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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 29 192

(the "**Company**")

NOTICE TO THE SHAREHOLDERS OF MORGAN STANLEY INVESTMENT FUNDS – EUROPEAN CURRENCIES HIGH YIELD BOND FUND

(the "**Notice**")

Dear Shareholder,

We hereby give you notice that the board of directors of the Company (the "**Board**") has decided to merge certain share classes of Morgan Stanley Investment Funds – European Currencies High Yield Bond Fund (the "**Merging Share Classes**") into other share classes of the same sub-fund (the "**Receiving Share Classes**"), in accordance with the procedures set out in sub-section "Amalgamation" under section 3.1 "General Information" of the Prospectus and with article 24 of the articles of incorporation of the Company (the "**Articles**").

Due to regulatory changes, duration hedged share classes can no longer be offered in sub-funds that have other types of share classes. As a result, the duration hedged share classes of the Morgan Stanley Investment Funds – European Currencies High Yield Bond Fund must be closed to new investment from all investors with effect from 30 July 2018. In view of the requisite closure and the current size of the duration hedged share classes of the Morgan Stanley Investment Funds – European Currencies High Yield Bond Fund, the Board considers that it is not efficient to continue providing duration hedging at the share class level for the Merging Share Classes. As no new investment will be permitted in the Merging Share Classes after 30 July 2018, the Board has therefore decided to merge these share classes into the Receiving Share Classes. The Receiving Share Classes do not provide duration hedging at the share class level and will continue to be open to new investment after 30 July 2018.

Investors in the Merging Share Classes should be aware that the Receiving Share Classes do not provide duration hedging. This means that following the effective date of the merger, such investors will no longer experience the duration hedging strategies that seek to limit the share class exposure to interest rate movements once they have merged into the Receiving Share Classes. If duration hedging is important to you, or if you have any doubt about the action you should take, you should consult your financial adviser as soon as possible for advice on the appropriate action to take.

Accordingly, the Merging Share Classes will merge into the Receiving Share Classes by an exchange of Shares in the Merging Share Classes for Shares in the Receiving Share Classes as further described in the tables below, on 25 July 2018 (the “**Effective Date**”).

Your options

1. Take no action. Your Shares in the Merging Share Classes will automatically be exchanged for Shares in the Receiving Share Classes. On the Effective Date, all Shares of shareholders who have not redeemed or converted their Shares in the Merging Share Classes will be exchanged for Shares in the Receiving Share Classes. Shareholders of the Merging Share Classes will become Shareholders of the Receiving Share Classes on the Effective Date. **The Receiving Share Classes are not duration hedged. Investors who take this option will have a greater exposure to the risk of interest rate changes affecting the value of their investment.**

2. Convert your Shares into another sub-fund or another share class of your current sub-fund. Any applications for conversion must be received by 1 pm CET on 19 July 2018 and be made in accordance with section 2.4 “Conversion of Shares” of the Prospectus. Please ensure that you read the Key Investor Information Document (KIID) for any sub-fund that you are considering converting into and seek advice from your financial adviser if you are unsure about the action you should take.

3. Redeem your investment. Any applications for redemption must be received by 1 pm CET on 19 July 2018.

Conversions or redemptions will be processed free of charge at the relevant net asset value per share on the Dealing Day on which the relevant shares are redeemed or converted, in accordance with the terms of the Prospectus. In addition, for Shareholders who hold Class B Shares, any applicable contingent deferred sales charge will be waived during the period from date of this notice to the Effective Date of the merger.

About the Merger

- (i) The Merger shall become effective and final between the Merging Share Classes and the Receiving Share Classes and vis-à-vis third parties on the Effective Date.
- (ii) The Merger will be processed using the official Net Asset Value per Share of the Merging Share Classes and the Receiving Share Classes as of the Effective Date.
- (iii) Please note that the Net Asset Value per Share of the Merging Share Classes and the Receiving Share Classes on the Effective Date will not necessarily be the same. Therefore, while the overall value of your holding will be the same, you may receive a different number of shares than you previously held.
- (iv) To ease the merger process, the Merging Share Classes will be closed to new subscriptions as of the date of this Notice.

- (v) The Board further reserves the right to immediately close any of the Merging Share Classes if all the Shares issued in the relevant Merging Share Classes are redeemed before the Effective Date.
- (vi) The Management Company will bear the legal, advisory and administrative costs and expenses associated with the preparation and completion of the merger.

The Merging Share Classes will merge into the corresponding Receiving Share Classes, expressed in the same currency. Each of the Merging and Receiving Share Classes has identical features in terms of distribution policy, minimum investment criteria, if any, and fee structure, and synthetic risk and reward indicator (“SRR”).

The key difference between the Merging and Receiving Share Classes is that the Merging Share Classes are duration hedged at a share class level while the Receiving Share Classes are not duration hedged at the share class level. The investment experience for shareholders of the Merging Share Classes will be similar in that they remain invested in the same sub-fund, with the exception of the lack of duration hedging strategies that seek to limit the Merging Share Classes exposure to interest rate movements.

Further information on the Merging Share Classes and Receiving Share Classes is set out in the appendix to this notice.

Additional Note to Holders of Share Class B

The Company is making a number of changes to the rights attaching to B Shares in order to simplify how B Shares work. These changes are likely to lead to holders of B Shares having some of their shares converted free of charge into Share Class Indicator A Shares (“A Shares”), as detailed in the Notice to Holders of Share Class Indicator B Shares that you may have received separate to this notice. The notice can also be found on www.morganstanleyinvestmentfunds.com.

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

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

The Prospectus and the relevant key investor information document are available to investors, free of charge, at the registered office of the Company or at the offices of foreign representatives.

The merger of the Merging Share Classes into the Receiving Share Classes may have tax consequences for shareholders. 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.

Should you have any questions or concerns about the foregoing, please contact the Company at its registered office in Luxembourg, the Investment Adviser of the Company or the representative of the Company in your jurisdiction.

Luxembourg, 25 June 2018

On behalf of the Company

MORGAN STANLEY INVESTMENT MANAGEMENT (ACD) LIMITED

Appendix

SCHEDULE OF PRINCIPAL DIFFERENCES BETWEEN THE MERGING SHARE CLASSES AND THE RECEIVING SHARE CLASSES

This Appendix contains a comparison of the material characteristics of the Merging Share Classes and the Receiving Share Classes.

In addition to the information below, shareholders of the Merging Share Classes should carefully read the description of the Receiving Share Classes in the prospectus of the Company and in the KIID of the Receiving Share Classes before making any decision in relation to the merger.

1. About the Sub-Fund

Morgan Stanley Investment Funds European Currencies High Yield Bond Fund
<p>Investment Policy:</p> <p>The European Currencies High Yield Bond Fund's investment objective is to provide an attractive rate of return, measured in Euro, through investments worldwide primarily in lower rated and unrated Fixed Income Securities issued by governments, agencies and corporations that offer a yield above that generally available on the Fixed Income Securities in the four highest rating categories of S&P or Moody's denominated in European currencies. These investments may include Fixed Income Securities issued by non-European issuers and such securities issued in emerging markets and, subject to applicable law, asset-backed securities, loan participations and loan assignments, to the extent that these instruments are securitised.</p> <p>The Fund may, on an ancillary basis, invest in non-European currency denominated Fixed Income Securities. In order to optimize European currency exposure, the non-Euro currency exposure may be hedged back to the Euro and the Fund may, on an ancillary basis, use derivatives contracts to create synthetic European currency high yield Fixed Income Securities within the limits set forth in Appendix A – Investment Powers and Restrictions. The Fund may also invest, to a limited extent, in loan participations and loan assignments to the extent these constitute money market instruments.</p> <p>With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.</p> <p>The Fund may invest no more than 20% of its assets in Contingent Convertible Instruments.</p> <p>The Fund may invest in Fixed Income Securities acquired on the China Interbank Bond Market. No more than 10% of the Fund's assets will be invested in such securities.</p>
<p>Global Exposure Methodology: Relative VaR</p> <p>Reference Portfolio: ICE BofA ML European Currency High Yield 3% Constrained Ex-Sub Financials Index</p>
<p>Expected Gross Leverage: 100%</p>
<p>SRRI: 3</p>

2. About the Merging Share Classes and the Receiving Share Classes

Merging Share Classes	Receiving Share Classes
Class AD	Class A
Minimum holding requirement: N/A	Minimum holding requirement: N/A

Sales Charge: up to 4.00%	Sales Charge: up to 4.00%
AUM: Not available as of 31 May 2018.	AUM: EUR 119.43M
Ongoing Charge: 1.09%	Ongoing Charge: 1.09%
Hedging: Hedged	Hedging: Unhedged
Income: Distributing	Income: Distributing
ISIN: LU0610554288	ISIN: LU0073255761
Class ADX	Class AX
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: up to 4.00%	Sales Charge: up to 4.00%
AUM: EUR 3.78M	AUM: EUR 57.88M
Ongoing Charge: 1.09%	Ongoing Charge: 1.09%
Hedging: Hedged	Hedging: Unhedged
Income: Distributing	Income: Distributing
ISIN: LU0610554361	ISIN: LU0239679102
Class BD	Class B
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: 0.00%	Sales Charge: 0.00%
AUM: EUR 3.19M	AUM: EUR 96.39M
Ongoing Charge: 2.09%	Ongoing Charge: 2.09%
Hedging: Hedged	Hedging: Unhedged
Income: Accumulating	Income: Accumulating
ISIN: LU0610554445	ISIN: LU0073255928
Class BDX	Class BX
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: 0.00%	Sales Charge: 0.00%
AUM: EUR 16.87M	AUM: EUR 126.87M
Ongoing Charge: 2.09%	Ongoing Charge: 2.09%
Hedging: Hedged	Hedging: Unhedged
Income: Distributing	Income: Distributing
ISIN: LU0610554528	ISIN: LU0691070360