

A Sub-Fund of Morgan Stanley Investment Funds  
**Asia Opportunity Fund**

**GLOBAL OPPORTUNITY**

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this UCITS presents disproportionate communication on the consideration of extra-financial criteria in its management.

**Performance Review**

In the one month period ending 31 January 2025, the Fund's Z shares returned -0.25% (net of fees)<sup>1</sup>, while the benchmark returned 0.74%.

**Market Review**

Asia ex Japan equities advanced year-to-date (YTD). The information technology and consumer discretionary sectors outperformed the benchmark, while the utilities, real estate, health care, consumer staples and industrials sectors declined, underperforming the benchmark.

**Portfolio Review**

Fund underperformance YTD was due to the sector overweight allocation to consumer discretionary and underweight position in financials, as well as stock selection in information technology. Stock selection in the consumer discretionary and utilities sectors, as well as a sector underweight in information technology contributed to relative performance.

Top detractors YTD included:

- Indian food delivery company Zomato
- Underweight position in Taiwan Semiconductor Manufacturing Co.
- Chinese hotpot restaurant Haidilao
- Indian private sector bank ICICI Bank
- Indian private sector bank Axis Bank

Top contributors YTD included:

- Korean ecommerce company Coupang
- Korean search engine Naver Corp
- Chinese ecommerce platform PDD Holdings
- Chinese digital freight platform Full Truck Alliance
- Chinese travel agency Trip.com

**Outlook**

Recent news around the effectiveness of DeepSeek's artificial intelligence (AI) capabilities furthered our thesis that the value of AI will increasingly accrue to the application layer over time instead of simply just the infrastructure layer. It did, however, take markets by surprise, particularly as DeepSeek's probably lower cost raises the question around the significant investments other companies have made into AI advancements for chips and energy. It is our view that not every company in the world will benefit from AI equally or have an edge to monetize it, and differentiation will come from how individual companies use their own data sets to optimize and customize the increasingly commoditized large language models to bring something unique to their customers. Quality companies will likely continue to win, in our view. As long-term, bottom-up investors, we believe some of the most interesting investment opportunities come from considering the second- and third-order effects from these kinds of developments. We believe our strategy is well positioned to benefit, with companies that are truly unique, especially in a world with AI. It is not simply about owning the hottest stock in the hottest industry.

We continue to monitor developments in the generative AI space very closely. As a team, we remain focused on bottom-up stock selection and the long-term outlook for companies owned in the portfolio.

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

**Fund Facts**

Launch date	31 March 2016
Base currency	U.S. dollars
Benchmark	MSCI All Country Asia Ex Japan Net Index

<sup>1</sup> Source: Morgan Stanley Investment Management Limited. Data as of 31 January 2025.

## Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class Z Shares	-0.25	21.49	-7.01	-21.86	-20.35	51.80	41.66	-14.68	74.92	--	--
MSCI All Country Asia Ex Japan Net Index	0.74	11.96	5.98	-19.67	-4.72	25.02	18.17	-14.37	41.72	--	--

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](http://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 fund's 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](http://www.morganstanleyinvestmentfunds.com). All data as of 31.01.2025 and subject to change daily.

Applications for shares in the 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. Luxembourg 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 in English online at: [Sustainable Finance Disclosure Regulation](#).

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.

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