

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

**MORGAN STANLEY INVESTMENT FUNDS**

*Société d'Investissement à Capital Variable*  
Registered office: 6B, route de Trèves, L-2633 Senningerberg  
R.C.S. Luxembourg: B 29192  
(The "**Company**")

**NOTICE TO THE SHAREHOLDERS OF MORGAN STANLEY INVESTMENT FUNDS GLOBAL PROPERTY FUND ("GLOBAL PROPERTY FUND") AND MORGAN STANLEY INVESTMENT FUNDS EUROPEAN PROPERTY FUND ("EUROPEAN PROPERTY FUND", COLLECTIVELY THE "SUB-FUNDS")**

30 September 2020

Dear Shareholders,

The board of directors of the Company (the "**Board of Directors**") wishes to notify you of the withdrawal of authorisation by the Securities and Futures Commission (the "**SFC**") of the Sub-Funds with effect from 30 December 2020 (the "**Effective Date**").

This notice describes the implications of the withdrawal of authorisation. Please contact your financial advisor if you have any questions on the content of this notice. The withdrawal of authorisation may impact your tax situation. Shareholders should contact their tax advisor for specific tax advice in relation to the withdrawal of authorisation.

Capitalized terms not defined herein have the same meaning as in the prospectus of the Company (the "**Prospectus**").

**1. Background and rationale for the withdrawal of authorisation**

As part of its regular review, MSIM Fund Management (Ireland) Limited (the "**Management Company**") has recently reconsidered the asset classes and strategies being offered to investors in Asia. Taken into consideration of, amongst other things, asset under management, market trends and general investor appetite, the Management Company has decided that it is not economical to keep the Sub-Funds authorized in Hong Kong and as such, the Management Company has no further intention to offer the Sub-Funds to retail Hong Kong investors through public distribution.

As at 31 August 2020, the fund size of Global Property Fund was approximately USD604.45 million (equivalent to EUR506.41 million) and the fund size of European Property Fund was approximately EUR38.47 million (equivalent to USD45.92 million).

After the withdrawal of authorisation of the Sub-Funds, it is intended that the investment management delegation structure of the Sub-Funds will be amended such that the Management Company will retain some of the investment management function with respect to the Sub-Funds and in particular the Sub-Funds will be managed by a Dutch branch of the Management Company as part of a corporate reorganization (the "**Corporate Reorganization Changes**"). The Corporate Reorganization Changes comply with the UCITS Directive. Shareholders will be informed separately of details of the Corporate Reorganization Changes at least one month before the Corporate Reorganization Changes take effect.

**The Corporate Reorganization Changes have not been reviewed or approved by the SFC as the Corporate Reorganization Changes shall only take place after the Effective Date. Once the withdrawal of authorisation of the Sub-Funds is effective, the Sub-Funds will no longer be regulated by the SFC and any changes to the Sub-Funds, including the Corporate Reorganization Changes, will not be subject to the approval by the SFC. As such, you should carefully assess the impact of the Corporate Reorganization Changes to the Sub-Funds and their effect on your investments.**

## **2. Impact of the withdrawal of authorisation on shareholders of the Sub-Funds**

Shareholders should note that the Sub-Funds will cease to be marketed to the public of Hong Kong and will not accept any new subscriptions from new investors in Hong Kong from the date of this Notice.

The Investment Manager will continue to manage the Sub-Funds in accordance with the constitutive and offering documents of the Sub-Funds. Apart from the withdrawal of authorisation of the Sub-Funds in Hong Kong and the Corporate Reorganization Changes, there are no other changes in the key features (including the way the Sub-Funds is operated, fee level, investment objectives and policies, and risk profile), operation and administrative arrangements of the Sub-Funds.

Upon the withdrawal of authorisation of the Sub-Funds by the SFC, the Sub-Funds will cease to be regulated by the SFC and will no longer be subject to the regulatory requirements applicable to SFC-authorized funds in Hong Kong.

However, the Sub-Funds will remain in existence post the deauthorisation. The CSSF, the competent authority supervising the Sub-Funds in Luxembourg, will continue to regulate the Sub-Funds. The rights attached to the shares owned by Hong Kong shareholders will remain intact after the withdrawal of authorisation of the Sub-Funds in Hong Kong.

In addition, any offering documents and other product documentation specific to the Sub-Funds (including the product key facts statements of the Sub-Funds and marketing materials in relation to the Sub-Funds) that are currently in the possession of Hong Kong investors should be retained for their personal use only and should not be circulated to the public in Hong Kong from the date of this notice.

## **3. Rights of shareholders of the Sub-Funds**

From the date of this notice, shareholders of the Sub-Funds may choose to:

- (i) take no action and continue to hold the shares of the Sub-Funds although the Sub-Funds will no longer be authorised by the SFC in Hong Kong from the Effective Date onwards; or
- (ii) request the redemption or, where possible, the conversion of their shares in accordance with the provisions of the Hong Kong offering documents of the Company at the applicable net asset value into shares of the same or another share class of another SFC-authorized sub-fund of the Company, free of charge (with the exception of any applicable contingent deferred sales charge and any transaction costs charged by intermediaries), until 5:00 pm Hong Kong time on the day before the Effective Date.<sup>1</sup>

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<sup>1</sup> Authorisation by the SFC is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. Before converting to other SFC-authorized sub-fund of the Company, please ensure you have read and understood the investment objective, policies, risks factors, fees and other information applicable to the relevant SFC-authorized sub-fund of the Company as described in the relevant Hong Kong offering documents of the Company.

**4. Costs of the withdrawal of authorisation**

The Management Company will bear the legal, advisory and administrative costs and all other expenses associated with the preparation and completion of the withdrawal of authorisation, estimated to be approximately USD30,000 to USD35,000.

**5. Taxation**

The withdrawal of authorisation of the Sub-Funds may have tax consequences for shareholders. Generally, shareholders will not be subject to any Hong Kong tax on capital gains realised on the redemption or switching of any shares. Shareholders should consult their professional advisers about the consequences of the withdrawal of authorisation on their individual tax position.

**GENERAL**

Please contact your financial adviser or the registered office of the Company if you have questions regarding this matter.

Capitalised terms used in this notice shall have the meaning ascribed to them in the current Prospectus, unless the context otherwise requires.

The Board of Directors accepts responsibility for the accuracy of the information contained in this notice.

Hong Kong residents who require further information, please contact Morgan Stanley Asia Limited, of Floor 41, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or on (852) 2848 6632.

The revised Hong Kong offering documents (including the Prospectus) will be available in due course to investors, free of charge, at the registered office of the Company or at the offices of foreign representatives.

Should you have any questions or concerns about the foregoing, please contact the Company at its registered office in Luxembourg or the representative of the Company in your jurisdiction. You should inform yourself of, and where appropriate take advice on, the tax consequences of the foregoing in your country of citizenship, residence or domicile.

Yours faithfully,

The Board of Directors

**This statement provides you with key information about this product.  
This statement is a part of the offering document.  
You should not invest in this product based on this statement alone.**

## QUICK FACTS

<b>Management Company</b>	MSIM Fund Management (Ireland) Limited
<b>Investment Manager (Investment Adviser)</b>	Morgan Stanley Investment Management Limited located in the United Kingdom
<b>Depository</b>	J.P. Morgan Bank Luxembourg S.A.
<b>Ongoing Charges over a year (*)</b>	Classes A, AX: 1.64% Classes AH, AHX: 1.68% Classes C, CX: 2.44% Classes CH, CHX: 2.48%
<b>Dealing frequency</b>	Daily, each Luxembourg Business Day
<b>Dividend Policy</b>	No dividends will be distributed (income/capital gains will be reinvested) for classes A, AH, C, CH. Dividends if any will be distributed semi annually for classes AHX, AX, CHX, CX.
<b>Base currency</b>	EUR
<b>Financial year end of this sub-fund</b>	31 December
<b>Min. investment</b>	No minimum initial and additional investment amounts

(\*): The ongoing charges figure is updated as of 1 March 2020 and provides an estimate of the total expenses of each class of the sub-fund. It is based on the fees described in the section on ongoing fees payable by the sub-fund within this KFS together with Specific Additional Costs including tax d'abonnement and hedging expenses, where applicable. These fees and the ongoing charges figure may vary from time to time. It excludes almost all costs of dealing in the sub-fund's underlying investments. For more information, please see the "Charges and Expenses" section of the Prospectus.

## WHAT IS THIS PRODUCT ?

Morgan Stanley Investment Funds European Property Fund is a sub-fund of Morgan Stanley Investment Funds which is constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

**OBJECTIVES AND INVESTMENT STRATEGY****Objective**

Long term growth of your investment.

**Strategy**

At least 70% of the sub-fund's value will be invested in equities of companies in the real estate industry based in Europe and funds and trusts with exposure to the real estate industry. The sub-fund may invest in funds such as closed-end Real Estate Investment Trusts (REITS) and publicly quoted property unit trusts. Where the sub-fund invests in funds and trusts, investor may indirectly bear the ongoing costs of those investment vehicles.

The sub-fund may also invest up to 30% of its value in other investments such as convertible bonds, preference shares, warrants and other equity linked securities.

The investment process may consider information about environmental, social and governance issues (also referred to as ESG) in its bottom-up stock selection process when making investment decisions. The Investment Adviser may engage with company management regarding corporate governance practices as well as what the Investment Adviser deems to be materially important environmental and/or social issues facing a company.

Financial derivative instruments may be used for efficient portfolio management, in order to gain exposure to certain markets at a lower cost or to reduce risk. The sub-fund does not invest extensively or primarily in financial derivatives instruments for investment purposes.

For the purpose of cash management, the sub-fund may hold cash and/or invest in cash equivalents such as money market instruments or money market funds, including those managed by the Investment Adviser or advisers affiliated to the Investment Adviser (please refer to the Prospectus for further details).

The sub-fund measures its performance against the GPR General Quoted Europe Net Index (the "Benchmark"). The sub-fund is actively managed and is not designed to track the Benchmark. Therefore, the management of the sub-fund is not constrained by the composition of the Benchmark.

**USE OF DERIVATIVES / INVESTMENT IN DERIVATIVES**

The sub-fund's net derivative exposure may be up to 50% of the sub-fund's net asset value.

**WHAT ARE THE KEY RISKS ?**

**Investment involves risks. Please refer to the offering document including the section headed "Risk Factors" for details including the risk factors.**

**1. Risk of Investment in the Real Estate Industry and REITS**

The value of property related securities including funds and trusts can be affected by economic, political, market and interest rate changes. Such changes may adversely affect securities, regardless of company specific performance. The risk that one or more companies in the sub-fund's portfolio will fall, or fail to rise, can adversely affect the overall portfolio performance in any given period. Generally, a rise in interest rates will increase the cost of financing which may decrease the value of the portfolio.

REITS are companies that acquire and/or develop real property for long term investment purposes. They invest the majority of their assets directly in real property and derive their income primarily from rents. By investing in REITS through the sub-fund you will bear not only the proportionate share of the management fees of the sub-fund but also indirectly, the management expenses of the underlying REITS.

The underlying REITS which the sub-fund may invest in may not necessarily be authorized by the Securities and Futures Commission and the dividend or pay out policy of the sub-fund is not representative of the dividend or pay out policy of the underlying REITS.

### 2. Risk of Investment in Equity

Funds which invest in equity securities are subject to the volatility of the capital markets on which these securities are traded and may incur significant losses. The price of equities can be influenced by many factors at the individual company level, as well as by broader economic and political developments, including trends in economic growth, inflation and interest rates, corporate earnings reports, demographic trends and catastrophic events. The value of shares may fall in value and decrease the value of your investment as a whole.

### 3. Exchange Rate Risk

The value of your investment will be impacted by changes in the currency exchange rates between the sub-fund's base currency (Euro) and the currencies in which the underlying securities are denominated.

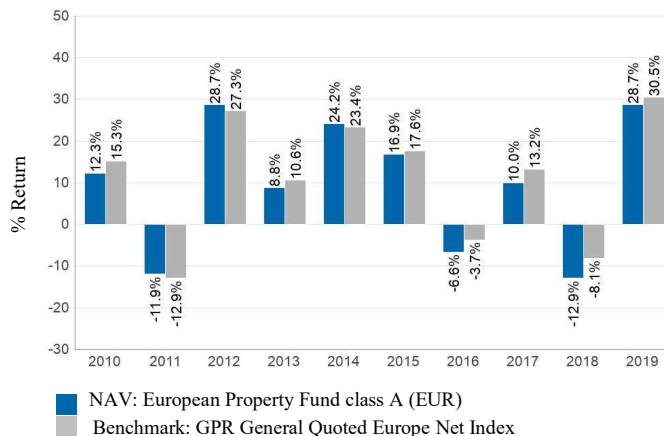
### 4. Exposure to the Euro and the Eurozone

The Eurozone is an economic and monetary union of 19 European member states that have adopted the Euro as their common currency and sole legal tender. The success of the Euro and the Eurozone is therefore dependent on the general economic and political condition of each member state, as well as each state's credit worthiness and the willingness of the members to remain committed to monetary union and support for the other members. Currently, there are widely held concerns in the market regarding the credit risk associated with certain sovereigns, including some member states of the Eurozone, and the continued viability of the Eurozone.

Default by any state on its Euro debts or a material decline in the credit rating of any Eurozone state could have a material negative impact on the Company and its investments. A number of the sub-funds of the Company may operate in Euro and/or may hold Euro denominated assets either directly or as collateral. In addition, the Company's counterparties, banks, custodians and service providers may have direct or indirect exposure to these countries or currency and a default or credit decline could impact their ability to meet their obligations to and/or perform services for the Company. In the event of one or more member states exiting the Eurozone, or the abandonment of the Euro entirely, there may be material negative impact on some or all sub-funds of the Company and the value of investments, including risk of redenomination from Euro into another currency, possible capital controls and legal uncertainty as to the ability to enforce obligations and debts.

Prospective shareholders should inform themselves as to the risks surrounding the Eurozone crisis and the associated risk of an investment in the Company, taking into account the uncertainty as to how the Eurozone crisis and more general global economic situation will continue to evolve.

### HOW HAS THE FUND PERFORMED ?



Past performance information is not indicative of future performance. Investors may not get back the full amount invested.

The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.

These figures show by how much the sub-fund increased or decreased in value during the calendar year being shown.

The sub-fund was launched in 1997.

This share class was launched in 1997.

Performance data has been calculated in EUR including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

The sub-fund measures its performance against the GPR General Quoted Europe Net Index.

### IS THERE ANY GUARANTEE ?

This sub-fund does not have any guarantees. You may not get back the full amount of money you invest.

**WHAT ARE THE FEES AND CHARGES ?****Charges which may be payable by you**

You may have to pay the following fees when dealing in the shares of the sub-fund.

<b>Fee</b>	<b>What you pay</b>
<b>Subscription Fee (Sales Charge)</b>	Up to 5.75% of the amount you buy for classes A, AH, AHX, AX. Nil for classes C, CH, CHX, CX.
<b>Switching Fee (Conversion Fee)</b>	Usually nil, but up to 2% of the conversion value where the Management Company determine the trading activity of the investor has adversely affected other shareholders.
<b>Redemption Fee</b>	Usually nil, but up to 2% of the redemption value where the Management Company determine the trading activity of the investor has adversely affected other shareholders.
<b>Contingent Deferred Sales Charges</b>	Nil for classes A, AH, AHX, AX. Up to 1% of the amount redeemed, if the redemption is within 365 days of the date of subscription for classes C, CH, CHX, CX.

**Ongoing fees payable by the Fund**

The following expenses will be paid out of the sub-fund. They affect you because they reduce the return you get on your investments.

	<b>Annual Rate</b>
<b>Management Fee</b>	1.40% of the average daily net assets for classes A, AH, AHX, AX. 2.20% of the average daily net assets for classes C, CH, CHX, CX.
<b>Depositary Fee</b>	The Depositary Fee will be paid out of the Administration Charge.
<b>Performance Fee</b>	Not applicable
<b>Administration Charge</b>	Currently 0.19% of the average daily net assets, which is capped at the maximum annual rate of 0.25% as set out in the Prospectus.

All fees and charges will remain in force for an unlimited period, and may be changed by the Management Company as set out in the Prospectus subject to obtaining the prior approval of the Securities and Futures Commission and provision of one month's prior notice to investors where there is an increase in fees and charges.

**Other fees**

You may have to pay other fees when dealing in the shares of the sub-fund.

**ADDITIONAL INFORMATION**

- You generally buy and redeem shares of the sub-fund at the sub-fund's next-determined net asset value (NAV) after the transfer agent receives your request in good order on or before 1pm (Central European Time) on the relevant dealing day. The distributors may impose earlier cut-off deadlines.
- If the sub-fund or a class of shares of the sub-fund is being held by investors of Hong Kong, the net asset value per share of the sub-fund is calculated and published daily on [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com) in EUR.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from [www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com).

**IMPORTANT**

**If you are in doubt, you should seek professional advice.**

**The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.**