Product Key Facts

Morgan Stanley Investment Funds

Sustainable Emerging Markets Equity Fund

July 2024

This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.

QUICK FACTS

Management Company	MSIM Fund Management (Ireland) Limited
Investment Manager	Morgan Stanley Investment Management Limited located in the United Kingdom
Sub-investment Managers	Morgan Stanley Investment Management Inc. located in the United States of America (internal delegation) & Morgan Stanley Investment Management Company located in Singapore (internal delegation)
Depositary	J.P. Morgan SE, Luxembourg Branch
Ongoing Charges over a year (*)	Classes A, A (EUR): 1.89%
Dealing frequency	Daily, each dealing day[1]
Dividend Policy	No dividends will be distributed (income/capital gains will be reinvested) for classes A, A (EUR).
Base currency	USD
Financial year end of this sub-fund	31 December
Min. investment	No minimum initial and additional investment amounts

(*): The ongoing charges figure is based on the total expenses charged to each class of the sub-fund as at 31 December 2023, calculated net of any fee waivers and expressed as a percentage of average net assets for the year. This figure is based on the information in the audited financial statements for the year ended 31 December 2023 and may vary from year to year.

WHAT IS THIS PRODUCT ?

Morgan Stanley Investment Funds Sustainable Emerging Markets Equity Fund is a sub-fund of Morgan Stanley Investment Funds (the "**SICAV**") which is constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

[1] The term "dealing day" formerly used "Luxembourg Business Day" as reference and refers to any day which the sub-fund accepts requests for transactions in its shares. There is no change to the dealing frequency of this sub-fund. For a complete list of dates that are not considered as dealing days, please go to morganstanleyinvestmentfunds.com, then click on "General Literature" and "MS INVF Holiday Calendar" or refer to the Prospectus for further details.

OBJECTIVES AND INVESTMENT STRATEGY

Objective

To increase the value of your investment over the long term, mainly through growth of capital.

Strategy

At least 70% of the sub-fund's value will be invested in emerging markets. Specifically, these investments are in companies located in emerging market countries (as defined by the MSCI Emerging Markets Net Index), or in developed market countries (as defined by MSCI World Index), but that are primarily traded in, or derive at least half of their revenue from, or have half of assets, core business operations or employees, in emerging markets. These investments may include equity-linked securities located in developed markets that provide exposure to emerging markets such as depositary receipts.

The sub-fund may also invest up to 30% of its value in equities not meeting the criteria of the sub-fund's primary investments, and other types of securities, such as preference shares and convertible bonds. Investment in China A-Shares via Stock Connect may not exceed 20% of the sub-fund's value.

In unusual economic, financial or political conditions, the sub-fund may temporarily adopt a defensive approach by reducing its holdings in emerging market equities to below 50% and investing in securities such as developed market equities and bonds.

In actively managing the sub-fund, the Investment Manager first uses macroeconomic analysis to identify emerging market countries with highest economic growth prospects. It then uses fundamental analysis to identify companies that appear to benefit from, or contribute to, sustainable economic development in countries they operate in and have above-average growth potential (top-down and growth-oriented bottom-up approach). The sub-fund is not benchmark-constrained and its performance may deviate significantly from that of the emerging market benchmark.

In targeting its investment objective, the Investment Manager will consider ESG criteria (as detailed below) in order to invest in companies which (i) perform better than their peers on ESG risks or on one or more sustainability themes (as detailed below) and (ii) are positioned to benefit from, and/or contribute to, the sustainable development of the countries in which they operate based on the Investment Manager's ESG criteria. The application of these ESG criteria should result in a 20% or more reduction of the investible universe as defined in the paragraphs above. The aim of the Investment Manager will be to ensure that at least 90% of the sub-fund's portfolio is subject to the sustainability analysis described above.

ESG criteria may include, but are not limited to, ESG risks such as carbon emissions, resource management, waste management, biodiversity, labor management, gender diversity, health and safety, product safety, data privacy and security, executive remuneration, board independence and shareholder rights. Sustainability themes may include, but are not limited to, responsible energy transition, sustainable production and circular economy, improved access, affordability and sustainable economic growth, and decent work and innovation.

The sub-fund will seek to exclude companies whose core business, as defined by 10% of revenues, is thermal coal mining extraction, thermal coal-based power generation, adult entertainment, fossil fuels, tobacco or alcohol, companies with more than 5% revenue from Arctic oil and gas, oil sands, and gambling, and companies with any exposure to civilian firearms or controversial weapons. In addition, the sub-fund also seeks to achieve a lower carbon footprint than the MSCI Emerging Markets Net Index in aggregate at the portfolio level. With an increased investment focus on companies that positively contribute to and/or address one or more sustainability themes including climate change, the sub-fund will strive to align with the objectives of the Paris Agreement.

The Investment Manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed as they are implemented in the exclusion policy document, which is available on www.morganstanleyinvestmentfunds.com* and on www.morganstanley.com/im*. The exclusions are subject to periodic review and any changes will be reflected in the exclusion policy document.

Financial derivative instruments may be used for reducing risks (hedging) and costs only, in order to gain exposure to certain markets at a lower cost or to reduce risk. The sub-fund does not invest extensively or primarily in financial derivatives instruments for investment purposes.

For the purpose of cash management, the sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets (please refer to the sub-fund's investment objectives and strategies and SFDR-related disclosures in the Prospectus for further details). Such restriction may, under exceptionally unfavorable market conditions, temporarily be exceeded for a period of time strictly necessary up to 100% of its net assets, in order to take measures to mitigate risks relative to such exceptional unfavorable market conditions, in the best interest of the shareholders.

Unless otherwise specified, the sub-fund may hold cash equivalents (as defined in the Prospectus) up to 30% of its net assets for treasury purposes and/or up to 100% of its net assets in case of unfavorable market conditions. These include money market instruments or money market funds which may be managed by the Investment Manager, the Sub-investment Managers or advisers affiliated either to the Investment Manager or the Sub-investment Managers (please refer to the Prospectus for further details).

The sub-fund measures its performance against the MSCI Emerging Markets Net Index. The sub-fund is actively managed and references the MSCI Emerging Markets Net Index for the purpose of sustainability indicator comparison and portfolio design indication.

*The website has not been reviewed by the SFC.

USE OF DERIVATIVES / INVESTMENT IN DERIVATIVES

The sub-fund's net derivative exposure may be up to 50% of the sub-fund's net asset value.

WHAT ARE THE KEY RISKS ?

Investment involves risks. Please refer to the offering document including the section headed "Risk Descriptions" for details including the risk factors.

1. Equities risk

Equities can lose value rapidly, and typically involve higher market risks than bonds or money market instruments. If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all of their value. The price of an equity varies according to supply and demand and market expectations about the company's future profitability, which may be driven by factors such as consumer demand, product innovation, actions of competitors, and how or whether a company chooses to address ESG factors.

2. Emerging markets risk

Emerging markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, illiquid security, counterparty, legal and currency risks, and are more likely to experience risks that in developed markets are associated with unusual market conditions.

3. Convertible bonds risk

Because convertible bonds are structured as bonds whose repayment of principal is typically in the form of a pre-determined number of equity shares (rather than cash), they carry both equity risk and the risks typical of bonds, such as credit, interest rate, default and prepayment risk, as well as liquidity risk.

4. Country risk – China

The legal rights of investors in China are uncertain, government intervention is common and unpredictable, some of the major trading and custody systems are unproven, and all types of investments are likely to have comparatively high volatility and greater liquidity and counterparty risks.

5. Currency risk

To the extent that the sub-fund holds assets that are denominated in currencies other than the base currency, or any share class currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses, in some cases significantly. Exchange rates can change rapidly and unpredictably, and it may be difficult for the sub-fund to unwind its exposure to a given currency in time to avoid losses. The value of your investment will be impacted by changes in the currency exchange rates between the sub-fund's base currency (U.S. Dollars) and the currencies in which the underlying securities are denominated.

6. Derivatives risk

Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general and exposing the sub-fund to potential losses significantly greater than the cost of the derivative. Derivatives are complex investments that are subject to the risks of the underlying asset(s) – typically in modified and greatly amplified form – as well as their own risks.

7. Depositary receipt risk

Depositary receipts are certificates that represent shares in companies trading outside the markets in which the depositary receipts are traded. These certificates are held on deposits by financial institutions. Besides usual risks of equities, they carry illiquid securities and counterparty risks. Depositary receipts can trade below the value of their underlying securities. Owners of depositary receipts may lack some of the rights (such as voting rights) they would have if they owned the underlying securities directly. Some of above instruments may create additional counterparty risks. Depositary receipts are also subject to the risks of the underlying securities.

8. ESG/sustainability risk

An ESG event or condition could lower the sub-fund's value. Such risks are integrated into the investment decision making and risk monitoring to the extent that they represent potential or actual material risks and opportunities to maximising long-term risk-adjusted returns. In general, where an ESG risk occurs in respect of an asset, there could be a negative impact on, or entire loss of, its value. An ESG risk trend may arise and impact a specific investment or may have a broader impact on an economic sector such as IT or health care, geography such as emerging markets, or political region or country.

- *Concentration risk*: The sub-fund incorporates the ESG criteria, which may cause it to be overweight and/or underweight in certain sectors and thus to perform differently than funds that have a similar objective, but which do not incorporate sustainability investment criteria when selecting securities.
- *Lack of standardized taxonomy*: There is a lack of standardized taxonomy of the ESG criteria evaluation methodology and the way in which different funds apply such ESG criteria may vary.
- *Exclusion risk*: The use of exclusions may affect the sub-fund's investment performance and, as such, the sub-fund may perform differently compared to similar funds that do not use such exclusions. Exclusion criteria used in the sub-fund's investment strategy may result in the sub-fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling certain securities when it might be disadvantageous to do so. As such, the use of exclusions may restrict the ability of the sub-fund to acquire or dispose of its investments at a price and time that it wishes to do so and may therefore result in a loss to the sub-fund.
- *Reliance on third-party data*: There may be instances where data on specific issuers or the exclusions noted in the investment policy may not be available and/or may be estimated by the Investment Manager using third-party data, which may be incomplete, inaccurate or unavailable. As a result, there is a risk associated with the assessment of a security or issuer based on such data.

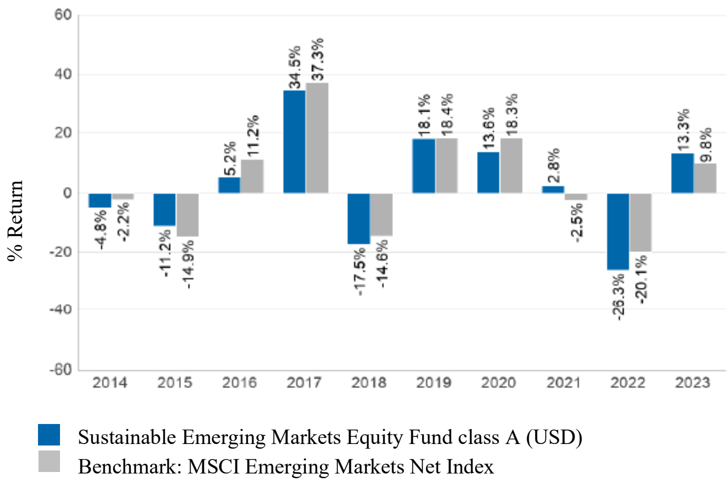
9. Eurozone risk

In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the sub-fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the sub-fund.

10. Hedging risk

Any attempts to use hedging to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss. The sub-fund may use hedging with respect to any designated share classes, to hedge the currency exposure of the share class. Hedging involves costs, which reduce investment performance. With any share class that involves hedging both at the sub-fund level and the share class level, there will be two layers of costs. At times, and particularly in emerging market, it may be impractical or economically unfeasible for the sub-fund or a share class to enter into hedging positions, leaving it exposed to currency risk.

HOW HAS THE FUND PERFORMED ?



Past performance information is not indicative of future performance. Investors may not get back the full amount invested.

The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.

These figures show by how much the sub-fund increased or decreased in value during the calendar year being shown.

The sub-fund was launched in 1993.

This share class was launched in 1997.

Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

The sub-fund measures its performance against the MSCI Emerging Markets Net Index.

IS THERE ANY GUARANTEE ?

This sub-fund does not have any guarantees. You may not get back the full amount of money you invest.

WHAT ARE THE FEES AND CHARGES ?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the sub-fund.

Fee	What you pay
Subscription Fee (Sales Charge)	Up to 5.75% of the amount you buy for classes A, A (EUR).
Switching Fee (Conversion Fee)	Usually nil, but up to 2% of the conversion value where the Management Company determine the trading activity of the investor has adversely affected other shareholders.
Redemption Fee	Usually nil, but up to 2% of the redemption value where the Management Company determine the trading activity of the investor has adversely affected other shareholders.
Contingent Deferred Sales Charges	Nil for classes A, A (EUR).

Ongoing fees payable by the Fund

The following expenses will be paid out of the sub-fund. They affect you because they reduce the return you get on your investments.

	Annual Rate
Management Fee	1.60% of the average daily net assets for classes A, A (EUR).
Depositary Fee	In addition to the Depositary Fee being paid out of the Administration Fee, the Sub-Fund will separately pay additional Emerging Market custody fees of 0.05% of the average daily net assets applicable to investments in Emerging Markets, as set out in the Prospectus.
Performance Fee	Not applicable
Administration Fee	Currently 0.19% of the average daily net assets, which is capped at the maximum annual rate of 0.25% as set out in the Prospectus.

All fees and charges will remain in force for an unlimited period and may be changed by the Management Company as set out in the Prospectus subject to obtaining the prior approval of the Securities and Futures Commission and provision of one month's prior notice to investors where there is an increase in fees and charges.

Other fees

You may have to pay other fees when dealing in the shares of the sub-fund.

ADDITIONAL INFORMATION

- You generally buy, exchange and sell shares of the sub-fund at the sub-fund's next-determined net asset value (NAV) after the transfer agent receives your request in good order on or before 1pm (Central European Time) on the relevant dealing day. The distributors may impose earlier cut-off deadlines.
- If the sub-fund or a class of shares of the sub-fund is being held by investors of Hong Kong, the net asset value per share of the sub-fund is calculated and published daily on www.morganstanleyinvestmentfunds.com* in USD.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from www. morganstanleyinvestmentfunds.com*.

*The website has not been reviewed by the SFC.

IMPORTANT

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.