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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, 31 July 2019

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 has further decided to proceed with some amendments to the prospectus of the Company (the “**Prospectus**”) as disclosed below.

I. Amendments applicable to all Funds

• **Change of domiciliary agent**

The Board has resolved to change the domiciliary agent of the Company by switching from Morgan Stanley Investment Management Limited, Luxembourg Branch to MSIM Fund Management (Ireland) Limited, Luxembourg Branch.

Please note that the contact details of the domiciliary agent have not changed.

Such change is motivated by the upcoming exit of the United Kingdom from the European Union.

The above-mentioned entity changes are not expected to impact the performance of the services or the fees payable thereunder, or on the management or composition of the underlying portfolio.

The above-mentioned changes are effective since 17 July 2019 and are included in the version of the Company's Prospectus dated July 2019.

II. Amendments applicable to specific Funds

- **Amendment to the investment policies regarding investment in China A-Shares via Stock Connect and in Fixed Income Securities acquired on the China Interbank Bond Market for certain Funds**

UCITS DO NOT HAVE A GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

The Board has resolved to amend the investment policy of each of the following Funds so that each of these Funds has the option to invest up to 20% of each their net assets in Fixed Income Securities acquired on the China Interbank Bond Market and to invest up to 10% of each such Fund's net assets in China A-Shares via Stock Connect:

- Global Multi-Asset Income Fund; and
- Global Multi-Asset Opportunities Fund.

The Asian Property Fund will invest up to 20% of its net assets in China A-Shares via Stock Connect.

While the overall risk profile of the relevant Funds will not change due to the change in the investment policy, investors should also note the risk factors associated with Stock Connect and Chinese Interbank Bond Market as detailed in the Prospectus.

- **Amendment to the Dealing Days for Indian Equity Fund**

The Board has resolved to amend the dealing days, as referred to in the investment policy of Indian Equity Fund so as to consider as “non-dealing days” dates on which the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE) are closed for trading and settlement.

Please note that such change may have impacts on:

- the subscription / redemption / conversion applications;
- the payment for Shares redeemed; and
- the calculation of the Net Asset Value per Share.

The amendment has been made as the Fund primarily invests in Indian Equities as such the dealing days of the Fund are to be aligned to the BSE and NSE of India holiday calendar.

- **Amendment to the investment objective and policy of Global Brands Equity Income Fund**

The Board has resolved to amend the first two sentences of the investment objective and policy of the Global Brands Equity Income Fund, which shall read as follows (new wording is in bold and the wording to be removed is struck through):

*“The Global Brands Equity Income Fund’s investment objective is to provide **a regular income stream** and ~~an attractive rate of return, measured in USD~~ **long-term capital growth**. The Fund ~~will~~ seeks to achieve its investment objective by investing primarily in **high quality steady dividend yield distributing** equity securities of issuers located in the world’s developed markets.”*

The additional wording has been included to align the investment objective with other Funds and also to provide clarity on the types of securities the Fund will invest in to generate a regular income stream.

- **Amendments to the investment policy of Latin American Equity Fund**

The Board has resolved to amend the investment policy of the Latin American Equity Fund in order to provide clarity on the Fund’s primary and ancillary investment universes and to align with other Funds. The new investment policy will be amended as follows (new wording is in bold and the wording to be removed is struck through):

*“The Latin American Equity Fund’s investment objective is to seek to maximise total return, measured in US Dollars, through investment primarily in the ~~common shares~~ **equity and equity related***

securities of companies incorporated or exercising the predominant part of their economic activity in Latin American countries.

Such Latin American countries include Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela provided that the markets in these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the 2010 Law. As markets in other countries develop, the Fund expects to expand and further diversify the Latin American markets in which it invests. From time to time, the Fund's investments may be concentrated in a limited number of countries. Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (see Appendix A – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges.

~~The Fund may invest in the securities of companies organised and located in countries other than the Latin American countries where the value of the company's securities will reflect principally conditions in a Latin American country or where the principal securities trading market is in a Latin American country, or where 50 % of the company's revenue alone or on a consolidated basis is derived from either goods produced, sales made or services performed in Latin American countries. The Fund may also invest in debt securities convertible into common shares, preference shares, warrants and other equity linked instruments. To the extent the Fund's assets are not invested in equity or equity linked instruments, the remainder of the assets may be invested in Fixed Income Securities. For temporary defensive purposes, during periods in which the Company believes changes in economic, financial or political conditions make it advisable, the Fund may reduce its holding in Latin American equities to below 80 % of the Fund's assets and invest in other equity and Fixed Income Securities.~~

As part of its primary investment universe, the Fund may also invest in preference shares, warrants and other equity linked instruments, including depositary receipts (such as American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), and debt securities convertible into common shares of companies incorporated or exercising the predominant part of their economic activity in Latin American countries.

Financial derivative instruments may be used for efficient portfolio management (in accordance with the investment powers and restrictions set out in Appendix A), in order to gain exposure to certain markets at a lower cost or to reduce risk. The Fund does not invest extensively or primarily in financial derivatives instruments for investment purposes.

On an ancillary basis, the Fund may invest in the securities of companies organised and located in countries other than the Latin American countries where the value of the company's securities will reflect principally conditions in a Latin American country or where the principal securities trading market is in a Latin American country, or where 50% of the company's revenue alone or on a consolidated basis is derived from either goods produced, sales made or services performed in Latin American countries.

The investment process takes into account information about environmental, social, and governance issues (also referred to as ESG) when making investment decisions. We focus on engaging company management around corporate governance practices as well as what we deem to be materially important environmental and/or social issues facing a company."

The amendments aim to better align the Fund's investment policy with the other Funds, and provide clarity and transparency on the types of securities (that the Fund already invests in) that are included in the Fund's primary investment universe. The addition of derivatives for efficient portfolio management also aims to provide the flexibility sought by the Sub-adviser to manage the Fund for

temporary defensive purposes or in managing flows when certain Latin American markets may be closed for settlement, for example to equitize cash by using index futures.

- **Amendment to the name and investment policy for Absolute Return Fixed Income Fund**

The Board has resolved to amend the first two and the fourth paragraphs of the investment policy of the Absolute Return Fixed Income Fund. The Fund will be renamed the European Fixed Income Opportunities Fund and the investment policy will be amended to highlight the Investment Advisor's intention to invest predominately in Euro-denominated Fixed Income Securities, which shall read as follows (new wording is in bold and the wording to be removed is struck through):

~~"The investment objective of the Absolute Return Fixed Income Fund is to provide positive returns, measured in Euro, through the selection of fixed income asset classes, markets and fixed income financial instruments. The Fund does not offer any form of guarantee with respect to investment performance and no form of capital protection applies."~~

The European Fixed Income Opportunities Fund's investment objective is to provide an attractive level of total return, measured in Euro, through the selection of Euro-denominated Fixed Income Securities. The Fund will seek to achieve the investment policy through allocation across fixed income asset classes as well as through market and instrument selection.

~~The Fund will invest primarily in the global securities of corporate, government and government related issuers across a spectrum of fixed income asset classes including high yield bonds, investment grade bonds, mortgage-backed securities, convertibles and currencies and subject to applicable law, in other asset-backed securities as well as loan participations and loan assignments to the extent that these instruments are securitised. Investments may include Fixed Income Securities issued in emerging markets. The Investment Adviser may invest in any combination of two or more of the above asset classes.~~

The Fund will not invest in any securities that are rated below B- (or below BBB- in the case of Asset Backed Securities, including Mortgage Backed Securities) by Standard & Poor's Corporation ("S&P") or an equivalent rating from another rating agency or an equivalent internal rating from the Investment Adviser as at the date of investment. In the event that any securities held by the Fund are subsequently downgraded to a rating below B- (or below BBB- in the case of Asset Backed Securities, including Mortgage Backed Securities), the Investment Adviser may maintain a maximum total exposure of 3% of the Fund's Net Asset Value to such downgraded securities but will divest any such security that has not been upgraded to a rating of at least B- within six months of its downgrade.

The Fund may also invest, on an ancillary basis, in **Fixed Income Securities that are not denominated in Euro, emerging markets Fixed Income Securities and** additional securities including but not limited to debt securities convertible into common shares, cash, equity or other equity linked securities. The Fund may also invest, to a limited extent, in loan participations and loan assignments to the extent these constitute money market instruments."

The rationale for the change will be to increase the average duration of the Fund from being +/- 3 years to between 2 and 6 years of duration. The Investment Manager believes this to have two main benefits. Firstly the duration should act as a natural hedge to the other risk premiums such as Market Risk, Sovereign Risk, and Emerging Market Risk and Foreign Exchange risk in the Fund, which aims to reduce the volatility of the return profile and improve risk adjusted returns. In addition, the Fund does not have to bear the cost of hedging all of the duration and so may generate higher absolute returns over the long run. Furthermore, the European Fixed Income Opportunities Fund's strategy is expected to be more flexible and take more active positions allowing the Investment Manager to be

more opportunistic in its positioning in the various different asset types than the Absolute Return Fixed Income Fund has been.

In addition, and as a result of the above change in the investment policy, the Board has also resolved to amend the name as follows:

Current name	New name
Absolute Return Fixed Income Fund	European Fixed Income Opportunities Fund

- **Restatement of the investment policy of US Insight Fund**

The Sub-Adviser is seeking to amend the investment strategy of the Fund in order to realign the product with the long term views of the Sub Adviser. The new investment policy will be completely restated as to read as follows:

“The US Insight Fund’s investment objective is to seek long term capital appreciation, measured in US Dollars, by investing primarily in securities issued by US companies and on an ancillary basis in securities issued by companies that are not from the US. An issuer may be considered to be from a particular country (including the US) or geographic region if (i) its principal securities trading market is in that country or geographic region; (ii) alone or on a consolidated basis it derives 50% or more of its annual revenue from goods produced, sales made or services performed in that country or geographic region; or (iii) it is organized under the laws of, or has a principal office in, that country or geographic region. By applying these tests, it is possible that a particular issuer could be deemed to be from more than one country or geographic region.

Under normal market conditions, the Fund’s investment objective will be pursued by investing primarily in equity securities of established and emerging companies. The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities will be driven by a search for high quality companies that are believed to have sustainable competitive advantages and the ability to redeploy capital at high rates of return. Companies with rising returns on invested capital, above average business visibility, strong free cash flow generation and an attractive risk/reward profile, will typically be favoured. Individual security selection will be emphasized. Portfolio holdings will generally be considered for divestment when the Investment Adviser determines that the company 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 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, warrants on securities, China A-Shares via Stock Connect, 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.

The Sub-Adviser actively integrates sustainability into the investment process by using environmental, social and governance (“ESG”) factors as a lens for additional fundamental research, which can contribute to investment decision-making. The Sub-Adviser conducts research to examine how environmental and social initiatives within companies can drive enterprise value by creating growth opportunities, reducing risk, driving profitability, strengthening durable competitive advantages and/or aligning with secular growth trends. Other aspects of the investment process include a proprietary,

systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation. The Sub-Adviser does not treat ESG as a deterministic, reductive screen, nor as a portfolio construction tool layered on top of a passive vehicle.”

The above-mentioned changes listed under II. will be effective as of 30 August 2019 and are included in the version of the Company’s Prospectus dated July 2019.

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 Funds as of 30 August 2019.

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 29 August 2019 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 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 29 August 2019.

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.

III. Clarifications and non-material amendments applicable to specific Funds

• Clarification of the investment restrictions of the Global Sustain Fund

The Board has resolved to clarify the investment policy of the Global Sustain Fund that investments shall not knowingly include any company whose core business activity includes any kind of weapons and not just civilian firearms. This Fund is already managed to take account of this restriction, so it does not require any change to the way in which the Fund is managed or its risk profile, but the clarification is included in order to provide transparency for all investors in the Fund.

• Change of name of the European Currencies High Yield Bond Fund

The Board has resolved to change the name of the European Currencies High Yield Bond Fund as follows:

Current name	New name
European Currencies High Yield Bond Fund	European High Yield Bond Fund

The above-mentioned clarifications and non-material amendments are included in the version of the Company's Prospectus dated July 2019, except for the change of name of the European Currencies High Yield Bond Fund which will be effective as of 31 July 2019.

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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

On behalf of the Company

MSIM FUND MANAGEMENT (IRELAND) LIMITED