

**NOTICE TO SHAREHOLDERS OF
MORGAN STANLEY INVESTMENT FUNDS
SUSTAINABLE EURO CORPORATE BOND FUND**

Luxembourg, 24 July 2024

Dear shareholder,

We are writing to you as a holder of shares in Morgan Stanley Investment Funds Sustainable Euro Corporate Bond Fund (the “**Fund**”), a sub-fund of Morgan Stanley Investment Funds (the “**SICAV**”) to inform you that the board of directors of the SICAV (the “**Board**”) has decided to amend the “**Strategy**” section of the Fund Description as set out in the Prospectus to notably reflect that the Fund will apply the Calvert Principles for Responsible Investment in its environmental, social and governance (“**ESG**”) research process¹ and consequently rename the Fund, as follows:

Current name	Future name
Morgan Stanley Investment Funds Sustainable Euro Corporate Bond Fund	Morgan Stanley Investment Funds Calvert Sustainable Euro Corporate Bond Fund

The Fund’s minimum proportion of investments in sustainable investments will also be reduced to 50% of its net assets to be more in line with similar products offered by peer managers in the market.

Additionally, it was decided to amend the screening policy of the Fund to adapt to the evolving ESG screening expectations.

The amended “**Strategy**” section shall read as detailed in **Appendix 1** (new wording is in bold and the wording to be removed is struck through). Furthermore, these amendments will also be reflected in the Sustainability Annex dedicated to the Fund, included in the Prospectus.

The above-mentioned amendments will be effective as from 23 August 2024 and is included in the version of the Prospectus dated July 2024. The full list of share classes impacted by these amendments is available in **Appendix 2**.

Your options

1. If you agree to the amendments mentioned above, you do not need to take any action. The amendments will automatically come into effect for the Fund as from 23 August 2024.

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

a) Convert your shares into another fund of the SICAV. Any applications for conversion must be received by 1 pm CET on 22 August 2024 and be made in accordance with section “**Buying, Exchanging, Converting and Selling Shares**” (notably sub-section “**Exchanging and converting shares**”) of the Prospectus. Please ensure that you read the UCITS KIID or PRIIPs KID for any other fund of the SICAV 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 22 August 2024 and be made in accordance with section “**Buying, Exchanging, Converting and Selling Shares**”

¹ Calvert Research and Management (“**Calvert**”) is an indirect, wholly owned subsidiary of Morgan Stanley.

(notably sub-section “**Selling shares**”) of the Prospectus.

Conversions or redemptions will be processed free of charge, with the exception of any applicable contingent deferred sales charges, 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.

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, at the registered office of the SICAV or at the offices of foreign representatives.

Should you have any questions or concerns about the foregoing, please contact the SICAV at its registered office in Luxembourg, the investment manager, or the representative of the SICAV in your jurisdiction. Please be aware that we are not in a position to provide investment advice. If you are uncertain as to how the amendments may affect you, you should consult your financial adviser. In addition, 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 the “**Strategy**” section of the Fund Description:

“Calvert Sustainable Euro Corporate Bond Fund

[...]

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to select securities that meet the fund's sustainability criteria and offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach In relation to this fund, “Sustainable” means that the investment manager integrates the consideration of sustainability themes and ESG issues in its investment decision-making on a discretionary basis ~~as further detailed below. In addition, the investment manager may include evaluation of positive and negative contributions towards the UN Sustainable Development Goals and may engage company management around corporate governance practices as well as what it deems to be materially important environmental and/or social issues facing a company. The fund takes into account the long-term global warming objectives of the Paris Agreement.~~ **The fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment (the “Calvert Principles”) (the “ESG Research”). In doing so, the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations. In relation to its investments in fixed income securities, the fund seeks to invest only in issuers that promote the Calvert Principles. The investment manager and Calvert also seek to engage company management on financially material ESG issues identified through fundamental and ESG research processes. Engagement may seek to drive positive change, to improve the sustainability of each company, and/or to enhance long-term value creation.**

The use of “Calvert” in the fund’s name refers to Calvert Research and Management, an indirect, wholly owned subsidiary of Morgan Stanley, whose role in relation to this fund is limited to the provision of non-discretionary investment advice to the investment manager to assist the investment manager in its management of the fund. Calvert has no discretion to make or recommend portfolio allocation or construction decisions on behalf of the fund, such investment discretion being vested solely in the investment manager.

The fund will maintain a lower carbon intensity than the Bloomberg Euro Aggregate Corporate Index, while aiming to halve it by 2030 compared to year-end 2020, and make sustainable investments in economic activities that address global environmental or societal challenges, in issuers that are leaders in managing financially material environmental or social risks and opportunities, or in Sustainable Bonds, as defined below, while making sure that such investments do not significantly harm any environmental or social objective.

In relation to this fund, “Sustainable Bonds” are defined as Green, Social or Sustainability Bonds, as labelled in the securities’ documentation, where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)’s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.

The investment manager applies proprietary assessment and scoring methodologies that are bespoke to fixed income securities the fund may invest in, focused on corporate, sovereign and securitised issuance. Additionally, as part of the investment manager’s bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities into the assessment process to

~~determine impacts on credit fundamentals, implications for valuation and spreads, and any material aspects that may affect the trading technicalities of the fixed income securities. These criteria may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs. The investment manager will monitor core sustainability indicators, including ESG assessments from third party providers, and carbon footprint (measured by carbon intensity, defined as tonnes of CO2 equivalent per \$1 million revenue for the proportion of the fund invested in bonds issued by corporates) in order to measure and evaluate the contribution of the fixed income securities to the ESG themes described above. The indicators will be measured and evaluated at on an annual basis.~~

The fund will not invest in corporate issuers which:

- ~~derive any revenue from any of the following activities:~~
 - ~~— thermal coal mining and extraction~~
 - controversial weapons manufacturing or retail (anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons)
 - civilian firearms manufacturing or retail
 - tobacco manufacturing
 - **thermal coal mining and extraction**
- ~~derive more than 5% or more revenue from any of the following activities:~~
 - oil sands extraction
 - Arctic oil and/or gas production
- ~~derive more than 10% or more revenue from any of the following activities:~~
 - ~~— coal-fired power generation~~
 - **military or conventional weapons, or weapons systems manufacturing or retail**
 - gambling
 - tobacco retail and distribution
 - ~~— adult entertainment~~
 - **coal-fired power generation**
- ~~violate or have experienced very severe ESG-related controversies, including in relation to any of the following norm-based exclusions:~~
 - ~~— are deemed to have violated the UN Global Compact;~~
 - ~~— are deemed to have violated the UN Guiding Principles on Business and Human Rights;~~
 - ~~— are deemed to have violated the ILO Fundamental Principles~~
 - ~~— have experienced very severe ESG-related controversies, including in relation to violations of UN Global Compact, UN Guiding Principles on Business and Human Rights, the ILO Fundamental Principles, and the OECD Guidelines for Multinational Enterprises~~

~~As an~~ **The exception to the above coal, oil and gas related exclusions, is that the fund may invest in some labelled Green and Sustainability Bonds, which that are issued by fossil fuel companies to raise capital specifically for climate-related projects, so long as the investment manager # has been determined that the objectives of such instruments are consistent with a reduction by the issuer in its carbon emissions. Investment in such instruments will be subject to diligence by the investment manager.**

~~In addition to the above sectoral exclusions, the investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers.~~

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR website disclosure.

The application of the Calvert Principles and the above-listed restrictions consist of the ESG criteria that are expected to result in a reduction in a significantly engaging manner by at least 20% of the fund's investment universe, defined as the Bloomberg Euro Aggregate Corporate Index. The investment manager will aim to ensure that at least 90% of the Net Asset Value of the fund's fixed income securities issuers are assessed through its ESG Research.

The investment manager will monitor selected sustainability indicators for the fund, including ESG assessments from proprietary research and third-party providers, and carbon intensity (measured as tons of CO₂ equivalent per \$1 million revenue for the proportion of the fund invested in bonds issued by corporates) in order to measure and evaluate the contribution of the fixed income securities to the sustainability characteristics described above. The indicators will be measured and evaluated at least annually.

~~The fund will only invest in the top 80% of rated ESG-scoring corporates in each sub-sector of the benchmark. The ESG scores are determined by the investment manager, using third party ESG data as a base having regard to ESG themes including, but not limited to, climate change mitigation, responsible use of natural resources, sustainable waste management, inclusive human capital management, and gender equality. The aforementioned ESG criteria should result in at least 20% reduction of the investible universe of corporates, and the investment manager will use its best efforts to ensure that at least 90% of the corporates in the portfolio are assessed through its ESG scoring methodology. The positive screening process and methodology is available on the SICAV's website.~~

~~Investments that are held by the fund which as a result of but subsequently become restricted due to the application of the ESG criteria above become restricted after they are acquired for the fund, will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.~~

The investment manager and Calvert may use third-party data and ESG research as part of their analysis, and where data may not be available, will use internal methodologies or reasonable estimates.

The methodologies used by different data providers may also vary and may result in different scores.

~~For the proportion of investments in corporate bonds, the fund maintains a carbon footprint that is lower than that of the corporate bond component of the benchmark, taking into account the longterm global warming objectives of the Paris Agreement. Carbon footprint shall be measured as weighted average carbon intensity, defined as tonnes of CO₂ equivalent per \$1million revenue. Green and Sustainability Bonds (as below) with climate-related objectives may be determined to have different carbon footprints than the issuers of the bonds. In such cases, the investment manager shall disclose its methodology for determining the relevant carbon footprint of such instruments.~~

~~As part of its strategy, the investment manager may invest a proportion of the fund in Green and Sustainability Bonds, as labelled in the securities' documentation, where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.~~

~~The investment manager deploys a proprietary assessment framework for labelled sustainable bonds, through which the robustness, impact and transparency of such instruments are evaluated.~~

~~The investment manager uses third party data and ESG scores and in some cases data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary and may result in different scores.~~

SFDR product category Article 8.

For more information on sustainability, see the fund's sustainability annex and the "Sustainable Investing" section on page 175."

Appendix 2

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

Share classes		ISIN numbers
Morgan Stanley Investment Funds Sustainable Euro Corporate Bond Fund <i>(to be renamed Morgan Stanley Investment Funds Calvert Sustainable Euro Corporate Bond Fund)</i>	A	LU2198663994
	A (USD)	LU2473713381
	I	LU2198664026
	Z	LU2198664299