

A Sub-Fund of Morgan Stanley Investment Funds

US Value Fund

EATON VANCE EQUITY 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 December 2025, the Fund's Z shares returned 7.40% (net of fees)¹, while the benchmark returned 1.43%.

The Fund's outperformance relative to the blended benchmark during the quarter was primarily driven by security selection, though sector allocation was also a contributor.

The financials sector was the largest contributor during the quarter, attributable to both positive security selection and an overweight to the sector. Security selection in materials and information technology and an overweight to energy were also additive.

- An overweight position in health care sector constituent Bristol-Myers Squibb was a key contributor during the quarter. The company had strong third quarter results, including an earnings per share and revenue beat, and raised full-year 2025 guidance. We expect a larger-than-average set of recently approved product launches to contribute to revenue growth in the future.
- An overweight to United Parcel Service (UPS) contributed to the Fund's performance. UPS delivered strong third quarter earnings and cash flow. Results were backed by solid operational execution of its long-term transformation plans for reduced Amazon-related volumes, while improved revenue per unit and better working capital management also supported the stock's performance.
- An overweight to Micron Technology contributed to the Fund's positive returns. The company delivered record fiscal first quarter results and issued upbeat guidance, reinforcing confidence in margin expansion and cash generation as supply remains tight across key memory categories, including high-bandwidth memory for hyperscale data centers.
- An overweight position in one of the largest U.S. steel producers, Steel Dynamics, was supportive. The company's third quarter results were marked by record steel shipments. As a low-cost steel producer through its electric arc furnace technology, Steel Dynamics is uniquely positioned to benefit from the Section 232 tariffs on steel and aluminum imports. At the same time, the company is completing a number of capital projects that should allow free cash flow to expand prospectively.
- An overweight to diversified financial services company Wells Fargo & Company also contributed to returns during the quarter. Strong results within its wealth management and investment management divisions, as well as the Federal Reserve's removal of its asset cap on Wells Fargo, drove the stock higher. We believe the bank has a competitive advantage in its deposit franchise and a proven track record of low credit losses through the cycle.

The Fund's allocation to consumer staples, as well as security selection within the sector, was the largest detractor during the quarter. The allocation to health care and security selection within communication services also negatively impacted results.

- An overweight position in Meta detracted from returns, as investors grew skeptical of the company's ability to maintain and expand margins in the face of heavy capital expenditure spending and the well-publicized hiring of expensive talent in the artificial intelligence (AI) field. Management has historically been responsive to the market's concerns, and we believe Meta has room to throttle back spending and reduce costs in other areas to help maintain profitability, until returns on its investments improve.
- Exposure to global staffing firm Robert Half Inc. detracted from returns for the quarter. A softening labor market trend impacted the company's earnings and forward guidance. We believe Robert Half is well positioned for a labor market rebound, as it is a market leader in the staffing industry with a scale advantage over smaller players. We will continue to follow the position closely to ensure that the stock's financial characteristics remain aligned with our philosophy.
- An overweight to Abbott Laboratories detracted from Fund returns. The company delivered mixed earnings, with in-line earnings per share and softer organic growth. Expectations for the inclusion of continuous glucose monitors in the government's competitive bidding process in 2026 also weighed on the shares. Abbott Laboratories remains a high quality compounder with a diversified medical products portfolio, and the strong momentum is currently masked due to the decline in sales of covid tests.
- Exposure to US Foods detracted from returns during the quarter, despite the company reporting strong earnings results. A change to the sales force compensation structure in the face of a rumored merger with a competitor rattled investors; the merger talks have since (publicly) ceased. We believe US Foods remains well positioned in the higher-growth portions of the U.S. food service industry.
- An overweight to Pool Corp detracted from returns during the quarter. High interest rates combined with growing economic unease have weighed on U.S. consumer confidence, creating a challenging environment for Pool Corp, whose products are tied to highly discretionary product categories and housing.

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

Market Review

U.S. markets were higher but underperformed non-U.S. markets during the fourth quarter of 2025. In the third quarter, we began to see a cyclical rotation from growth to value stocks, and that continued through the final quarter of the year, with the Russell 1000 Value Index (+4.59%) outperforming the Russell 1000 Growth Index (+1.91%) for the period.

During the fourth quarter, sector performance was positive across eight of 11 GICS² sectors. Information technology was the best-performing sector in the blended benchmark during the period, up nearly 11%, followed by communication services and health care. Real estate was the worst-performing sector, down -2.5%, followed by utilities and consumer discretionary.

Strategy and Outlook

The fourth quarter of 2025 represented the first time since the Liberation Day tariff announcements last April that value stocks outperformed growth (as represented by the Russell 1000 Value and Russell 1000 Growth Indexes), as recent investor sentiment around the Magnificent Seven turned less uniformly bullish. Heading into 2026, we remain constructive — if cautious — on a potential continued broadening of equity market participation.

We have previously noted a gradual, if uneven, resolution of tariff policy, investment-friendly tax policy (e.g., One Big Beautiful Bill Act) and more accommodative monetary policy, post the April tariff announcements. As we moved into the back half of 2025, we witnessed further encouraging signs, including some destocking of pre-tariff inventories, a resultant slight pick-up in U.S. industrial production, and a positive turn in CEO confidence surveys, reinforced by increased merger and acquisition activity. As such, conditions appear to be ripening for cyclical sectors such as basic materials, industrials and technology (more broadly), and financials as we head into 2026 — sectors well represented in value benchmarks and which have generally (with the exception of AI-related portions of tech) lagged the broader market.

The U.S. consumer remains a wild card, to be sure. The growing anxiety of U.S. consumers as labor markets have slackened modestly has been marked by generationally low readings in the University of Michigan's consumer sentiment index, for example. Spending patterns have been more resilient than such surveys would suggest, however, and significant stimulus in the form of tax refunds from the introduction of no tax on overtime and tips, and more favorable state and local tax (SALT) deduction limitations, should start flowing in the first quarter of 2026. Additionally, the Trump administration appears willing to do everything in its power to lower mortgage rates; the potential multiplier effect of a recovery in housing has been well studied.

Against this backdrop, we are cognizant that U.S. equity markets have — historically, on average — struggled to post positive returns in U.S. midterm election years, and are often marked by volatility and defensiveness during such periods. This general tendency, however, is conditional upon specific macro factors such as growth, interest rates and earnings. As the chaos of 2025 likely gives way to normalization and more supportive policy conditions, we remain constructive on value equities.

In this environment, our investment approach remains unchanged, with a focus on a bottom-up, fundamental approach with deep company analysis. We continue to invest in companies that generate high return on invested capital, strong free-cash-flow yield and low debt-to-capital ratios.

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

Fund Facts

Launch date	29 August 2002
Base currency	U.S. dollars
Benchmark	MSCI USA Value 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	12.64	12.64	12.04	8.94	-4.40	22.06	1.58	--	--	--	--
Blended Benchmark	12.96	12.96	14.37	11.46	-7.54	25.16	2.80	--	--	--	--

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.**

² Global Industry Classification Standard, a widely used system for classification of equity market sectors.

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.
- There are additional risks associated with investing in real estate.
- 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 31.12.2025 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.

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. If you are a distributor of the Morgan Stanley Investment Funds, some or all of the funds or shares in individual funds may be available for distribution. Please refer to your sub-distribution agreement for these details before forwarding fund information to your clients.

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.

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.

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

INDEX INFORMATION

The **Blended Index** performance shown is calculated using the **Russell 1000 Value Index (TR)** from inception through 23 September 2025 and then the **MSCI USA Value Index (NR)** thereafter. The index changed to be more appropriate for non-U.S. investors.

The **MSCI USA Value Net Index** captures large and mid cap US securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

The **Russell 1000® Value Index** is an unmanaged index of U.S. large-cap value stocks. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund.

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.

A Comprehensive benchmark has been used because there has been a change in benchmark during the reporting period shown.

The **Russell 1000® Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an index of approximately 1,000 of the largest U.S. companies based on a combination of market capitalization and current index membership.

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.