

A Sub-Fund of Morgan Stanley Investment Funds

Global Fixed Income Opportunities Fund

BROAD MARKETS FIXED INCOME TEAM

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 one month period ending 30 September 2025, the Fund's Z shares returned 0.70% (net of fees)¹.

September's performance was led by the Fund's macro positioning, with the U.S. Federal Reserve (Fed) delivering its first rate cut of 2025. Softer labour data and elevated but stable inflation supported the move while markets priced further monetary easing. Positioning within spread sectors also contributed, mainly driven by the strong performance from high yield corporates.

Macro Strategies

- **South Africa Duration:** Contributed positively as South African bonds rallied on the back of stable central bank policy, dovish global rates and renewed foreign inflows, driving long-maturity yields lower.
- **Mexico Duration:** Added to performance, as long-dated bonds rallied, supported by attractive carry and stable Banxico policy that kept local yields in check.
- **U.S. and Euro Area Duration:** Yield curve steepening positions in the U.S. and euro area detracted, as curve flattening pressures intensified amid central banks remaining wary of easing too quickly, moderating growth, and persistent inflation concerns. However, year-to-date, these high conviction U.S. and euro area curve steepener trades have contributed 51 basis points (bps) and 27 bps to performance, respectively. We still maintain these positions.
- **Emerging Market (EM) Hard Currency Debt:** Continued to add to performance amid supportive risk sentiment.
- **Foreign Exchange (FX) Positioning:** The Fund's short U.S. dollar versus a diversified basket of developed and EM currencies contributed, as the dollar weakened in September relative to the basket. The higher carry earned from owning EM currencies versus the dollar also continued to contribute to performance.

Spread Sector Strategies

- **Credit Spreads:** Security selection within high yield and investment grade corporate bonds also performed well, mainly within industrials and financials where spreads tightened. The sector also benefited from strong carry and resilient issuer fundamentals.
- **Securitized Debt:** The Fund experienced gains from exposures to commercial mortgage-backed securities (CMBS), non-agency residential mortgage-backed securities (RMBS) and asset-backed securities (ABS). Positive security selection within securitized credit continues to drive performance as one of our best ideas.

Market Review

One year after its decisive 50 basis point "first cut," the U.S. Federal Reserve (Fed) delivered a more restrained 25 basis point reduction this September, lowering its target rate to a range of 4.00%-4.25%. While speculation swirled about multiple dissenters favouring a larger cut, only one voting member broke from consensus—underscoring the Fed's cautious stance.

Market expectations ahead of the 17 September policy meeting were the most dovish since April's post-Liberation Day turmoil, yet the Fed's decision reminded investors that policymakers remain committed to maintaining positive real interest rates until inflation expectations are fully anchored. Despite progress in disinflation, with core personal consumption expenditures (PCE) at 2.9% and unemployment near 4.2%,² the Fed signalled that inflation's "last mile" remains the hardest.

Fed's Measured Cut Flattens Curve, Signals Caution

The Fed's first rate cut of 2025—of 25 bps—tempered expectations for aggressive easing. Despite early-month weak jobs data, stronger activity later in the month reduced urgency for further cuts. The U.S. yield curve flattened, with long-maturity Treasuries outperforming.

Global Divergence in G7 Central Bank Policy

While the Fed and Bank of Canada eased rates, the European Central Bank, Bank of England and Bank of Japan held steady. Canada's cut reflected domestic weakness, while Europe grappled with political gridlock and inflation persistence. Japan maintained its cautious hiking stance.

Dollar Mixed as Foreign Exchange Markets React to Policy Shifts

The Bloomberg Dollar Index was flat, but the U.S. dollar weakened against high-carry and cyclical currencies. The euro edged higher, while New Zealand dollar and Canadian dollar lagged amid diverging central bank paths and growth outlooks.

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

² Source: U.S. Bureau of Labor Statistics, 1 August 2025, and U.S. Bureau of Economic Analysis, 26 September 2025.

EM Debt Strengthens on Easing and Inflows

Emerging markets (EM) debt gained as the Fed and EM central banks eased policy. Argentina and Indonesia faced political risks, but strong inflows supported hard and local currency debt. Credit spreads tightened across sovereign and corporate segments.

Investment Grade Credit Tightens Amid Strong Demand and M&A Surge

Global investment grade spreads narrowed by 5 bps, reversing August's widening. Financials and consumer non-cyclicals led gains. Merger and acquisition (M&A) activity surged, highlighted by a record \$55 billion leveraged buyout of Electronic Arts. Technicals remained strong despite elevated issuance.

High Yield and Convertibles Ride Risk-On Sentiment

High yield outperformed investment grade credit, supported by firm demand and record issuance. Convertible securities rallied with equities, with new issuance surpassing 2024's full-year total. Dispersion fell to its lowest since January, reflecting broad sector strength.

Agency MBS Outperforms as Banks Rebuild Holdings

Agency mortgage-backed securities (MBS) outperformed Treasury bonds. Spreads tightened, and bank holdings rose. Mortgage fundamentals remained solid, with low delinquency and limited refinancing activity.

Securitized Credit Resilient Despite Mixed Signals

ABS, CMBS and RMBS issuance rebounded post-summer. CMBS strength came from logistics and luxury hotels; Class B office remained weak. RMBS spreads narrowed on stable home prices and strong credit fundamentals.

Portfolio Activity

In September, the Fund proactively took profits, particularly across some of the tightest investment grade credit names in euro financials and industrials. But it also added some exposure in a few high-conviction high yield credit names. Overall, this move reflects our disciplined approach to risk management in richly valued segments and active search for better risk-adjusted names. We remain constructive on global fixed income markets. The backdrop is compelling: a resilient global economy, still robust corporate and consumer fundamentals, and attractive real yields across the asset class continue to drive investor flows. These dynamics continue to support our conviction in the Fund's ability to deliver compelling risk-adjusted returns going forward and we remain confident with the Fund's positioning. Given valuations, we believe bottom-up security selection to identify these higher yielding names is fundamental to generate alpha moving forward as we do not expect spreads to tighten significantly from here.

Duration Management:

- Overall portfolio duration was marginally reduced by 0.07 years to 4.01 years, reflecting an overall neutral exposure. We see better value in yield curve positioning (via curve steepeners in both the U.S. and euro area).

FX Positioning:

- Increased the short U.S. dollar exposure to approximately 8.4% versus a diversified basket of EM and developed market currencies, maintaining a strategic stance against the dollar.
- Added to the selective long EM FX basket (Czech koruna, Hungarian forint and South African rand), to continue to collect positive FX carry on the short U.S. dollar position.

Spread Sector Adjustments:

- Reduced allocation to investment grade credit across some of the tightest names, particularly within financials and industrials in Europe.
- Reduced securitized exposure mainly due to paydowns. The team is actively looking to maintain these positions.
- Increased allocation to high yield corporate credit primarily via high carry industrial names offering attractive valuations.

Strategy and 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. In developed markets, duration positioning remains neutral outside Japan, with selective opportunities in Canadian and Australian government bonds. The U.S. yield curve steepeners are being trimmed, while Japanese exposure is shifting toward short duration and long inflation breakevens. In foreign exchange, a short U.S. dollar stance against high-beta currencies is favoured, supported by global growth differentials and monetary easing cycles outside the U.S.

Emerging markets debt continue to benefit from supportive fundamentals and attractive valuations, particularly in local currency debt. Real yield differentials and reform-oriented policy agendas are drawing sustained inflows, though country-level selectivity remains critical. We believe a softening U.S. dollar and cautious Fed stance further enhance the appeal of EM assets, but investors must navigate idiosyncratic risks and policy divergence.

Corporate credit maintains a cautiously constructive tone, with solid fundamentals and supportive technicals offsetting tight spreads and elevated issuance. Investment grade issuers are expected to weather a low-growth environment, while high yield benefits from

resilient earnings and attractive yields despite lingering inflation concerns. Convertible bonds remain well positioned, offering asymmetric return profiles and equity sensitivity that likely reward selectivity and structure quality.

In securitized products, agency MBS is expected to outperform as spreads tighten and valuations remain compelling. Securitized credit spreads should stay stable, with performance driven by carry and resilient fundamentals. Residential mortgage credit securities are favoured, while consumer ABS and commercial real estate securities warrant caution due to interest rate pressures and sector-specific challenges.

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

Fund Facts

Launch date	07 November 2011
Base currency	U.S. dollars

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	6.41	5.34	8.55	-7.29	0.10	4.65	9.98	0.23	7.73	5.04	-0.70

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 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. 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..

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. If you are a distributor of the Morgan Stanley Investment Funds, some or all of the funds or shares in individual funds may be available for distribution. Please refer to your sub-distribution agreement for these details before forwarding fund information to your clients.

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.

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.

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

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.