

Morgan Stanley Investment Funds: Additional information for investors in the United Kingdom

Registration and Supervision

Morgan Stanley Investment Funds (the "SICAV") is a company incorporated with limited liability as an open-ended investment company with variable capital under the laws of Luxembourg, with registered number **B29192**. The SICAV is regulated and authorised by the Commission de Surveillance du Secteur Financier ("CSSF") as an undertaking for collective investment in transferable securities pursuant to the UCITS Directive (a "UCITS").

This is a country supplement for investors in the UK to the prospectus of the SICAV dated January 2026, as may be amended from time to time. The prospectus of the SICAV is valid and binding as at this date.

The SICAV (PRN 170563) is a recognised scheme in the UK under section 271A of the Financial Services and Markets Act 2000 but the SICAV is not a UK authorised fund. This means the SICAV is a collective investment scheme authorised under the law of an approved country (Luxembourg), whose management company, MSIM Fund Management (Ireland) Limited, has applied to the UK Financial Conduct Authority (the "FCA") for recognition of the SICAV and the FCA has made an order granting the application. The SICAV is subject to the FCA's "Overseas Funds Regime" which allows EEA-based funds to be marketed in the UK pursuant to the FCA's Handbook, including the Collective Investment Schemes Sourcebook ("COLL"). The SICAV is based overseas and is not subject to the UK's sustainable investment labelling and disclosure regime. The SICAV is an umbrella fund and has 76 sub-funds registered to be marketed in the UK.

The information below forms part of and should be read in conjunction with the prospectus. It is authorised for distribution only when accompanied by the prospectus. **Unless otherwise stated, defined terms shall have the same meaning as set out in the prospectus.**

Representative/Distributor in the UK

The management company, on behalf of the SICAV, has appointed **Morgan Stanley Investment Management Limited** as both UK Representative of the SICAV and a distributor of the SICAV in the UK (the "UK Distributor"). Morgan Stanley Investment Management Limited is authorised and regulated by the Financial Conduct Authority and can be contacted via post at 25 Cabot Square, Canary Wharf, London, E14 4QA.

Accounting Dates

The SICAV's year-end accounting date is 31 December each year and the half yearly accounting date is 30 June.

Register of Shareholders

The register of shareholders is kept at Morgan Stanley Investment Management Limited, 25 Cabot Square, Canary Wharf, London E14 4QA and can be inspected here by shareholders.

General Information

The fund is 'forward priced'. This means that the fund's price will be calculated by reference to the next valuation point following the agreement of the management company to sell, or, as the case may be, to redeem the shares of the fund in question.

For the avoidance of doubt, shareholders are not liable for the debts of the fund or funds in which they are invested.

The assets of a fund belong exclusively to that fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the fund, or any other fund, and shall not be available for that purpose.

The concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions. Therefore, it is not possible to be certain that the assets of a fund will always be completely insulated from the liabilities of another fund of the SICAV in every circumstance. A shareholder is not liable to make any further payment after they have paid the price of their shares and no further liability can be imposed on them in respect of the shares which they hold.

Dilution

Shares will be 'single priced', with the same one price for buying or selling on any particular dealing day. This will be calculated by reference to the net asset value per share. However, the actual cost of purchasing or selling investments for a fund may deviate from the mid-market value used in calculating the price of shares in the fund due to dealing costs such as brokerage charges, taxes, and any spread between the buying and selling prices of the underlying investments. These dealing costs can have an adverse effect on the value of each fund, known as "dilution". It is not, however, possible to predict accurately whether dilution will occur at any point in time. In order to protect shareholders from this impact, the FCA Rules allow the cost of dilution to be met directly from a fund's assets or to be recovered from investors on the purchase or redemption of shares by means of a dilution adjustment to the dealing price, and this is the policy which has been adopted by the management company. The circumstances when the management company may, at its discretion, make a dilution adjustment on the sale and/or redemption of shares and the usual limit of any such adjustment is set out in the prospectus.

Based on how often we have applied the dilution adjustment historically at a SICAV level, we anticipate we will typically apply the dilution adjustment between 2 and 3 times a month at fund level.

Complaints and Redress

This fund is domiciled in Luxembourg and is authorised by the CSSF. The fund is recognised in the UK under the Overseas Funds Regime but is not a UK-authorized fund. The fund is managed by the management company which is domiciled in Ireland and is authorised by the Central Bank of Ireland.

UK investors should be aware that if they invest in this fund they will not be able to refer a complaint against its management company or its depositary to the UK's Financial Ombudsman Service. Any claims for losses relating to the management company or the depositary will not be covered by the Financial Services Compensation Scheme, in the event that either person should become unable to meet its liabilities to investors. A UK investor will be able to make a complaint to the SICAV and its management company but will not have a right to access any independent redress mechanisms in Luxembourg or Ireland.

UK investors may contact the UK Distributor who will lodge complaints for forwarding to the management company, and who will confirm what rights, if any, are available to them under an alternative dispute resolution scheme.

UK investors will be able to serve notices and documents on the SICAV (and fund) at the address of the UK Distributor set out above.

No rights of cancellation arise when dealing direct with the management company (including on exchange of shares) or with any other Distributor. Cancellation rights are granted in accordance with FCA Rules for applications made through regulated intermediaries.

The prospectus, articles, key investor information documents and this UK country supplement shall be made available in the United Kingdom by the UK Distributor, as set out below.

Dealing Procedures

Investors may give dealing instructions to the UK Distributor.

A description of how an investor may purchase, or sell shares in the funds and the relevant settlement procedures are contained in the prospectus. Orders may be submitted by completing the subscription form which may be submitted in original form by post, by fax or by other electronic means to the UK Distributor. That is, subject to any temporary suspension of dealing in shares, applications to subscribe for or redeem shares received by the UK Distributor on a day that they are open for business before 12pm UK time (1pm Luxembourg time) on a business day will be effected the next dealing day using the prices at the next calculated net asset value.

Investors may place orders for shares in Pounds Sterling or in another major freely convertible currency as set out in the prospectus. Where the investor deals in a currency which differs from the currency of the relevant class, the investment amount will be converted into the share class currency prior to purchase. Similarly, redemption proceeds may be received by the investor in Pounds Sterling or other major freely convertible currency.

Further information about the SICAV, the price of shares and the relevant dealing procedures may be obtained from the UK Distributor.

Documents Available for Inspection

The following documents of the SICAV (and any changes to them), may be inspected free of charge during normal business hours (8.30 a.m. to 6.00 p.m. Monday to Friday) from the offices of the UK Distributor:

- (a) the articles (and any amendments thereto);
- (b) the latest prospectus together with any supplements (if any);
- (c) the latest key investor information document in respect of each class of share in the funds; and
- (d) the latest annual and half-yearly reports of the SICAV.

Shareholders may also inspect these documents online at: <http://www.morganstanleyinvestmentfunds.com/> The above documents may be delivered to interested shareholders at their request (free of charge except that there may be a reasonable postage charge imposed for providing a copy of the articles of the SICAV and any amendments thereto). The key contracts of service between the SICAV and its directors (including the management company) are available on request by the investor.

Fees and Expenses

Shareholders should note an initial charge and/or redemption charge may be payable in respect of the share class(es) you invest in. These are set out in the prospectus under the relevant "Fund Description" for your chosen fund (including the maximum annual fees deducted from your investment) and in the "Market timing and excessive trading" section. Further details of general fees and expenses can be found in the prospectus at the section titled "Fund Fees and Costs".

Fees and expenses of a fund may be charged against capital instead of against income. This may result in capital erosion or may constrain capital growth.

Sustainability Disclosure Requirements

The SICAV is based overseas and is not subject to the UK's sustainable investment labelling and disclosure regime.

Specific Information on the Fund of the SICAV

Appendix 1 sets out additional information on the funds including their PRNs and benchmark details and specific details on the investment objectives and policies.

Appendix 2 sets out the historical performance of the funds.

Appendix 3 sets out a list of other funds which the management company manages and other information about the management company and depositary.

Appendix 4 sets out the tax position for UK investors.

Appendix 1 - Additional Fund Information

Absolute/Total Return Fund:

The Global Macro Fund seeks to generate positive returns independent of market cycles. Investors should not interpret the investment objective of the fund as implying that positive returns, that independent of market cycles, are guaranteed. There is no guarantee that the fund will achieve its objective over this or any other time period; capital invested in the fund is at risk and you may get back less than you paid in.

Benchmarks

A '**Target Benchmark**' is a benchmark that has been set for a sub-fund's performance by reference to a comparison of a fund's property or price with fluctuations in value of an index.

A '**Constraining Benchmark**' is a benchmark where the composition of a fund's portfolio is (or is implied to be) constrained by reference to the value, the price or the components of an index (without being a Target Benchmark).

A '**Comparator Benchmark**' is one that is used only for performance comparison and where a fund's performance is compared against the value or price of an index without being a Target Benchmark or a Constraining Benchmark (each as defined below).

<u>Fund</u>	<u>FCA Product Reference Number</u>	<u>Benchmark</u>	<u>Benchmark Type</u>
American Resilience Fund	989172	S&P 500 Index	Comparator Benchmark
Asia Opportunity Fund	742742	MSCI All Country Asia Ex Japan Net Index	Comparator Benchmark
Calvert Global Equity Fund	1007392	MSCI All Country World Net Index	Comparator Benchmark
Calvert Global High Yield Bond Fund	1007393	ICE BofA Developed Markets High Yield Ex-Subordinated Financial (USD-hedged) Index	Comparator Benchmark
Calvert Climate Aligned Fund	974662	MSCI World Index Net Index (USD)	Comparator Benchmark
Calvert Sustainable Developed Europe Equity Select Fund	974663	MSCI Europe Index	Comparator Benchmark
Calvert Sustainable Developed Markets Equity Select Fund	974664	MSCI World Index Net Index (USD)	Comparator Benchmark
Calvert Diversity, Equity and Inclusion Fund	974665	MSCI World Index Net Index (USD)	Comparator Benchmark
Calvert Sustainable Emerging Markets Equity Select Fund	974666	MSCI Emerging Markets Index	Comparator Benchmark
Calvert Sustainable Euro Corporate Bond Fund	930972	Bloomberg European Aggregate Corporate Index	Comparator Benchmark

Calvert Global Green Bond Fund	984171	ICE BofA Green Bond Index	Comparator Benchmark
Calvert Sustainable US Equity Select Fund	974667	Russell 1000 Index	Comparator Benchmark
Calvert US Equity Fund	1009492	Russell 1000 Growth Index	Comparator Benchmark
China A-Shares Fund	800278	MSCI China A Onshore Net Index USD	Comparator Benchmark
Developing Opportunity Fund	919665	MSCI Emerging Markets Net Index	Comparator Benchmark
Emerging Leaders Equity Fund	643536	MSCI Emerging Markets Net Index	Comparator Benchmark
Emerging Markets Corporate Debt Fund	643530	JP Morgan Corporate Emerging Markets Bond Broad Diversified Index and JP Morgan Government Bond Index	Comparator Benchmark
Emerging Markets Debt Fund	643489	JPM Emerging Market Bond Index Global Diversified	Comparator Benchmark
Emerging Markets Debt Opportunities Fund	998499	JP Morgan Emerging Markets Bond (JEMB) Hard Currency/Local Currency 50-50 Index	Comparator Benchmark
Emerging Markets Local Income Fund	998500	JP Morgan Government Bond Index: Emerging Market (JP Morgan GBI-EM) Global Diversified Index	Comparator Benchmark
Euro Bond Fund	643469	Bloomberg Euro Aggregate A- or Better Index	Comparator Benchmark
Euro Corporate Bond – Duration Hedged Fund	813430	-	No Benchmark
Euro Corporate Bond Fund	643458	Bloomberg Euro-Aggregate: Corporate Index	Comparator Benchmark
Euro Strategic Bond Fund	643476	Bloomberg Euro-Aggregate Index	Comparator Benchmark
Europe Opportunity Fund	743682	MSCI Europe Index	Comparator Benchmark
European Fixed Income Opportunities Fund	656063	-	No Benchmark
European High Yield Bond Fund	643486	ICE BofA European Currency High Yield 3% Constrained Ex-	Comparator Benchmark

		Sub Financials Index	
Floating Rate ABS Fund	992150	€STR (Euro Short-Term Rate) Index	Comparator Benchmark
Global Asset Backed Securities Focused Fund	1009226	Bloomberg U.S. Mortgage Backed Securities (MBS) Index	Comparator Benchmark
Global Asset Backed Securities Fund	643538	Bloomberg U.S. Mortgage Backed Securities (MBS) Index	Comparator Benchmark
Global Balanced Defensive Fund	757675	-	No Benchmark+
Global Balanced Fund	757674	-	No Benchmark+
Global Balanced Income Fund	656064	-	No Benchmark+
Global Balanced Risk Control Fund of Funds	643533	-	No Benchmark+
Global Bond Fund	643477	Bloomberg Global Aggregate Index	Comparator Benchmark
Global Brands Equity Income Fund	749531	MSCI World Net Index	Comparator Benchmark
Global Brands Fund	643457	MSCI World Net Index	Comparator Benchmark
Global Convertible Bond Fund	643488	FTSE Global Focus Convertible Index Hedged USD	Comparator Benchmark
Global Core Equity Fund	757672	MSCI World Net Index	Comparator Benchmark
Global Credit Fund	643537	Bloomberg Global Aggregate Corporate Index	Comparator Benchmark
Global Endurance Fund	847803	MSCI All Country World Net Index	Comparator Benchmark
Global Fixed Income Opportunities Fund	643534	-	No Benchmark
Global High Yield Bond Fund	987796	ICE BofA Developed Markets High Yield Excluding Subordinated Financial Index USD-Hedged	Comparator Benchmark
Global Insight Fund	643540	MSCI All Country World Net Index	Comparator Benchmark
Global Macro Fund	998501	ICE BofA 3 Month Treasury Bills Index	Comparator Benchmark
Global Opportunity Fund	643528	MSCI All Country World Net Index	Comparator Benchmark
Global Permanence Fund	847802	MSCI All Country World Index	Comparator Benchmark
Global Quality Fund	643542	MSCI World Net Index	Comparator Benchmark

Global Quality Select Fund	813429	MSCI World Index	Comparator Benchmark
Global Stars Fund	1042239	MSCI World Net Index	Comparator Benchmark
Indian Equity Fund	643507	MSCI India Net Index	Comparator Benchmark
International Resilience Fund	705689	MSCI AC World ex-US Net Index	Comparator Benchmark
Japanese Equity Fund	643526	MSCI Japan Net Index	Comparator Benchmark
NextGen Emerging Markets Fund	643478	MSCI Frontier Emerging Markets Net Index	Comparator Benchmark
Parametric Commodity Fund	1011413	Barclays Commodity Index Series	Comparator Benchmark
Parametric Global Defensive Equity Fund	1016454	MSCI All Country World Net Index	Comparator Benchmarks
QuantActive Global Infrastructure Fund	643525	Dow Jones Brookfield Global Infrastructure Index	Comparator Benchmark
QuantActive Global Property Fund	643506	FTSE EPRA Nareit Developed Net Total Return Index	Comparator Benchmark
Short Maturity Euro Bond Fund	643474	Bloomberg Euro-Aggregate: Treasury 1-3 Years Index	Comparator Benchmark
Short Maturity Euro Corporate Bond Fund	1007396	Bloomberg Euro Aggregate Corporate 1-3 Year Index	Comparator Benchmark
Strategic Income Fund	1054475	Bloomberg U.S. Aggregate Bond Index	Comparator Benchmark
Asia Equity Fund	643463	MSCI All Country Asia Ex Japan Net Index	Comparator Benchmark
Sustainable Emerging Markets Equity Fund	643465	MSCI Emerging Markets Net Index	Comparator Benchmark
Systematic Liquid Alpha Fund	1010297	HFR Asset Manager Risk Premia Index	Comparator Benchmark
Tailwinds Fund	1007394	Russell 1000 Index	Comparator Benchmark
US Advantage Fund	643490	S&P 500	Comparator Benchmark
US Core Equity Fund	757673	S&P 500 Total Return Index	Comparator Benchmark
US Dollar Corporate Bond Fund	749535	Bloomberg U.S. Corporate Index	Comparator Benchmark
US Dollar Short Duration Bond Fund	757671	ICE BofA 1-Year U.S. Treasury Note Index	Comparator Benchmark
US Dollar Short Duration High Yield Bond Fund	660307	Bloomberg US High Yield 1-5 Year Cash	Comparator Benchmark

		Pay 2% Issuer Capped Index	
US Growth Fund	643459	Russell 1000 Growth 30%	Comparator Benchmark
US High Yield Bond Fund	987797	ICE BofA U.S. High Yield Index	Comparator Benchmark
US High Yield Middle Market Bond Fund	660306	Bloomberg US Corporate High Yield Index	Comparator Benchmark
US Insight Fund	705690	Russell 3000 Growth Index	Comparator Benchmark
US Value Fund	987798	MSCI USA Value Index	Comparator Benchmark
Vitality Fund	974303	Russell 3000 Healthcare Net Index	Comparator Benchmark

The rationale for the choice of each of the above benchmarks is that they are widely available and reflect the performance of investments in similar securities to the investment universe and are closely aligned with the funds' investment strategies and opportunity set.

+This fund does not have a benchmark. Investors can assess the performance of the fund by reviewing the past performance in the UK key investor information document of the relevant fund, available at the link set out below.

The funds may invest in other funds managed by the management company (or any of its associates). Where the funds invest in such other funds, there will be no entry fees, exit fees or annual management charges applied by the underlying fund(s).

Certain funds are considered highly volatile (the value of Shares may fluctuate frequently). Where applicable this is set out in the relevant UK key investor information document for each fund, available at the link set out below.

Appendix 2 - Historical Performance

Historical performance for each fund is set out in the UK key investor information document for each fund available at the following link:

<https://www.morganstanley.com/im/en-gb/intermediary-investor/funds-and-performance/morgan-stanley-investment-funds.desktop.html>

Appendix 3: Management Company and Depositary

The issued share capital of the management company is USD 72,156,581 and this amount is paid up in full. The management company has been appointed as management company of the SICAV by way of an amended and restated "Management Company Services Agreement" dated 31 December 2020. The agreement may be terminated on three months' notice by either party or immediately where there is a material breach of the terms of the agreement, but will otherwise continue in force until terminated. The agreement sets out that the management company's fee is as described in the prospectus. The fund indemnifies the management company in its role as agent of the fund, except to the extent costs, liabilities and expenses result from the negligence, fraud or wilful default of the management company.

Other funds recognised in the UK and managed by the Management Company

- Parametric Alternatives plc

The Depositary

The depositary of the SICAV is JP Morgan SE, Luxembourg Branch, incorporated under the laws of Luxembourg, having its registered office at 6, Route de Trèves, L-2633 Senningerberg Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 255.938, acting as a branch of JP Morgan SE, a *societas Europaea* (*société européenne*), a European public limited-liability company incorporated under the laws of Germany and registered under company number HRB 126056 with the commercial register of the local court of Frankfurt, with its registered office at, Taunustor 1, 60310 Frankfurt am Main, Germany.

The depositary has been appointed by way of a depositary agreement dated 22 June 2016. The agreement may be terminated on 90 days' notice by either party (or a shorter period if accepted by the other party), immediately in the event of material breach or in certain prescribed circumstances (such as insolvency or in the event the depositary ceases to be qualified to act as depositary). Fees and expenses are as agreed between the parties from time to time.

The depositary delegates safekeeping of the SICAV's assets to various sub-custodians, a full list is available here: <https://am.jpmorgan.com/gb/en/asset-management/per/funds/administrative-information/list-of-subcustodians/>

Conflicts of interest may arise from the appointment by the depositary of any of its delegates, including sub-custodians. The depositary will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favourable to the funds than if the conflict or potential conflict had not existed. The depositary, and any other delegate, is required to manage any such conflict having regard to applicable law and its duties under the depositary agreement.

Appendix 4: UK Taxation

TAXATION IN THE UK

The following information is based on the law in force in the United Kingdom (UK) and HM Revenue & Customs published practice understood to be applicable on the date of this supplement, is subject to changes therein and is not exhaustive. Unless expressly stated otherwise, it is intended to offer guidance only to UK resident investors holding shares as an investment as the absolute beneficial owners thereof on the UK taxation of the SICAV and such investors, but does not constitute legal or tax advice. The following summary is not a guarantee to any investor of the taxation results of investing in the SICAV and may not apply to certain categories of investors.

The rates, bases and levels of, and any relief from, taxation can change. Tax treatment depends on the individual circumstances of the investor, and investors and prospective investors should inform themselves of, and where appropriate take advice on, the tax consequences applicable to the subscription, purchase, holding, disposal and redemption of shares and the receipt of distributions (whether or not on redemption) in respect of such shares in the country of their citizenship, residence or domicile and any other country in which they are liable to taxation.

The SICAV

The SICAV is a UCITS scheme established in the Grand Duchy of Luxembourg so it is not resident in the UK for taxation purposes. Accordingly, and provided that the SICAV does not carry on a trade in the UK (whether or not through a permanent establishment situated therein), the SICAV will not be liable to UK income tax or corporation tax on its income or gains earned on or derived from the SICAV's investments save for tax on certain income deriving from a UK source, for example, interest with a UK source (UK tax on this interest potentially being levied by withholding at source).

UK resident shareholders

Individual shareholders that are resident in the UK for taxation purposes may, subject to their personal circumstances, be liable to UK income tax in respect of any dividends paid by the SICAV or any other income distributions made by the SICAV (whether or not reinvested and including undistributed reported income under the reporting fund regime). Individual investors should also refer to the section on anti-avoidance provisions below. Investors who are within the charge to UK corporation tax in respect of in the SICAV will generally be exempt from corporation tax on dividends and other income distributions, unless the bond fund rules (described below) or other anti-avoidance provisions apply.

UK individual shareholders are not charged to UK income tax in respect of the first £500 of dividend income received in a tax year, which is taxed at a nil rate.

A UK resident investor's liability to UK income tax or UK corporation tax in respect of income distributions made by the SICAV may be adjusted for a number of reasons, in particular as a result of equalisation arrangements if such investor subscribes for shares otherwise than at the beginning of a period over which distributions are calculated.

Investors should note that special rules apply to certain categories of taxpayer, including insurance companies, pension schemes, investment trusts, authorised unit trusts, open-ended investment companies, charities and certain governmental bodies, among others.

Taxation of investors in bond funds

A fund is considered a bond fund for UK taxation purposes if the market value of its qualifying investments (as detailed below) at any time exceeds 60% of the market value of all its investments. Given the current structure and investment objectives of certain funds, these rules are likely to be relevant to certain classes of shares in certain funds.

Qualifying investments are: (a) money placed at interest (other than cash awaiting investment); (b) securities (other than shares in a company); (c) shares in a building society; (d) qualifying holdings in a unit trust scheme, an offshore fund or an open-ended investment company (this can be interpreted as a holding in a unit trust, offshore fund or OEIC which itself fails, at that time or at any other time in the relevant accounting period, the non-qualifying investment test (as set out above) in respect of its holdings of investments; (e) alternative finance arrangements; (f) derivative contracts in respect of currency or any of the matters listed in (a) to (e) above; (g) contracts for differences relating to interest rates, creditworthiness or currency; and (h) derivative contracts not within (f) or (g) where there is a hedging relationship between the derivative contract and an asset within (a) to (d) above.

An individual resident in the UK for taxation purposes who holds shares of a bond fund will be taxed on dividends from that bond fund as if that payment was a payment of interest. These rules may apply to a dividend received by UK resident investor from a bond fund notwithstanding that it may have divested itself of its holding at the date it receives the dividend.

A company resident in the UK for taxation purposes which is within the charge to UK corporation tax, and which holds shares of a bond fund will be taxed on a fair value basis for each year of its investment as if its interest in the relevant shares was a right under a creditor loan relationship. These rules will apply to a UK resident corporate investor if the 60% limit is exceeded at any time during that investor's accounting period, even if it was not holding shares of that class at that time.

"Reporting fund" status

On the basis that the SICAV provides arrangements for the separate pooling of the contributions of investors to the SICAV and the profits or income out of which payments are made to investors in the SICAV, the SICAV is an umbrella fund for United Kingdom tax purposes. In addition, all of the funds within the SICAV consist of different classes of shares. The United Kingdom offshore funds rules therefore apply in relation to each separate class of shares within each fund, as if each class of shares in each fund formed a separate offshore fund for United Kingdom tax purposes.

The UK operates a specific regime for the taxation of UK resident investors in offshore funds came into force. Under this regime, funds may be certified as reporting funds and UK resident investors in such funds should retain capital gains treatment on disposal of their holdings (subject to the rules outlined above for corporate investors in bond funds). The SICAV intends to maintain reporting fund status for the share classes highlighted as such on morganstanleyinvestmentfunds.com. Details of the reportable income for such share classes will be made available on the above website within 6 months of the SICAV's year-end or the closure or merger of a relevant fund or share class. Any excess of reportable income over amounts paid out as distributions must be declared by UK investors on their own tax returns and will be taxed as dividends or interest, depending on whether the fund is a bond fund or not.

Shareholders without access to the Internet may arrange to receive details of reportable income by alternative means by contacting Morgan Stanley Investment Management Limited. In all cases, there can, however, be no guarantee that reporting fund certification will be obtained or maintained.

If approval as a reporting fund is granted, reporting fund status will apply to shares of the relevant class for each period of account of the SICAV provided the SICAV continues to comply with the applicable rules in respect of shares of that class and does not elect for shares of that class to become a non-reporting fund.

For so long as reporting fund status is maintained, any profit on a disposal of shares of the relevant class (for example, by way of transfer or redemption including switching between classes of shares) by a UK resident investor should fall to be taxed as a capital gain (subject to the rules outlined above for corporate investors in bond funds).

If reporting fund status is not maintained for any accounting period (or is not initially sought or obtained) in respect of a class of shares, any gain arising on a disposal of shares of that class (for

example, by way of transfer or redemption including switching between classes of shares) will constitute income for all purposes of United Kingdom taxation.

Anti-avoidance provisions

The attention of companies resident in the UK for taxation purposes is drawn to the controlled foreign companies provisions contained in Part 9A Taxation (International and Other Provisions) Act 2010. These provisions affect UK resident companies which are deemed to be interested, either alone or together with certain connected or associated persons, in at least 25% of the profits (not including capital gains) of a non-UK resident company (such as the SICAV) which (i) is controlled by companies or other persons who are resident in the UK for taxation purposes and (ii) is subject to a low level of taxation in the territory in which it is resident.

The attention of individuals resident in the UK for taxation purposes is drawn to the provisions of chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons or companies resident or domiciled abroad, and may render them liable to income tax in respect of the undistributed income (if any) of the SICAV.

The attention of persons resident in the UK is drawn to the fact that the provisions of section 1 of the Taxation of Chargeable Gains Act 1992 (as amended) could be material to any such person who, either alone or together with certain connected persons, holds more than 25% of the shares in fund of the SICAV if, at the same time, the fund is controlled in such a manner as to render it, if it were a company, a company that would, were it to be resident in the UK, be a close company for UK taxation purposes.

These provisions could, if applicable, result in such a person being treated for the purposes of UK taxation as if a proportionate part of any gain accruing to the fund (such as on a disposal of any of its investments) had accrued to that person at the time when the chargeable gain accrued to the fund.