

**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 29 192

(The "**Company**")

**NOTICE TO SHAREHOLDERS**

Luxembourg, 30 November 2018

Dear Shareholder,

We are writing to you as shareholder of the Morgan Stanley Investment Funds Frontier Markets Equity Fund (the "**Fund**").

The board of directors of the Company (the "**Board**") has resolved to amend the Fund's investment policy to clarify that this Fund may invest in derivatives as part of its primary investment universe. In addition, it is clarified that the Fund may invest on an ancillary basis in equity securities that do not fall within its primary investment universe and Fixed Income Securities. These clarifications seek to provide greater flexibility to the Investment Adviser in accessing investment opportunities for the Fund.

The Fund will be renamed "*Emerging Markets Small Cap Equity Fund*" and its investment objective will be amended so as to refer to investment primarily "*in a portfolio of small cap equity securities in emerging market countries, including frontier market countries*", with the emerging and frontier markets being defined by reference to the country classifications published by MSCI and/or FTSE Russell. References in the investment policy to "frontier markets" shall be replaced with "emerging and frontier markets" unless the context requires otherwise. As a result, the list of frontier markets currently mentioned in the investment policy will be removed. In addition the investment policy will be amended by including in the Fund's primary investment universe an option to invest up to 10% of its net assets in China A-Shares via Stock Connect.

The change seeks to broaden the Fund's investment universe, from primarily investing in frontier markets with limited scope for investing in other emerging markets, to primarily investing in small cap equity securities in emerging markets with some allocation to equity securities in frontier markets. By broadening the Fund's investment universe the Investment Adviser aims to lower volatility and improve the return profile of the Fund, repositioning the Fund's commercial appeal. While the overall risk profile of the Fund will not change due to the change in the investment policy, investors should also note that the risk factors associated with Stock Connect in the Prospectus.

**Shareholders' attention is drawn to the fact that, to achieve its investment objective, the Investment Adviser will need to divest from some current positions and re-invest into emerging market small cap equities. It is expected that the Investment Adviser may take up to one month from the effective date before the rebalancing be completed, and the Fund's portfolio be primarily invested in emerging market small cap equities.**

**Shareholders' attention is also drawn to the fact that the rebalancing of the Fund's portfolio will entail transactions costs to be borne by the Fund.**

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The above-mentioned changes will be effective as of 2 January 2019 and are included in the version of the Company's Prospectus dated November 2018.

### **Your options**

1. If you agree to the changes, you do not need to take any action. The changes will automatically go into effect for the Fund as of 2 January 2019.

2. If you disagree with the amendments noted above, you may either:

a) Convert your Shares into another sub-fund of the Company. Any applications for conversion must be received by 1 pm CET on 31 December 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.

Or,

b) Redeem your investment. Any applications for redemption must be received by 1 pm CET on 31 December 2018.

Conversions or redemptions will be processed free of charge, including any applicable Contingent Deferred Sales Charges, 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.

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A copy of the Prospectus is available upon request at the registered office of the Company.

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.

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. 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 sincerely

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On behalf of the Company

**MORGAN STANLEY INVESTMENT MANAGEMENT (ACD) LIMITED**