A Sub-Fund of Morgan Stanley Investment Funds

Calvert Sustainable Emerging Markets Equity Select Fund

Calvert

Performance Review

In the three month period ending 31 December 2025, the Fund's Z shares returned 7.66% (net of fees)[1], while the benchmark returned 4.73%.

The Fund is designed to offer long-term shareholder return through exposure to companies that are leaders in the environmental, social and governance (ESG) landscape or improvers in addressing environmental and social challenges and managing material ESG risks. Calvert believes that companies that demonstrate leadership and/or improvement in the management of financially material ESG risks and opportunities offer long-term value creation for shareholders. The investment approach identifies ESG leaders and improvers using a proprietary quantitative and qualitative analysis to construct a portfolio that manages active risk relative to the market benchmark, the MSCI Emerging Markets Index. The portfolio also aims to maintain a carbon footprint 50% lower than the benchmark and higher levels of board gender diversity compared to the benchmark.

During the fourth quarter, the Fund's outperformance was primarily driven by strong stock selection in information technology and an overweight allocation to the sector. Overweight positions in SK Hynix Inc., ASE Technology Holding Co. and Samsung Electro-Mechanics Co. contributed significantly during the period. Additionally, out-of-benchmark exposure to Nanya Technology Corp. and not holding Xiaomi Corp.[2] supported performance.

At the sector level, the consumer discretionary sector also contributed meaningfully, with both stock selection and an underweight allocation bolstering returns. Not holding the underperforming Alibaba Group Holdings Ltd.[2] and PDD Holdings Inc.[3] aided performance.

Other significant contributors during the quarter included not holding Tencent Holdings Ltd.[2] in the communication services sector. Furthermore, overweight positions in IHH Healthcare Bhd. within health care and Far East Horizon Ltd. within financials were beneficial.

The top detractor from the Fund's relative performance was an underweight allocation to the materials sector. In particular, not holding Vale SA[3] and AngloGold Ashanti Plc[3] in the sector weighed on returns.

Both an overweight allocation to and stock selection in the consumer staples sector detracted from returns. Overweights in JD Health International Inc. and Want Want China Holdings Ltd. adversely affected performance.

Other notable drags on the Fund's performance included not holding Samsung Electronics Co.[2] and maintaining overweights in AAC Technologies Holdings Inc. and Kingdee International Software Group Co. within information technology. Overweights in the consumer discretionary names BYD Co., Geely Automobile Holdings Ltd. and Yadea Group Holdings Ltd. also detracted. Additionally, overweights in JD Logistics Inc. in industrials, BeOne Medicines Ltd. in health care and Aldar Properties PJSC in real estate hurt the Fund's performance during the period.

At the country level, the top contributor was China, where strong stock selection and an underweight allocation to the country supported performance. Solid stock selection in and an overweight allocation to Taiwan also contributed. In China, not holding Alibaba Group Holdings Ltd.[2] and Tencent Holdings Ltd.[2] was supportive, while in Taiwan, out-of-benchmark exposure to Nanya Technology Corp. and an overweight in ASE Technology Holding Co. were additive. On the other hand, stock selection in the United Arab Emirates and Brazil detracted. In the UAE, an overweight in Aldar Properties PJSC weighed on the Fund, while in Brazil, an overweight in TIM SA and not holding Vale SA[3] were detrimental.

Market Review

The MSCI Emerging Markets Index returned almost 5% in the fourth quarter and 33.6% for the full year. This marked 2025 as one of the best years for emerging markets (EM) equity performance since 2009, only behind 2017.

For the fourth quarter, EM returns were led by Korea, Chile, Hungary, Colombia, Poland and South Africa. Korea was one of strongest global equity markets in 2025 with a return of 100%,[4] and fourth quarter performance was led by Samsung Electronics and other tech/memory-related names, which rallied on continued semiconductor strength and rising artificial intelligence (AI) momentum around increased capital expenditure spending. Broadly, the hardware and semiconductor industries outperformed for the year, with information technology the top-performing sector in the fourth quarter.

Markets like Chile and South Africa were bolstered by mining company performance such as those operating in copper, lithium and

1 Source: Morgan Stanley Investment Management Limited. Data as of 31 December 2025.
2 The company does not meet the portfolio's criteria for ESG leadership or improvement.
3 The company is ineligible for investment according to the Calvert Principles for Responsible Investment.
4 Regional and country returns are represented by their respective MSCI regional/country indexes, which are broad measures of the region/country's stock market performance. Data is as of 31 December 2025.

platinum group metals. Materials was one of the best-performing sectors in EM in the quarter, rallying since April 2025 for a return of 62% for the full year. The sector was driven by structural support from electrification, the global energy transition and AI-related infrastructure — leading to greater demand for precious metals and industrial metals like copper, which has also faced tight supply conditions. In addition to better fundamentals, gold rose to historic highs in December on geopolitical and economic uncertainties and expectations of U.S. Federal Reserve interest rate cuts leading to investors seeking a relative safe-haven investment.

Saudi Arabia and China underperformed EM in the quarter, and Saudi equities gave back nearly all their gains in the second half of the quarter from the prior months' rally after the local regulator delayed its decision on raising the foreign stock ownership limit until 2026. Saudi equities declined -5% for the full year as falling crude prices led to reduced oil revenues and investor sentiment. In China, continued weakness in economic data remained an overhang on consumer sentiment, while the technology sector also consolidated from investor concerns on valuation and growth expectations. Renewed stress in the property sector also negatively impacted returns, even as the government announced a multi-pronged program to stimulate demand and long-term growth in the real estate market.

Strategy and Outlook

As we look ahead with a focus on major factors that are shaping a multidecade transformation of the global economic system relevant to responsible long-term investors, four areas have the potential for the greatest impact from a risk and opportunity perspective: i) Changes to the global energy system — both in terms of the existing fossil fuel system and the development of a distributed, lower-carbon system — are accelerating and revealing challenges for companies globally; ii) Demographic changes, including educational attainment, continue to impact the workforce, as well as the ultimate size of consumer markets globally, with the vast majority of companies yet to fully adapt to these massive changes; iii) Higher costs, including interest rates, wages and raw materials, present unique challenges to every industry and will likely result in greater differentiation between companies that are able to manage their cost structure and improve productivity and those that are less efficient or trapped in a high fixed operating cost model; iv) Finally, various forms of pricing of externalities — either by governments or through market action — are taking effect and will likely act to raise costs and influence corporate and consumer behavior.

With this future state in mind, leadership on issues of sustainability across industries requires a company to evolve its product strategy, refine its corporate strategy and continually strengthen its ability to provide effective oversight and execution of the sustainable transition before us.

MS INVF Calvert Sustainable Emerging Markets Equity Select strategy is built on our belief that companies addressing the sustainability challenges presented by this multidecade transformation are better positioned to deliver shareholder return and positive societal outcomes. The Fund seeks to invest in companies that are leaders and improvers at managing this future business state, either through their operations and corporate strategy, or through the products and services that they offer.

Using ESG performance on financially material issues as the primary criteria for stock selection, the Fund uses a combined quantitative and qualitative approach to narrow the investment universe and identify and invest in the best-performing companies in the Calvert Research System from an ESG standpoint. The portfolio is then optimized to manage risk, lower the overall greenhouse gas emissions of the portfolio and increase the board level diversity of the portfolio against the benchmark. The result is an actively managed portfolio of global emerging markets stocks designed to provide risk-controlled returns in excess of the MSCI Emerging Markets Index, with exceptional performance on environmental and social issues.

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

Fund Facts

Launch date	31 May 2022
Base currency	U.S. dollars
Benchmark	MSCI Emerging Markets Net Index

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	31.39	31.39	8.88	6.32	--	--	--	--	--	--	--
MSCI Emerging Markets Net Index	33.57	33.57	7.50	9.83	--	--	--	--	--	--	--

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
- There may be an insufficient number of buyers or sellers which may affect the funds ability to buy or sell securities.
- There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets
- Sustainability factors can pose risks to investments, for example: impact asset values, increased operational costs.
- 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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Charts and graphs provided herein are for illustrative purposes only and subject to change.

INDEX INFORMATION

The **MSCI Emerging Markets Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of 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 MSCI Emerging Markets Index currently consists of 24 emerging-market country indices. 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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