

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 THE SHAREHOLDERS OF MORGAN STANLEY INVESTMENT FUNDS – EURO CORPORATE BOND FUND

(the "**Notice**")

Dear Shareholder,

We hereby give you notice that the board of directors of the Company (the "**Board**") has decided to merge certain share classes of Morgan Stanley Investment Funds – Euro Corporate Bond Fund (the "**Merging Share Classes**") into the corresponding share classes of Morgan Stanley Investment Funds - Euro Corporate Bond – Duration Hedged Fund (the "**Receiving Share Classes**"), in accordance with the procedures set out in sub-section "Amalgamation" under section 3.1 "General Information" of the Prospectus and with article 24 of the articles of incorporation of the Company (the "**Articles**").

Due to regulatory changes, duration hedged share classes can no longer be offered in sub-funds that have other types of share classes. As a result, the duration hedged share classes of the Morgan Stanley Investment Funds – Euro Corporate Bond Fund must be closed to new investment from all investors with effect from 30 July 2018. To continue to provide a solution for investors who want to hedge against duration risk (being the risk that the capital value of fixed income investments is reduced in a rising interest rate environment), the Board has decided that it will be in the best interests of the shareholders of the Merging Share Classes to merge them into a newly created sub-fund, Morgan Stanley Investment Funds - Euro Corporate Bond – Duration Hedged Fund. After the merger, the hedging of duration risk will be done at a sub-fund level instead of at a share class level, in accordance with regulatory guidance. The intention is that shareholders of the Merging Share Classes will have a similar investment experience once they have merged into the Receiving Share Classes.

Accordingly, the Merging Share Classes will merge by contributing a portion of the assets of the Morgan Stanley Investment Funds – Euro Corporate Bond Fund, corresponding to the net asset value of the Merging Share Classes to the Morgan Stanley Investment Funds - Euro Corporate Bond – Duration Hedged Fund, as further described in the tables below, on 6 July 2018 (the "**Effective Date**").

Your options

1. Take no action. Your Shares in the Merging Share Classes will automatically be exchanged for Shares in the Receiving Share Classes. On the Effective Date, all Shares of shareholders who have not redeemed or converted their Shares in the Merging Share Classes will be exchanged for Shares in the Receiving Share Classes. Shareholders of the Merging Share Classes will become Shareholders of the Receiving Share Classes on the Effective Date.

2. Convert your Shares into another sub-fund or another share class of your current sub-fund. Any applications for conversion must be received by 1 pm CET on 2 July 2018 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 sub-fund that you are considering converting into and seek advice from your financial adviser if you are unsure about the action you should take.

3. Redeem your investment. Any applications for redemption must be received by 1 pm CET on 2 July 2018.

Conversions or redemptions will be processed free of charge, with the exception of 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.

Further details

The Merging Share Classes will merge into the corresponding Receiving Share Classes, expressed in the same currency. Each of the Merging Share Classes and Receiving Share Classes has identical features in terms of distribution policy, minimum investment criteria, if any, and fee structure. The key difference between the Merging Share Classes and the Receiving Share Classes is that the Merging Share Classes are duration hedged at a share class level while the Receiving Share Classes are duration hedged at the level of the sub-fund. The investment experience for shareholders who merge into the Morgan Stanley Investment Funds - Euro Corporate Bond – Duration Hedged Fund is intended to be substantially similar to what you currently experience.

- (i) This corporate action will become effective on the Effective Date.
- (ii) The launching net asset value per share of the Receiving Share Classes will be set at the same amount as the Merging Share Classes on the Effective Date. Therefore, the overall value of your holding and number of shares that you previously held will be the same.
- (iii) The Merging Share Classes will be closed to new subscriptions with effect from 22 June 2018.

- (iv) The Board further reserves the right to immediately close any of the Merging Share Classes if all the Shares issued in the relevant Merging Share Classes are redeemed before the Effective Date.
- (v) The Management Company will bear the legal, advisory and administrative costs and expenses associated with the preparation and completion of the merger.

Further information on the Merging Share Classes and Receiving Share Classes is set out in the appendix to this notice.

Additional Note to Holders of Share Class B

The Company is making a number of changes to the rights attaching to B Shares in order to simplify how B Shares work. These changes are likely to lead to holders of B Shares having some of their shares converted free of charge into Share Class Indicator A Shares ("A Shares"), as detailed in the Notice to Holders of Share Class Indicator B Shares that you may have received separate to this notice. The notice can also be found on www.morganstanleyinvestmentfunds.com.

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.

The merger of the Merging Share Classes into the Receiving Share Classes may have tax consequences for shareholders. You should inform yourself of, and where appropriate take advice on, the tax consequences of the matters described in this notice in your country of citizenship, residence or domicile.

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.

Luxembourg, 6 June 2018

On behalf of the Company

MORGAN STANLEY INVESTMENT MANAGEMENT (ACD) LIMITED

Appendix

SCHEDULE OF PRINCIPAL DIFFERENCES BETWEEN THE MERGING SHARE CLASSES AND THE RECEIVING SHARE CLASSES

This Appendix contains a comparison of the material characteristics of the Merging Share Classes and the Receiving Share Classes.

In addition to the information below, shareholders of the Merging Share Classes should carefully read the description of the Receiving Share Classes in the prospectus of the Company and in the KIID of the Receiving Share Classes before making any decision in relation to the merger.

Euro Corporate Bond Fund	Euro Corporate Bond – Duration Hedged Fund
<p>Investment Policy:</p> <p>The Euro Corporate Bond Fund's investment objective is to provide an attractive rate of relative return, measured in Euro.</p> <p>The Fund will invest primarily in high quality issues of Euro denominated Fixed Income Securities, issued by corporations and other non-government related issuers ("Corporate Bonds"). 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.</p> <p>Securities will be deemed to be high quality if at the time of purchase they are rated either "BBB-" or better by S&P or "Baa3" or better by Moody's or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. The Fund may continue to hold investments in such securities that are downgraded after purchase as primary investments.</p> <p>The Fund may, on an ancillary basis, invest in:</p> <ul style="list-style-type: none"> • Corporate Bonds which at the time of purchase are rated either lower than "BBB-" by S&P or "Baa3" by Moody's or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. • Non-Euro denominated Fixed Income Securities. In accordance with Appendix A "Investment Powers and Restrictions" non-Euro currency exposure may be hedged back to the Euro. • Fixed Income Securities that are not 	<p>Investment Policy:</p> <p>The Euro Corporate Bond – Duration Hedged Fund's investment objective is to provide an attractive rate of return, measured in Euro, while seeking to reduce the Fund's exposure to market interest rate movements.</p> <p>Duration is a measure of the sensitivity of the price of a debt security to changes in interest rates. Duration risk is the risk that an investment's value will change due to changes in interest rates. The value of debt securities will generally increase when interest rates fall and decrease when interest rates rise. The Fund seeks to reduce its exposure to market interest rate movements by hedging the duration of the Fund.</p> <p>The Fund will invest primarily in high quality issues of Euro denominated Fixed Income Securities, issued by corporations and other non-government related issuers ("Corporate Bonds").</p> <p>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.</p> <p>Securities will be deemed to be high quality if at the time of purchase they are rated either "BBB-" or better by S&P or "Baa3" or better by Moody's or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. The Fund may continue to hold such securities that are downgraded after purchase but it will not hold securitised bonds downgraded below "BBB-" by S&P or "Baa3" by Moody's and/or other securities downgraded below "B-" by S&P or</p>

<p>Corporate Bonds.</p> <p>The Fund may invest no more than 20% of its assets in Contingent Convertible Instruments.</p> <p>The Fund may invest in Fixed Income Securities acquired on the China Interbank Bond Market. No more than 10% of the Fund's assets will be invested in such securities.</p>	<p>"B3" by Moody's, or, in each case, a similar rating by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. The Fund may not make additional purchases of securities that are downgraded.</p> <p>The Fund may, on an ancillary basis, invest in:</p> <ul style="list-style-type: none"> • Corporate Bonds which at the time of purchase are rated either lower than "BBB-" by S&P or "Baa3" by Moody's or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. • Non-Euro denominated Fixed Income Securities. In accordance with Appendix A "Investment Powers and Restrictions" non-Euro currency exposure may be hedged back to the Euro. • Fixed Income Securities that are not Corporate Bonds. <p>The Fund may invest no more than 20% of its assets in Contingent Convertible Instruments.</p> <p>The Fund may invest no more than 20% of its assets in mortgage backed securities or assets backed securities.</p> <p>The Fund may invest in Fixed Income Securities acquired on the China Interbank Bond Market. No more than 10% of the Fund's assets will be invested in such securities.</p>
<p>Global Exposure Methodology: Relative VaR</p> <p>Reference Portfolio: Bloomberg Barclays Euro-Aggregate Corporates Index</p>	<p>Global Exposure Methodology: Absolute VaR</p> <p>Reference Portfolio: N/A</p>
<p>Expected Gross Leverage: 100%</p>	<p>Expected Gross Leverage: 150%</p>
<p>SRRI: 3</p>	<p>SRRI: 3</p>
<p style="text-align: center;">Class AD</p>	<p style="text-align: center;">Class A</p>
<p>Minimum holding requirement: N/A</p>	<p>Minimum holding requirement: N/A</p>
<p>Sales Charge: up to 4.00%</p>	<p>Sales Charge: up to 4.00%</p>
<p>AUM: EUR 103.37 million</p>	<p>AUM: EUR 0</p>
<p>Ongoing Charge: 1.04%</p>	<p>Ongoing Charge: 1.04%</p>
<p>Hedging: Hedged</p>	<p>Hedging: Unhedged (although duration hedging takes place at sub-fund level)</p>
<p>Income: Accumulating</p>	<p>Income: Accumulating</p>
<p>ISIN: LU0518378863</p>	<p>ISIN: To be determined</p>
<p style="text-align: center;">Class ADX</p>	<p style="text-align: center;">Class AX</p>

Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: up to 4.00%	Sales Charge: up to 4.00%
AUM: EUR 2.59 million	AUM: EUR 0
Ongoing Charge: 1.04%	Ongoing Charge: 1.04%
Hedging: Hedged	Hedging: Unhedged (although duration hedging takes place at sub-fund level)
Income: Distributing	Income: Distributing
ISIN: LU0518378947	ISIN: To be determined
Class BD	Class B
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: 0.00%	Sales Charge: 0.00%
AUM: EUR 7.64 million	AUM: EUR 0
Ongoing Charge: 2.04%	Ongoing Charge: 2.04%
Hedging: Hedged	Hedging: Unhedged (although duration hedging takes place at sub-fund level)
Income: Accumulating	Income: Accumulating
ISIN: LU0518377113	ISIN: To be determined
Class BDX	Class BX
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: 0.00%	Sales Charge: 0.00%
AUM: EUR 6.41 million	AUM: EUR 0
Ongoing Charge: 2.04%	Ongoing Charge: 2.04%
Hedging: Hedged	Hedging: Unhedged (although duration hedging takes place at sub-fund level)
Income: Distributing	Income: Distributing
ISIN: LU0518377386	ISIN: To be determined
Class CD	Class C
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: 0.00%	Sales Charge: 0.00%
AUM: EUR 1.64 million	AUM: EUR 0
Ongoing Charge: 1.69%	Ongoing Charge: 1.69%
Hedging: Hedged	Hedging: Unhedged (although duration hedging takes place at sub-fund level)
Income: Accumulating	Income: Accumulating
ISIN: LU0518377469	ISIN: To be determined
Class ID	Class I
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: up to 3.00%	Sales Charge: up to 3.00%
AUM: EUR 68.70 million	AUM: EUR 0
Ongoing Charge: 0.64%	Ongoing Charge: 0.64%

Hedging: Hedged	Hedging: Unhedged (although duration hedging takes place at sub-fund level)
Income: Accumulating	Income: Accumulating
ISIN: LU0518379085	ISIN: To be determined
Class ZD	Class Z
Minimum holding requirement: N/A	Minimum holding requirement: N/A
Sales Charge: up to 1.00%	Sales Charge: up to 1.00%
AUM: EUR 1079.53 million	AUM: EUR 0
Ongoing Charge: 0.60%	Ongoing Charge: 0.60%
Hedging: Hedged	Hedging: Unhedged (although duration hedging takes place at sub-fund level)
Income: Accumulating	Income: Accumulating
ISIN: LU0518379242	ISIN: To be determined