

A Sub-Fund of Morgan Stanley Investment Funds

Developing Opportunity Fund

GLOBAL OPPORTUNITY

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 30 September 2025, the Fund's Z shares returned 5.70% (net of fees)¹, while the benchmark returned 10.64%.

Global Opportunity 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 Emerging Markets Index this quarter due to unfavourable stock selection despite favourable sector allocation.

Market Review

Emerging markets equities advanced in the quarter, driven by the materials, communication services, consumer discretionary and information technology sectors. The energy, financials, consumer staples and real estate sectors underperformed the benchmark. On a country basis, Egypt, Peru, China, South Africa and Colombia outperformed, while the Philippines, India and Indonesia declined, underperforming the benchmark.

Portfolio Review

Stock selection in consumer discretionary and financials and the portfolio's underweight positions in the information technology, real estate and materials sectors were the greatest overall detractors from relative performance. Top individual detractors included Latin American ecommerce company MercadoLibre, Korean digital bank KakaoBank, Chinese consumer service super-app Meituan, Chinese online lending platform Qifu Technology and an underweight position in Taiwan Semiconductor Manufacturing Co.

Conversely, a sector overweight position in consumer discretionary, an underweight position in energy, and stock selection in communication services, information technology and materials were the greatest overall contributors to the relative performance of the portfolio during the period. Top individual contributors included Chinese travel agency Trip.com, Indian quick commerce company Eternal, Southeast Asian super app Grab, Latin American digital bank, Korean ecommerce platform Coupang.

Shares of MercadoLibre underperformed after reporting second quarter earnings below expectations driven by a contraction in operating margins as the company increases investments in marketing and lowers free shipping thresholds in Brazil. We believe that MercadoLibre is investing in the future of its ecommerce and fintech ecosystem to sustain long-term growth. MercadoLibre is the largest ecommerce platform in Latin America, with a presence in 18 countries including Brazil, Argentina and Mexico; 90 million active buyers on its online marketplaces; and 68 million fintech active users of its Mercado Pago digital payments platform.² We believe MercadoLibre can increasingly benefit by monetising the uniqueness of its platform in Latin America, which has a population of more than 668 million and one of the fastest-growing internet penetration rates in the world.³

Shares of KakaoBank declined due to tighter government regulations on household lending, which has led to concerns on near-term loan growth. KakaoBank is a digital bank with full banking license in Korea, servicing over 80% of the economically active population.⁴ We believe KakaoBank is unique due to its strong technological infrastructure, customer interface, differentiated products and Kakao brand name. KakaoBank is fully digital with no branches, which reduces the cost of operating the business and we believe can sustain long-term profitability. The Korean banking system is large with weak incumbents and smartphone penetration in the country is high, creating what we believe is an ideal backdrop for KakaoBank to grow through market share gains.

Shares of Trip.com outperformed after a strong second quarter earnings print and upbeat commentary, which eased concerns about reinvestment-driven margin pressure. Management highlighted robust summer travel along with momentum in overseas expansion and advertising, with a new share buyback announcement underpinning positive sentiment. New artificial intelligence (AI) tools (TripGenie/Trip.Planner) are boosting engagement, funnelling users to bookable itineraries and automating service, supporting stickier direct demand and efficiency into the platform.

Shares of Eternal rallied after reporting strong first quarter results with 70% year-over-year revenue growth,⁵ led by Blinkit's rapid expansion, along with a positive outlook on margin. Eternal is a leading India-based food delivery and quick commerce platform, with

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

² Source: MercadoLibre company data as of 30 June 2025.

³ Source: United Nations Population Division, December 2024.

⁴ Source: KakaoBank company data as of 30 June 2025.

⁵ Source: Eternal company data as of 21 July 2025.

strong network effects of almost 21 million monthly transacting customers, almost 300,000 restaurant partners and over 450,000 delivery partners.⁶ The Indian online food delivery market is very attractive due to its significant underpenetration relative to other countries, a fragmented restaurant industry with chain restaurants accounting for 6%-7% of industry sales⁷ and a favourable duopoly market structure. E-commerce in India, especially online grocery, is significantly underpenetrated relative to other countries. We believe Eternal will likely benefit from Indian food consumption growth, transition from home cooked food to restaurant food, and higher adoption of food delivery and online commerce services.

Strategy and Outlook

Against an uncertain market backdrop, we remain focused on a portfolio of high-quality, growing businesses that are generally less sensitive to macroeconomic conditions and policy uncertainty.

In the third quarter, developing equity markets were driven by continued enthusiasm for artificial intelligence, particularly among semiconductor and hardware companies in Korea and Taiwan. We do not hold these names, as we have less conviction in their long-term growth drivers. Instead, we see some of the most compelling opportunities arising from the second- and third-order effects of such technological developments. Our portfolio includes distinctive companies that, even in a pre-AI world, are well positioned to embrace these innovations by enhancing their competitive advantages and potentially unlocking significant value through deeper customer engagement.

While recent underperformance is disappointing, our conviction in the portfolio's holdings remains strong. The fundamentals of our companies are strong, with revenues expected to grow at 12.5%, compared with 8.7% for the benchmark.⁸ (Furthermore, 99% of the portfolio is projected to be free cash flow positive by 2027, offering an attractive 5.6% consensus estimated free cash flow yield based on 2027 estimates.)⁸

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

Fund Facts

Launch date	20 December 2019
Base currency	U.S. dollars
Benchmark	MSCI 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 Z Shares	19.03	18.77	6.84	-29.37	-18.72	59.39	--	--	--	--	--
MSCI Emerging Markets Net Index	27.53	7.50	9.83	-20.09	-2.54	18.31	--	--	--	--	--

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 30.09.2025 and subject to change daily.

⁶ Source: Eternal company data as of 30 June 2025.

⁷ Source: Eternal company data as of May 2024.

⁸ Source: FactSet. Data as of 30 September 2025.

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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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

The **MSCI Emerging Markets Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The MSCI Emerging Markets Index currently consists of 24 emerging-market country indices. The performance of the index is listed in U.S. dollars and assumes reinvestment of net dividends.

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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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.