

Morgan Stanley Investment Funds

# Systematic Liquid Alpha Fund

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.

**AIP HEDGE FUND TEAM**

## Market Review

Equity markets began October in strong fashion, gaining in the first three weeks, before losing ground over the final days of the month. The S&P 500 Index ended the month down -0.92%, while the MSCI World Index lost -1.96%. Growth stocks benefited early in October from strong results in bellwether tech names, but declined over the last week and ultimately ended the month down slightly. Despite this late-month slide, growth stocks still outperformed value stocks.

Interest rates rose, sending bond prices lower, as resilient economic data and signs of persistent inflation in certain markets sparked a repricing of central bank rate cut expectations; in the U.S., the yield curve flattened.

### Equity Factors:

The value, low volatility and quality factors all declined during the month. The value and low volatility factors can exhibit some "anti-growth" biases, and underperformed during what was largely a growth-led market for much of October. The equity momentum factor had a strong October, largely due to exposure in the information technology sector.

### Commodities:

A broad index of commodities declined during October. Natural gas was the largest detractor, with prices falling roughly 20%.<sup>1</sup> Other notable decliners were soybeans, nickel and coffee. These declines were offset somewhat by meaningful price increases in lean hogs and orange juice.

### Trend:

Both long-term and medium-term multi-asset trend following declined during the month. Losses were sustained across most major asset classes, with declines particularly generating from long exposure to U.S. and European equities and net long positions in U.S. interest rates.

## Strategy and Outlook

Market and economic uncertainty have risen in recent months, resulting in an uptick in volatility in traditional assets. We believe that systematic sources of alpha can deliver uncorrelated returns and much needed diversification in this environment.<sup>2</sup>

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

## Fund Facts

Launch date	20 February 2024
Base currency	U.S. dollars

<sup>1</sup> Source: Bloomberg L.P. Data as of 31 October 2024.

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

## Share Class Z Risk and Reward Profile

- There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets.
- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Sub-Fund.
- The value of bonds are likely to decrease if interest rates rise and vice versa.
- 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.

- 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 31 October 2024 and subject to change daily.

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The **Standard & Poor's 500® Index (S&P 500®)** measures the performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

The **MSCI World Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed 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.

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