

A Sub-Fund of Morgan Stanley Investment Funds Global Permanence Fund



Performance Review

In the three month period ending 30 June 2025, the Fund's Z shares returned 21.39% (net of fees)¹, while the benchmark returned 11.53%.

The portfolio outperformed the MSCI All Country World Index this quarter due to favorable stock selection.

Market Review

Global Equities, as measured by MSCI All Country World Index, advanced quarter to date. Information Technology, Communication Services and Industrials led benchmark gains, while Energy, Health Care and Real Estate underperformed the benchmark.

While recent changes in US tariff policy have significantly increased uncertainty and overall market volatility, there has been no change to our investment approach. We continue to invest in high quality businesses that have sustainable competitive advantages. The companies we own tend to be more asset light, have lower financial leverage, strong pricing power, attractive unit economics, high margins, solid cash generation capability and the ability to succeed through different market/macro environments. We will continue to carefully consider and monitor fundamental variables, while managing overall portfolio risk and exposures – including geopolitical risk.

Portfolio Activity

QTD outperformance has been primarily driven by favorable stock selection in Industrials, Information Technology and Health Care.

Top contributors QTD include:

- Web performance and security company, Cloudflare
- Aerospace and defense company, Babcock International Group
- Building products distribution company, Qxo
- Health care testing company, Eurofins Scientific
- Cryptocurrency exchange, Coinbase Global

Top contributor Cloudflare offers a global cloud platform that provides security, performance, and reliability services to the applications of its customers. The company's cloud platform has a proprietary architecture that allows it to scale rapidly to meet customer demands, and its services are easily deployed and enable customers to run their applications without managing expensive and complex network hardware internally. We believe the company benefits primarily from intellectual property and efficient scale related competitive advantages. Cloudflare is poised to capitalize as companies seek high performance, low cost, and secure access to the internet, and developers build an increasing number of applications on Cloudflare's Workers platform. The company reported results that exceeded expectations, driven by strong adoption among larger enterprise customers—a key strategic initiative. Additionally, the company demonstrated improved sales execution and productivity, following recent reorganization efforts.

Contributor Babcock International Group provides mission-critical engineering and support services to international aerospace and defense clients in both the public and private sectors, across the U.K., France, Canada, Australasia and South Africa. The company outperformed over the period driven by strong free cash flow generation, continued growth in both its nuclear and marine segments. Additionally, the company's shares likely benefited from the U.K. government's recently announced plan to invest £15 billion in its nuclear warhead program and build up to 12 nuclear-powered attack submarines as part of the plan.

Conversely, stock selection in Consumer Discretionary, as well as an average sector underweight position in Information Technology and an average sector overweight position in Health Care detracted most from relative performance.

Top detractors QTD include:

- Leading luxury products group, LVMH Moët Hennessy
- Texas landowner, LandBridge
- Online retail and cloud computing leader, Amazon.com, due to average underweight
- Contemporary carpets and floor coverings company, Victoria
- Healthcare and industrial equipment manufacturer, Danaher

We attribute the weakness in LVMH Moët Hennessy Louis Vuitton—the world's leading luxury products group with a diverse portfolio of prestigious brands—to investor concerns around macroeconomic uncertainty. These concerns are primarily driven by potential tariff impacts and the evolving dynamics of the Chinese consumer. We believe the company benefits from brand related competitive advantages, and is well positioned to capture an increasing share of global luxury spending due to their best in class collection of brands.

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

Detractor Danaher is a diversified global designer and manufacturer of leading healthcare, environmental, and industrial equipment. It operates through three segments: Life Sciences, Diagnostics and Environmental & Applied Solutions. We believe the company benefits from efficient scale and brand related competitive advantages, and is well positioned to capitalize due to its strong culture and proprietary operating system, Danaher Business System (DBS), driving continuous operational improvements and innovation as it continues to capture an increasing share across the three segments it operates in. Despite reporting healthy overall results, the company's shares were under pressure due to ongoing uncertainties from tariff negotiations. Reduced government funding for certain programs under the DOGE initiative in the U.S., along with decreased funding from China, has placed additional strain on research and academic institutions. These factors have negatively impacted investor sentiment for Life Sciences, Biotechnology, and Diagnostics companies during the quarter.

Outlook

Counterpoint Global looks to own a portfolio of unique companies with diverse business drivers, strong competitive advantages and positioning, and healthy secular growth prospects whose market value we believe can increase significantly over the long-term for underlying fundamental reasons, independent of the macro or market environment. We believe having a market outlook can be an anchor. We focus on assessing company prospects over a five year investment horizon. Current portfolio positioning reflects what we believe are the best long-term investment opportunities.

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

Fund Facts

Launch date	30 August 2019
Base currency	U.S. dollars
Benchmark	MSCI All Country World 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	25.71	9.12	21.30	-18.95	20.52	25.77	--	--	--	--	--
MSCI All Country World Net Index	10.05	17.49	22.20	-18.36	18.54	16.25	--	--	--	--	--

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.
- Investment in China A-Shares via the 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 30.06.2025 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 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 All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and 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 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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