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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 ASIAN EQUITY FUND (THE "SUB-FUND")

11 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-Fund with effect from 11 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-Fund authorized in Hong Kong and as such, the Management Company has no further intention to offer the Sub-Fund to retail Hong Kong investors through public distribution.

As at 31 July 2020, the fund size of the Sub-Fund was approximately USD29.46 million (equivalent to EUR24.99 million).

After the withdrawal of authorisation of the Sub-Fund, it is intended that the investment objectives and strategy of the Sub-Fund will be revised with a focus on environmental, social and governance factors (the "**Post-deauthorisation Changes**"). The Post-deauthorisation Changes are subject to the approval by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), the Company's Luxembourg regulator, and comply with the UCITS Directive. Shareholders will be informed separately of details of the Post-deauthorisation Changes at least one month before the Post-deauthorisation Changes take effect.

The Post-deauthorisation Changes have not been reviewed or approved by the SFC as the Post-deauthorisation Changes shall only take place after the Effective Date. Once the withdrawal of authorisation of the Sub-Fund is effective, the Sub-Fund will no longer be regulated by the SFC and any changes to the Sub-Fund, including the Post-deauthorisation Changes, will not be subject to the approval by the SFC. As such, you

should carefully assess the impact of the Post-deauthorisation Changes to the Sub-Fund and their effect on your investments.

2. Impact of the withdrawal of authorisation on shareholders of the Sub-Fund

Shareholders should note that the Sub-Fund 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-Fund in accordance with the constitutive and offering documents of the Sub-Fund. Apart from the withdrawal of authorisation of the Sub-Fund in Hong Kong and the Post-deauthorisation Changes, there are no other changes in the key features (including the way the Sub-Fund is operated, fee level, investment objectives and policies, and risk profile), operation and administrative arrangements of the Sub-Fund.

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

In addition, any offering documents and other product documentation specific to the Sub-Fund (including the product key facts statement of the Sub-Fund and marketing materials in relation to the Sub-Fund) 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-Fund

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

- (i) take no action and continue to hold the shares of the Sub-Fund although the Sub-Fund 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.¹

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 USD15,000 to USD25,000.

¹ 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.

5. Taxation

The withdrawal of authorisation of the Sub-Fund 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