Morgan Stanley

Product Key Facts

Morgan Stanley Investment Funds
US Advantage Fund

June 2024

**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

Management Company	MSIM Fund Management (Ireland) Limited
Investment Manager	Morgan Stanley Investment Management Limited located in the United Kingdom
Sub-investment Managers	Morgan Stanley Investment Management Inc. located in the United States of America (internal delegation)
Depositary	J.P. Morgan SE, Luxembourg Branch
Ongoing Charges over a year (*)	Classes A, A (EUR): 1.64% Class AH (EUR): 1.67%
Dealing frequency	Daily, each dealing day
Dividend Policy	No dividends will be distributed (income/capital gains will be reinvested) for classes A, A (EUR), AH (EUR).
Base currency	USD
Financial year end of this sub-fund	31 December
Min. investment	No minimum initial and additional investment amounts

(*): The ongoing charges figure is based on the total expenses charged to each class of the sub-fund as at 31 December 2023, calculated net of any fee waivers and expressed as a percentage of average net assets for the year. This figure is based on the information in the audited financial statements for the year ended 31 December 2023 and may vary from year to year.

WHAT IS THIS PRODUCT ?

Morgan Stanley Investment Funds US Advantage Fund is a sub-fund of Morgan Stanley Investment Funds (the "**SICAV**") 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

To seek long-term capital appreciation (measured in USD).

Strategy

At least 70% of the sub-fund's value will be invested in the equity securities issued by US companies. The investment process emphasizes a bottom-up stock selection process, seeking attractive investments on an individual company basis.

The sub-fund may invest up to 30% of its value in other investments such as equities of companies not meeting the above requirements, debt securities convertible into common shares, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), preference shares, warrants on securities, China A-shares (through Stock Connect), cash equivalents (as defined in the Prospectus) and other equity linked securities. The sub-fund may invest in shares of special purpose acquisition companies (SPACs) and up to 10% of its value in China A-shares (through Stock Connect).

The sub-fund may use financial derivatives including exchange traded and over-the-counter options, futures and other derivatives, for reducing risks (hedging) and costs, and for investment purposes, 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 the purpose of cash management, the sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets (please refer to the sub-fund's investment objectives and strategies and SFDR-related disclosures in the Prospectus for further details). Such restriction may, under exceptionally unfavorable market conditions, temporarily be exceeded for a period of time strictly necessary up to 100% of its net assets, in order to take measures to mitigate risks relative to such exceptional unfavorable market conditions, in the best interest of the shareholders.

Unless otherwise specified, the sub-fund may hold cash equivalents (as defined in the Prospectus) up to 30% of its net assets for treasury purposes and/or up to 100% of its net assets in order to achieve their investment goals, and/or for treasury purposes, and/or in case of unfavorable market conditions. These include money market instruments or money market funds which may be managed by the Investment Manager, the Sub-investment Manager or advisers affiliated either to the Investment Manager or the Sub-investment Manager (please refer to the Prospectus for further details).

The Investment Manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The Investment Manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The Investment Manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

Investments shall not knowingly include any company whose primary business activity involves tobacco, coal, or weapons (comprising civilian firearms, cluster munitions and anti-personnel mines).

The details of the above exclusions can be found in the sub-fund’s exclusion policy which is available on the SICAV’s website (www.morganstanleyinvestmentfunds.com* and on www.morganstanley.com/im*). Further to the above, the Investment Manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed as they are implemented on www.morganstanleyinvestmentfunds.com* and on www.morganstanley.com/im*.

The sub-fund measures its performance against the S&P 500 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.

*The website has not been reviewed by the SFC.

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 Descriptions" for details including the risk factors.

1. Equities risk

Equities can lose value rapidly, and typically involve higher market risks than bonds or money market instruments. If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all of their value. The price of an equity varies according to supply and demand and market expectations about the company's future profitability, which may be driven by factors such as consumer demand, product innovation, actions of competitors, and how or whether a company chooses to address ESG factors.

2. Derivatives risk

Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general and exposing the sub-fund to potential losses significantly greater than the cost of the derivative. Derivatives are complex investments that are subject to the risks of the underlying asset(s) – typically in modified and greatly amplified form – as well as their own risks. Some of the main risks of derivatives are:

- the pricing and volatility of some derivatives, in particular credit default swaps and collateralised debt obligations, may diverge from the pricing or volatility of their underlying reference(s), sometimes greatly and unpredictably
- liquidity risks as, in difficult market conditions, it may be impossible or infeasible to properly value a derivative or to place orders that would limit or offset the market exposure or financial losses created by some derivatives
- derivatives involve costs that the sub-fund would not otherwise incur
- the behaviour or a derivative may be difficult to predict, especially in unusual market conditions; this risk is greater for newer, more unusual, or more complex types of derivatives, and may require investment techniques, risk analysis and control mechanisms that are different from those used for standard securities and are more complex
- changes in tax, accounting, or securities laws, or decreased liquidity, increased cost of hedging, publication of a successor index, or adjustments or modifications to the index, could cause the value of a derivative to fall or could force the sub-fund to terminate a derivative position under disadvantageous circumstances
- some derivatives, in particular futures, options, total return swaps, contracts for difference and some contingent liability contracts, could involve margin borrowing, meaning that the sub-fund could be forced to choose between liquidating securities to meet a margin call or taking a loss on a position that might, if held longer, have yielded a smaller loss or a gain
- some derivatives, in particular coupon swaps, agency swaps, and term swaps attached to securitised instruments, could entail higher credit and investment (spread) risks
- counterparty risks
- risk of not being able to exercise certain rights attached to the underlying securities

3. Eurozone risk

In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the sub-fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the sub-fund.

4. Convertible bonds risk

Because convertible bonds are structured as bonds whose repayment of principal is typically in the form of a pre-determined number of equity shares (rather than cash), they carry both equity risk and the risks typical of bonds, such as credit, interest rate, default and prepayment risk, as well as liquidity risk.

5. Country risk — China

The legal rights of investors in China are uncertain, government intervention is common and unpredictable, some of the major trading and custody systems are unproven, and all types of investments are likely to have comparatively high volatility and greater liquidity and counterparty risks.

Shanghai-and Shenzhen-Hong Kong Stock Connect programs

Creditors of the nominee or custodian could assert that the assets in accounts held for the sub-fund are actually assets of the nominee or custodian. If a court should uphold this assertion, creditors of the nominee or custodian could seek payment from the assets of the relevant fund. Because Hong Kong Securities Clearing Company Limited (HKSCC) does not guarantee the title to Stock Connect securities it holds as nominee and has no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners (such as the sub-fund), neither the title to such securities or their associated rights (such as participation in corporate actions or shareholder meetings) is assured. If the SICAV or the sub-fund suffers losses resulting from the performance or insolvency of HKSCC, the SICAV would have no direct legal recourse against HKSCC, because Chinese law does not recognize any direct legal relationship between HKSCC and either the SICAV or the depositary.

If China Securities Depositary and Clearing Corporation Limited (ChinaClear) defaults, HKSCC's contractual liabilities will be limited to assisting participants with claims. The sub-fund's attempts to recover lost assets could involve considerable delays and expenses, and may not be successful. In a suspension in trading through the programme, the sub-fund's ability to invest in China A-shares or access to PRC markets will be adversely affected. Stock Connect trades are settled in RMB and investors must have timely access to a reliable supply of RMB in Hong Kong, which cannot be guaranteed.

China A-shares

Available through the Stock Connect programmes, these securities may offer limited liquidity due to limitations in trading, or be more volatile and unstable (for instance, due to the risk of suspension of a particular equity or government intervention). These securities are also subject to trading fees, levies and stamp duties that may increase unpredictably, and can only be traded when both the PRC and Hong Kong markets are open for trading.

Internal currency risk

The Chinese government maintains two separate currencies: internal renminbi (CNY), which must remain within China and generally cannot be owned by foreigners, and external renminbi (CNH), which can be owned by any investor. These two currencies are not freely convertible and the exchange rate between the two is subject to foreign exchange control policies of and restrictions imposed by the Chinese government. In addition to general currency risk, this effectively adds a further level of currency risk for outside investors (such as the sub-fund), as well as liquidity risk, since the conversion of CNY to CNH can be restricted, as can the removal of CNH currency from China or Hong Kong.

Tax risk

How Chinese authorities may choose interpret tax codes is not certain and may change at any time. Tax relief measures currently in effect for non-Chinese investors may be modified or withdrawn. China could assess taxes retroactively, and in some cases could even expand them to apply to all equity and bond income the sub-fund receives from any source, not just China. Future tax policy is also unclear.

6. Credit risk

A bond or money market instrument from any type of issuer could fall in price, and become more volatile and less liquid, if the security's credit rating or the issuer's financial health deteriorates, or the market believes it might. The downgrading of a rated debt security could decrease the value and liquidity of the security, particularly in a thinly traded market, and also increase the price volatility.

7. Currency risk

To the extent that the sub-fund holds assets that are denominated in currencies other than the base currency, or any share class currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses, in some cases significantly. Exchange rates can change rapidly and unpredictably, and it may be difficult for the sub-fund to unwind its exposure to a given currency in time to avoid losses.

8. Depositary receipt risk

Depositary receipts are certificates that represent shares in companies trading outside the markets in which the depositary receipts are traded. These certificates are held on deposits by financial institutions. Besides usual risks of equities, they carry illiquid securities and counterparty risks. Depositary receipts can trade below the value of their underlying securities. Owners of depositary receipts may lack some of the rights (such as voting rights) they would have if they owned the underlying securities directly. Some of above instruments may create additional counterparty risks. Depositary receipts are also subject to the risks of the underlying securities.

9. Emerging markets risk

Emerging markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, illiquid security, counterparty, legal and currency risks, and are more likely to experience risks that in developed markets are associated with unusual market conditions.

10. ESG / sustainability risk

An ESG event or condition could lower the sub-fund's value. Such risks are integrated into the investment decision making and risk monitoring to the extent that they represent potential or actual material risks and opportunities to maximising long-term risk-adjusted returns. In general, where an ESG risk occurs in respect of an asset, there could be a negative impact on, or entire loss of, its value. An ESG risk trend may arise and impact a specific investment or may have a broader impact on an economic sector such as IT or health care, geography such as emerging markets, or political region or country.

11. Hedging risk

Any attempts to use hedging to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss. The sub-fund may use hedging with respect to any designated share classes, to hedge the currency exposure of the share class. Hedging involves costs, which reduce investment performance. With any share class that involves hedging both at the sub-fund level and the share class level, there will be two layers of costs. At times, and particularly in emerging markets, it may be impractical or economically unfeasible for the sub-fund or a share class to enter into hedging positions, leaving it exposed to currency risk.

12. Investment fund risk

As with any investment fund, investing in the sub-fund involves certain risks an investor would not face if investing in markets directly:

- the actions of other investors, in particular sudden large outflows of cash, could interfere with orderly management of the sub-fund and cause its NAV to fall
- the sub-fund is subject to various investment laws and regulations that limit the use of certain securities and investment techniques that might improve performance, and might be available to an investor through a different investment
- the sub-fund may be modified, merged or closed at any time, which may not align well with the investor's preferences and may cause the investor to receive a compulsory redemption
- while Luxembourg law provides strong investor protections, they may be different or lesser in certain ways that what a shareholder might receive from a fund domiciled in their own jurisdiction or elsewhere
- to the extent that the sub-fund invests in markets that are in different time zones from where the Investment Manager is located, it might not be able to react in a timely fashion to price movements that occur when the sub-fund is not open for business
- changes in regulations worldwide and increased regulator scrutiny of financial services could limit opportunities or increase costs for the SICAV
- to the extent that the sub-fund decides to invest, conduct operations, register, or distribute shares in a jurisdiction, it may be required to accept certain limitations that would affect all investors in the sub-fund
- for sub-fund shares that are not publicly traded, the only option for liquidation of shares is generally redemption, which is subject to any redemption policies and fees
- the SICAV may not always be able to hold a service provider fully responsible for any losses or lost opportunities arising from the service provider's actions
- because there is no segregation of liabilities between share classes, it may be impractical or impossible for different share classes to completely isolate their costs and risks from other share classes, including the costs of hedging at the share class level and the risk that creditors of one share class of the sub-fund may attempt to seize assets of another share class to settle an obligation
- to the extent that the SICAV and the sub-fund conduct business with affiliates of Morgan Stanley Group, and these affiliates do business with each other on behalf of the SICAV and the sub-fund, conflicts of interest may be created (although to mitigate these, all such business dealings must be conducted on an arm's length basis, and all entities,

and the individuals associated with them, are subject to strict fair dealing policies that prohibit profiting from inside information and showing favouritism)

- if an investment owned by the sub-fund in the SICAV is found to be linked to an entity or individual who is associated with money laundering or financing of terrorism, or accused of serious misconduct, or if such an entity or individual is found to be a holder or beneficial owner of sub-fund shares, any resulting reputation damage could cause a significant withdrawal of assets from any or all funds of the SICAV, which in turn could cause one or more funds to suspend processing of requests to sell shares
- to the extent the sub-fund holds odd lots (quantities of equities that are less than 100 shares) the actual market value of the securities in the odd lots will be lower than a price quoted by an outside service

13. Management risk

The Investment Manager could be wrong in their analysis of market or economic trends, their choice or design of any software models they use, their allocation of assets, or in other decisions regarding how the sub-fund's assets will be invested.

14. Market risk

Prices and yields of many securities can change frequently – sometimes with significant volatility – and can fall, based on a wide variety of factors. Examples of these factors include: economic and political news, changes in technology and business practices, changes in demographics, cultures and populations, natural or human-caused disasters, including widespread diseases or epidemics, weather and climate patterns, scientific or investigative discoveries, costs and availability of energy, commodities and natural resources. The effects of market risk can be immediate or gradual, short-term or long-term, narrow or broad. Diversification has the potential to reduce the effects of market risk but cannot eliminate them.

15. SPAC risk

In addition to small- and mid-cap equity risk and illiquid security risk, special purpose acquisition companies (SPACs) may fail to make an acquisition before their dissolution deadline or may make a suboptimal acquisition in order to avoid dissolution. Because a SPAC has no prior operating history to disclose when it issues its shares, investors have no way of knowing in advance the past, current or likely future financial performance of the company to be acquired. The SPAC structure itself is comparatively new, and the performance of a SPAC is more highly dependent on the good faith of the issuer than most other types of equities. SPACs have many of the risks of initial public offerings (IPOs). They carry a distinct risk of above-average volatility, and may fluctuate significantly over short periods of time.

16. Circumstantial liquidity risk

Any security could temporarily become hard to value or to sell at a desired time and price. Circumstantial liquidity risk could affect the sub-fund's value and delay the processing of transactions in the sub-fund shares or payment of sale proceeds. Circumstantial liquidity risk could also affect the sub-fund's ability to honour its obligations to its trading partners (including other funds) or to other financial institutions. Securities lending can create liquidity risk to the extent that they lock in positions for a period of time.

17. Counterparty and collateral, including securities techniques risk

An entity with which the sub-fund does business, including any entity with temporary or long-term custody of fund assets, could become unwilling or unable to meet its obligations to the sub-fund. If a counterparty, including a custodian or a depositary, becomes bankrupt, the sub-fund could lose some or all of its money and could experience liquidity and operational risk, such as delays in getting back securities or cash that were in the possession of the counterparty (including those provided to a counterparty as collateral for securities lending). This could mean the sub-fund is unable to sell the securities or receive the income from them during the period in which it seeks to enforce its rights, which process itself is likely to create additional costs. In addition, the value of the securities could fall during the period of delay. Counterparty risk is greater for counterparties with weaker creditworthiness.

Collateral

The value of collateral held by the sub-fund might not cover the full value of a transaction, and might not cover any fees or returns owed to the sub-fund. If any collateral the sub-fund holds as protection against counterparty risk declines in value, it may not fully protect the sub-fund against losses. The sub-fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made.

Securities techniques

For securities lending transactions, the most notable risks are that the borrower may fail to return the securities lent out in a timely manner, and, during such delay, the value of the collateral may fall below the value of the securities lent out, which would create a loss for the sub-fund that lent securities.

18. Operational and cyber risk

The operations of the sub-fund could be subject to human error, faulty processes or governance, and technological failures, including the failure to prevent or detect cyberattacks, data theft, sabotage or other electronic incidents. Operational risks may subject the sub-fund to errors affecting valuation, pricing, accounting, tax or financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

The methods used by cyber criminals evolve rapidly, and reliable defences may not always be available. To the extent that the SICAV's data is stored or transmitted on the systems of multiple entities, using technology of multiple vendors, its vulnerability to cyber risk increases. Possible results of cybersecurity breaches or improper access include loss of investor personal data or proprietary information about fund management, regulatory intervention and sufficient business or reputation damage to create financial implications for investors.

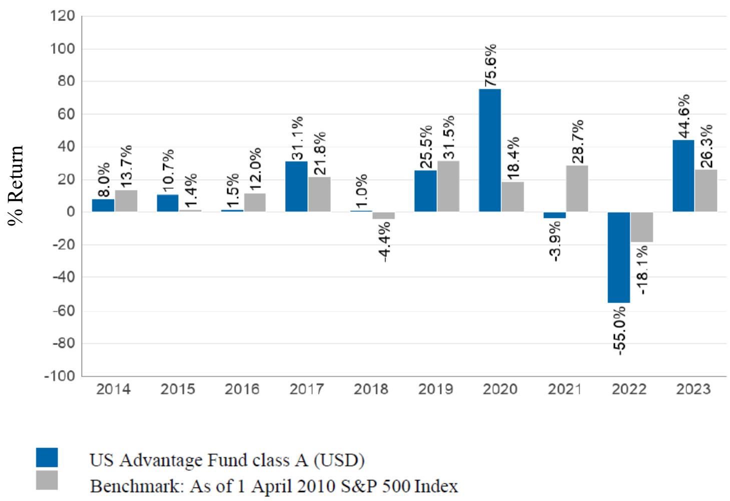
19. Standard practices risk

Investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective.

20. Tax change risk

Any country could also change its tax laws or treaties in ways that affect the sub-fund or its shareholders. Tax changes potentially could be retroactive and could affect investors with no direct investment in the country.

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. Where no past performance is shown there was insufficient data available in that year to provide performance.

The sub-fund was launched in 2005. This share class was launched in 2005.

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

The sub-fund currently measures its performance against the S&P 500 Index. However, the performance shown was calculated using the Russell 1000 Growth Net 30% Withholding Tax TR Index from 1 January 2010 to 31 March 2010.

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.

Fee	What you pay
Subscription Fee (Sales Charge)	Up to 5.75% of the amount you buy for classes A, A (EUR), AH (EUR).
Switching Fee (Conversion Fee)	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.
Redemption Fee	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.
Contingent Deferred Sales Charges	Nil for classes A, A (EUR), AH (EUR).

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.

	Annual Rate
Management Fee	1.40% of the average daily net assets for classes A, A (EUR), AH (EUR).
Depositary Fee	The Depositary Fee will be paid out of the Administration Fee.
Performance Fee	Not applicable
Administration Fee	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, exchange and sell 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* in USD.

- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from www.morganstanleyinvestmentfunds.com*.

*The website has not been reviewed by the SFC.

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.