.
11 Source: Bloomberg L.P., Morgan Stanley Investment Management. Data as of 31 December 2025.
12 Source: Morgan Stanley Investment Management. Data as of 31 December 2025.
13 Based on 2027 consensus estimates. Source: FactSet, Morgan Stanley Investment Management. Data as of 31 December 2025.

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 Z Shares	12.16	12.16	27.28	51.72	-41.89	0.89	55.47	36.10	-6.48	49.84	0.39
MSCI All Country World Net Index	22.34	22.34	17.49	22.20	-18.36	18.54	16.25	26.60	-9.41	23.97	7.86

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 Z 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 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.
- Investments in China involves a risk of a total loss due to factors such as government action or inaction, market volatility and reliance on primary trading partners.
- Investment in China A-Shares via Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programs may also entail additional risks, such as risks linked to the ownership of shares.
- 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 31.12.2025 and subject to change daily.

Applications for shares in the Sub-Fund should not be made without first consulting the current Prospectus and the Key Information Document ("KID") or Key Investor Information Document ("KIID"), which are available in English and in the language of countries authorized for fund distribution and is available online at Morgan Stanley Investment Funds Webpages or free of charge from the Registered Office at European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxemburg B 29 192.

The summary of investor rights is available in the aforementioned languages and website location under the General Literature section.

Information in relation to sustainability aspects of the Fund is available from the Prospectus of the Fund.

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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The **MSCI All Country World Net Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

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 **Standard & Poor's 500® Index (S&P 500®)** measures the performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

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