A Sub-Fund of Morgan Stanley Investment Funds

Europe Opportunity Fund

GLOBAL OPPORTUNITY

Performance Review

In the three month period ending 30 June 2026, the Fund's Z shares returned 9.23% (net of fees)[1], while the benchmark returned 11.80%.

Year-to-date (YTD), the Fund's Z shares returned -4.54% and the benchmark returned 10.75%.

As a team, 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 Europe Index this quarter due to unfavourable stock selection and sector allocation.

Market Review

European equities advanced during the quarter, led higher by the information technology, financials and industrials sectors. Energy and communication services were the only sectors to decline, while utilities also underperformed the benchmark.

Portfolio Review

Stock selection and an underweight position in financials, as well as an overweight allocation to communication services were the greatest overall detractors from the relative performance of the portfolio during the quarter. Top individual detractors included French eyewear maker EssilorLuxottica SA, Swedish audio streaming platform Spotify Technology SA, Swiss chocolatier Chocoladefabriken Lindt & Sprungli AG, Dutch payments platform Adyen NV, and global financial markets data, analytics and infrastructure provider London Stock Exchange Group.

Conversely, an underweight allocation to energy, stock selection in communication services and an overweight position in information technology contributed positively to the relative performance of the portfolio during the quarter. Top individual contributors included Dutch supplier of lithography equipment ASML Holding NV, global aesthetic dentistry provider Straumann Holding AG, Polish ecommerce platform Allegro.eu SA, French energy management solution Schneider Electric SE and luxury company Compagnie Financiere Richemont SA.

Shares of EssilorLuxottica declined due to margin pressure in eyewear manufacturing and concerns over rising competition in smart glasses, despite solid revenue growth and continued innovation that we believe should broaden the company's long-term opportunity set. EssilorLuxottica is the global leader in the eyewear market with over 150 brands and 15,000 patents and designs,[2] and its core business engages in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. EssilorLuxottica has strong competitive moats, given its scale, complete product range, global geographical reach and vertically integrated operations with focus on innovation, manufacturing excellence and customer service. We believe EssilorLuxottica can continue to fortify its leadership position within the eyecare and eyewear market, through both organic growth and merger and acquisition (M&A) activity, with its omnichannel strategy, and in its diversification into new growth verticals, including smart glasses, ophthalmological technology and integrated hearing aid solutions. As the leader in the space, the company is well positioned to benefit further from structurally strong demand for eyewear and hearing solutions, given aging populations, increased awareness of eye and hearing health, as well as premiumization trends.

Shares of detractor Spotify declined due to management's guide of an increase in operating expense in the second quarter of 2026 and concerns over potential artificial intelligence (AI) disruption. On its investor day, the company subsequently revealed a deal with UMG that allows Spotify premium subscribers to generate AI-driven covers and remixes of songs from participating artists. Our thesis remains intact: Spotify is an innovative audio streaming platform that exhibits differentiation leadership by leveraging the unique data of 761 million monthly active users, including 293 million paying premium subscribers,[3] and is in a strong position to expand its user base given its extensive playlists. We believe Spotify's strong growth can be supported by entering new geographies, investing in its advertising business and expanding its non-music content as well as user experience.

Shares of ASML surged as first quarter revenue exceeded expectations driven by record EUV (extreme ultraviolet) bookings, coupled with rising expectations in advanced logic and DRAM capacity additions over the next two to three years. We believe that ASML will likely benefit from strong leading-edge capacity ramp from TSMC, commitment to a leading-edge process roadmap by Intel, new advanced logic customers, the continued DRAM EUV layer count increase and migration towards high NA (numerical aperture) EUV. ASML is the leading supplier of lithography, metrology and inspection systems used in the semiconductor

[1] Source: Morgan Stanley Investment Management Limited. Data as of 30 June 2026.
[2] Source: EssilorLuxottica 2024 Universal Registration Document.
[3] Source: Spotify company data as of March 31, 2026.

manufacturing process. ASML's competitive advantage is technological leadership and a niche supplier ecosystem, given it is the sole developer of a EUV lithography tool, which enables the cost-effective fabrication of nearly all leading-edge logic devices at the 7 nanometre process node and below. We believe ASML is poised to benefit from the introduction of more sophisticated high NA EUV, which is critical in enabling the shrink to 2 nanometre and below advanced semiconductor nodes, lithography tool productivity improvements as well as the continued adoption of EUV at leading-edge DRAM nodes.

Contributor Straumann is a leading global provider of products and solutions in the aesthetic dentistry market. While the company started in the premium implant segment, Straumann has continuously expanded its offering, including to non-premium implants and other high growth areas within the dental market via a combination of successful acquisitions and new product launches. Our analysis suggests Straumann may outpace the growth of the dental market as an industry consolidator, with its strategy of targeting underpenetrated and fast-growing markets, proactively cross-selling to its existing customer base, increasing its product range and making digital investments that aim to transform the clinician experience, all underpinned by the company's strong innovation capabilities. Moreover, we believe Straumann can benefit from secular growth trends, such as increasing dental implant penetration driven by increasing prosperity and dental health awareness, an aging population, and digitalization of dental workflows.

Outlook

Our investment philosophy remains unchanged, anchored in the belief that ultimately the market will appropriately value high-quality companies with unique competitive advantages. While rotational market environments have historically proven challenging for our portfolio, and market gains continued to be driven by a group of higher-beta, lower-quality stocks, we remain confident in the underlying strength of our holdings.

We believe the Fund is optimally positioned to benefit from three key secular growth trends looking ahead: 1) consumption, 2) intelligence and 3) digitalization:

- Consumption: our Fund owns businesses that are relatively resilient to disruption, supported by enduring competitive advantages and diversified value drivers. Our preferred names tend to have strong pricing power and tightly controlled supply, reinforcing scarcity and brand desirability, or unique intellectual property that creates strong moats.
- Intelligence: we invest in AI enablers, which represent key bottlenecks across the AI value chain and provide critical solutions in semiconductors, memory, lithography supply and energy-efficient infrastructure; as well as in AI adopters, including companies with strong pre-existing competitive advantages that can further enhance their differentiation by integrating AI.
- Digitalization: the Fund holds both demand and financial aggregators. Demand aggregators consolidate customer demand with scalable ecosystems, strong network effects and durable competitive advantages across services with global end-market exposure; while our preferred financial aggregators are leveraging technology to benefit from structural shifts towards greater digital adoption and financial inclusion.

As long-term investors, we maintain focus on the strong execution stories and robust fundamentals of our portfolio holdings. Our portfolio is now trading at an attractive absolute valuation level of 5.6% free cash flow yield, and our companies are expected to grow revenues 7.6% compounded annually over the next three years, versus that of the benchmark at 4.1%.[4] We believe our names are well positioned to withstand potential volatility through the second half of the year given ongoing geopolitical and macro uncertainty, and we continue to have high conviction in our holdings.

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

Fund Facts

Launch date	08 April 2016
Base currency	Euro
Benchmark	MSCI Europe (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	-4.54	-1.16	18.44	21.41	-39.97	24.21	41.12	30.08	-9.25	10.76	--
MSCI Europe (Net) Index	10.75	19.39	8.59	15.83	-9.49	25.13	-3.32	26.05	-10.57	10.24	--

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.**

[4] Source: FactSet, Morgan Stanley Investment Management. Data as of June 30, 2026.

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.
- 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 30.06.2026 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.

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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 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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