

Morgan Stanley Investment Funds

Systematic Liquid Alpha Fund

AIP HEDGE FUND TEAM

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

As the Fund is less than a year old, we are constrained from commenting on its performance.

Market Review

Equity markets posted their strongest month of 2024, rallying in the wake of the U.S. election. The S&P 500 Index gained 5.87%, while the MSCI World gained 4.59%. Each S&P 500 sector ended the month with positive performance; however, there was significant inter-sector dispersion as markets digested the impact of potential policy changes proposed by the incoming administration.

The Federal Reserve (Fed) continued easing policy, cutting rates by 25 basis points to 4.50%-4.75%. U.S. Treasury yields were volatile during the month, as markets assessed the implications of the U.S. election on the ultimate path of Fed policy. Treasury yields ended the month down slightly, led by longer-dated tenors, and the yield curve flattened.

The U.S. dollar strengthened, and the election caused broader volatility across currency markets, as traders weighed the potential impacts of President-elect Trump's policies.

Equity Factors:

Equity factor performance indicated a clear risk-on tone. In the U.S., the size factor performed well, given expectations for U.S. companies to benefit from President-elect Trump's "America First" trade policies. The momentum factor also delivered meaningful gains, driven by information technology and financials shares, which benefited from expectations of deregulation by the incoming administration. The value factor declined, primarily driven by short exposure to information technology and energy names. Defensive-oriented factors, such as low volatility, underperformed meaningfully given the risk-on sentiment.

Commodities:

A broad index of commodities was roughly flat during November. Cocoa and coffee prices surged, owing to supply concerns, while tin and wheat prices fell.

Trend:

Long-term trend followers snapped a losing streak, with positive performance in November, owing in large part to long exposure to equity markets, which rallied for much of the month.

Portfolio Activity

No major changes were made to the Fund's portfolio or investment strategy.

Strategy and Outlook

Market and economic uncertainty have risen in recent months, resulting in an uptick in volatility in traditional assets. We believe that systematic sources of alpha can deliver uncorrelated returns and much needed diversification in this environment.¹

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

Fund Facts

Launch date	20 February 2024
Base currency	U.S. dollars

¹ Diversification neither assures a profit nor guarantees against loss in a declining market.

Share Class Z Risk and Reward Profile

- There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets.
- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Sub-Fund.
- The value of bonds are likely to decrease if interest rates rise and vice versa.
- 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.
- 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 November 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.

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.

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Dubai: MSIM Ltd (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158).

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Applications for Fund interests in the sub-fund mentioned herein should not be made without first consulting the current Prospectus, Key Information Document ("KID") or Key Investor Information Document ("KIID"), Annual Report and Semi-Annual Report ("Offering Documents"), or other documents available in your local jurisdiction which is available free of charge from the Registered Office European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxemburg B 29 192.

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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. Applications for Fund interests in the sub-fund mentioned herein should not be made without first consulting the current Prospectus, Key Information Document ("KID") or Key Investor Information Document ("KIID"), Annual Report and Semi-Annual Report ("Offering Documents"), or other documents available in your local jurisdiction which is available free of charge from the Registered Office European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192.

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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.

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