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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, 11 November 2022

Dear shareholder,

We are writing to you as a holder of shares in one or more funds of the Company (each a "Fund" and collectively, the "Funds").

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.

**I. Changes applicable to specific Funds in relation to ESG considerations**

On 27 November 2019, Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector was published (the "SFDR"). The SFDR aims to increase the harmonization of, and transparency towards the end investors with regard to, the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics and sustainable investment by requiring pre-contractual and ongoing disclosures to end investors.

The SFDR provides high-level definitions and distinguishes between several categorisations of products including "article 8 products" which are financial products that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices ("SFDR Article 8 Products") and "article 9 products" which are products that have sustainable investment as their objective ("SFDR Article 9 Products").

- **Changes to Morgan Stanley Investment Funds Asian Property Fund, Morgan Stanley Investment Funds US Property Fund and to Morgan Stanley Investment Funds Global Infrastructure Fund (together the "Upgraded Funds")**

The Board has resolved to amend the investment policies of the Upgraded Funds in order to classify them as SFDR Article 8 Products. The amended investment policies shall read as detailed in **Appendices 1 and 2** (new wording is in bold and the wording to be removed is struck through).

The changes do not amount to material changes to the Upgraded Funds. There is no material change or increase in the overall risk profile of the Upgraded Funds and the changes do not have any material adverse impact on the rights or interests of the holders of the Funds.

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The above-mentioned changes listed under I. will be effective as from 12 December 2022 and are included in the version of the Prospectus dated November 2022 and the version of the KFS of the Upgraded Funds dated December 2022. The full list of share classes impacted by these changes is available in **Appendix 3**.

**Your options**

1. If you agree to the changes listed under I. above, you do not need to take any action. The changes will automatically come into effect for the above-mentioned Funds as from 12 December 2022.

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

a) Convert your Shares into another Fund. Any applications for conversion must be received by 1 pm CET on 9 December 2022 and be made in accordance with Section 2.4 “*Conversion of Shares*” of the Prospectus. Please ensure that you read the Prospectus and KFS 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 9 December 2022.

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.

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## II. Clarifications and non-material changes applicable to specific Funds

- **Amendments to the investment policy of Morgan Stanley Investment Funds Global Brands Fund (the “Global Brands Fund”)**

The Board has resolved to amend the “Investment restrictions” sub-section of the Global Brands Fund’s investment policy in order to reflect that the Global Brands Fund will exclude any companies that have any tie to controversial weapons and consequently replace the reference to the MSCI World ex Controversial Weapons Index with the MSCI ESG Business Involvement Screening Research benchmark.

The amended “Investment restrictions” sub-section of the Global Brands Fund’s investment policy shall read as follows (new wording is in bold and the wording to be removed is struck through):

*“Investment restrictions:*

*[...]*

- *In addition, the Fund shall not knowingly include any company:*
  - *whose core business activity involves weapons or civilian firearms; or*
  - ~~*that has been excluded from the MSCI World ex Controversial Weapons Index due its involvement with controversial weapons, as defined by that index.*~~ ***that is defined by the MSCI ESG Business Involvement Screening Research (“MSCI ESG BISR”) database to have any tie to controversial weapons.”***

There is no change to the existing investment objective, strategy or policy of the Global Brands Fund and no material change or increase in the overall risk profile of the Global Brands Fund. This clarification does not have any material adverse impact on the rights or interests of the holders of the Fund.

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The clarifications and non-material changes listed under II. are included in the version of the Prospectus dated November 2022 and will be included in the KFS of the Global Brands Fund as soon as reasonably practicable.

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The changes described in this notice will not give rise to additional costs and expenses implications (other than costs associated with update of the Prospectus and KFS, which will be borne by the management company of the Company, MSIM Fund Management (Ireland) Limited).

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 revised Hong Kong Prospectus and KFS will be available to investors, free of charge, at the Hong Kong Representative, Morgan Stanley Asia Limited's office (contacts are set out below).

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. 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.

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

## Appendix 1

Amendments to Morgan Stanley Investment Funds Asian Property Fund and Morgan Stanley Investment Funds US Property Fund's investment policies:

The first paragraph of Morgan Stanley Investment Funds Asian Property Fund's investment policy will be amended, as follows:

*"The Asian Property Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, by investing primarily in equity securities of companies in the real estate industry Located throughout Asia and Oceania. Companies in the real estate industry **or closely related to the real estate industry** may include companies principally engaged in the development and/or ownership of income-producing property; **companies that operate, construct, finance or sell real estate; companies with substantial real estate related holdings and/or services or products related to the real estate industry, including, but not limited to, real estate management, brokers, building products and property technology;** and collective investment vehicles with exposure to property, such as publicly quoted property unit trusts, **all types of eligible closed-end Real Estate Investment Trusts (REITS) and undertakings for collective investment.**"*

The first paragraph of Morgan Stanley Investment Funds US Property Fund's investment policy will be amended, as follows:

*~~"The US Property Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, by investing primarily in equity securities of companies in the US real estate industry Located in the US. The Fund intends to invest in the publicly traded securities of closed-end Real Estate Investment Trusts (REITS) and similar Real Estate Operating Companies (REOCs). REITS and REOCs are companies that acquire and/or develop real property for long term investment purposes. They invest the majority of their assets directly in real property and derive their income primarily from rents.~~ **Companies in the real estate industry or closely related to the real estate industry may include companies principally engaged in the development and/or ownership of income-producing property; companies that operate, construct, finance or sell real estate; companies with substantial real estate related holdings and/or services or products related to the real estate industry, including, but not limited to, real estate management, brokers, building products and property technology; and collective investment vehicles with exposure to property, such as publicly quoted property unit trusts, all types of eligible closed-end Real Estate Investment Trusts (REITS) and undertakings for collective investment.**"*

Then, the paragraph "The investment process may consider information about ESG issues in its bottom-up stock selection process when making investment decisions. The Sub-Adviser may engage with company management regarding corporate governance practices as well as what the Sub-Adviser deems to be materially important environmental and/or social issues facing a company." in the investment policy of Morgan Stanley Investment Funds Asian Property Fund will be replaced by the following paragraphs:

***"The investment process utilizes internal proprietary research to invest in public real estate companies that may offer the best relative value relative to their underlying assets and earnings. The Investment Adviser utilizes a bottom-up approach, valuing each security within the investment universe to arrive at an estimate of net asset value and forward cash flows. Real estate specific factors, broader equity factors, and ESG factors are assessed in the fundamental analysis to calculate appropriate valuation metrics.***

***The Investment Adviser also incorporates a top-down approach in the portfolio construction process by integrating several factors which may include forecasted fundamental inflections, macroeconomic considerations, and geopolitical and country risk assessments, to achieve diversified exposure across regions,***

**countries and/or sectors.**

**The Investment Adviser actively integrates sustainability into the investment process by assessing key ESG risks and opportunities in the bottom-up stock selection process primarily by leveraging third-party ESG providers to assess and quantify ESG performance for issuers, supplementing third-party research with proprietary research conducted by the Investment Adviser including utilizing a proprietary framework for assessing and quantifying risks and opportunities related to ESG which results in a quantitative adjustment to valuation estimates, and through engagements with company management to discuss ESG-related strengths, weaknesses, and opportunities in an effort to effect positive change within the industry. Key ESG topics may include, but are not limited to: energy usage and renewables, water usage, emissions, diversity and gender equality, labour and human rights, employee and tenant health, wellness and safety and company ESG governance and disclosure. In an effort to drive positive change and encourage companies to improve their performance on material ESG issues, the Investment Adviser may approach company management with competitive insights, financially sound business cases and practical solutions to potentially improve their real estate operations. While ESG considerations are an integrated and fundamental part of the investment process, they are only one of several key determinants used by the Investment Adviser to determine if an investment will be made or size adjusted in the overall portfolio.**

**Investments shall not knowingly include any company whose primary business activity in any of the following is more than 10% of company revenue:**

- **owning or operating real estate used for prisons;**
- **owning or operating real estate used to manufacture cannabis;**
- **owning, manufacturing or production of tobacco;**
- **owning, manufacturing or production of coal mining;**
- **owning, manufacturing or production of controversial weapons and civilian firearms; and**
- **owning, manufacturing or production of arctic oil and gas.**

**Investments shall not knowingly include the following companies:**

- **companies that have a notable controversy related to their operations and/or products, where the severity of the social or environmental impact of the controversy, is judged by the Investment Adviser;**
- **companies that fail to comply with the UN Global Compact or the ILO fundamental principles, without material remediation and improvement.**

**The Investment Adviser references third party ESG data and its own proprietary research during the security research process. The Investment Adviser will review controversy cases (such as the exclusions noted above) that it views as being very severe using ratings by relevant ESG data providers and internal research. However, in some cases data on specific issuers or the exclusions noted above may not be readily available and/or may be estimated by the Investment Adviser using reasonable estimates."**

The paragraph "The investment process may consider information about ESG issues in its bottom-up stock selection process when making investment decisions. The Sub-Adviser may engage with company management regarding corporate governance practices as well as what the Sub-Adviser deems to be materially important environmental and/or social issues facing a company." in the investment policy of Morgan Stanley Investment Funds US Property Fund will be replaced by the following paragraphs:

**"The investment process utilizes internal proprietary research to invest in public real estate companies that may offer the best relative value relative to their underlying assets and earnings. The Investment Adviser utilizes a bottom-up approach, valuing each security within the investment universe to arrive at an estimate of net asset value and forward cash flows. Real estate specific factors,**

**broader equity factors, and ESG factors are assessed in the fundamental analysis to calculate appropriate valuation metrics.**

**The Investment Adviser also incorporates a top-down approach in the portfolio construction process by integrating several factors which may include forecasted fundamental inflections, macroeconomic considerations, and geopolitical and country risk assessments, to achieve diversified exposure across countries and/or sectors.**

**The Investment Adviser actively integrates sustainability into the investment process by assessing key ESG risks and opportunities in the bottom-up stock selection process primarily by leveraging third-party ESG providers to assess and quantify ESG performance for issuers, supplementing third-party research with proprietary research conducted by the Investment Adviser including utilizing a proprietary framework for assessing and quantifying risks and opportunities related to ESG which results in a quantitative adjustment to valuation estimates, and through engagements with company management to discuss ESG-related strengths, weaknesses, and opportunities in an effort to effect positive change within the industry. Key ESG topics may include, but are not limited to: energy usage and renewables, water usage, emissions, diversity and gender equality, labour and human rights, employee and tenant health, wellness and safety and company ESG governance and disclosure. In an effort to drive positive change and encourage companies to improve their performance on material ESG issues, the Investment Adviser may approach company management with competitive insights, financially sound business cases and practical solutions to potentially improve their real estate operations. While ESG considerations are an integrated and fundamental part of the investment process, they are only one of several key determinants used by the Investment Adviser to determine if an investment will be made or size adjusted in the overall portfolio.**

**Investments shall not knowingly include any company whose primary business activity in any of the following is more than 10% of company revenue:**

- **owning or operating real estate used for prisons;**
- **owning or operating real estate used to manufacture cannabis;**
- **owning, manufacturing or production of tobacco;**
- **owning, manufacturing or production of coal mining;**
- **owning, manufacturing or production of controversial weapons and civilian firearms; and**
- **owning, manufacturing or production of arctic oil and gas.**

**Investments shall not knowingly include the following companies:**

- **companies that have a notable controversy related to their operations and/or products, where the severity of the social or environmental impact of the controversy, is judged by the Investment Adviser;**
- **companies that fail to comply with the UN Global Compact or the ILO fundamental principles, without material remediation and improvement.**

**The Investment Adviser references third party ESG data and its own proprietary research during the security research process. The Investment Adviser will review controversy cases (such as the exclusions noted above) that it views as being very severe using ratings by relevant ESG data providers and internal research. However, in some cases data on specific issuers or the exclusions noted above may not be readily available and/or may be estimated by the Investment Adviser using reasonable estimates.”**

Finally, the Taxonomy disclosure of all the above-mentioned funds will be replaced by the following:

**“In light of the Taxonomy Regulation, investors’ attention is drawn to the fact that the “Do No Significant Harm” principle does not apply to any of the investments of the Fund, since the**

***investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore the Fund's alignment with the Taxonomy Regulation is 0%.***

## Appendix 2

Morgan Stanley Investment Funds Global Infrastructure Fund's investment policy:

The Global Infrastructure Fund's investment objective is to seek to provide long term capital appreciation, measured in US Dollars, by investing primarily in equity securities issued by companies, for the avoidance of doubt including closed-end Real Estate Investment Trusts (REITS), Located throughout the world that are engaged in the infrastructure business. Companies in the infrastructure business may be involved in, among other areas, the transmission and distribution of electric energy; the storage, transportation and distribution of natural resources, such as natural gas, used to produce energy; the building, operation and maintenance of highways, toll roads, tunnels, bridges and parking lots; the building, operation and maintenance of airports and ports, railroads and mass transit systems; telecommunications; water treatment and distribution; waste operations; renewable power generation; and other emerging infrastructure sectors.

The Fund may also invest on an ancillary basis in preference shares, debt securities convertible into common shares, warrants and other equity linked instruments issued by any corporations engaged in infrastructure related business.

**The Investment Adviser actively integrates sustainability into the investment process by assessing key ESG risks and opportunities in the bottom-up stock selection process primarily by leveraging third-party ESG providers to assess and quantify ESG performance for issuers, supplementing third-party research with proprietary research conducted by the investment adviser including utilizing a proprietary framework for assessing and quantifying risks and opportunities related to ESG which results in a quantitative adjustment to valuation estimates, and through engagements with company management to discuss ESG-related strengths, weaknesses, and opportunities in an effort to effect positive change within the industry. In an effort to drive positive change and encourage companies to improve their performance on material ESG issues, the Investment Adviser may approach company management with competitive insights, financially sound business cases and practical solutions to potentially improve their infrastructure operations. While ESG considerations are an integrated and fundamental part of the investment process, they are only one of several key determinants used by the Investment Adviser to determine if an investment will be made or size adjusted in the overall portfolio.**

Investments shall not knowingly include any company whose primary business activity in any of the following is more than 10% of company revenue:

- owning, manufacturing or production of tobacco;
- owning, manufacturing or production of controversial weapons and civilian firearms;
- owning or operating gambling activity; and
- owning or operating adult entertainment.

Investments shall not knowingly include the following companies:

- companies that have a notable controversy related to their operations and/or products, where the severity of the social or environmental impact of the controversy, is judged by the Investment Adviser;
- companies that fail to comply with the UN Global Compact or the ILO fundamental principles, without material remediation and improvement

The Investment Adviser references third party ESG data and its own proprietary research during the security research process. The Investment Adviser will review controversy cases (such as the exclusions noted above) that it views as being very severe using ratings by relevant ESG data providers and internal research. However, in some cases data on specific issuers or the exclusions noted above may not be readily available and/or may be estimated by the Investment Adviser using reasonable estimates.

~~The investment process may consider information about ESG issues in its bottom up stock selection process when making investment decisions. The Sub Advisers may engage with company management regarding corporate governance practices as well as what the Sub Advisers deem to be materially important environmental and/or social issues facing a company.~~

The Fund is actively managed and is not designed to track a benchmark. Therefore, the management of the Fund is not constrained by the composition of a benchmark. The Fund's performance is measured against a benchmark as detailed in the Fund's key investor information document.

Taxonomy Regulation disclosure

~~The investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities.~~

**In light of the Taxonomy Regulation, investors' attention is drawn to the fact that the "Do No Significant Harm" principle does not apply to any of the investments of the Fund, since the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore the Fund's alignment with the Taxonomy Regulation is 0%.**

Profile of the typical investor

In light of the Global Infrastructure Fund's investment objective it may be appropriate for investors who:

- seek to invest in equity securities;
- seek capital appreciation over the long 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".

### Appendix 3

The ISIN numbers listed in the table below are correct as at the date of this notice. We recommend that you visit the Company's website ([www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com)) for most up-to-date information.

Share classes	ISIN numbers	
<b>Morgan Stanley Investment Funds Asian Property Fund</b>	A	LU0078112413
	B	LU0078112843
	C	LU0176159399
	F	LU1244751043
	I	LU0078113064
	IX	LU0239678633
	Z	LU0360481310
<b>Morgan Stanley Investment Funds Global Infrastructure Fund</b>	A	LU0384381660
	A (EUR)	LU2337806694
	AH (EUR)	LU0512092221
	B	LU0384385067
	BH (EUR)	LU0512092577
	C	LU0384385737
	CH (EUR)	LU0512093203
	I	LU0384383286
	IH (EUR)	LU0512092817
	IHR (EUR)	LU1578093426
	N	LU2012063835
	Z	LU0384383872
	ZH (EUR)	LU0512093039
ZX	LU0947203542	
<b>Morgan Stanley Investment Funds US Property Fund</b>	A	LU0073233958
	B	LU0073234097
	C	LU0176155058
	F	LU1244752280
	I	LU0073233875
	Z	LU0360477474