

Morgan Stanley Investment Funds  
**US Core Equity Fund**

**APPLIED EQUITY ADVISORS TEAM**

**Performance Review**

In the three month period ending 30 September 2024, the Fund's I shares returned 0.95% (net of fees)<sup>1</sup>, while the benchmark returned 5.89%.

As a core portfolio, US Core attempts to tilt toward the style of stock exposure (growth, value, defensive) that offers the best opportunity within the context of a typically 30- to 35-stock portfolio. With a limited number of stocks, diversification<sup>2</sup> among positions is a critical component of risk control.

Following are the most significant performance drivers relative to the S&P 500 Index benchmark for the third quarter of 2024:

1. Stock Selection:
  - a. Progressive was up +22% in the quarter, adding +0.7%.
  - b. United Rentals was up +26% in the quarter, adding +0.5%.
  - c. LPL Financial was down -16% in the quarter, detracting -1.0%.
  - d. Alphabet was down -9% in the quarter, detracting -0.9%.
  - e. Microsoft was down -4% in the quarter, detracting -0.8%.
  - f. Applied Materials was down -14% in the quarter, detracting -0.7%.
  - g. NVIDIA was down -2% in the quarter, detracting -0.6%.
2. Style Exposures:
  - a. An underweight to high dividend-yielding stocks cost -0.6%.
  - b. An overweight to high quality stocks cost -0.5%.
3. Sector Exposures:
  - a. An overweight to financials added 0.6%.

**Past performance is no guarantee of future results. The attribution is presented gross of fees. Had these fees and expenses been deducted, returns would be lower. See the next page for performance.**

**Strategy and Outlook**

1. We remain of the belief that the S&P 500 Index is likely to end the year closer to 6,000.
2. We would expect the rally to continue into 2025 given the cash on the sidelines.
3. The sunseting of the tax code could cause more gain realizations in the second half of 2025.
4. While "a broadening rally" has been predicted for the last few years, it's finally happening. We expect this to be good for stocks beyond mega-caps.

How our portfolios are positioned:

1. We continue to like a balance between growth and value stocks.
2. We remain underweight in the defensive sectors.

**Past performance is no guarantee of future results.** The market returns referred to in the commentary are those of representative indices and are not meant to depict the performance of a specific investment.

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

**Fund Facts**

Launch date	05 July 2016
Base currency	U.S. dollars
Benchmark	S&P 500 Total Return Index

<sup>1</sup> Source: Morgan Stanley Investment Management Limited. Data as of 30 September 2024.

<sup>2</sup> Diversification neither assures a profit nor guarantees against loss in a declining market.

## Calendar Year Returns (%)

Past performance is not a reliable indicator of future results.

	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I Shares	24.32	19.26	-20.30	36.80	23.37	35.49	-12.18	19.68	--	--	--
S&P 500 Total Return Index	22.08	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	--	--	--

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 units. The sources for all performance and Index data is Morgan Stanley Investment Management. **Please visit our website [www.morganstanley.com/im](http://www.morganstanley.com/im) to see the latest performance returns for the fund's other share classes.**

### Share Class I 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 funds ability to buy or sell securities.
- 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. All data as of 30 September 2024 and subject to change daily.

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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 relevant UCITS rules.

### INDEX INFORMATION

The **S&P 500 Total Return Index** is an index that consists of 500 stocks chosen for market size, liquidity and industry group representation. The S&P Index is a market value weighted index with each stock's weight proportionate to its market value. The S&P Index is one of the most widely used benchmarks of U.S. equity performance. The performance of the S&P Index does not account for any management fees, incentive compensation, commissions or other expenses that would be incurred pursuing such strategy. Total return provides investors with a price-plus-gross cash dividend return. Gross cash dividends are applied on the ex-date of the dividend.

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