

**NOTICE TO SHAREHOLDERS
OF THE
SUSTAINABLE ASIA EQUITY FUND**

Luxembourg, 28 March 2025

Dear shareholder,

We are writing to you because you are an investor in the Sustainable Asia Equity Fund (the “**Fund**”), a sub-fund of Morgan Stanley Investment Funds (the “**SICAV**”).

Given the evolving nature of the ESG/sustainability regulatory landscape, the board of directors of the SICAV (the “**Board**”) has decided to make certain changes to the sustainability characteristics of the Fund, including the clarification of the overall description of the sustainability approach applied by the Fund.

More detailed information about the most relevant changes, including the timing and options available to you, appear below. Please take a moment to review the important information below. If you still have questions, please contact us at the registered office in Luxembourg, the investment manager, or your local representative.

We value you as a shareholder and sincerely hope you will continue to invest with us.

Yours sincerely

The Board

Changes

Name

The name of the Fund will change from “Sustainable Asia Equity Fund” to “**Asia Equity Fund**”.

Investment policy

The reference providing that the Fund will invest in companies that “provide solutions in relation to sustainability issues such as climate change, natural capital, human capital and infrastructure” will be removed.

Sustainability approach

- The Fund will reduce its minimum commitment of investments aligned with the environmental and/or social characteristics it promotes from 90% to 80% of its portfolio. The remaining 20% will include other investments of the Funds which are neither aligned with the environmental and/or social characteristics, nor are qualified as sustainable investments.
- The Fund will no longer commit to invest at least 20% of its portfolio in sustainable investments.
- The Fund will no longer commit to have least 40% of the portfolio thematically aligned towards sustainable development.
- The Fund will no longer strive to align with the objectives of Paris Agreement by having a lower carbon footprint than the MSCI All Country Asia ex-Japan Net Index at aggregate portfolio level.
- The Fund will no longer be classified as “significantly engaging” or “Category 1” pursuant to the French ‘*Autorité des Marchés Financiers*’ requirements. As a result, the Fund will no longer **be required to** reduce its universe by 20% based on applicable extra-financial criteria and will adopt the disclaimer approach described in the position 7 of the AMF doctrine.
- The Fund will no longer exclude:
 - (i) Companies deriving 10% or more of their revenue from thermal coal-based power generation and fossil fuels.
 - (ii) Issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have

- experienced very severe controversies relating to violations of the OECD Guidelines for Multinational Enterprises.
 - (iii) Investments in the MSCI AC Asia Ex Japan index's highest carbon emitters.
 - (iv) Investments in state-owned enterprises (SOEs).
- The Fund will increase the maximum company revenue threshold for civilian firearms from 0% to 5%.

The Fund will continue to be classified as Article 8 under SFDR.

These amendments are reflected in the Sustainability Annex dedicated to the Fund, included in the prospectus of the SICAV (the "**Prospectus**"), where appropriate.

Your Options

- 1) **Take no action** if you are comfortable with the proposed changes.
- 2) **Exchange or redeem your investment, in accordance with the terms of the Prospectus.** Exchanges and redemptions will be processed free of charge, with the exception of any applicable contingent deferred sales charges, so long as we receive your dealing instructions before the deadline shown below.

If you opt for exchanging your investment, please ensure that you read the UCITS KIID or PRIIPs KID for any other fund of the SICAV that you are considering converting into.

Key Dates

28th March 2025, 1pm CET

- Free exchange/selling period begins.



25th April 2025, 1pm CET

- Free exchange/selling period ends.



28th April 2025

- Changes become effective.

Other Information

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 UCITS KIID or PRIIPs KID are available to investors, free of charge, on the SICAV's websites, at the registered office of the SICAV, or at the offices of foreign representatives.

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.

Please be aware that we are not in a position to provide investment advice. If you are uncertain as to how the changes may affect you, you should consult a financial adviser.