A Sub-Fund of Morgan Stanley Investment Funds

NextGen Emerging Markets Fund

EMERGING MARKETS EQUITY TEAM

Important information

- The Fund invests primarily in equity securities of issuers in emerging market countries, including frontier market countries, and upcoming developing markets.
- Investment involves risks. Key risks for this fund include Risk of Investment in Equity, Emerging Market Risk, Exchange Rate Risk and Risk of Exposure tothe Euro and Eurozone.
- There is a risk that you may potentially lose your entire investment in this Fund.
- The investment decision is yours but you should not invest unless the intermediary who sells it to you has advised you that it is suitable for you and hasexplained why, including how buying it would be consistent with your investment objectives. You should not make any investment decision solely based onthis document. Please read the relevant offering document carefully for further fund details including risk factors.

Performance Review

In the one month period ending 30 September 2025, the Fund's A shares returned 0.96% (net of fees)[1], while the benchmark returned 1.47%.

The underweight to and stock selection in the Philippines added to returns, led by our zero allocations to Ayala Land and Ayala Corp. The Philippines was the second worst performing frontier emerging market (EM) in September, and overall, Philippine equities significantly underperformed in the third quarter, largely impacted by the U.S. announcement of the 19% tariff on imports from the country and anti-government rallies over alleged corruption involving flood control projects. Morocco was the worst performing frontier EM market and our underweight allocation to the market also added to returns.

Stock selection in Kazakhstan added to returns, led by our allocation to uranium producer Kazatomprom, though gains were slightly offset by the overweight allocation to the market. Kazatomprom benefited from near-term demand increases and the longer-term demand for uranium, driven by the energy transition. Elsewhere, Perseus Mining, an Africa-focused gold mining company, outperformed on the back of rising gold prices and added to returns.

Pan-African e-commerce platform Jumia Technologies, based in Nigeria, was among the largest security contributors to returns during the month and was the largest security contributor to returns in the third quarter. The stock rallied as the company is considered a potential takeover target for Axian Telecom, which could potentially increase Jumia's growth and expand presence in Africa. The company reported year-over-year growth in revenue and gross merchandise value for the second quarter, and management increased their guidance for 2025 and their long-term profitability targets.

Pakistan market sentiment has recovered on the back of stabilizing macro indicators, and the portfolio benefited from our overweight allocation to the market, through our allocations to Systems Ltd. and Meezan Bank, though gains were slightly offset by aggregate stock selection in the country.

Stock selection in Vietnam detracted from relative returns, led by the zero allocation to Vingroup, the overweight allocation to VCB and the allocation to Techcombank. The underweight to and stock selection in Peru also detracted, mainly through the underweight allocation to Southern Copper, as the copper spot price continued to increase year-to-date and rose again in September following a mine disruption in Indonesia, which led to a supply shock and a downward revision in supply forecasts.

Relative returns were adversely impacted by positioning in Indonesia. Protests in Indonesia continued, motivated by growing economic inequality amid a worsening economic outlook. Bank Indonesia unexpectedly cut the key policy rate by 25 basis points to 4.75% in September to support economic growth. We remain selective in our exposure in Indonesia and have significantly reduced our allocation to the market.

The allocation to MercadoLibre hampered returns as investors were disappointed with short-term margin headwinds (despite reporting solid revenue growth) as the company makes further investment in logistics, while expanding its reach within Latin America. The overweight allocation to Bangladesh dampened relative returns through our allocations to BRAC Bank and Square Pharmaceuticals.

Portfolio Activity

During the month, we reduced the allocation to Indonesia by exiting the position in Hermina Hospitals. We are cautious of the incremental developments in Indonesia, including recent leadership changes across key ministries (notably, the replacement of Finance Minister Sri Mulyani Indrawati), combined with the uncertainty from the potential Danantara spending.

[1] Source: Morgan Stanley Investment Management Limited. Data as of 30 September 2025.

We added to the positions in Hoa Phat Group, Military Commercial Joint Stock Bank and Techcombank in Vietnam given incrementally positive macro developments. The government is pursuing some positive reforms, including streamlining the public sector bureaucracy and easing foreign trading requirements, which could help bring the country closer to an upgrade in its index status to an emerging market (FTSE recently announced the upgrade of Vietnam to "Secondary Emerging Market" status, effective September 2026 pending an interim review in March 2026). Elsewhere in Vietnam, we exited the position in FPT Corp. The company has broadly correlated to the global IT cycle, which faces continued uncertainty around the IT sector, resulting in limited revenue growth and earnings visibility for FPT.

We added to Attijariwafa Bank, based on 1) a solid macro environment in Morocco (low inflation, growth at 3%-5% and a narrow current account),[2] 2) limited currency risks, in our view (the currency has been stable long-term), and 3) increasing foreign investment with pick-ups in trade with the European Union (EU) and the export of goods with greater economic complexity. The Moroccan government is prioritizing international acceptance of its autonomy plan for the Western Sahara, building out a social security net, pursuing health care and education reforms, and digitizing the economy.

We added to Banca Transilvania, the largest bank in Romania. Historically Romania has held a big twin deficit (fiscal and current account), but the new government is now moving to address this issue, which we view as an incremental positive. Additionally, Romania continues to enjoy support from EU funds, which should help on the growth side.

Strategy and Outlook

With heightened volatility in the U.S. and globally, we continue to believe that many frontier and small emerging markets can remain resilient and provide exposure to areas that we believe are set for accelerating gross domestic product (GDP) growth, driven by recently adopted reforms and robust domestic demand. We believe that our integrated top-down and bottom-up analysis remains critical to identify the most attractive macro and stock investments across frontier and small EMs.

We remain overweight Kazakhstan, where we continue to see drivers for strong growth. Kazakhstan has successfully attracted investment from many countries due to its strategically important geography and commodity industries. Remarkably, these investment flows have come from countries that are rivals to each other, as Kazakhstan has managed to balance relations with China, Russia and Western countries. Structurally, Kazakhstan is benefiting from strong population growth, increased oil production, de-dollarization (supporting gold prices), and increased logistics/trade in the region. Considering the country's sensitivity to commodity prices, we are closely monitoring fluctuations in these markets due to the implications on the foreign exchange (FX) rate and overall macroeconomic conditions. We are also tracking the country's accelerating inflation, which appears supported by strong domestic demand, increased food prices, FX weakness and a fiscal deficit. However, we believe growth can be resilient despite risks to more hawkish monetary policy given aforementioned structural drivers and robust domestic demand.

The market remains largely overlooked despite the country's mid-to-high single-digit GDP growth, relatively stable government, favorable geography and well-endowed natural resources. Our exposure in Kazakhstan includes what we consider to be well-managed financials as well as the world's largest and lowest-cost uranium producer. The appreciation in uranium prices this year has been driven by more favorable government policies toward nuclear energy around the world and tighter power markets underpinned by rising artificial intelligence (AI) data center demand. Longer-term, we expect nuclear energy to take on a larger role in the energy transition as it is a dependable, carbon-conscious source of baseload power.

We are overweight Bangladesh, where we see potential in the country's reform story and rapid underlying growth. The country has seen promising policy changes to the FX rate and has committed to judicial, law enforcement, anti-corruption and banking reforms. Real GDP growth is expected to stay strong, with the International Monetary Fund (IMF) currently expecting medium-term growth of 5.5%-7.5% per year. Progress is being made on the monetary policy side where the central bank has recently achieved a restrictive real rate after several interest rate hikes and decelerating inflation. We believe that Bangladesh may eventually benefit from financial conditions easing as inflation cools. Although we remain optimistic, Bangladesh has previously seen political and social turmoil, and so we monitor potential execution risks to reform and commitment to the ongoing IMF program, as there is still much progress to be done on the FX liberalization front. However, we see risks skewed to the upside given the market's already negative sentiment and low foreign interest in the country. We believe the country offers strong expected growth, macro cyclical upside potential and possible reform, and within the market, we hold a bank that can offer sensitivity to the reform story along with a leading health care company.

We are overweight Egypt. As conflicts in the Middle East appear closer to resolution, we believe the Egyptian economy is well positioned for improved external balances, growth and financial conditions. Following major devaluations and volatility in the FX market, Egypt's central bank vigilantly brought rates to restrictive levels to help inflation cool. Currently the real policy rate in Egypt stands at 10% and, combined with improved buffers and a stabilized FX spot rate, Egypt has attracted a high volume of carry-related flows. These policies have yielded results; after peaking at 38% year-over-year, Egypt's inflation rate has declined significantly to the low teens. We expect policy rates to loosen further, stimulating the economy and loan growth. On the external side, balance of payment data appears to be improving with increased remittances, tourism and non-oil exports. We are closely monitoring key risks, which include geopolitics, commodity prices and major pivots in domestic policy. Notwithstanding recent outperformance, we think that the market will likely continue to price equities higher as yields decline on central bank policy, and as such our positioning includes key financials in the country.

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[2] Source: International Monetary Fund "World Economic Outlook", 14 October 2025.

We are underweight the Philippines. The country, while strong across many macro indicators (e.g., consensus expects 5% to 6% real GDP growth until 2027 with inflation under 3%),[3] is facing thematic and political issues. For example, the Philippines, alongside India, appears to be one of the most vulnerable countries to AI given its large call center industry. An estimated 1.8 million people work in the business process outsourcing industry, which comprises approximately 8% of the country's GDP.[4] Politics in the country continue to be tense with a rivalry between President Ferdinand Marcos and Vice President Sara Duterte. In February, Vice President Duterte was impeached and her father, a former president, was arrested. Since then, approval for the current president appears more tenuous than in 2024. Recently, International Criminal Court judges rejected the former president's appeal for release and officials in key positions have resigned (including House speaker Romualdez). Despite this volatility, we are vigilantly monitoring upside risks given the country's otherwise sound macroeconomic outlook. The equity market already has seen a significant derating, currently trading at 10.9x earnings, close to 20-year lows,[5] prompting us to continually re-evaluate the position. Within the Philippines, we currently are invested in leading financials, consumer staples and transportation companies.

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

Fund Facts

Launch date	16 October 2000
Base currency	Euro
Benchmark	Blended- Blended Benchmark
	MSCI Frontier Emerging Markets Net 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 A Shares	0.64	18.05	4.57	-33.45	33.60	-6.08	23.58	-15.33	15.03	10.71	5.73
Blended Benchmark	17.07	13.36	8.05	-23.06	26.97	-14.60	17.64	-11.81	9.40	23.53	-10.93
MSCI Frontier Emerging Markets Net Index	17.07	13.36	8.05	-12.81	12.21	-10.70	16.19	-10.29	11.37	8.14	-8.99

Investment involves risks. All performance data is calculated NAV to NAV, net of fees, and assume the reinvestment of all dividends and income. The sources for all performance and index data is Morgan Stanley Investment Management ('MSIM Ltd'). Please refer to the relevant offering documents for fund details, including risk factors.

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. 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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3 Source: Bloomberg consensus estimates, as of 30 September 2025.
4 Source: IT & Business Process Association of the Philippines, as of 16 January 2025.
5 Source: Bloomberg L.P., as of 30 September 2025.

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INDEX INFORMATION

The **Blended Index** performance shown is calculated using the **MSCI EM Europe, Middle East Gross Index** from inception through 31 December 2000, the **MSCI EM Europe Middle East Net Index** through 16 April 2008, the **MSCI Emerging Europe, Middle East and Africa Net Index** through 15 May 2022 and the **MSCI Frontier Emerging Markets Net Index** thereafter.

The **MSCI EM Europe, Middle East Index** captures large and mid-cap representation across 8 Emerging Markets (EM) countries in Europe and Middle East.

The **MSCI Emerging Markets Europe, Middle East and Africa Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of Europe, the Middle East & Africa.

The **MSCI Frontier Emerging Markets Net Index** is a free float adjusted market capitalization index designed to serve as a benchmark covering all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index.

The indexes are unmanaged and do not include any expenses, fees, or sales charges. It is not possible to invest directly in an index.

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

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.

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