

A Sub-Fund of Morgan Stanley Investment Funds

Europe Opportunity Fund

GLOBAL OPPORTUNITY

Performance Review

In the three month period ending 30 September 2025, the Fund's Z shares returned -5.04% (net of fees)¹, while the benchmark returned 3.51%.

Year-to-date (YTD), the Fund returned -2.55% (Z shares net of fees) and the benchmark returned 12.36%.

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 Europe Index this quarter due to unfavourable stock selection and sector allocation.

Market Review

European equities advanced during the quarter, led higher by the financials, energy and consumer discretionary sectors. The real estate, communication services and consumer staples sectors declined, underperforming the benchmark.

Portfolio Review

Stock selection in consumer discretionary, financials and industrials were the greatest overall detractors from the relative performance of the portfolio during the quarter. Top individual detractors included Danish freight forwarder DSV A/S, French luxury brand Hermès, global financial markets data, analytics and infrastructure provider London Stock Exchange Group plc, Swiss premium performance sports brand On Holding AG and Swedish audio streaming platform Spotify Technology SA.

Stock selection and an underweight position in information technology, as well as an overweight allocation to consumer discretionary contributed to the relative performance of the portfolio during the quarter. Top individual contributors included French eyewear maker EssilorLuxottica SA, Dutch lithography equipment supplier ASML Holding NV, a German software company, Italian luxury brand Moncler SpA and French energy management solution Schneider Electric SE.

Shares of top detractor DSV declined on fears of global trade volumes slowing as a result of geopolitical uncertainty including from the implementation of tariffs as well as risk of weaker pricing as additional capacity enters the market. DSV A/S is a leading global asset light freight forwarder with a unique blend of people, processes and information technology services. DSV enjoys leading positions in air and sea logistics globally as a result of strategic acquisitions that have diversified the firm out of the core road forwarding business and enabled it to grow in scale, network and sophistication in digital capabilities, on top of industry consolidation trends. We believe the company's information technology platform, people and processes allow it to operate efficiently in the value-added activities in forwarding that have been more immune from digital disruptions and volatile market pricing. The company also maintains a shareholder-friendly capital allocation policy that combines share buybacks with stable dividends in the absence of value-accretive merger and acquisition (M&A) activity.

Shares of detractor Hermès declined after posting lower profit for the first half of 2025 amid softer demand in the luxury sector, despite demonstrating strong pricing power as the company continues to invest in its production and distribution to increase capacity of factories and stores. Hermès is a French luxury goods brand established in 1837 and is renowned for its differentiated leather and silk products. The company remains a family-controlled firm and is one of the best managed luxury brands in the industry, based on our analysis. Throughout its long history Hermès has been able to build strong brand equity with wealthy and loyal client bases that are less affected by economic challenges leading to strong pricing power. We believe that the company is unique due to its exquisite craftsmanship, superlative manufacturing, exclusive distribution network and family shareholding structure, which incentivises decision making to maximise the long-term value of the business and the equity of the brand. We believe Hermès can continue to benefit from its highly differentiated brand strategy and historically strong pricing power across economic cycles.

Top contributor EssilorLuxottica is the global leader in the eyewear market with over 150 brands and 15,000 patents and designs,² and its core business engages in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses.

EssilorLuxottica has strong competitive moats, given its scale, complete product range, global geographical reach and vertically integrated operations with focus on innovation, manufacturing excellence and customer service. We believe EssilorLuxottica can continue to fortify its leadership position within the eyecare and eyewear market, through both organic growth and M&A, with its omnichannel strategy, and in its diversification into new growth verticals, including smart glasses, ophthalmological technology and integrated hearing aid solutions. As the leader in the space, the company is well positioned to benefit further from structurally

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

² Source: Company 2024 Universal Registration Document.

strong demand for eyewear and hearing solutions, given aging populations, increased awareness of eye and hearing health, and premiumisation trends.

Shares of contributor ASML outperformed during the period driven by rebasing of investor expectations regarding 2026 revenue growth, easing of tariff noise, greater confidence of leading-edge logic and DRAM capital expenditure amid strong artificial intelligence (AI) data center demand, and supportive news flows around Samsung and Intel. We believe that ASML will likely benefit from strong leading-edge capacity ramp from TSMC, commitment to a leading-edge process roadmap by Intel, the continued DRAM EUV (extreme ultraviolet) layer count increase and migration towards high NA (numerical aperture) EUV. ASML is the leading supplier of lithography, metrology and inspection systems used in the semiconductor manufacturing process. ASML's competitive advantage is technological leadership and a niche supplier ecosystem, given it is the sole developer of a EUV lithography tool, which enables the cost-effective fabrication of nearly all leading-edge logic devices at the 7 nanometer and below process node. We believe ASML is poised to benefit from the introduction of more sophisticated high NA EUV, which is critical in enabling the shrink to 3 nanometer and below advanced semiconductor nodes needed for the proliferation of leading-edge applications such as AI, high performance computing and 5G without the need for multiple pass patterning, lithography tool productivity improvements as well as the continued adoption of EUV at leading-edge DRAM nodes.

Outlook

In Europe, equities benefited from interest rate cuts by the European Central Bank, with outperformance in shares of banks and aerospace & defense leading benchmark gains in a continued rotation towards "old Europe" industries. The Fund's underweight positioning in these industries reflects our disinclination to balance sheet and regulatory risk, high leverage and capital intensity, as well as reliance on government policy. Our preference remains investing in high quality companies with robust financial positions, which in our view are better situated to control their own destinies and successfully navigate periods of market uncertainty.

Historically, our portfolio has tended to underperform during rotational market environments dominated by macroeconomic or industry-driven shifts, where top-down factors outweigh bottom-up fundamental analysis.

While the third quarter's underperformance is disappointing, our conviction in the portfolio's holdings remains strong. The fundamentals of our companies are robust, with revenues expected to grow at a 12% compound annual rate over the next three years.³ Moreover, 100% of our holdings are projected to generate positive free cash flow, with an attractive 5% free cash flow yield based on 2027 consensus estimates.³

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

Fund Facts

Launch date	08 April 2016
Base currency	Euro
Benchmark	MSCI Europe (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	-2.55	18.44	21.41	-39.97	24.21	4.12	30.08	-9.25	10.76	--	--
MSCI Europe (Net) Index	12.36	8.59	15.83	-9.49	25.13	-3.32	26.05	-10.57	10.24	--	--

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.

³ Source: FactSet. Data as of 30 September 2025.

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 involve a risk of a total loss due to factors such as government action or inaction, market volatility and reliance on primary trading partners.

- 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.

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

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INDEX INFORMATION

The **MSCI Europe (Net) Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. As of September 2002, the MSCI Europe Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

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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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.