

Morgan Stanley Investment Funds

Parametric Global Defensive Equity Fund



Performance Review

In the one month period ending 31 October 2024, the Fund's Z shares returned -0.71% (net of fees)¹, while the benchmark returned -2.24%.

Market Review

October saw global equities post negative returns, with the MSCI All Country World Index (USD) returning -2.24% for the month. Dispersion among regional equity indexes was high, with U.S. equities experiencing moderately negative returns of -0.93%, as measured by the S&P 500 Index (USD). Emerging markets and other developed markets experienced more pronounced losses, with the MSCI Emerging Markets Index and MSCI EAFE Index (USD) returning -4.45% and -5.44% for the month, respectively. At the stock level, most U.S. large-cap companies released earnings in the month, with the financial sector beating expectations, while some technology bellwethers failed to impress. As investors were pricing in the possibility of a Republican presidency and congressional sweep, bonds were under pressure on U.S. fiscal concerns and higher inflation expectations. In global markets outside the U.S., market losses were impacted by a stronger U.S. dollar.

The CBOE volatility index (VIX index) averaged 20.0 for the month, with the corresponding volatility indexes for the MSCI EAFE and MSCI Emerging Markets Indexes averaging 19.6 and 24.5 in October, all higher than the previous month.² While much of the near-term volatility premium was priced for the U.S. election, forward volatility is also above the VIX index's long-term median of 17.² The Fund's option portfolio benefited from the higher levels of implicit volatility while experiencing lower levels of realized volatility during the month.

The non-USD share classes of the Fund had the following returns:

In the one-month period ending 31 October 2024, the Fund's IH ZH4 GBP share class returned 1.22%, matching the Fund's blended index³ portfolio return of 1.20% for the same period.

In the one-month period ending 31 October 2024, the Fund's IH ZH4 EUR share class returned 0.62%, besting the Fund's blended index³ portfolio return of 0.38% for the same period.

Strategy and Outlook

A number of potential concerns have emerged following the U.S. elections, particularly on fiscal policy, trade, central bank policies, immigration and labor markets. Bond markets are showing an increase in inflation expectations, which in due course could put downward pressure on valuations and stock prices. A balanced portfolio that is complemented by the volatility risk premium could provide a ballast to most equity portfolios in periods of market stress.

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

Fund Facts

Launch date	09 June 2017
Base currency	U.S. dollars
Benchmark	Primary- MSCI All Country World Net Index Blended- Blended Index

¹ Source: Morgan Stanley Investment Management Limited. Data as of 31 October 2024.

² Source: Bloomberg L.P. Data as of 31 October 2024.

³ Blended index performance shown represents 50% ICE BofA US 0-3 Month Treasury Bill Index and 50% MSCI All Country World Index (Net) Hedged to GBP and EUR, respectively.

Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class Z Shares	10.19	14.05	-7.51	13.08	3.16	13.76	-5.20	--	--	--	--
MSCI All Country World Net Index	16.00	22.20	-18.36	18.54	16.25	26.60	-9.41	--	--	--	--
Blended Index	10.15	13.45	-8.55	9.06	9.24	13.93	-3.75	--	--	--	--

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 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.
 - There may be an insufficient number of buyers or sellers which may affect the funds ability to buy or sell securities.
 - 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 October 2024 and subject to change daily.

Applications for shares in the 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 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.

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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

Blended Index performance shown represents 50% ICE BofA US 0-3 Month Treasury Bill Index and 50% MSCI All Country World Index (Net).

The **MSCI All Country World Net 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. Any index referred to herein is the intellectual property (including registered

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ICE® BofA® 0-3 Month Treasury Bill Index tracks the performance of U.S. dollar-denominated Treasury bills publicly issued in the U.S. domestic market with a remaining term to final maturity of less than 3 months. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor.

The **Volatility Index (VIX)** is the ticker symbol for the Chicago Board Options Exchange Market Volatility Index, a popular measure of the implied volatility of S&P 500 index options. It represents one measure of the market's expectation of stock market volatility over the next 30-day period. The VIX is quoted in percentage points and translates, roughly, to the expected movement in the S&P 500 index over the next 30-day period, which is then annualized.

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 **MSCI EAFE Index (Europe, Australia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the international equity market performance of developed markets, excluding the US & Canada. 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 MSCI EAFE Index currently consists of 21 developed market country indices. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The **MSCI Emerging Markets Index (MSCI EM)** is a free

float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets.

The **Chicago Board Options Exchange (CBOE) Market Volatility (VIX) Index** shows the market's expectation of 30-day volatility.

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