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Morgan Stanley Investment Funds Global Endurance Fund

MARKETING COMMUNICATION | COUNTERPOINT GLOBAL | SEMI-ANNUAL LETTER | 30 JUNE 2022

Dear Clients:

Total returns for Global Endurance were -61.83% (Class Z shares net of fees) compared to -20.18% by the MSCI All Country World Index for the first half of 2022.

Rising inflation, higher interest rates, geopolitical tensions and a slowing economy has led to a turbulent start to the year and continues to put a damper on the near-term outlook for equities. These near-term uncertainties have led to massive revaluations in weak and strong companies alike with market participants showing little regard for the underlying fundamentals. Our holdings did not remain unscathed and saw a stark decline in the first half of the year.

Poor short-term performance of this magnitude is alarming and difficult to stomach. What gives me comfort is that these lower prices and valuations provide us with yet another wonderful opportunity to deploy capital. If you have a long-term time horizon the prospect of lower prices should excite you as much as it excites me. We are now able to buy businesses with similar streams of current and future cash flows at a substantial discount to what they were priced at a few months ago.

While I do not have a crystal ball that predicts recessions, inflation, interest rates or market bottoms, I continue to believe that equities will be the best performing asset class over a long-term time horizon as they provide ownership in the creativity, ingenuity and productivity of hundreds of thousands of workers. It is my belief that owning a portfolio which consists of a select group of companies located throughout the world with durable competitive advantages, sustainable growth opportunities, valuable business models and strong management teams leads to exceptional long-term returns.

A focus on fundamentals, independent thinking and a long-term ownership mindset are the cornerstones of our investment philosophy. However, much of what our team does on a daily basis also involves judgement. It is inevitable that at times we misjudge a company's competitive positioning, growth prospects, quality of the management team or the entry and exit prices based on the information available at the time. However, I am confident that our team will continue to improve and refine our ability to recognize patterns of potential issues and learn from our mistakes. I can assure you that we continue to keep an unrelenting eye on the ball and swing at pitches which are in our circle of competence.

Down markets certainly provide one with a greater sense of humility and clarity. Suffice it to say our team got a heavy dose of both in the first half of this year. However, I am hopeful that when this stormy weather subsides, we shall be rewarded for our patience. Buying growing companies at value prices has served us well historically and I expect it to do so in the ensuing years.

As a reminder, while our companies' share prices can vary significantly in any short time period 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 – 24 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.

At the end of the first half of 2022, our top 10 companies accounted for 59.4% of the portfolio and top 20 companies accounted for 93.6% of the portfolio. From a geographic domicile weighting standpoint, our portfolio was 63.5% in the United States, 13.8% in the United Kingdom, 8.1% in Canada, 5.0% in Israel, 3.5% in the Netherlands, 2.1% in Sweden, 2.1% in Finland and 1.2% in Singapore.

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

Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

| | YTD | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------|--------|-------|--------|------|------|------|------|------|------|------|------|
| Class Z Shares | -61.83 | 11.92 | 107.22 | -- | -- | -- | -- | -- | -- | -- | -- |
| MSCI All Country World Net Index | -20.18 | 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 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

Lower Risk

Higher Risk



Potentially Lower Rewards

Potentially Higher Rewards

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.
- 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. All data as of 30 June 2022 and subject to change daily.

Applications for shares in the Fund should not be made without first consulting the current Prospectus and the Key Investor Information Document ("KIID"), which are available in English and in the official language of your local jurisdiction at morganstanleyinvestmentfunds.com or free of charge from the Registered Office of Morgan Stanley Investment Funds, European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192. A summary of investor rights is available in English at the same website.

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

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 relevant UCITS rules.

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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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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