

## A Sub-Fund of Morgan Stanley Investment Funds

# Global Quality Fund

INTERNATIONAL EQUITY TEAM

### Performance Review

In the one month period ending 31 December 2025, the Fund's Z shares returned 1.35% (net of fees)<sup>1</sup>, while the benchmark returned 0.81%.

For the fourth quarter, the portfolio returned -1.15% while the index delivered +3.12%.

At the start of 2025, during the market drawdown between mid-February and early April, the portfolio's defensive characteristics contributed positively, delivering over 800 basis points (bps) of relative outperformance. However, from April onwards market returns became increasingly driven by a narrow set of macro and thematic exposures, most notably cyclicality and artificial intelligence (AI)-linked operating leverage. In this environment the portfolio did not keep pace with the index, resulting in a full-year return of +1.60% versus +21.09% for the MSCI World Index.

Our approach continues to prioritise businesses with the ability to compound earnings over time, underpinned by strong competitive positions, durable moats, world-class brands and networks, and pricing power. With valuation dispersion elevated and quality as an investment theme trading at a meaningful discount to recent history, we believe the current environment presents a rare opportunity to take advantage of quality on sale. If market focus shifts back towards fundamentals, this would likely provide a favourable backdrop for the portfolio's disciplined emphasis on earnings resilience, capital discipline and sensible valuation.

The largest absolute contributors to performance in the fourth quarter were companies reporting positive third quarter news. **Alphabet** (+109 bps) rose almost 30%, supported by continued strength across its core search and YouTube franchises, improving Google Cloud profitability, and the successful rollout of its latest Tensor Processing Unit (TPU), which reinforced confidence in its AI capabilities. Semiconductor names **TSMC** (+55 bps) and **ASML** (+32 bps) also delivered double-digit gains: TSMC reported close to 40% year-over-year earnings growth and upgraded full-year guidance on the back of strong AI demand,<sup>2</sup> while ASML reported solid bookings and improved its 2026/27 outlook, supported by ongoing AI infrastructure build-out and a broader, longer-tail customer base. Meanwhile in health care, **Thermo Fisher** (+56 bps) and **Haleon** (+33 bps) both exceeded analysts' expectations on organic revenue growth and benefited from a broad health care sector rally as regulatory and pricing risk perceptions eased following the Trump administration-Pfizer agreement.

On the downside, the fourth quarter saw a continuation of the indiscriminate punishing of a diverse range of data-rich and software-enabled business models that has been underway since August, driven by heightened concerns around advanced AI (generative AI [GenAI] and agentic AI) disruption. This resulted in a derating across several differentiated, high quality holdings including **RELX** (-60 bps) and **SAP** (-53 bps). As discussed in prior commentaries, these businesses are already integrating AI into their proprietary datasets and deeply embedded workflows, and as such, we believe they are far more likely to benefit from the technology than be displaced by it. For example, RELX's third quarter results highlighted growing uptake of AI-enabled platforms, such as Lexis+ AI, which is supporting revenue growth across its analytics franchise, while SAP's recent results showed strong cloud and ERP (enterprise resource planning) adoption, which management emphasised is expanding the addressable base for AI-led upsell and embedded AI functionality. **AJ Gallagher** (-55 bps) and **Microsoft** (-44 bps) also detracted in the quarter as both stocks pulled back following strong runs earlier in the year, while **AutoZone** (-37 bps) struggled following mixed fiscal year 2026 first quarter results, missing on earnings due to growth investments and a non-cash LIFO (last in, first out) accounting charge. We added to the position on share price weakness.

Stock selection appears as a relative detractor in the fourth quarter partly due to AI disruption concerns, which weighed on several of the portfolio's overweight subgroups, most notably within information technology, financials and industrials. Within information technology, the portfolio's preferred software group declined 8%, while investor preference for AI infrastructure exposure saw the hardware and semiconductors subsectors both rise 6%. While the portfolio maintains a bias towards software, selective exposure to high quality AI enablers TSMC and ASML offered some relative support within the sector. In financials, balance-sheet-light areas held by the portfolio – payments (-2%), insurance brokers (-9%), and exchanges and data providers (-1%) – lagged a +10% gain in banks, which the portfolio does not own. A similar pattern was evident in industrials, where the portfolio is skewed to capital-light professional services — a subsector which returned -9% versus a flat overall sector. Outside these areas, Zoetis' share price fall meant the portfolio lagged the very strong health care sector, while AutoZone was a drag within consumer discretionary, partially offset by strong performance in communication services due to Alphabet.

For 2025 overall, the largest contributors to absolute performance were the cloud hyperscalers **Alphabet** (+207 bps), after its very strong fourth quarter, and **Microsoft** (+104 bps), where the absolute impact was boosted by the large position size. AI bottlenecks **TSMC** (+158 bps) and **ASML** (+112 bps) also contributed strongly, reflecting their critical positions in advanced semiconductor manufacturing, with sustained demand for TSMC's advanced-node capacity and ASML's EUV (extreme ultraviolet) lithography equipment as AI infrastructure spending remained elevated. Finally, **L'Oréal** (+82 bps) had a particularly strong year, significantly

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

<sup>2</sup> Source: TSMC 3Q25 Earnings Release, 16 October 2025.

outperforming consumer staples peers as organic growth reaccelerated, backed by improving trends in Asia and resilient demand in Europe. Investor confidence was further boosted by evidence that ongoing digital investments are enhancing execution.

**Accenture** (-85 bps) was the largest absolute detractor in 2025. Share price weakness over the year reflects a continuation of sub-trend industry growth, the demand hit from U.S. government cost-cutting initiatives, along with concerns about advanced AI's potential deflationary pressure on industry profit pools, which led to our exit in the fourth quarter. AI-related pressures also weighed on **FactSet** (-55 bps), as GenAI disruption concerns, along with investment-led margin pressure, drove multiple compression. In health care, **UnitedHealth** (-52 bps) cut and then abandoned its 2025 earnings guidance, while **Becton Dickinson** (-52 bps) disappointed on its full-year 2025 growth. We exited both positions in the second quarter. Meanwhile, shares in animal health player **Zoetis** (-50 bps) struggled due to near-term pressures related to its osteoarthritis treatment and investor fear surrounding increased competition, although we continue to view the company as an industry leader with a defensive revenue profile and an attractive pipeline.

Relative performance for 2025 reflects both the persistence of narrow market leadership among cyclical and AI-infrastructure-exposed segments and the broad-based derating of a diverse range of quality business models, impacting names even where underlying fundamentals remained intact. In information technology, software (+9%), where the portfolio is significantly overweight, delivered a decent positive return for the year but this materially lagged the exceptional gains in electrical components and semiconductors (both circa +40%) where the portfolio is underweight, though owning TSMC and ASML helped. A similar dynamic was evident in financials and industrials, where the more resilient payments, insurance brokers and professional services segments were negative, while lower quality, highly cyclical areas, including banks and aerospace and defence, delivered unusually elevated returns in excess of +50%. Index concentration further impacted relative performance as a small number of stocks accounted for a disproportionate share of benchmark performance, most notably Nvidia, Broadcom, JP Morgan and Meta, which the portfolio has not owned due to its quality and valuation discipline. Outside of these dynamics, health care weakness was due to idiosyncratic stock-specific issues, although we remain supportive of the long-term case for high quality names in specific sub-sectors such as life science, animal and consumer health, while communication services saw relative outperformance. Sector allocation for the year was modestly supportive.

## Market Review

Global equity markets delivered solid gains in the fourth quarter (Q4), closing a year characterised by persistent narrow leadership and pronounced dispersion across sectors and investing styles. The MSCI World Net Index rose +3.1% in U.S. dollars (USD) in Q4 and +21.1% for the year. Health care (+11%) led during the quarter, driven by a rebound in pharmaceuticals (+19%); however, ongoing concerns around U.S. policy risk weighed on the overall sector for much of 2025, leaving it behind the index for the year (+15%), along with the other classic defensive sector consumer staples, up just 9% in 2025. Communication services (+5%) also did well in Q4 and was the strongest sector for the year (+32%), supported by continued strength in Alphabet and Meta. Information technology was more subdued in Q4 (+1%), although the sector still modestly outperformed MSCI World in 2025 (+24%), largely due to outsized AI-driven gains in semiconductors (+45%). Financials (+29%), materials (+26%) and industrials (+25%) also saw strong performance in 2025, although returns within these sectors were similarly uneven, with cyclical areas such as banks (+52%), metals and mining (+65%), and aerospace and defence (+52%), respectively, accounting for much of the upside. Weak oil prices meant that energy lagged, returning +2% in Q4 and +13% for 2025.

In terms of geographies, the U.S. mildly underperformed both in the fourth quarter and over the year, meaning most international markets outperformed in USD, helped by the weakness of the dollar. Generally, European markets delivered strong returns, with Spain and Italy among the standouts (+82% and +56%, respectively, in USD terms for 2025). Non-euro markets such as Switzerland and the U.K. also delivered strong returns in both periods. Japan performed broadly in line over the year in USD but was ahead in local currency terms, aided by domestic equity strength, while Asia ex-Japan was mixed.

## Portfolio Activity

During the fourth quarter we made one new purchase and three final sales.

We initiated a position in **Ferrari**, a high quality luxury auto franchise with consistent earnings growth, pricing power and exceptional returns on capital (approximately 60% return on operating capital employed). Despite operating in a cyclical and capital-intensive industry, Ferrari benefits from a resilient business model, underpinned by recurring demand from a wealthy client base, a two-year order book and industry-leading gross margins of around 50%.<sup>3</sup> The shares derated on modest medium-term growth guidance during the quarter, which offered an attractive entry point into a franchise that has compounded earnings at approximately 20% per annum since its initial public offering, with strong revenue visibility and, unlike many of its luxury peers, limited China exposure.

During the quarter, we sold our position in **Accenture**. Despite its exceptional long-term track record of earnings compounding, we are concerned about the growing uncertainty around the net impact of GenAI on industry profit pools. While Accenture is well positioned to support enterprise AI adoption, the pace, scale and economics of that adoption remain unclear, with a risk that AI-driven efficiency gains prove net deflationary for consulting revenues. Given the widening range of potential outcomes and reduced relative conviction versus alternative opportunities in the portfolio, we chose to redeploy capital into higher-conviction names.

We sold out of the small position in **FactSet**, following a reassessment of its quality profile amid emerging structural risks to data aggregation businesses. We see greater clarity and defensibility in other financial services names that we believe should offer better insulation from advanced AI-related risks and more reliable long-term earnings visibility.

<sup>3</sup> Source for all Ferrari data: Ferrari company reports; International Equity Team analysis

Finally, we exited our position in **Constellation Software**. While recent results have been decent, the growing reliance on larger-than-usual acquisitions increases uncertainty around the durability of returns on capital and the consistency of the historic playbook. We also reassessed the company's exposure to AI disruption, where we judge 20%–30% of the portfolio to be at risk directly or indirectly, which matters more when underlying organic growth is only around 2%. With the range of outcomes widening, we chose to reallocate capital toward opportunities with greater visibility on its continued ability to compound earnings over time.

During the quarter, we added to several positions where we saw attractive valuation opportunities following short-term dislocations. This included recent third quarter additions **Uber** and **Synopsys**, along with **AutoZone**. We also added to **Intercontinental Exchange**, **Experian** and **Texas Instruments**, where there was upside to our price targets. Reductions were also largely valuation driven. We trimmed **ADP** to manage relative valuation risk and maintain flexibility amid macro and technology transition uncertainty, along with **Roper Technologies** as the shares reflected a high degree of optimism at a time when near-term growth visibility has moderated. **Booking Holdings**, **ASML**, **Thermo Fisher** and **Haleon** were also clipped after the share prices rerated on good results.

Looking back over the year as a whole, 2025 saw higher portfolio turnover than is typical for the strategy, reflecting an environment characterised by sharp valuation dispersion, AI-driven narrative shifts and a number of stock-specific developments. Periods of market dislocation created opportunities to selectively initiate new positions where we believed long-term compounding potential was not reflected in valuations; in addition to **Ferrari**, these included **Synopsys**, **MSCI**, **Uber**, **Atlas Copco** and **Amadeus**. Similarly, we remained agile with existing holdings, adding to several positions where conviction remained high and valuations became particularly attractive, notably **TSMC** in the first quarter as the share price fell on acquisition concerns; **S&P Global** and **RELX**, which wobbled on AI disruption concerns; and **Thermo Fisher**, **Haleon**, **Zoetis**, **AJ Gallagher** and **Texas Instruments** where the risk-reward profile remained attractive.

On the other side, we exited a number of holdings where the medium-term outlook had become less compelling, in doing so upgrading the overall quality and resilience of the portfolio and recalibrating the number of positions back towards a more typical level from the top end of its range earlier this year. We also sold Oracle, which returned 40% since our purchase in the first quarter. As in prior years, valuation discipline remained central to position sizing and capital allocation decisions: we trimmed **Booking** and **Abbott Laboratories** following strong results in the first quarter, and reduced **Microsoft**, **Alphabet**, **L'Oréal** and **Visa** as earnings momentum drove share price strength over the year. We also scaled back **Aon** on relative valuation grounds, along with **Thermo Fisher** after a strong second-half rally on good results.

In our view, the actions taken during 2025 have strengthened the overall quality, resilience and long-term compounding potential of the portfolio, leaving it well positioned for an environment in which earnings durability, pricing power and valuation discipline once again matter.

## Strategy and Outlook

### Quality “on sale”

After a very strong 2025, with the MSCI World Index up 21%, a third boom year after a +19% return in 2024 and +24% in 2023, global equity markets enter 2026 at a pivotal juncture. The close of 2025 was marked by a dynamic tension between those optimistic that artificial intelligence (AI) will drive a visible transformation in corporate profitability in the near term, justifying the massive capital expenditures, and the growing voice of those questioning whether these high expectations can be realised in the near term. Against this backdrop of uncertainty, not just around the path of AI adoption, but also growth, inflation, trade policy, government debt and geopolitics to name just a few, the MSCI World Index continues to trade at around 20x forward earnings, with the S&P 500 Index at 22x, valuations that imply far more certainty than seems to be warranted.<sup>4</sup> And these steep valuations rest on the assumption of robust 14% earnings growth for the MSCI World over each of the next two years, driven by further margin expansion from already elevated levels.

A regime of seeming market certainty in a distinctly uncertain world has naturally not been favourable for quality as a style, which has underperformed the broader market to an extent not seen since the dot-com era.<sup>5</sup> In terms of our outlook, **historically, such periods of quality underperformance have been followed by a meaningful relative resurgence in quality stocks**, which contributes to our view that **quality offers one of the greatest opportunities in markets today**.

In fact, we'd argue many of the companies we own across a range of sub-industries are double-discounted, being punished not just for being “quality” but also viewed as being at risk from advanced AI disruption. This has hit software companies within information technology, a variety of professional services within industrials, and information services within financials. Our view is that the market has taken an indiscriminate view, not differentiating enough between industries and business models. We believe companies such as MSCI, S&P Global, RELX and Experian are not only likely to be robust against the advanced AI threat but should actually be long-term beneficiaries. As such, we disagree with the market about these companies' prospects. This is not to say that we are complacent; we continue to reassess our holdings' moats and focus on names where we are most confident about their resilience against advanced AI risks. While their derating has adversely affected performance in 2025, it does improve their prospects going forward.

Our quality portfolio also has exposure to those providing advanced AI, mainly through select hyperscalers – companies that have decent growth prospects even without advanced AI – alongside reasonable valuations, which we believe should limit the downside

<sup>4</sup> Source for all data cited in the outlook commentary, unless otherwise stated: MSIM and FactSet. Data as of 31 December 2025.

<sup>5</sup> Source: S&P 500 Quality Index, as at 31 December 2025.

from any deflation of advanced AI expectations. Where we have limited direct exposure to semiconductors, we prefer businesses that serve as key bottlenecks in the supply chain with broad use cases that are not wholly reliant on generative AI prospects. We are particularly wary of players where planned capital expenditures are highly dependent on debt financing rather than their own cash flow generation. These advanced AI exposures are deliberately balanced by holding traditional defensives such as high quality consumer and health companies.

Overall, the portfolio is built around companies with the capacity for sustained earnings growth, supported by pricing power and recurring revenues. These are businesses that have demonstrated resilience through cycles, with lower earnings and price volatility than the broader market, showing a pre-tax return on operating capital employed (ROOCE) of over 70% for the portfolio versus 24% for the index, and gross margins at close to 60% versus 33%. In the past, the market has charged an insurance premium for this resilience, with quality significantly pricier than the overall index. This is far from the case today. The portfolio is projected to grow faster than the market, with projected topline growth of over 8% per year over the next two years, well ahead of the index at 5.9%. Despite the attractive combination of this higher topline growth and its traditional resilience, **the portfolio actually trades at a significant free cash flow discount to the market**, a level of discount not seen in the past decade – a rare opportunity.

**Looking forward, we expect fundamentals to reassert themselves, as they have typically done historically.** Against the uncertain backdrop, a portfolio of some of the highest quality companies in the world, trading at an unusually discounted price versus the market, suggests a generational opportunity to take advantage of quality on sale. Our conclusion? That this is a great portfolio, full of great companies, that are continuing to deliver resilient earnings growth, with strong fundamentals, but are trading at the wrong price, particularly relative to the stretched market.

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

## Fund Facts

Launch date	01 August 2013
Base currency	U.S. dollars
Benchmark	MSCI 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	1.60	1.60	10.64	19.45	-19.11	18.97	14.31	29.24	-2.17	23.00	3.64
MSCI World Net Index	21.09	21.09	18.67	23.79	-18.14	21.82	15.90	27.67	-8.71	22.40	7.51

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.

- 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.

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](http://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.

### IMPORTANT INFORMATION

This material has been prepared solely for informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. Investors should be aware that a diversified strategy does not protect against a loss in a particular market.

All investments involve risks, including the possible loss of principal. The material contained herein has not been based on a consideration of any individual client circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

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.

Morgan Stanley Investment Management 'MSIM', the asset management division of Morgan Stanley (NYSE: MS), has not authorised financial intermediaries to use and to distribute this material, unless such use and distribution is made in accordance with applicable law and regulation. MSIM shall not be liable for, and accepts no liability for, the use or misuse of this material by any such financial intermediary.

The whole or any part of this material may not be directly or indirectly reproduced, copied, modified, used to create a derivative work, performed, displayed, published, posted, licensed, framed, distributed or transmitted or any of its contents disclosed to third parties without the Firm's express written consent. This material may not be linked to unless such hyperlink is for personal and non-commercial use. All information contained herein is proprietary and is protected under copyright and other applicable law.

This material may be translated into other languages. Where such a translation is made, this English version remains definitive; any discrepancies with another language, the English version prevails.

This material has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and MSIM, the Firm has not sought to independently verify information taken from public and third-party sources.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information

regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

Charts and graphs provided herein are for illustrative purposes only and subject to change.

### INDEX INFORMATION

The **MSCI World Net Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed 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.

Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto. The Sub-Fund is actively managed, and the management of the fund is not constrained by the composition of the Benchmark.

The **Standard & Poor's 500® Index (S&P 500®)** measures the performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

The **S&P 500 Quality Index** measures the performance of high quality stocks in the S&P 500, based on a quality score calculated from return on equity, accruals ratio and financial leverage ratio.

### DISTRIBUTION

**This material is only intended for and will be only distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations. It is the responsibility of any person in possession of this material and any persons wishing to make an application for Shares in pursuant to the Prospectus to inform themselves and observe all applicable laws and regulations of any relevant jurisdictions.**

**MSIM and its affiliates have arrangements in place to market each other's products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM's affiliates are: Eaton Vance Advisers International Ltd, Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, Atlanta Capital Management LLC and Parametric SAS.**

**In the EU**, this material is issued by MSIM Fund Management (Ireland) Limited (FMIL). FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at 24-26 City Quay, Dublin 2, DO2 NY19, Ireland.

**Outside the EU**, this material is issued by MSIM Ltd is authorized and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

**Switzerland:** MSIM materials are available in German and are issued by Morgan Stanley & Co. International plc, London (Zurich Branch) Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered Office: Beethovenstrasse 33, 8002 Zurich, Switzerland.

**Saudi Arabia:** This document may not be distributed in the Kingdom except to such persons as are permitted under the Investment Funds Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities to be offered. If you do not understand the contents of this document, you should consult an authorised financial adviser.

This financial promotion was issued and approved for use in Saudi Arabia by Morgan Stanley Saudi Arabia, Al Rashid Tower, Kings Sand Street, Riyadh, Saudi Arabia, authorized and regulated by the Capital Market Authority license number 06044-37.

**Hong Kong:** This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong.

**Singapore:** This material should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In particular, for investment funds that are not authorized or recognized by the MAS, units in such funds are not allowed to be offered to the retail public; any written material issued to persons as aforementioned in connection with an offer is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and investors should consider carefully whether the investment is suitable for them. In cases where you are dealing with a representative of Morgan Stanley Asia Limited, and where such representative is acting on behalf of Morgan Stanley Asia Limited, please note that such representative is not subject to regulatory requirements issued by the Monetary Authority of Singapore nor is under the supervision of the Monetary Authority of Singapore. For any issues which may arise in your dealing with such representative, please approach the Singapore-based contact person who has been established as your local contact person.

**Australia:** This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is

required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

**Chile: Potential investors are advised that this document refers to foreign securities that may be registered in the Foreign Securities Register ("FSR") from the Commission for Financial Markets (Comisión para el Mercado Financiero or "CMF") (the "Registered Securities") or that may not be registered in the FSR (the "Non-Registered Securities").**

**For Registered Securities, please be advised:** The securities being offered are foreign. Shareholder rights and obligations are those of the issuer's home jurisdiction. Shareholders and potential investors should inform themselves on what those rights and obligations are and how to exercise them. CMF supervision of the securities is limited to information requirements in Rule 352, overall supervision is conducted by the foreign regulator in the issuer's home jurisdiction. Public information available for the securities is exclusively that required by the foreign regulator and accounting principles and auditing rules might differ to those applicable to Chilean issuers. The provisions on Article 196 of Law 18.045 are applicable to all parties involved in the registration, deposit, transaction and other acts associated with the foreign securities ruled by Title XXIV of Law 18.045.

**For Non-Registered Securities, please be advised:** THE SECURITIES INCLUDED IN THIS DOCUMENT ARE NOT REGISTERED IN THE FSR AND OFFERS REGARDING SUCH SECURITIES WILL BE CONDUCTED SUBJECT TO GENERAL RULE N°336 OF THE CMF, BEGINNING AT THE DATE OF THIS DOCUMENT. THESE ARE FOREIGN SECURITIES AND THEIR ISSUER IS UNDER NO OBLIGATION TO PROVIDE PUBLIC DOCUMENTS IN CHILE. THE SECURITIES ARE NOT SUBJECT TO THE SUPERVISION OF THE CMF AND CANNOT BE PUBLICLY OFFERED. THEREFORE, THIS DOCUMENT AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE INTERESTS IN THE FUND DO NOT CONSTITUTE A PUBLIC OFFER OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE, THE FUND INTERESTS IN THE REPUBLIC OF CHILE.

Please contact your local Distributor or the person who provided this document for information on the registration status of specific securities.

**Peru:** The Fund is a sub Fund of the Morgan Stanley Investment Funds, a Luxembourg domiciled Société d'Investissement à Capital Variable (the "Company") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part 1 of the Law of 17th December 2010, as amended. The Company is an Undertaking for Collective Investment in Transferable Securities ("UCITS"). If the Fund and the interests in the Fund have been registered in Peru under *Decreto Legislativo 862: Ley de Fondos de Inversión y sus 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.