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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 GLOBAL DISCOVERY FUND (THE "MERGING SUB-FUND") AND MORGAN STANLEY INVESTMENT FUNDS GLOBAL ADVANTAGE FUND (THE "RECEIVING SUB-FUND")

(THE "MERGING ENTITIES")

18 July 2019

Dear Shareholders,

The board of directors of the Company (the "**Board of Directors**") has decided to merge the Merging Sub-Fund into the Receiving Sub-Fund (the "**Merger**"). The Merger shall become effective on 27 August 2019 (the "**Effective Date**").

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

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

1. Background and rationale for the Merger

Following a review of both the Merging Sub-Fund and the Receiving Sub-Fund a number of similarities have been identified between the two strategies, including but not limited to the portfolio concentration, geographic exposure, sector analysis and stock cross over.

It is proposed the Merging Sub-Fund is merged into the Receiving Sub-Fund in order to focus investment capabilities and to optimise the costs currently borne by the Merging Entities. The proposed Merger will offer existing investors within the Merging Sub-Fund continued exposure to global equities, albeit through an amended investment style. The Merging Entities have the same target market assessment and profile of a typical investor.

2. Summary of the Merger

(i) The Merger shall become effective and final between the Merging Sub-Fund and the Receiving Sub-Fund and vis-à-vis third parties on the Effective Date.

(ii) On the Effective Date, all assets and liabilities of the Merging Sub-Fund will be transferred to the Receiving Sub-Fund. The Merging Sub-Fund will cease to exist as a result of the Merger and thereby will be dissolved on the Effective Date without going into liquidation.

(iii) No general meeting of shareholders shall be convened in order to approve the Merger and shareholders are not required to vote on the Merger.

(iv) Shareholders of the Merging Entities who do not agree with the Merger have the right to request, prior to 20 August 2019 for the Merging Sub-Fund, and prior to 20 August 2019 for the Receiving Sub-Fund, the redemption of their shares or the conversion of their shares in shares of the same or another share class of another sub-fund of the Company, not involved in the Merger, free of charges (with the exception of any applicable contingent deferred sales charges and any charges retained by the Merging Sub-Fund to meet disinvestment costs). Please see section 6 (*Rights of shareholders of the Merging Entities in relation to the Merger*) below.

(v) Shareholders holding shares of the Merging Sub-Fund on the Effective Date will automatically be issued the relevant shares, as mentioned below, of the Receiving Sub-Fund in exchange for their shares of the Merging Sub-Fund, in accordance with the relevant share exchange ratios. Such shareholders will participate in the performance of the Receiving Sub-Fund as from such date. Shareholders will receive a confirmation note showing their holding in the Receiving Sub-Fund as soon as practicable after the Effective Date. For more detailed information please see section 6 (*Rights of shareholders of the Merging Entities in relation to the Merger*) below.

(vi) Subscriptions, redemptions and/or conversions of shares of the Merging Entities will still be possible as described in section 7 below.

(vii) Procedural aspects of the Merger are set out in section 7 below.

(viii) The Merger has been approved by the *Commission de Surveillance du Secteur* Financier (the **"CSSF"**).

(ix) The timetable below summarises the key steps of the Merger.

Notice sent to shareholders	**18 July 2019**
Dealings closed in the Merging Sub-Fund	**20 August 2019**
Calculation of share exchange ratios	**27 August 2019**
Effective Date	**27 August 2019**

3. Impact of the Merger on the respective shareholders of the Merging Entities

3.1 Impact of the Merger on the shareholders of the Merging Sub-Fund

For the shareholders of the Merging Sub-Fund, the Merger will result in the conversion of their holdings in the Merging Sub-Fund into share(s) of the Receiving Sub-fund. This conversion will take place on the Effective Date and in accordance with the terms and the relevant exchange ratio as further described below.

The Merger will be binding on all the shareholders of the Merging Sub-Fund who have not exercised their right to request the redemption of their shares under the conditions and within the timeframe set out below.

No subscription fee will be levied within the Receiving Sub-Fund as a result of the Merger.

To facilitate the Merger, the Investment Adviser will rebalance the portfolio of the Merging Sub-Fund to reflect the portfolio positioning of the Receiving Sub-Fund ahead of the Merger. Nevertheless, the Merging Sub-Fund will continue to be compliant with its investment objective, investment policy and investment restrictions as set out above during the month preceding the Effective Date.

For the avoidance of doubt, the shareholders of the Merging Sub-Fund will bear the transaction costs related to the rebalancing of the portfolio of the Merging Sub-Fund. The

Company's swing pricing policy may apply to the flow of cash from the Merging Sub-Fund to the Receiving Sub-Fund if triggered.

3.2 Impact of the Merger on the shareholders of the Receiving Sub-Fund

For the shareholders of the Receiving Sub-Fund, the Merger will not have any foreseeable impact apart from a rise of the assets under management of the Receiving Sub-Fund. In particular, it is not foreseen that the Merger will cause a dilution of the performance of the Receiving Sub-Fund.

The Merger will be binding on all the shareholders of the Receiving Sub-Fund who have not exercised their right to request the redemption or the conversion of their shares under the conditions and within the timeframe set out in section 7 below.

In order to protect the shareholders of the Receiving Sub-Fund, the Company may apply its swing pricing policy to the net asset values per share of the Receiving Sub-Fund so as to mitigate any potential dilutive effects which may result from the flow of cash from the Merging Sub-Fund to the Receiving Sub-Fund.

The Investment Adviser will not rebalance the portfolio of the Receiving Sub-Fund after the Effective Date.

4. Characteristics of the Merging Entities

Appendix 1 highlights the material differences between the Merging Sub-Fund and the Receiving Sub-Fund, including setting out their respective investment objectives and policies, synthetic risk and reward indicators and management fees on a share class by share class basis. The Total Expense ratios are not disclosed in Appendix 1 as they are exactly the same for each merging share class.

In addition to the information in Appendix 1, shareholders of the Merging Sub-Fund should carefully read the description of the Receiving Sub-Fund in the Prospectus and in the KIID of the Receiving Sub-Fund before making any decision in relation to the Merger.

5. Criteria for valuation of assets and liabilities

For the purpose of calculating the share exchange ratios, the rules laid down in the Articles of Incorporation and the Prospectus for the calculation of the net asset value will apply to determine the value of the assets and liabilities of the Merging Sub-Fund and the Receiving Sub-Fund.

As described above, the Company may apply its swing pricing policy to the net asset values per share of the Receiving Sub-Fund so as to mitigate any potential dilutive effects which may result from the flow of cash from the Merging Sub-Fund to the Receiving Sub-Fund.

6. Rights of shareholders of the Merging Entities in relation to the Merger

Shareholders of the Merging Sub-Fund holding shares in the Merging Sub-Fund at the Effective Date will automatically be issued, in exchange for their shares in the Merging Sub-Fund, a number of registered shares in the relevant absorbing share class of the Receiving Sub-Fund, as further detailed under section (e) (*merging and receiving classes of shares - features and characteristics*) of Appendix 1 below.

The number of relevant share(s) to be issued in the Receiving Sub-Fund in exchange of the holding(s)in the Merging Sub-Fund will be, for each share class, calculated as follows:

Number of shares in the relevant share class in the Merging Sub-Fund multiplied by the relevant exchange ratio (to be calculated on the basis of the respective net asset values per share of the relevant share classes of the Merging Sub-Fund and the Receiving Sub-Fund as of 27 August 2019)

An exchange rate between the currency of the merging share classes and USD may need to be applied if the net asset value of the merging share class is not calculated in any of the currencies used for the calculation of the net asset value of the relevant receiving share class.

Where the application of the relevant share exchange ratio does not lead to the issuance of full shares in the Receiving Sub-Fund, the shareholders of the Merging Sub-Fund will receive fractions of shares up to three decimal points within the Receiving Sub-Fund.

No subscription fee will be levied within the Receiving Sub-Fund as a result of the Merger.

Shareholders of the Merging Sub-Fund will acquire rights as shareholders of the Receiving Sub-Fund from the Effective Date and will participate in the performance of the net asset value of the relevant share class in the Receiving Sub-Fund as of the Effective Date.

Shareholders of the Merging Entities who do not agree with the Merger have the right to request the redemption or, where possible, the conversion of their shares at the applicable net asset value, free of charge (with the exception of any applicable contingent deferred sales charges and any charges retained by the Merging Entities to meet disinvestment costs) prior to 20 August 2019 for the Merging Sub-Fund, and prior to 20 August 2019 for the Receiving Sub-Fund.

7. Procedural aspects

No shareholder vote is required in order to carry out the Merger under article 24 of the Articles of Incorporation. Shareholders of the Merging Entities who do not agree with the Merger may request the redemption or conversion of their shares as stated under section 6 (*Rights of shareholders of the Merging Entities in relation to the Merger*) above prior to 20 August 2019.

7.1 Suspensions in dealings

In order to implement the procedures needed for the Merger in an orderly and timely manner, the Board of Directors of the Company has decided that, unless previously agreed:

- Subscriptions for, or conversions to shares of the Merging Sub-Fund for investors who are not already shareholders in the Merging Sub-Fund will not be accepted or processed with effect from 20 August 2019; and

- Redemptions of, subscriptions for and conversions to shares of the Merging Sub-Fund will not be accepted or processed from 20 August 2019 onwards.

There will be no impact on dealings in shares of the Receiving Sub-Fund as a result of the Merger. Redemptions, subscriptions and conversions will be accepted as normal, subject to the terms of the Prospectus, throughout the Merger process.

7.2 Confirmation of Merger

Each shareholder in the Merging Sub-Fund will receive a notification confirming (i) that the Merger has been carried out and (ii) the number of shares of the relevant class of shares of the Receiving Sub-Fund that they hold after the Merger.

Each shareholder in the Receiving Sub-Fund will receive a notification confirming that the Merger has been carried out.

7.3 Publications

The Merger and its Effective Date shall be published on the central electronic platform of the Grand Duchy of Luxembourg, the *Recueil électronique des sociétés et associations (RESA)*, before the Effective Date. This information shall also be made publicly available, where required by regulation, in other jurisdictions where shares of the Merging Entities are distributed.

7.4 Approval by competent authorities

The Merger has been approved by the CSSF which is the competent authority supervising the Company in Luxembourg.

8. Costs of the Merger

The Management Company will bear the legal, advisory and administrative costs and expenses associated with the preparation and completion of the Merger.

9. Taxation

The Merger of the Merging Sub-Fund into the Receiving Sub-Fund may have tax consequences for shareholders. Shareholders should consult their professional advisers about the consequences of this Merger on their individual tax position.

10. Additional information

10.1 Merger reports

Ernst & Young S.A., Luxembourg, the authorised auditor of the Company in respect of the Merger, will prepare reports on the Merger which shall include a validation of the following items:

1) the criteria adopted for valuation of the assets and/or liabilities for the purposes of calculating the share exchange ratios;

2) the calculation method for determining the share exchange ratios; and

3) the final share exchange ratios.

The Merger reports regarding items 1) to 3) above shall be made available at the registered office of the Company on request and free of charge to the shareholders of the Merging Entities and the CSSF.

10.2 Additional documents available

The following documents are available to the shareholders of the Merging Entities at the registered office of the Company on request and free of charge as from 18 July 2019:

(a) the common draft terms of the Merger drawn-up by the Board of Directors containing detailed information on the Merger, including the calculation method of the share exchange ratios (the "**Common Draft Terms of the Merger**");

(b) a statement by the depositary bank of the Company confirming that they have verified compliance of the Common Draft Terms of the Merger with the terms of the law of 17 December 2010 on undertakings for collective investment and the Articles of Incorporation;

(c) the Prospectus; and

(d) the KIID of the Merging Sub-Fund and the Receiving Sub-Fund. The Board of Directors draws the attention of the shareholders of the Merging Sub-Fund to the importance of reading the KIID of the Receiving Sub-Fund before making any decision in relation to the Merger.

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.

The Prospectus is 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 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

APPENDIX 1

SCHEDULE OF PRINCIPAL DIFFERENCES BETWEEN THE MERGING SUB-FUND AND THE RECEIVING SUB-FUND

This Appendix contains a comparison of the material characteristics of the Merging Sub-Fund and the Receiving Sub-Fund.

In addition to the information below, shareholders of the Merging Sub-Fund should carefully read the description of the Receiving Sub-Fund in the Prospectus and in the KIID of the Receiving Sub-Fund before making any decision in relation to the Merger.

(a) Investment objectives and policies

	Merging Sub-Fund	Receiving Sub-Fund
Investment objectives and policies	The Global Discovery Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars. Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in equity securities of established and emerging companies located throughout the world, with capitalizations within the range of companies included in the MSCI All Country World Index. The Fund may also invest on an ancillary basis, in 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, China A-Shares via Stock Connect, warrants on securities, cash and cash equivalents and other equity linked securities. In addition, the Fund may to a limited extent, invest in ETFs. The Fund may invest up to 10% of its net assets in China A-Shares via Stock Connect. With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment	The Global Advantage Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, by investing primarily in securities issued by companies on a global basis. Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in equity securities of established large-capitalization companies. The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities for investment will be driven by a search for large-capitalization companies with strong name recognition and sustainable competitive advantages, typically favouring companies with rising returns on invested capital, above average business visibility, strong current period free cash flow generation and attractive risk/reward. Fundamental research drives the investment process. Company developments, including business strategy and financial results, will be studied on an ongoing basis. Portfolio holdings will generally be considered for divestment when the Investment Adviser determines that the holding no longer satisfies the Fund's investment criteria. 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. The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities for investment will be driven by a search for companies with sustainable competitive advantages, typically favouring companies with one or more of the following: strong cash generation, attractive returns on capital, hard-to replicate assets and a favourable risk/reward. Portfolio holdings will generally be considered for disinvestment when the Investment Adviser determines that the holding no longer satisfies the Fund's investment criteria.	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. The Fund may also be invested, on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, China A-Shares via Stock Connect, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), preference shares, warrants on securities, cash and cash equivalents and other equity linked securities. The Fund may invest up to 10% of its net assets in China A-Shares via Stock Connect.

(b) Global exposure

	Merging Sub-Fund	Receiving Sub-Fund
Global exposure methodology	Commitment	Commitment
Reference portfolio	N/A	N/A
Expected gross leverage	N/A	N/A

(c) Synthetic risk and reward indicator ("**SRRI**")

	Merging Sub-Fund	Receiving Sub-Fund
SRRI	5	5

(d) Profile of typical investor

Merging Sub-Fund	Receiving Sub-Fund
In light of the Global Discovery Fund's investment objective it may be appropriate for investors who: • seek to invest in equity securities; • seek capital appreciation over the medium term; • seek income whether in the form of capital appreciation or distributions, as outlined in "Dividend Policy"; • accept the risks associated with this type of investment, as set out in Section 1.5 "Risk Factors".	In light of the Global Advantage Fund's investment objective, it may be appropriate for investors who: • seek to invest in equity securities; • seek capital appreciation over the medium term; • seek income whether in the form of capital appreciation or distributions, as outlined in "Dividend Policy"; • accept the risks associated with this type of investment, as set out in Section 1.5 "Risk Factors".

(e) Merging and receiving classes of shares - features and characteristics

Share classes A, B, C, I, and Z of the Merging Sub-Fund will merge into the corresponding share class of the Receiving Sub-Fund. Each of the merging and receiving share classes has identical features in terms of distribution policy, minimum investment criteria, if any and fee structure.