A Sub-Fund of Morgan Stanley Investment Funds

Emerging Leaders Equity Fund

EMERGING MARKETS EQUITY TEAM

Performance Review

In the one month period ending 31 July 2026, the Fund's Z shares returned -7.21% (net of fees)[1], while the benchmark returned -3.07%.

Emerging markets (EM) declined during July as a sharp de-leveraging and rotation out of artificial intelligence (AI)-related technology stocks weighed heavily on the technology-oriented markets of Korea and Taiwan. While broader emerging markets were also affected by renewed geopolitical tensions in the Middle East and heightened concerns around the sustainability of AI capital expenditure spending, several markets, including China, Brazil, Indonesia and parts of Latin America, delivered positive returns.

At the country level, China was the largest detractor and accounted for most of the drag for the month. The Fund's underweight allocation to and stock selection in China had a negative impact as the Chinese market had a strong bounce, supported by renewed foreign investor interest, strength in large internet companies and improving expectations for policy support. Stock selections in Taiwan and Korea also detracted as both markets experienced significant weakness amid the technology sell-off. Conversely, the overweight allocation to and stock selection in India was the largest contributor to relative performance, helped by the rotation away from the AI thematic, better earnings growth and resilient economic indicators. The overweight allocation to and stock selection in Brazil benefited relative performance as the market was supported by stronger commodity prices, resilient earnings and a recovery in foreign investor flows. Overweight allocation to and stock selections in South Africa and Mexico also were additive.

At the stock level, Divi's Laboratories was the largest contributor as strong demand for its pharmaceutical ingredients business continued to support earnings momentum. SEA Limited added to performance as improving profitability within its e-commerce operations and continued execution across its digital ecosystem supported investor confidence. MercadoLibre remained resilient, benefiting from market share gains across e-commerce and sustained momentum in its fintech business. Embraer also contributed following continued earnings strength and a robust order backlog, while zero-weight selection to Samsung Electro-Mechanics was favourable as the stock underperformed significantly during the month.

The largest stock-level detractors were concentrated in the technology sector. Technology stocks, particularly in Korea and Taiwan, remained extremely volatile throughout the month as positions were unwound on concerns over slowing AI spending. Forced selling from leveraged exchange-traded funds (ETFs) amplified stock volatility. Overweight positions in SK Hynix, NAURA Technology and Vanguard International Semiconductor detracted as investors questioned the sustainability and pace of AI-related capital expenditure spending. An overweight position in Silergy also weighed on performance amid weakness across the semiconductor supply chain. A zero-weight position in Alibaba was disadvantageous as the stock rallied strongly alongside other large internet companies on improving sentiment and renewed foreign investor inflows.

Portfolio Activity

During the month, we added to our existing position in Rede D'or, one of Brazil's largest private hospital operators and a leading health insurer there. The company continues to gain share in hospitals by organic growth in hospital beds and gain beneficiary market share in insurance from better managing medical loss ratios (MLRs) and product design for small- and medium-sized enterprises. The company acquired SulAmerica, the second-largest health insurer and fourth-largest dental insurer in Brazil. We expect the company's earnings growth to be driven by continued organic growth in health care revenues, improvement to SulAmerica's MLRs and lower financial expenses.

Strategy and Outlook

The team continues to focus on identifying industry leaders across emerging markets through a combination of bottom-up stock selection and thematic investing. Over recent months, we have sought to build a more balanced portfolio, reducing exposure to some of our larger country positions, including India and Brazil, and reallocating capital toward attractive opportunities across a broader set of emerging markets and structural themes.

We continue to position the portfolio around three key themes: AI and technology, market share winners, and macro-driven opportunities. Within AI and technology, we maintain exposure to selected companies across the semiconductor, memory, equipment and broader AI supply chain, where we see attractive long-term opportunities despite recent volatility. We also invest in leading businesses across the consumer, health care, financials and industrial sectors that are gaining market share through strong competitive positioning and execution. In addition, we seek to capitalise on structural macro trends such as improving terms of

[1] Source: Morgan Stanley Investment Management. Data as of 31 July 2026.

trade, nearshoring and credit-to-gross domestic product releveraging, with attractive opportunities identified in markets including South Africa and Peru, as well as countries benefiting from supply chain diversification and accelerating credit growth.

Our structurally cautious view on China continues to evolve. While the portfolio remains underweight the country, we have increased exposure where we have identified compelling bottom-up opportunities and improving fundamentals. We remain mindful of ongoing challenges, including elevated debt levels, property-sector stress, weak consumer confidence and broader economic imbalances. However, we see attractive investment opportunities in areas including semiconductor equipment, biotechnology, electric vehicle supply chains, automation, robotics and other advanced manufacturing industries.

The Fund maintains an overweight allocation to India, although the size of the overweight has been reduced as we have reallocated capital to other compelling opportunities across emerging markets. We remain constructive on India given its favourable demographics, domestically driven growth profile and structural growth opportunities linked to financialisation, digitisation, rising health care spending, import substitution and increasing participation in global supply chains. India also provides important balance to the portfolio given its lower dependence on global technology and semiconductor investment cycles relative to several other emerging markets.

We believe the risk-reward outlook for emerging market equities is currently balanced. Emerging markets continue to offer attractive long-term return potential supported by secular earnings growth, improving corporate profitability and structural reform across several economies. Easing monetary policy in certain markets, fiscal discipline, favourable terms of trade and ongoing structural reforms can provide support for both earnings growth and valuation rerating. We believe our diversified exposure supports a balanced approach to managing risk and seeking returns through different stages of the market cycle.[2]

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

Fund Facts

Launch date	17 August 2012
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	5.34	10.57	2.96	12.41	-33.10	2.91	58.88	26.14	-12.78	26.73	2.53
MSCI Emerging Markets (Net) Index	20.04	33.57	7.50	9.83	-20.09	-2.54	18.31	18.42	-14.57	37.28	11.19

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.**

Effective 27 October 2023, the MS INVF Latin American Equity Fund was merged into the MS INVF Emerging Leaders Equity Fund.

2 Diversification neither assures a profit nor guarantees against a loss in a declining market.

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 31.07.2026 and subject to change daily.

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Applications for shares in the sub-funds should not be made without first consulting the current Prospectus, Key Information Document ("KID") or Key Investor Information Document ("KIID"), Annual Report and Semi-Annual Report ("Offering Documents"), or other documents available in your local jurisdiction at Morgan Stanley Investment Funds Webpages or free of charge from the Registered Office European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxemburg B 29 192.

Information in relation to sustainability aspects of the Fund and the summary of investor rights is available at the aforementioned website.

In addition, all Italian investors should refer to the 'Extended Application Form', and all Hong Kong investors should refer to the 'Additional Information for Hong Kong Investors' section, outlined within the Prospectus. Copies of the Prospectus, KID or KIID, the Articles of Incorporation and the annual and semi-annual reports, in German, and further information can be obtained free of charge from the representative in Switzerland. The representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Ile, 1204 Geneva.

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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