

A Sub-Fund of Morgan Stanley Investment Funds

Global Fixed Income Opportunities Fund

MARKETING COMMUNICATION | BROAD MARKETS FIXED INCOME TEAM | MONTHLY FUND ANALYSIS | 30 JUNE 2025

Commentary

PERFORMANCE REVIEW

June's performance was driven by a combination of macro positioning and spread sector exposures.

Macro Strategies:

- U.S. duration positioning was the largest contributor, as falling yields across the curve benefited the Fund's long U.S. duration exposure.
- Euro area duration was a modest detractor, as rising yields in the region partially offset gains.
- Emerging market (EM) hard currency debt contributed positively amid supportive risk sentiment.
- The Fund's short U.S. dollar versus a diversified basket of developed and emerging market currencies added value, as the dollar weakened by 2.4% over the month¹.

Spread Sector Strategies:

- Long positions in both investment grade and high yield corporate bonds performed well, supported by resilient risk appetite.
- A similar theme throughout securitized assets saw gains from exposures to agency residential mortgage-backed securities (RMBS), non-agency RMBS, asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS).

MAIN STRATEGY CHANGES

The Fund continued to selectively add risk during June, reflecting a constructive outlook on global fixed income markets:

Overall portfolio duration increased by 0.13 years to 4.04 years.

Key changes included reducing short duration in Japan and adding duration in Denmark. The Fund also reduced long duration in Mexico by exiting receiver positions following a stronger-than-expected inflation print.

The Fund increased its short U.S. dollar exposure to approximately 6.5%, reflecting a strategic stance against the dollar rather than strong conviction in individual currencies.

The Fund also increased the long euro, Brazilian real and Australian dollar positions, with new positions initiated in South Korean won and Egyptian pound.

The Fund increased allocations to Danish covered bonds, which were offering attractive yield (+6% on a hedged basis) for a AAA rated security.

The Fund increased exposure to agency RMBS, particularly in belly coupons to enhance carry².

The Fund also increased exposure to high yield corporate debt, capitalizing on favorable technicals.

The Fund increased exposure to EM hard currency debt, amid improving fundamentals.

Source: Morgan Stanley Investment Management. As of 30th June 2025.

¹ Source: Bloomberg L.P. Data as of 30 June 2025.

² Belly coupon bonds are those in the middle range of coupon rates, which are often those trading closest to par.

Quality distribution data for securities is sourced from Fitch, Moody's and S&P. Where the credit ratings for individual securities differ between the three ratings agencies, the 'highest' rating is applied.

Source: Morgan Stanley Investment Management. As of 30th June 2025. Provided for informational purposes only, not to be construed as investment recommendations for securities, sectors or countries listed herein. Holdings data is subject to change on a daily basis.

Overall Asset Allocation

Fund / Sector	% NAV Portfolio	Spread Duration Contribution to Portfolio [^]
Total Assets	100.00	3.58
Credit	39.37	1.56
Investment Grade Corporates	20.69	0.90
High Yield Corporates	14.70	0.45
NR Corporates	0.13	0.01
ETFs	0.83	0.02
Covered	3.03	0.18
Securitized	44.19	1.66
Agency RMBS	11.92	0.56
Non-Agency RMBS	17.89	0.66
ABS	8.36	0.30
CMBS	6.01	0.14
Government	11.55	0.36
Futures	0.00	0.00
Treasuries	4.77	0.00
Sovereign	3.38	0.18
Government Related	3.40	0.18
Money Market	5.87	0.00
Interest Rate Swaps	0.01	0.00
Cash & Equivalents	-1.00	0.00

PORTFOLIO SPREAD DURATION : 3.58 years.

Focus on emerging market local rates, non-agency RMBS, high yield credit, convertible bonds and Lower Tier 2 Financials of systemically important institutions. A low growth, low inflationary environment has historically been supportive of spread assets.

Government bonds positions are concentrated at the longer-ends of yield curves. Duration position can be viewed as counterweight to spread sector positioning.

Geographical Allocation

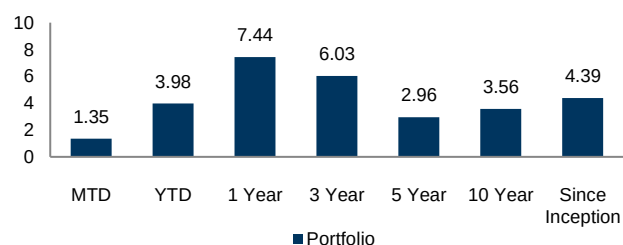
Fund / Sector	% NAV of Portfolio
Total	100.00
Dollar Bloc	61.01
EU Bloc	25.72
Other European Countries	6.87
Asia Bloc	0.68
Latin America Bloc	4.49
Middle East Bloc	1.05
Africa Bloc	0.84
Supranational	0.24
Other	0.10
Cash & FX	-1.00

Risk Summary

Fund / Sector	Portfolio
Average Credit Quality	A-
Duration	4.19
Spread Duration	3.58
Yield to Maturity	6.46
Option Adjusted Spread	190

Investment Performance (% net of fees) in USD - Z Class Shares

Past performance is not a reliable indicator of future results.



Calendar Year Performance (%)

Past performance is not a reliable indicator of future results.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class Z Shares (Net)	5.34	8.55	-7.29	0.10	4.65	9.98	0.23	7.73	5.04	-0.70

Portfolio inception date: 7th November 2011. 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.**

The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.

Absolute Currency Exposure (larger positions)

	% NAV of Portfolio	Duration Contribution to Portfolio
Total	100.00	4.19
USD	93.22	2.81
EUR	1.63	1.01
MXN	1.06	0.03
BRL	1.01	0.03
JPY	0.95	-0.09
AUD	0.51	0.00
HUF	0.50	0.00
KRW	0.49	0.00
EGP	0.48	0.00
DKK	0.05	0.16
PEN	0.04	0.08
GBP	0.03	0.01
NZD	0.03	0.14
SEK	-0.01	0.00

Investment Approach

- Maximise the benefits of our global approach across all sectors of Fixed Income to ensure "best ideas" are represented
- Target attractive yield and total return over a market cycle (three- to five-year horizon)
- Focus on absolute and risk-adjusted returns (versus Tracking Error relative to an Index)
- Invest across global fixed income sectors, interest rate markets, and currency markets
- Include exposures to sectors such as emerging markets, high yield and investment grade credit, securitized (RMBS/CMBS/ABS), global government bonds, and convertibles
- Incorporate risk management into entire portfolio construction process

Source: Morgan Stanley Investment Management. As of 30th June 2025.

Fund Characteristics Summary

Investment Universe (Alpha Source)	• Credit: Investment Grade, High Yield, Emerging Market, Convertibles • Securitized (RMBS/CMBS/ABS) • Government bonds: Developed and Emerging Market
Currency Risk (Alpha Source)	• Active currency management allowed
Duration	• In the range of 0-6 years
Derivatives	• Can use derivatives (futures / swaps) consistent with investment guidelines / UCITS
Target Return	• In the range of 5%
Principal Portfolio Managers*	• Michael Kushma, Utkarsh Sharma, Leon Grenyer, Vishal Khanduja

*Team members may be subject to change at any time without notice. Effective 1 December 2023, Vishal Khanduja was added as Portfolio Manager on the Fund, and Chris Roth is no longer serving as Portfolio Manager. Effective 30 August 2024, Richard Ford is no longer serving as Portfolio Manager on the Fund. Effective 31 December 2025, Michael Kushma will no longer manage the Fund.

Risk Considerations

- 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 fund's 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 30.06.2025 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.

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.

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

DEFINITIONS

Cash & Equivalents are assets that are cash or can be readily converted into cash. **Duration** is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. **Option Adjusted Spread** is a measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Typically, an analyst would use the Treasury securities yield for the risk-free rate. The spread is added to the fixed-income security price to make the risk-free bond price the same as the bond. **Spread Duration** is a measurement of the spread of a fixed-income security rate and the risk-free rate of return. **Securitized assets** are instruments whose income payments and value are derived from a specified pool of underlying collateral. **Yield to maturity** (YTM) measures the annual return on interest-bearing securities. In this it is assumed that they will be held to maturity. This metric includes both the coupon payments received during the term of the security and the repayment of the capital on maturity.

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 FundLogic Alternatives plc.

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.