

A Sub-Fund of Morgan Stanley Investment Funds
Global Permanence Fund



Performance Review

In the three month period ending 31 December 2025, the Fund's Z shares returned -1.63% (net of fees)¹, while the benchmark returned 3.29%.

The portfolio underperformed the MSCI All Country World Index this quarter due to unfavorable stock selection.

Top detractors QTD include:

- Cryptocurrency exchange, Coinbase Global Inc.
- Ecommerce and fintech services platform, MercadoLibre Inc.
- Web performance and security company, Cloudflare Inc.
- Hard surface flooring retailer, Floor & Decor Holdings Inc.
- Aerospace and defense company, Babcock International Group Plc

Top contributors QTD include:

- leading luxury products group, LVMH Moet Hennessy Louis Vuitton SE
- Biopharmaceutical royalties acquirer, Royalty Pharma Plc
- Precious metals company, Royal Gold Inc.
- Luxury company, Christian Dior SE
- Railroad company, Canadian National Railway Co.

Market Review

Global Equities, as measured by MSCI All Country World Index, advanced quarter to date. Health Care, Materials and Financials led benchmark gains, while Real Estate, Consumer Discretionary and Consumer Staples underperformed the benchmark.

Tariff and policy uncertainty remained elevated during the quarter, alongside a government shutdown, while additional Federal Reserve easing and continued artificial intelligence (AI)-related capital expenditures supported broader market performance. Investor sentiment grew more cautious amid rising scrutiny around AI monetization with signs of slowing momentum across select parts of the economy. Against this backdrop, our investment approach remains unchanged. We continue to invest in high quality businesses that have sustainable competitive advantages and strong secular growth potential, and that operate in large and growing end markets where the penetration rate for their goods/services can be much higher over time. Companies we own tend to be asset light, have little financial leverage, strong pricing power, attractive unit economics, high margins, solid cash generation capability and the ability to succeed through different market/macro environments. While we have opportunistically added to some positions and initiated new ones, overall, we have made few changes as we remain confident in the long-term prospects for the businesses we own. We will continue to carefully consider and monitor fundamental variables, while managing overall portfolio risk and exposures.

Portfolio Activity

QTD underperformance has been primarily driven by unfavorable stock selection in Financials, Information Technology and Industrials.

Detractor MercadoLibre operates the leading e-commerce and digital payments ecosystem in Latin America, spanning online marketplaces, logistics, and fintech services. Its shares were a detractor during the quarter, reflecting perceived competitive pressures in Brazil and investor focus on management's decision to prioritize growth investments over near-term margin expansion. The company reported strong third-quarter results, with upside across key topline metrics driven by lower free-shipping thresholds, continued logistics build-out, first-party improvements, and credit card growth, partially offset by lower near-term profitability due to reinvestment. We continue to believe MercadoLibre is well positioned to benefit from the long-term penetration of e-commerce and digital financial services across Latin America and support management's reinvestment strategy as it prioritizes durable growth and market leadership.

Detractor Cloudflare offers a global cloud platform that provides security, performance, and reliability services to the applications of its customers. The company's cloud platform has a proprietary architecture that allows it to scale rapidly to meet customer demands, and its services are easily deployed and enable customers to run their applications without managing expensive and complex network hardware internally. We believe the company benefits primarily from intellectual property and efficient scale related competitive advantages. Cloudflare is poised to capitalize as companies seek high performance, low cost, and secure access to the internet, and developers build an increasing number of applications on Cloudflare's Workers platform. Its shares underperformed, amid broader weakness in high-growth software and heightened concerns following several highly publicized network outages, despite solid execution, accelerating growth metrics, and guidance that exceeded expectations.

¹ Source: Morgan Stanley Investment Management Limited. Data as of 31 December 2025.

Conversely, an average sector overweight position in Health Care and Materials, as well as an average sector underweight position in Information Technology contributed to relative performance.

Contributor Royalty Pharma is one of the largest buyers of biopharmaceutical royalties and a leading funder of innovation across academic institutions, non-profits, biotechnology, and pharmaceutical companies. We believe the company benefits from intellectual property and brand-related competitive advantages, supported by its scale, deep industry relationships, and long track record in structuring royalty transactions. By acquiring diversified royalty interests in approved or late-stage products, Royalty Pharma captures the upside of pharmaceutical innovation while remaining insulated from binary research and development risk. Its shares benefited from continued strong execution, as the company delivered solid quarterly results, raised its outlook, and improved investor confidence in the depth and robustness of its developmental portfolio pipeline and future royalty opportunities.

Contributor Royal Gold acquires and manages precious-metal streams and royalties, providing diversified, non-operating exposure to gold, silver, and copper production. Its shares benefited during the quarter from strong precious-metals pricing, which drove solid quarterly results. Shares were further bolstered by the announcement and closing of several strategic acquisitions, including a gold stream at the long-lived Kansanshi mine and the Sandstorm Gold and Horizon Copper transactions, which further diversified the portfolio.

Outlook

Counterpoint Global looks to own a portfolio of unique companies with diverse business drivers, strong competitive advantages and positioning, and healthy secular growth prospects whose market value we believe can increase significantly over the long-term for underlying fundamental reasons, independent of the macro or market environment. We believe having a market outlook can be an anchor. We focus on assessing company prospects over a five year investment horizon. Current portfolio positioning reflects what we believe are the best long-term investment opportunities.

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	27.19	27.19	9.12	21.30	-18.95	20.52	25.77	--	--	--	--
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 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 the 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 31.12.2025 and subject to change daily.

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. Luxembourg 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 only and subject to change.

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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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.