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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 SHAREHOLDERS

Luxembourg, 22 April 2021

Dear shareholder,

We are writing to you as a holder of shares in the Morgan Stanley Investment Funds Global Sustain Fund (the “**Fund**”).

The board of directors of the Company (the “**Board**”) has decided to proceed with some amendments to the prospectus of the Company (the “**Prospectus**”) as disclosed below. These amendments reflect the Board’s decision to increase the sustainability criteria for the Fund – in particular to enhance the low Greenhouse Gas (“**GHG**”) emissions intensity criteria of the Fund, as noted below.

I. Background

The Fund’s investment process, which focuses on high quality companies with sustainably high returns on operating capital whose value is based on intangible rather than physical assets, means that the Fund currently comprises companies which typically have a lower GHG emissions intensity than the broader market. This is reinforced by the sectoral exclusions limiting the types of companies the Fund may invest in.

The Board has decided to further enhance the GHG emissions process of the Fund such that it will aim to maintain a GHG emissions intensity that is significantly lower than the broader market.

Additionally, on 11 March 2020, the French *Autorité des Marchés Financiers* (“**AMF**”) issued a position-recommendation DOC-2020-03 on the information to be provided by collective investment schemes incorporating non-financial approaches (the “**AMF Position**”). The AMF Position notably applies to foreign UCITS authorized for marketing in France, which is the case for the Fund.

The AMF Position provides several categorisations of products including detailed criteria and thresholds. These categories include the ‘Sustainable Approach’ which incorporates products where the methodology relating to Environmental, Social and Governance (“**ESG**”) factors is significant and engaging (the “**Sustainable Approach**”).

In order both to enhance the low GHG emissions intensity criteria of the Fund and for the Fund to reinforce the alignment with the AMF’s Sustainable Approach, the Board has decided to update the investment policy of the Fund as set out below.

II. Changes to the Fund

The Board has resolved to amend the Fund’s investment policy as follows:

1. Insertion of additional sentences to the investment objective relating to the low GHG emissions intensity criteria which shall read as follows (additions underlined):

"The Global Sustain Fund's investment objective is to seek an attractive long-term rate of return, measured in US Dollars. The Investment Adviser will also apply ESG criteria that seek to achieve a greenhouse gas (GHG) emissions intensity for the Fund that is significantly lower than that of the reference universe (which is defined, only for the purposes of comparing GHG emissions intensity, as companies within the MSCI AC World Index that have a market capitalisation greater than US\$ 5 billion). For the purpose of this Fund, the term GHG shall be as defined by the GHG protocol and include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆) in metric tonnes and in tonnes of CO₂ equivalent."

2. In addition to the Fund's current exclusions including without limitation for companies involved in tobacco, alcohol, gas and electric utilities and bulk commodities (including but not limited to energy, fossil fuels such as oil, gas and coal as well as metal and mining), the Board has decided to

- o firstly exclude companies with:
 - any tie to fossil fuels
 - whose core business activity relates to construction materials; or,
 - for which GHG emissions intensity estimates are not available and/or cannot be estimated (in the Investment Adviser's discretion); and
- o secondly rank the remaining issuers according to their GHG emissions intensity estimates, and those with the highest intensity excluded,

in each case in order to meet the enhanced low GHG emissions intensity criteria for the Fund. The GHG emissions based investment criteria should collectively result in a reduction of the reference universe by at least 20% in a significantly engaging manner and the Investment Adviser will ensure that at least 90% of the issuers in the portfolio are assessed against these criteria.

The above-mentioned changes listed under II. will be effective as of 25 May 2021 and are included in the version of the Prospectus dated 9 April 2021.

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 above-mentioned Fund as of 25 May 2021.

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

a) Convert your Shares into another Fund. Any applications for conversion must be received by 1 pm CET on 24 May 2021 and be made in accordance with section 2.4 "Conversion of Shares" of the Prospectus. Please ensure that you read the KIID for any 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 24 May 2021.

Conversions or redemptions will be processed free of charge, with the exception of any applicable Contingent Deferred Sales Charges ("CDSC"), 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.

* * *

A copy of this new 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

The Board