

A Sub-Fund of Morgan Stanley Investment Funds

Asia Opportunity Fund

GLOBAL OPPORTUNITY

Performance Review

In the one month period ending 31 December 2024, the Fund's Z shares returned -1.64% (net of fees)¹, while the benchmark returned 0.15%.

Year-to-date (YTD), the Fund's Z shares returned 0.88% and the benchmark returned 2.57%.

The Global Opportunity team creates a high conviction, concentrated portfolio of undervalued, high quality businesses. The long-term investment horizon and high active share approach can result in periods of performance deviation from the benchmark. The Fund underperformed the MSCI Asia ex Japan Index YTD due to unfavourable stock selection despite favourable sector allocation.

Market Review

Asia ex Japan equities advanced year-to-date. The communication services, consumer discretionary, financials, consumer staples and material sectors outperformed the benchmark, while the information technology was the only sector to decline, underperforming the benchmark.

Portfolio Review

Fund underperformance YTD was due to stock selection in consumer discretionary, consumer staples and information technology. A sector underweight allocation to information technology, overweight allocation to consumer discretionary, and stock selection in financials contributed positively to relative performance.

Top detractors YTD included:

- Chinese travel agency Trip.com
- Chinese consumer services super-app Meituan
- Indian food delivery company Zomato
- Chinese health care company Shenzhen Mindray Bio-Medical
- Global content creation and consumption platform Webtoon Entertainment

Top contributors YTD included:

- Underweight position in Taiwan Semiconductor Manufacturing Company
- Indian private sector bank ICICI Bank
- Korean ecommerce company Coupang
- Chinese real estate agency KE Holdings
- Chinese live-streaming platform Kuaishou Technology

Outlook

Given continued macroeconomic uncertainty, it would not be irrational to expect further market volatility in the months ahead. As bottom-up stock pickers, we try to set aside market noise and focus on seizing opportunity in shares of companies that are generally less impacted by changes in the macroeconomic environment. We continue to believe that there will be limited impact from tariffs to the terminal value of the businesses we own in the portfolio.

In Asia, we generally own companies that we believe benefit from domestic consumption growth drivers with limited direct impact from tariffs. Based on FactSet estimates, our portfolio holdings had a low-single-digit 2024 revenue exposure from the U.S. The product companies we own tend to be high quality branded companies with lower cost of goods sold and higher margins, thus substantially insulating them from tariff increases. We are further encouraged that many businesses are looking attractive on a price-to-value basis, and we will look to take advantage of any market volatility on specific names where we identify large opportunities for alpha.

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

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

Fund Facts

Launch date	31 March 2016
Base currency	U.S. dollars
Benchmark	MSCI All Country Asia Ex Japan 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 Z Shares	214.9	214.9	-7.01	-21.86	-20.35	51.80	41.66	-14.68	74.92	--	--
MSCI All Country Asia Ex Japan Net Index	11.96	11.96	5.98	-19.67	-4.72	25.02	18.17	-14.37	41.72	--	--

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.
- Investments in China involves a risk of a total loss due to factors such as government action or inaction, market volatility and reliance on primary trading partners.
- Investment in China A-Shares via Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programs may also entail additional risks, such as risks linked to the ownership of shares.
- 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, available at www.morganstanleyinvestmentfunds.com. All data as of 31.12.2024 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 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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Charts and graphs provided herein are for illustrative purposes only and subject to change.

INDEX INFORMATION

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