A Sub-Fund of Morgan Stanley Investment Funds

Global Credit Fund

BROAD MARKETS FIXED INCOME TEAM

Performance Review

In the one month period ending 30 September 2025, the Fund's Z shares returned 1.33% (net of fees)[1], while the benchmark returned 1.16%.

The performance can be attributed to the following factors.

The portfolio's overall investment grade credit positioning had a positive impact on performance.

The portfolio is positioned to be overweight financials and underweight industrials when measured in duration times spread terms.

Positions within investment grade financials were drivers of positive performance because of the overweights to banking and insurance.

In contrast, positions within investment grade industrials detracted from performance, driven by the underweights to consumer cyclical and transportation.

The overall underweight to investment grade utility had a positive impact on performance, specifically the overweight to natural gas.

The overweight in high yield corporate positions added to performance.

The overweight in government-related debt positions was beneficial to performance.

The broadly neutral duration positioning had a negative impact on performance. The yield curve steepener position underperformed as curves flattened in September.

Market Review

Bond yields broke out of their recent range in September, with the 10-year U.S. Treasury yield falling 8 basis points (bps) to end the month at 4.15%.[2] Early in the month, markets absorbed another weak U.S. employment report, showing nonfarm payrolls rose by just 22,000 in August.[3] This fuelled expectations for deeper interest rate cuts, with investors anticipating a terminal fed funds rate below 3%. However, the September Federal Open Market Committee (FOMC) meeting tempered those expectations. The Federal Reserve (Fed) delivered its first cut of the year—25 bps—but offered no guidance toward a rapid or aggressive easing cycle. Chair Powell described the move as a "risk management cut", citing balanced risks to both inflation and employment. Stronger-than-expected activity data released later in the month further reduced the urgency for additional easing. The U.S. yield curve flattened, with long-maturity Treasurys outperforming, while the two-year yield ended the month little changed.

The Fed wasn't alone in easing policy. On the same day, the Bank of Canada (BoC) cut its overnight rate by 25 bps to 2.50%, marking its third cut this year. While the timing aligned, the rationale differed. Canada's economy has softened more sharply than the U.S., with elevated household leverage, three consecutive quarters of declining housing investment, and home prices down 16% from their March 2022 peak (as reported by the Dallas Fed). Gross domestic product (GDP) growth slowed to 0.9% annualized, and inflation, at 1.9%, is already at target.[2] The BoC's move aimed to reignite growth amid restrictive real rates and tariff-related export concerns.

Other G7 central banks held steady. The European Central Bank (ECB) kept rates at 2.00%, signalling its cutting cycle is likely complete. Bund yields were flat, while peripheral spreads narrowed slightly. France remained a focal point, struggling to pass a budget or form a stable coalition—symbolically, French and Italian 10-year yields ended the month at identical levels, compared to a 55-basis point gap a year ago.[2] The Bank of England (BoE) also held rates at 4.00%. Inflation remains stubborn, and while the BoE is expected to ease, markets see only a 50/50 chance of more than one cut by next September. Gilts traded in a narrow range and finished the month little changed.

The Bank of Japan, the only G7 central bank still on a hiking path, took no action in September. Markets continue to expect a cautious but steady normalisation to counter persistent inflation pressures. Ten-year Japanese government bond (JGB) yields rose 4 bps on the month.[2]

Global investment grade spreads closed the month 5 bps tighter, with the demand/supply dynamic continuing to provide support.[2] European and U.S. investment grade corporate spreads closed the month 5 bps tighter at +79 bps and +74 bps, respectively, reversing the widening seen in August.[2] Carry continued to be a significant driver of returns within investment grade, with spreads now at multi-year lows. European and U.S. swap spreads were wider, whilst synthetic/credit default swaps underperformed cash spreads. In the euro investment grade index, higher-beta sectors such as financials continued to outperform, driven by strong

1 Source: Morgan Stanley Investment Management Limited. Data as of 30 September 2025.
2 Source: Bloomberg L.P. Data as of 30 September 2025.
3 Source: U.S. Bureau of Labor Statistics, 5 September 2025.

technicals in banking (limited issuance). Within industrials, outperformance came mainly from consumer non-cyclical sectors like supermarkets and food & beverages, with fundamentals (notably margins) having remained resilient in this space. Within utilities, corporate hybrids continued to outperform, with subordinated debt overall still outperforming senior debt. Looking across countries, Spain was a key outperformer, mainly driven by the banking system, helped by an upgrade of Spain's sovereign rating by multiple rating agencies. From a ratings standpoint, BBB-rated debt marginally outperformed higher quality corporates, and euro high yield outperformed investment grade while the spread difference between BBs and BBBs was broadly unchanged at 90 bps.[2] In the U.S. investment grade market, many of the same themes were evident. Financials outperformed non-financials, while BBB-rated credits marginally outperformed higher quality corporates. At the sector level, traditionally higher-beta areas such as airlines, autos and energy outperformed. In terms of curve dynamics, longer-maturity U.S. investment grade bonds lagged the broader market slightly in September, corresponding with the flattening of the U.S. Treasury curve during the month.

On the corporate news front, September was dominated by more merger and acquisition (M&A) headlines. The biggest headline came out of the U.S. at the end of September with Silverlake and Saudi Arabia's sovereign wealth fund PIF (Public Investment Fund) planning to acquire gaming giant Electronic Arts for $55 billion, the largest leveraged buyout in history. Also, during the month Heineken agreed to acquire a Central America beverage and retail business for $3.2 billion, and Pfizer agreed to acquire Metsera for an initial enterprise value of $4.9 billion. Reuters reported that Adnoc warned regulatory demands from the EU could jeopardise the $17 billion Covestro deal. TenneT secured €9.5 billion in equity funding for TenneT Germany from a consortium.

The technical remained strong in September despite higher-than-expected primary issuance. Gross primary issuance came in above expectations, with €71 billion in Europe (vs. €60 billion expected) and $216 billion (vs. $165 billion expected) in the U.S., driven mainly by higher-than-expected non-financial issuance.[4] Demand for primary issuance remained high, which kept new issue concessions low (in the 0-5 bps range on average). On the demand side, inflows into the asset class continued (we continued to see record run-rate levels of inflows into European investment grade credit while still seeing flows into U.S. investment grade as well).

Strategy and Outlook

Strategy

In the portfolio, we continue our overweight position to credit risk, as we remain constructive on credit from a fundamentals perspective. We therefore prefer to take this position through default risk (duration times spread) rather than general market beta (spread duration).

We remain biased towards financials over non-financials. Financials continue to present strong fundamentals and attractive valuations relative to non-financial credits. We remain underweight industrials on concerns over continued downward ratings migration into BBBs, increased merger and acquisition risk, shareholder-interest focused activity (dividends and buybacks), technological disruption and increasing idiosyncratic news. We thematically prefer regulated business models over unregulated (i.e., utilities) to hedge these risks. We also remain selective in off-benchmark holdings of high yield and government-related bonds.

In terms of interest rate risk, we are broadly neutral in duration terms versus the benchmark. We also continue to look for new issues to take advantage of new opportunities in the primary market.

Outlook

As we enter the final quarter of 2025, the outlook across fixed income sectors reflects cautious optimism amid evolving macro conditions and central bank policy shifts. From a macro positioning perspective, we maintain our neutral stance on duration, continuing to favour curve steepening positions in our portfolios, in light of structural shifts across developed markets and forward-looking supply/demand dynamics.

We remain cautiously constructive on investment grade credit, anticipating a moderate-growth environment without a meaningful rise in downgrade or default risk. European policy remains broadly supportive, while the U.S. fiscal outlook continues to be mixed and clouded by political uncertainty. Corporate fundamentals remain solid, with issuers maintaining conservative balance sheet strategies and low-risk profiles. Technicals are still favourable, though the recent uptick in primary issuance—particularly in euro investment grade—warrants closer attention. While carry remains a key driver of returns, we remain mindful of the persistent tightness in credit spreads and the potential for volatility as markets recalibrate expectations around central bank easing. With the full impact of trade policy developments yet to materialise, we continue to favour issuers with strong fundamentals, lower cyclicality, and those well positioned to navigate a moderate-growth backdrop.

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

Fund Facts

Launch date	14 November 2012
Base currency	U.S. dollars
Benchmark	Bloomberg Global Aggregate Corporate Index

2 Source: Bloomberg L.P. Data as of 30 September 2025.
4 Source: Bank of America/Merrill Lynch.

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	9.28	1.74	9.39	-17.14	-2.93	11.08	13.93	-5.15	10.05	3.70	-3.64
Bloomberg Global Aggregate Corporate Index	9.46	1.10	9.61	-16.72	-2.89	10.37	11.51	-3.57	9.09	4.27	-3.56

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.**

Effective 17th November 2022 the Morgan Stanley Investment Funds Sustainable Global Credit Fund was renamed to Global Credit Fund.

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 value of bonds are likely to decrease if interest rates rise and vice versa.
- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Sub-Fund.
- Issuers may not be able to repay their debts, if this happens the value of your investment will decrease. This risk is higher where the fund invests in a bond with a lower credit rating.
- 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 funds ability to buy or sell securities.
- Investment in Fixed Income Securities via the China Interbank Bond Market may also entail additional risks, such as counterparty and liquidity risk.
- 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.

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.

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.

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.

This material may be translated into other languages. 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.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

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

INDEX INFORMATION

The **Bloomberg Global Aggregate Corporate Index** is the corporate component of the Bloomberg Global Aggregate index, which provides a broad-based measure of the global investment-grade fixed income markets.

"Bloomberg®" and the Bloomberg Index/Indices used are service marks of Bloomberg Finance L.P. and its affiliates, and have been licensed for use for certain purposes by Morgan Stanley Investment Management (MSIM). Bloomberg is not affiliated with MSIM, does not approve, endorse, review, or recommend any product, and. does not guarantee the timeliness, accurateness, or completeness of any data or information relating to any product.

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.

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.