

**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, 2 November 2020

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. Change of global distributor**

Currently, **MSIM Fund Management (Ireland) Limited**, the management company of the Company (the "ManCo"), has appointed **Morgan Stanley Investment Management (Ireland) Limited ("MSIM Ireland")** as the global distributor of the Company. The Board has now decided to retain the marketing and distribution functions at the level of the management company of the Company therefore the ManCo will replace MSIM Ireland as global distributor of the Company with the authority to appoint distributors.

The above-mentioned change will not impact the performance of the services or the fees payable thereunder, or on the management or composition of the underlying portfolio.

The above-mentioned change will be effective as of 31 December 2020 and will be included in the version of the Prospectus dated October 2020.

**II. Clarifications and non-material changes applicable to all Funds**

**• Clarification of the investment policy of all Funds regarding benchmarks**

Section 1.2 "Investment Objectives and Policies" of the Prospectus has been amended in order to state that (i) the Funds are actively managed and are not constrained by a benchmark and (ii) where applicable, that a benchmark is used for performance comparison and / or to clarify investment parameters, such as the selection of countries, within the Funds' investment policies.

This clarification has been added following the update on 29 March 2019 by the European Securities and Markets Authority of its "Questions and Answers" document regarding the application of the UCITS Directive (ESMA34-43-392) and more particularly "Section II - Key Investor Information Document ("KIID") for UCITS".

There is no change to the investment universe in which the Funds already invest, nor is there a change to the way the Funds are managed. This clarification will not result in the Funds investing in different assets they currently invest into.

**• Clarification in respect of swing pricing mechanism**

Sections 2.2 "Issue of Shares, Subscription and Payment Procedure", 2.3 "Redemption of Shares",

and 2.7 “*Net Asset Value Determination*” of the Prospectus have been amended as a result of the FAQ CSSF on the swing pricing mechanism issued on 1 July 2019 (and updated on 30 March 2020 and 7 April 2020).

Whilst it is currently disclosed in the Prospectus that the swing factor is normally not expected to exceed 2% of the net asset value of a relevant Fund on a relevant dealing day in normal market conditions, the Company would like to clarify that the Board may decide to temporarily increase this limit in exceptional circumstances (e.g. stressed or dislocated markets resulting in increased trading costs beyond the 2% cap) to protect shareholders’ interest.

Up-to-date information on the increased swing factor actually applied to a relevant Fund will be made available on the Company’s website ([www.morganstanleyinvestmentfunds.com](http://www.morganstanleyinvestmentfunds.com)) and on [www.msim.com](http://www.msim.com) and may also be made available to shareholders free of charge upon request. Shareholders will also be informed on these websites when the market conditions no longer require that the adjustment limit exceeds the level disclosed in the Prospectus.

### **III. Clarifications applicable to specific Funds**

- **Clarification on the investments in loan participations and loan assignments for certain Funds**

The Board has resolved to clarify the investment policy and/or amend the risk disclosures of each of the following Funds to remove loans (e.g. loan participations and loan assignments) from the list of securities that may be made or held by such Funds:

- Emerging Markets Debt Fund;
- Emerging Markets Domestic Debt Fund;
- Global Bond Fund; and
- Global Convertible Bond Fund.

This clarification has been made following the update on 7 August 2020 by the CSSF of the “Frequently Asked Questions concerning the Luxembourg Law of 17 December 2010”, which clarified that direct investments in loans as well as derivatives on loans do not constitute eligible investments for UCITS.

This clarification does not amount to a material change to the Funds and does not change the way in which the Funds are managed. This change would not result in any material change to the overall risk profile of the Funds or any material adverse impact on the rights and interests of the holders of the Funds.

\*\*\*\*

The clarification and non-material changes listed under II. and III. are included in the version of the Prospectus and Product Key Facts (“**KFS**”) of the Funds (as applicable) dated October 2020.

\* \*  
\*

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 ManCo).

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