

## A Sub-Fund of Morgan Stanley Investment Funds Global Endurance Fund



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 three month period ending 31 December 2025, the Fund's Z shares returned 5.62% (net of fees)<sup>1</sup>, while the benchmark returned 3.29%.

This brings year-to-date returns for the Fund to 22.07% (Z shares net of fees) versus the benchmark return of 22.34%.

### Market Review

Global equities, as measured by MSCI All Country World Index, advanced quarter-to-date to 3.29%, while the Global Endurance Fund slightly outperformed returning 5.62% (Z shares net of fees). The benchmark performance was led by Health Care and Financials while Real Estate and Consumer Discretionary underperformed the benchmark.

Tariffs persisted as a driver of uncertainty and overall market volatility, but markets recovered from the U.S. government shutdown and softening labor market. In a context of normalized inflation, the Federal Reserve cut interest rates for the third time in 2025, supporting market performance. Artificial intelligence (AI) optimism and capital expenditures spending continued to drive market gains despite rising overvaluation concerns.

### Portfolio Activity

The Health Care sector was the largest contributor to relative performance over the quarter, led by **Roivant Sciences** and **Immunovant**, the top two contributors to quarterly performance.

**Roivant Sciences** is a biotechnology company leveraging a unique business model to discover, develop, and commercialize drugs in multiple therapeutic areas, and provide technology and data solutions in the health care space. The company was a contributor in the period driven by the promising results of its portfolio companies called "Vants", including Immunovant and Genevant/Arbutus Biopharma. The company reported second fiscal quarter 2026 results with consolidated cash and equivalents of approximately \$4.4 billion, ensuring the company's flexibility to fund its clinical research. Roivant bought \$350 million of Immunovant's \$550 million capital raise that closed on 12 December, increasing its ownership to 64.7%. This signals management's conviction in the upcoming Phase 3 anti-FcRn data for Graves' disease and CIDP (chronic inflammatory demyelinating polyneuropathy) expected in 2026. During their first investor day in three years, management from each subsidiary "Vant" presented multiple near-term catalysts across Roivant's three main therapies: Brepocitinib (autoimmune and inflammatory IBD diseases), Immunovant's IMVT-1402 (autoimmune diseases) and Moslicigat (pulmonary hypertension). A New Drug Application filing for Brepocitinib in dermatomyositis has been pulled forward into 2026 with four data readouts expected concurrently. Immunovant's IMVT-1402 has shown both safety and efficacy with potential best-in-class reductions of 80% in IgG autoantibodies in Graves' disease; multiple readouts are expected from 2026 to 2028 across six potential indications. Despite the volatility of litigation events, we believe the company remains uniquely positioned to benefit from the Arbutus/Genevant trials against Moderna and Pfizer/BioNTech scheduled for March and September 2026, respectively. Our outlook remains unchanged with Roivant strategically developing multiple best-in-class/first-in-class therapies for both orphan diseases and large markets.

**Immunovant**, is a clinical-stage biopharmaceutical company developing monoclonal antibodies for the treatment of autoimmune diseases. It was a contributor in the period driven by a successful capital raise with majority shareholder and parent company Roivant Sciences, as well as a renewed investor focus of the potential of its lead asset, IMVT 1402. Designed for subcutaneous self-administration via autoinjector, IMVT-1402 raised interest following a well-received investor day presenting in detail its rich pipeline with six potential indications and upcoming catalysts. The company reported second fiscal quarter 2026 results reflecting significant investments, driven by a 17% increase in research and development expenses to support the simultaneous advancement of multiple late-stage trials and clinical updates. It published positive data on batoclimab's potential for disease modification in Graves' disease, an autoimmune disorder attacking the thyroid. The stock rose following a \$550 million equity offering of which \$350 million was purchased by parent company Roivant, increasing its stake to 64.7%. This further strengthens the company's flexibility beyond its already secured financial runway through 2027. Roivant's increased stake signals management's conviction in the upcoming 2026 data readout for Graves' disease and CIDP. Graves' disease represents an attractive opportunity given the large unmet medical need due to a lack of any new drug approvals since 1950 and a patient population of which 25%-30% remain uncontrolled on legacy anti-thyroid drugs. Our outlook remains unchanged as we believe Immunovant is well positioned to provide a best-in-class new therapy for Graves' disease with six potential registrational readouts underway for 2026-2028.

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

These gains were partially offset by security selection in the Consumer Discretionary and Health Care sectors. From a company perspective, two of the largest detractors over the period were **Victoria PLC** and **Floor & Decor Holdings**.

**Victoria PLC** designs, manufactures and distributes flooring products such as carpets, tiles and artificial grass across the U.K., Europe and Australia. Shares underperformed due to declining sales in a context of weak global flooring demand and a high leverage ratio of 8.6x net debt/EBITDA,<sup>2</sup> which continue to weigh on investor sentiment. This is despite expanding margins, financial flexibility with an estimated £120 million-£150 million in non-core assets that can be divested to deleverage, and the distress of its main competitor Headlam. We believe Headlam's struggle positions Victoria to grow market share in the U.K. In Australia, Victoria's subsidiary Dunlop Flooring is also well positioned to expand its leading market share and could be a strategic asset to divest. On 17 December, the company reported first half 2026 fiscal revenue of £528.7 million, down 7% year-over-year, in the context of industry volume collapsing by 25%. Nevertheless, underlying EBITDA increased 6% to £53.3 million. Margins also successfully expanded 120 basis points (bps) to 10.1% or 390 bps when excluding prior-year hedging impacts and one-off Belgium rug restructuring costs.<sup>3</sup> We believe this increased profitability is a testament to the success of management's cost-cutting initiatives and will likely further help Victoria benefit from volume recovery in the cyclical flooring industry. The market is currently focusing on cyclical top-line decline and is overlooking this structural profitability and management's execution in cost and assets optimization. Therefore, despite the disappointing performance, our outlook remains unchanged, with conviction in Victoria to be a winner-take-most, gaining market share amid competitor weakness, further margin expansion with already successful cost initiatives underway, and growing revenue as demand recovers.

**Floor & Decor Holdings** is a specialty retailer of hard surface flooring. It was a detractor during the period as soft trends in the U.S. hard surface flooring market and consumer discretionary exposure fueled investor caution. However, management's cost control measures leading to successful margin expansion are promising signs of an upcoming market recovery, alongside their sustained warehouse store expansion.

Indeed, the stock traded down despite disclosing on 30 October: third quarter 2025 total revenue growth to \$1.18 billion, increasing 5.5% year-over-year, driven by continued new store openings (the company opened five new warehouse stores during the third quarter, bringing the fiscal 2025 total to 12 openings, including warehouse stores and design centers in the U.S. and Canada), slightly beating estimates. Comparable store sales declined 1.2% amid subdued industry volumes and elevated mortgage rates above 6%, limiting housing turnover.

Amid these macroeconomic headwinds in a cyclical industry, management doubled down on cost discipline, successfully improving operating income by 8.6% year-over-year and diluted earnings per share by 10.4% (exceeding the high end of guidance). Investments in new adjacent categories such as outdoor and kitchen cabinetry rolling out nationwide are broadening the company's addressable market, while marketing investments elevate its brand awareness.

On 26 December 2025, Bradley Paulsen, former CEO of Rentokil Terminix and Rexel, stepped in as the new CEO. We believe this is positive news with a highly qualified executive. While the stock has been under pressure, our outlook remains unchanged as we believe the company is well positioned to emerge stronger from the cyclical bottom of the flooring industry with operational improvements, expanding margins, and leading earnings recovery.

With regard to portfolio positioning and composition, while we are long-term investors, the companies we own today are perennially competing for space in the portfolio with ones we do not. We remain committed to searching for exceptional companies, at the right price. We continue to reassess the competitive advantages and qualitative characteristics of the businesses we own. Strength of the customer value proposition, growth profile and earning power, the track record of management team, and short- and long-term capital needs remain primary concerns when evaluating companies.

The portfolio continues to be concentrated in our best ideas with 23 holdings and the top 10 companies accounting for 50.0% of the portfolio. We seek management teams with a strong track record of operational execution, a high level of integrity and an alignment of incentives. As a result, many companies we identify tend to be founder-led or owner-operated. As of 31 December 2025, 45.7% of the portfolio was comprised of these types of companies.

## Strategy and Outlook

Going into 2026, we are confident in our portfolio, a concentrated "mini-conglomerate" of about 25 carefully hand-picked businesses. We have intentionally narrowed our focus to the Health Care and Consumer Discretionary sectors, where we see many opportunities while remaining diversified (e.g., expiring patents in Big Pharma set the stage for biotech merger and acquisition activity).<sup>4</sup> Our mini-conglomerate, for example, owns an enterprise software company, a flooring manufacturer, an auto dealership, an energy company, a building products distributor, a payment business, a chain of hospitals, and a mattress manufacturer and retailer, on top of some excellent biotech franchises. We believe these businesses provide meaningful value to their end customers, continue to execute against their market opportunity, and remain undervalued relative to their intrinsic value. We focus on unique businesses that are not closely followed. The businesses we are buying tend to be smaller in size but have management teams that are hyper-focused on creating consumer surplus, taking market share, and in turn creating shareholder wealth. They are not going up against the law of large numbers and have a large runway ahead of them. We remain optimistic that in the years ahead our company-focused approach to investing can continue to lead us to exceptional businesses around the globe that are worthy of

<sup>2</sup> Net debt to EBITDA ratio is a measure of a company's leverage, calculated by dividing its net debt by earnings before interest, taxes, depreciation and amortization.

<sup>3</sup> One basis point = 0.01%

<sup>4</sup> Diversification neither assures a profit nor guarantees against loss in a declining market.

our capital. We also believe that having cash in the portfolio at opportune times creates a call option that allows us to pounce when opportunities present themselves. The goal is to deploy capital only to those opportunities where the risk-to-reward ratio continues to meet our high hurdle.

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

## Fund Facts

Launch date	30 August 2019
Base currency	U.S. dollars
Benchmark	MSCI All Country World 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	22.07	22.07	0.15	63.84	-67.14	11.92	107.22	--	--	--	--
MSCI All Country World Net Index	22.34	22.34	17.49	22.20	-18.36	18.54	16.25	--	--	--	--

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

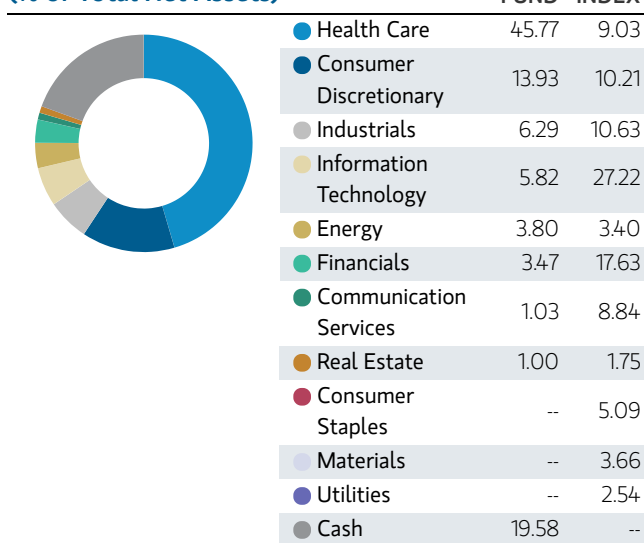
- The fund may be impacted by movements in the exchange rates between the fund's currency and the currencies of the fund's investments.
  - The fund relies on other parties to fulfill certain services, investments or transactions. If these parties become insolvent, it may expose the fund to financial 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.
  - 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 31.12.2025 and subject to change daily.

## Top Holdings (% of Total Net Assets)<sup>7</sup>

	FUND	INDEX
Roivant Sciences Ltd	6.48	--
TEVA PHARMACEUTICAL INDUSTRIES LIMITED	5.66	0.04
Victoria Plc	5.53	--
Abivax S.A.	5.32	--
QXO Inc	5.20	--
Immunovant Inc	4.78	--
TELEFLEX INCORPORATED, Ltd.	4.39	--
Floor & Decor Holdings Inc	4.29	--
Arbutus Biopharma Corp	4.28	--
Belite Bio, Inc	4.07	--
<b>Total</b>	<b>50.00</b>	<b>--</b>

## Sector Allocation (% of Total Net Assets)<sup>5,6</sup>



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

<sup>5</sup> May not sum to 100% due to the exclusion of other assets and liabilities.

<sup>6</sup> For additional information regarding sector classification/definitions please visit [www.msci.com/gics](http://www.msci.com/gics) and the glossary at [www.morganstanley.com/im](http://www.morganstanley.com/im).

<sup>7</sup> These securities and percentage allocations are only for illustrative purposes and do not constitute, and should not be construed as, investment advice or recommendations with respect to the securities or investments mentioned.

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## INDEX INFORMATION

The **MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and 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 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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**Sociedades Administradoras** as amended; under **Decreto Legislativo 861: Ley del Mercado de Valores** (the "Securities Market Law") as amended, and under the **Reglamento del Mercado de Inversionistas Institucionales** approved by **Resolución SMV N°021-2013-SMV/01** as amended by the **Resolución de Superintendente N°126-2020-SMV/02** (the "**Reglamento 1**") and **Resolución de Superintendente N°035-2021-SMV/02** (the "**Reglamento 2**"), and are being offered to institutional investors only (as defined in article 8 of the Securities Market Law) under the special public offering directed exclusively to the institutional investors under the **Reglamento 1 and Reglamento 2**, then the interests in the Fund will be registered in the Section "**Del Mercado de Inversionistas Institucionales**" of the Securities Market Public Registry (**Registro Público del Mercado de Valores**) maintained by the **Superintendencia del Mercado de Valores (SMV)**, and the offering of the Fund interests in Peru only to institutional investors will be subject to the supervision of the SMV, as well as any transfers of the Fund interests shall be subject to the limitations contained in the Securities Market Law and the regulations issued thereunder mentioned before, under which the Fund interests may only be transferred between institutional investors under Article 27 of the **Reglamento 1 and Reglamento 2**. If neither the Fund nor the interests in the Fund have been and will not be registered in Peru under **Decreto Legislativo 862** and under **Decreto Legislativo 861 referenced above**, nor they will be subject to a public offering directed to institutional investors under the **Reglamento 1**, and will be offered to institutional investors only (as defined in article 8 of the Securities Market Law) pursuant to a private placement, according to article 5 of the Securities Market Law, the interests in the Fund will not be registered in the Securities Market Public Registry maintained by the **SMV**, and the offering of the Fund interests in Peru to institutional investors nor the Fund will be subject to the supervision of the SMV, and any transfers of the Fund interests shall be subject to the limitations contained in the Securities Market Law and the regulations issued thereunder mentioned before, under which the Fund interests may only be transferred between institutional investors.