

A Sub-Fund of Morgan Stanley Investment Funds
US Core Equity Fund

APPLIED EQUITY ADVISORS 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

In the three month period ending 31 March 2025, the Fund's Z shares returned -6.74% (net of fees)¹, while the benchmark returned -4.27%.

As a core portfolio, US Core attempts to tilt toward the style of stock exposure (growth, value, defensive) that we believe offers the best opportunity within the context of a typically 30- to 35-stock portfolio. With a limited number of stocks, diversification² among positions is a critical component of risk control.

Following are the most significant performance drivers relative to the S&P 500 Index benchmark for the first quarter of 2025:

1. Stock Selection:
 - a. Brown & Brown was up +22% in the quarter, adding +1.03%.
 - b. Progressive was up +20% in the quarter, adding +1.02%.
 - c. Waste Management was up +15% in the quarter, adding +0.75%.
 - d. Not owning Broadcom, which was down -27% in the quarter, adding +0.57%.
 - e. Jeffries was down -32% in the quarter, detracting -0.52%.
 - f. Amazon was down -32% in the quarter, detracting -0.54%.
 - g. Alphabet was down -18% in the quarter, detracting -0.83%.
 - h. NVIDIA was down -19% in the quarter, detracting -1.35%.
2. Style Exposures:
 - a. An underweight to the lowest price-to-earnings (P/E) stocks detracted -0.49%.
 - b. An underweight to the highest dividend-yielding stocks detracted -1.03%.
 - c. An underweight to the lowest beta stocks detracted -1.75%.
 - d. An overweight to the highest momentum stocks detracted -1.68%.
3. Sector Exposures:
 - a. An overweight to financials added +0.98%.
 - b. An underweight to health care detracted -0.96%.

Past performance is no guarantee of future results. The attribution is presented gross of fees. Had these fees and expenses been deducted, returns would be lower. See the next page for performance.

Strategy and Outlook

1. Market weakness continued in March given further economic uncertainty in the near term caused by the Trump administration's new tariff policies.
2. Although the concern is these tariffs will raise short-term inflation, currently inflation remains on a downward trend. It remains too early to ultimately understand the full impact these actions may have, but long-term growth expectations remain high.
3. We still believe 2025 is set up to be a modest, but positive growth year, led by the U.S., which remains the strongest economy.
4. The uncertainty caused by the Trump administration has created a potential entry point for investors looking out one year, with historical market corrections providing above-average equity returns.
5. Since 1950 the market has experienced 18 declines of 15% or more and while the subsequent one-year return is not much better than the average return for any given year, assuming no recession the odds of a positive return are high.³
6. Additionally, in the 12 instances of the market being down over 20%, nine occurred during a recession, but the subsequent one-year returns were still attractive.³ The more the market dropped, the better the subsequent one-year returns have been historically.³ It is almost impossible to know when the market will turn; however, patient, long-term investors can benefit by slowly adding to their positions and believing that historical averages can eventually play out.⁴
7. All corrections can be painful, but markets will likely anticipate the end long before it becomes obvious.

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

² Diversification neither assures a profit nor guarantees against loss in a declining market.

³ Source: Bloomberg L.P. Data as of March 31, 2025. The market is represented by the S&P 500 Index.

⁴ A program of regular investment that cannot assure a profit or protect against a loss in a declining market. Since such a program involves continuous investments regardless of fluctuating share values, investors should consider their financial ability to continue the program through all market cycles.

How our portfolios are positioned:

1. We continue to like a balance between growth and value stocks, and we remain focused on portfolio volatility to help mitigate the overall risk of the portfolio.

Past performance is no guarantee of future results. The market returns referred to in the commentary are those of representative indices and are not meant to depict the performance of a specific investment.

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

Fund Facts

Launch date	05 July 2016
Base currency	U.S. dollars
Benchmark	S&P 500 Total Return Index

Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class Z Shares	-6.74	29.03	19.33	-20.22	36.85	23.41	35.56	-12.14	19.71	--	--
S&P 500 Total Return Index	-4.27	25.02	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	--	--

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.

- 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 31.03.2025 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 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. 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 in English online at: [Sustainable Finance Disclosure Regulation](#).

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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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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