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Morgan Stanley Investment Funds Global Endurance Fund

MARKETING COMMUNICATION | COUNTERPOINT GLOBAL | SEMI-ANNUAL LETTER | 31 DECEMBER 2021

Dear Clients:

Total returns for the MS INVF Global Endurance Fund were +11.92% (Class Z shares net of fees) compared to +18.54% by the MSCI All Country World Index for the year.

I am disappointed with our performance at year-end. The share prices of many of our businesses sold off precipitously in the final weeks of the year. Since many of our businesses had already reported their operating results and given the stark correlated nature of the sell-off, it is my opinion that macroeconomic fears around inflation, interest rates and supply chains are weighing heavily on market participants.

With that being said, I have nothing insightful to add to this particular discussion and will refrain from making any macroeconomic predictions as I believe they are an exercise in futility. Benjamin Graham eloquently referred to the market as a voting machine in the short run and a weighing machine in the long run. As a company-focused investor, it is my belief that if the businesses we own continue to execute against their opportunity set and subsequently see their revenues, gross profits and cash flows continue to grow, they can break the weighing scale and produce strong returns for us. I continue to keep a watchful eye on our management teams who I trust to maneuver and lead their companies through these next set of challenges.

In 2021 our top contributors were GameStop, At Home Group, Victoria PLC, AddLife and Score Media & Gaming. Our detractors were Fastly, Cricut, Cardlytics, Skillz and Jfrog Inc. Unlike my previous letters, I will abstain from putting a spotlight on one of our top holdings as I would like to remain opportunistic in the marketplace during such times of volatility.

When I embarked on this journey, little did I know what lay ahead, especially not a global pandemic. Since then, I have remained consistent in what I set out to do, which is to generate returns by investing in a select group of companies located throughout the world with durable competitive advantages, sustainable growth opportunities, valuable business models and strong management teams. While I am disappointed with our 2021 performance, I am quite pleased with our since inception performance where Global Endurance returned a cumulative +146.76% compared to +53.30% by the MSCI All Country World Index.

It continues to be an absolute privilege to allocate capital on your behalf and I remain committed to doing right by clients for the long run. Strong clients are truly a competitive advantage and at the end of the day, I truly believe that enduring clients allow for an enduring money manager to invest in enduring businesses run by enduring management teams.

What can you expect over the coming years? More of the same – I will continue to apply an interdisciplinary approach to invest in underappreciated businesses that provide a strong value proposition to their customers, are able to take or retain market share all while continuing to re-invest in their businesses for the long-term. And on a personal level, I will continue to remain highly invested in the Fund, having not sold a single share, while only adding to the Fund over the past years. You can expect this commitment of eating one's own cooking to continue.

I would also like to take this opportunity to update you on the team front. While I continue to strongly benefit from Counterpoint Global's platform, as Global Endurance scales, it is important to find dedicated teammates who share similar values, vision, and passion for what I set out to achieve. I am pleased to report that I was able to find two such candidates for two separate roles. Please join me in welcoming Kathrynne Downs and Michael Moritz, both of whom I have known for a couple of years prior to extending them an offer.

Kathrynne Downs will be a Portfolio Specialist focused on client engagement and relationships and making sure your requests and needs are met in a timely manner. Kathrynne is a graduate of Middlebury College where she was on the Dean's List and majored in History of Art and Architecture with a minor in French before joining Morgan Stanley Investment Management 10 years ago. She has

worked in a similar capacity with the Fixed Income team prior to joining Global Endurance while also having strong experiences in the sales and distribution divisions.

Michael Moritz will be a Research Associate helping me with monitoring companies we own, conducting diligence on companies on our watchlist and tackling special research projects. Michael is an Eagle Scout who is a graduate of Boston College where he was on the Order of the Cross and Crown Honors society and majored in Philosophy with a minor in Chemistry. Prior to joining Global Endurance, he ran his own investment research consulting firm, worked in private equity and was a neuroscience research associate at the Lundquist Institute at UCLA.

Both Kathrynne and Michael will report to me and I am excited to learn and grow with them. Their temperaments and values align strongly with mine and both have hit the ground running. As the proverb goes- "If you want to go fast, go alone. If you want to go far, go together."

It is worth noting that our companies' share prices can vary significantly in any short time period; but it is my belief that over time, they reflect the intrinsic value of their underlying businesses. And given that we own a select group of companies – 38 to be exact – a number which is a fraction of the over 3,000 companies held in the index we compete against, the Fund's performance may vary in any given year.

I remain optimistic that a company-focused approach to investing will allow us to find exceptional companies around the globe, truly worthy of our capital in the years ahead. Furthermore, the companies we own today are perennially competing for space in the portfolio with ones we do not. I am committed to searching for exceptional companies, while also deepening my understanding of the fundamentals of our existing businesses.

At year-end, our top 10 companies accounted for 58.12% of the portfolio and top 20 companies accounted for 83.06% of the portfolio. From a geographic domicile weighting standpoint, our portfolio was 66.41% in United States, 12.88% in United Kingdom, 5.34% in Israel, 5.05% in Canada, 3.47% in Poland, 2.82% in Sweden, 1.52% in Netherlands, 1.18% in Finland and 0.53% in Switzerland.

I am grateful for your trust in Global Endurance.

With best wishes,
Manas Gautam

FUND FACTS

Launch date

30 August 2019

Base currency

U.S. dollars

Index

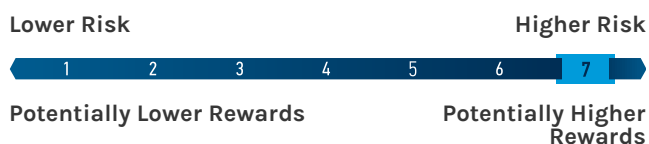
MSCI All Country World Net Index

12 Month Performance Periods to Latest Month End (%)

	DECEMBER '20 - DECEMBER '21	DECEMBER '19 - DECEMBER '20	DECEMBER '18 - DECEMBER '19	DECEMBER '17 - DECEMBER '18	DECEMBER '16 - DECEMBER '17
MS INVF Global Endurance Fund - Z Shares	11.92	107.22	--	--	--
MSCI All Country World Net Index	18.54	16.25	--	--	--

Past performance is not a reliable indicator of future results. 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 units. The sources for all performance and Index data is Morgan Stanley Investment Management. **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 risk and reward category shown is based on historic data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The Fund is in this category because it invests in company shares and the fund's simulated and/or realised return has experienced very high rises and falls historically.
- The fund may be impacted by movements in the exchange rates between the fund's currency and the currencies of the fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- 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 fund's ability to buy or sell securities.

- 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. All data as of 31 December 2021 and subject to change daily.

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INDEX INFORMATION

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