

**NOTICE TO SHAREHOLDERS  
OF THE  
MULTI-ASSET SUSTAINABLE BALANCED FUND OR MULTI-ASSET SUSTAINABLE MODERATE FUND**

We are writing to you in relation to your investment in the Fund and an important forthcoming development. If you have recently redeemed or instructed the redemption of your holding, please disregard this letter. **Please read the contents of this letter carefully and inform us of your preferred course of action.**

15 July 2024

Dear Investor,

Closure of **Multi-Asset Sustainable Balanced Fund** and **Multi-Asset Sustainable Moderate Fund** (the “**Funds**”), each a sub-fund of **Morgan Stanley Funds (UK)** (the “**OEIC**”)

We, **Morgan Stanley Investment Management (ACD) Limited**, as the authorised corporate director of the OEIC, wish to inform you of our intention to close the Funds.

This is because the Funds’ level of assets does not provide for sufficient economies of scale and the continuous operation of the Funds in these circumstances is not in the best interests of investors.

Since establishment in 2021, the Funds have failed to gain significant traction with investors and we do not consider that there is a reasonable prospect that the Funds will attract significant levels of new investor capital. We considered the potential for a merger of each of the Funds with another fund, but it was deemed not to be a viable option. Therefore, given the Funds are operating at a level which is sub-scale, we have concluded that it is in the best interests of investors to close the Funds.

Accordingly, we believe the Funds should be terminated, and we have followed the necessary regulatory process with the Financial Conduct Authority (the “**FCA**”).

As you are an investor in one or more of the Funds, we are writing to inform you of the options that are available to you. Termination is intended to commence on 27 August 2024.

At the launch of the Funds, a cap was placed on the ongoing charges of the Funds (the “**OCF cap**”), which was implemented to allow the Funds to grow. As the Funds have not reached the anticipated scale, the OCF cap still applies, and the ACD is currently subsidising the Funds. Therefore, while the Funds will bear the legal, administrative and audit costs associated with the termination, the ACD will subsidise costs in excess of the OCF cap.

In order to provide investors with as much flexibility as possible you may, prior to the commencement of the termination, opt to exchange your present holding in the Funds for shares in another fund of the OEIC subject to your investment meeting the minimum for the fund and class of shares concerned. Alternatively, you can elect to redeem your shares before the termination takes place. The option you choose on closure must apply to all of your shares in that Fund; for example, you cannot elect to redeem part of your holding in a Fund and switch the rest.

**Note that if we do not receive your response before 12 noon on 27 August 2024, you will receive proceeds of sale of the assets of the Funds as part of the termination.**

## **YOU SHOULD CHOOSE ONE OF THE FOLLOWING OPTIONS:**

### **Option 1: Switching prior to termination**

Details of Morgan Stanley Funds (UK) sub-funds available to UK investors, including their investment objectives and policies, and relevant charges are set out at [www.morganstanleyfunds.co.uk](http://www.morganstanleyfunds.co.uk). It is important that you read this information to ensure that you understand the differences between the Funds and your chosen alternative fund, in particular the different investment objectives and policies of the alternative fund.

If you decide to switch your investment then this will be effected on the basis that no switching fee or redemption charge will be applied to the shares redeemed and no initial charge will be applied to the shares purchased in the fund you choose to switch into. If you wish to take advantage of this opportunity to switch into one of the alternative funds that we are offering, please telephone our Customer Services Team on 0800 096 1962 between 9.00 a.m. and 5.00 p.m. Monday to Friday.

### **Option 2: Redemption prior to winding-up of the Funds**

Alternatively, you may wish to redeem your shares before the termination of the Funds commence in which case please telephone our Customer Services Team on 0800 096 1962 between 9.00 a.m. and 5.00 p.m. Monday to Friday or send your request in writing to our Dealing Office at PO Box 9025, Chelmsford CM99 2WE. The redemption will be made with reference to the price calculated at the next valuation point following receipt of your instructions. Proceeds of the redemption will be despatched within three days of receiving your written request.

### **What happens if you do nothing?**

Share dealing will be suspended with immediate effect from after the valuation point of 12 noon on 27 August 2024 in order to achieve the winding up of the Funds, which will commence on the same date as the suspension.

If you do not respond to us before 12 noon on 27 August 2024, you will receive the proceeds from the sale of the assets of the Funds in the termination. We will, if appropriate, make an interim distribution to you as soon as practicable after the commencement of the winding-up, though this is not expected to be the case since there is no material income accrued in the Funds. When the termination is completed, we will make a final distribution of any balance remaining net of a provision for any further expenses of the Funds, though none is expected. The proceeds will comprise both your return of capital and a small distribution of interest, should any interest be payable income tax will be deducted. These will be detailed separately in the voucher accompanying payment.

### **Tax Consequences**

Please be aware that (i) a switch into another Morgan Stanley Funds (UK) sub-fund or (ii) a redemption of shares or (iii) the receipt of proceeds in the termination will be deemed a disposal of your shares in the Funds for capital gains tax purposes and may give rise to a capital gains tax liability. This will, of course, depend upon your individual circumstances. If you are in any doubt as to the taxation consequences of your action you should contact your accountant or financial adviser.

### **Action to be taken**

Please ensure you contact us no later than 12 noon on 27 August 2024. Your shares will otherwise be redeemed as part of the termination.

If you are uncertain as to how to respond to this document, you should consult your financial adviser for advice.

If you have any questions concerning the proposals, please contact the Morgan Stanley Customer Services Team on 0800 096 1962 between 9.00 a.m. and 5.00 p.m. Monday to Friday, but please be aware that we are not authorised to give investment advice.

Yours sincerely,

*Zoë V. Parish*

Zoë Parish  
Director  
For and on behalf of  
**Morgan Stanley Investment Management (ACD) Limited**