

**This notice contains important information that requires your immediate attention. Should you have any queries, you are recommended to seek independent professional advice.**

The following change(s) in investment choice(s) relate(s) to the “FLEXI Series” investment plans, including FLEXI-Invest Insurance Plan, FLEXI-Education InvestPlan and FLEXI-Annuity Investment Plan.

As advised by Morgan Stanley, there were the following changes to the underlying fund with effect from February 29, 2016.

**1. Change in Definition of Fixed Income Securities for the Underlying Fund of the Investment Choices**

- *Global Bond Fund MS (MSBO)*
- *Global Balance Fund MS (MSBA)*
- *Global Growth Fund MS (MSGR)*
- *Global Steady Fund MS (MSST)*

The board of directors of Morgan Stanley Investment Funds Global Bond Fund (the “Underlying Fund”), the underlying fund of the investment choices above has resolved to update the definition of fixed income securities, as outlined in the “Definitions” section of the current prospectus of the Underlying Fund, to provide further clarification on the instruments included in the investment universe of the Underlying Fund. Specifically, equity securities will be excluded as a type of transferable security under the definition of “Fixed Income Securities” of the prospectus. The reason for this change is to make clear to investors the existing circumstances in which equity securities may be invested or held by the Underlying Fund as fixed income securities.

The related risk factors associated with fixed income securities will be updated accordingly under the “Risk Factors” section of the prospectus of the Underlying Fund so as to make clear that such risk factor only applies to fixed income securities. The risk profiles of the Underlying Fund will not change due to the proposed change outlined above.

The above amendments do not have any impact on the investment strategies of the Underlying Fund, which shall (subject to other changes outlined in this notice), remain managed according to the same investment strategies and criteria as those used previously.

**2. Update in Investment Policy of the Underlying Fund of the Investment Choices**

- *Global Bond Fund MS (MSBO)*
- *Global Balance Fund MS (MSBA)*
- *Global Growth Fund MS (MSGR)*
- *Global Steady Fund MS (MSST)*

The board of directors of Morgan Stanley Investment Funds Global Bond Fund (the “Underlying Fund”), the underlying fund of the investment choices above has resolved to amend the investment policy of the Underlying Fund so as to permit the Underlying Fund to invest up to 20% of its respective net assets in contingent convertible instruments.

Contingent convertible instruments will be defined in the prospectus of the Underlying Fund as “debt security which may be converted into equity securities or suffer capital losses through decreasing its face value if pre-specified events occur, depending in particular on the capital ratio levels of the issuer of the security”.

The purpose of this new investment restriction is to reflect new regulatory requirements from CSSF in Luxembourg in relation to investments made in contingent convertible instruments.

This amendment is not intended to have any impact on the investment strategies of the Underlying Fund, which shall, remain managed according to the same investment strategies and criteria as those used previously.

The risk factors associated with contingent convertible instruments will be updated accordingly under the “Risk Factors” section of the prospectus of the Underlying Fund. The risk profile of the Underlying Fund will not change due to this proposed change in the investment objective and policy of the Underlying Fund.

**You should refer to the relevant offering documents and the notice to shareholders of the underlying fund(s) of the above investment choice(s) in relation to the above changes, which are made available by MassMutual Asia Ltd. upon request.**

**If you have selected the above investment choice(s) under your insurance policy and if for any reason you wish to change to other investment choice(s), you may switch your investment choice(s) to other available investment choice(s) provided by your policy. Please note that bid-offer spread and switching charge are applicable for switching between investment choices. For details, please refer to Investment Choice Brochure or contact MassMutual Asia Ltd at (852) 2919 9797 (Hong Kong)/(853) 2832 2622 (Macau).**

**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**

Dear Shareholder,

We are writing to you as shareholder of a fund of the Company (each a "**Fund**", and collectively, the "**Funds**") to inform you that the Board of Directors of the Company (the "**Board**") has resolved to approve the following changes:

1. changes to the investment policy of the Morgan Stanley Investment Funds Global Opportunity Fund;
2. changes to the definition of "Fixed Income Securities" which may be invested in by Morgan Stanley Investment Funds Emerging Markets Debt Fund, Morgan Stanley Investment Funds Emerging Markets Domestic Debt Fund, Morgan Stanley Investment Funds Global Bond Fund and Morgan Stanley Investment Funds Global Convertible Bond Fund and Morgan Stanley Investment Funds Diversified Alpha Plus Fund;
3. update of the investment policies of Morgan Stanley Investment Funds Emerging Markets Debt Fund, Morgan Stanley Investment Funds Emerging Markets Domestic Debt Fund, Morgan Stanley Investment Funds Global Bond Fund and Morgan Stanley Investment Funds Global Convertible Bond Fund to restrict each of the Funds' investments in Contingent Convertible Instruments to not more than 20% of that Fund's assets;
4. clarification of the investment policies of the Morgan Stanley Investment Funds Asian Property Fund, Morgan Stanley Investment Funds Emerging Markets Equity Fund, Morgan Stanley Investment Funds European Property Fund, Morgan Stanley Investment Funds Global Infrastructure Fund, Morgan Stanley Investment Funds Global Property Fund, Morgan Stanley Investment Funds Latin American Equity Fund and Morgan Stanley Investment Funds US Property Fund to make it explicit that each Fund is permitted to invest in warrants on an ancillary basis;
5. removal of the investment restriction for Funds' investments in warrants to be less than 10% of its assets;
6. update of the investment process of the Morgan Stanley Investment Funds Diversified Alpha Plus Fund;
7. update of the investment process of the Morgan Stanley Investment Funds Global Opportunity Fund; and

8. change of the dividend policy of Distributing Share Classes.

### **1. Change in Investment Policy of the Global Opportunity Fund**

The Board has resolved to change the investment policy of the Global Opportunity Fund, as outlined in the current prospectus by extending the current Fund's primary universe to depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)) and, to a limited extent, to collective investment schemes and open-ended ETFs. This change will allow the Fund's Investment Adviser to invest more of the Fund's assets in instruments of this nature when the Investment Adviser considers it appropriate to do so.

The Company also proposes to remove the reference to the Fund investing on an ancillary basis in "equities of companies not meeting the criteria of the Fund's primary investments", so as to clarify that equity securities generally would fall within the Fund's primary investment universe.

This revised investment policy will still be implemented by using a bottom-up, fundamental investment approach, and shall have no impact the Fund's ability to use derivatives, whether for investment purposes and/or for efficient management purposes. The Fund continues not to invest extensively or primarily in financial derivative instruments. As a consequence thereof, the investment objective and policy of the Fund in the next updated version of the prospectus (the "**Prospectus**") shall be read as follows with effect as of 25 April 2016:

*"The Global Opportunity Fund's investment objective is to seek long term appreciation, measured in US Dollars. **The Fund will seek to achieve its investment objective by investing primarily in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), of issuers Located in any country.***

*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.*

*The Fund may also invest on an ancillary basis, in debt securities convertible into common shares, preference shares, warrants on securities, cash and cash equivalents and other equity linked securities.*

***The Fund may invest to a limited extent in units/shares of other collective investment schemes, including the Company's Funds and open-ended ETFs.***

***The Fund will invest in a diversified portfolio of companies using in-depth bottom-up fundamental company research. The investment process relies on a disciplined approach to identify companies with sustainable competitive advantages and the ability to redeploy capital at a high rate of return. The Investment Adviser aims to buy these issuers at large discounts, to Investment Adviser's opinion, of their intrinsic value."***

### **2. Change in definition of Fixed Income Securities**

The Board has resolved to update the definition of Fixed Income Securities, as outlined in the "Definitions" section of the current prospectus dated May 2015, to provide further clarification on the instruments included in the investment universe of the Emerging Markets Debt Fund, Emerging Markets Domestic Debt Fund, Global Bond Fund, Global Convertible Bond Fund and Diversified Alpha Plus Fund. Specifically, equity securities will be excluded as a type of transferable security under the definition of "Fixed Income Securities" of the Prospectus. The reason for this change is to make clear

to investors the existing circumstances in which equity securities may be invested or held by certain Funds as Fixed Income Securities.

As a consequence thereof, the definition of "Fixed Income Securities" in the Prospectus shall be read as follows:

*"Fixed Income Securities" shall mean:*

- (i) transferable securities **other than equity securities**; and*
- (ii) money market instruments.*

*For the avoidance of doubt, this includes:*

- (i) both fixed and floating rate instruments;*
- (ii) **debt securities of any type, including all types of bonds and debentures, and including securitised debt of any type, including asset backed securities, whether backed by mortgages ("mortgage backed securities") or other receivables such as credit card debt or other loans that have been securitised; and***
- (iii) **all instruments that can be considered money market instruments, including without limitation commercial paper, loan participations and loan assignments.***

***For these purposes subordinated and/or hybrid securities, convertible bonds and Contingent Convertible Instruments are considered to be "transferable securities other than equity securities".***

*For the avoidance of doubt, this definition shall only include instruments of the above types that are also Eligible Assets for investments of UCITS, subject to the provisions of Directive 2007/16/EC of 19th March 2007 implementing Council Directive 85/611/ EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions (the "Directive 2007/16/EC").*

Investors should also note that related risk factors associated with fixed income securities will be updated accordingly under the "Risk Factors" section of the Prospectus so as to make clear that such risk factor only applies to fixed income securities. The risk profiles of the relevant Funds which invest in Fixed Income Securities will not change due to the proposed change outlined above.

Investors should note that the above amendments do not have any impact on the investment strategies of the Funds, which shall (subject to any other relevant changes outlined in this Notice), remain managed according to the same investment strategies and criteria as those used previously.

The effective date of this change was 29 February 2016.

### **3. Update in the Investment Policies of Emerging Markets Debt Fund, Emerging Markets Domestic Debt Fund, Global Bond Fund and Global Convertible Bond Fund**

The Board has resolved to amend the investment policy of the Emerging Markets Debt Fund, Emerging Markets Domestic Debt Fund, Global Bond Fund and Global Convertible Bond Fund so as to permit each such Fund to invest up to 20% of its respective net assets in Contingent Convertible Instruments.

Contingent Convertible Instruments will be defined in the Prospectus as "debt security which may be converted into equity securities or suffer capital losses through decreasing its face value if pre-specified events occur, depending in particular on the capital ratio levels of the issuer of the security".

The purpose of this new investment restriction is to reflect new regulatory requirements from CSSF in relation to investments made in Contingent Convertible Instruments.

Investors should note that this amendment is not intended to have any impact on the investment strategies of the Emerging Markets Debt Fund, Emerging Markets Domestic Debt Fund, Global Bond Fund and Global Convertible Bond Fund, which shall, remain managed according to the same investment strategies and criteria as those used previously.

Investors should also note that risk factors associated with contingent convertible instruments will be updated accordingly under the "Risk Factors" section of the Prospectus. The risk profile of the relevant Funds will not change due to this proposed change in the investment objective and policy of the Funds.

The effective date of this change was 29 February 2016.

#### **4. Clarification of the Investment Policies of the Asian Property Fund, Emerging Markets Equity Fund, European Property Fund, Global Infrastructure Fund, Global Property Fund, Latin American Equity Fund and US Property Fund**

The Board has resolved to update the investment policy of the Asian Property Fund, Emerging Markets Equity Fund, European Property Fund, Global Infrastructure Fund, Global Property Fund, Latin American Equity Fund and US Property Fund so as to clarify that each such Fund may invest in warrants on an ancillary basis.

The purpose of this change is to make clearer to investors that each such Fund may invest in warrants as part of their respective existing investment policies.

The risk profile of the relevant Funds will not change due to this proposed change in its investment policy.

This change in the investment policy of the relevant Funds will be included in the Prospectus and is not intended to have any impact on the relevant Funds' current portfolios, which shall remain managed according to the same investment strategies and criteria than those used previously.

The effective date of this change was 29 February 2016.

#### **5. Removal of Investment Restriction relating to investment in warrants**

The Board has resolved to update Appendix A of the Prospectus to remove the investment restriction for all Funds from investing in warrants in a proportion exceeding 10% of the relevant Fund's net assets, in terms of the total premium paid.

Appendix A of the Prospectus is intended to contain the investment restrictions that apply to the Company by virtue of its authorisation as a UCITS scheme. Under the UCITS regime, warrants are treated as derivatives and it is no longer appropriate to include a restriction based on warrant premiums, as warrants are covered by the rules and restrictions that apply to derivatives.

The relevant Funds will remain managed according to the same investment strategies and criteria as those used previously. The risk profile of the Funds will not change due to this proposed change.

The effective date of this change was 29 February 2016.

## **6. Update in Investment Process of Diversified Alpha Plus Fund**

The Board has resolved to revise the investment process of the Diversified Alpha Plus Fund. The purpose of this updated investment process is to better explain to investors the investment process used by the Investment Adviser for the Fund.

The Company proposes to implement the Fund's investment policy using a top-down, global macroeconomic and thematic investment approach that focuses on asset class, sector, region and country selection, as opposed to individual security selection. The Fund's allocations will be based upon the Investment Adviser's evaluations and analyses, taking into account its fundamental investment research, which is primarily driven by quantitative macroeconomic and market data.

Investment decisions will be made without regard to any particular limit, subject to Appendix A of the Prospectus, as to geographical location, sector, credit rating, maturity, currency denomination or market capitalization. The Fund may invest in any country, including developing or emerging market countries. The Fund's investments may be denominated in Euros or in currencies other than the Euro.

The risk profile of the Fund will not change due to this proposed change in its investment process.

The effective date of this change was 29 February 2016.

## **7. Update in Investment Process of Global Opportunity Fund**

The Board has resolved to revise the investment process of the Global Opportunity Fund. The purpose of this updated investment process is to better explain to investors the investment process used by the Investment Adviser for the Fund.

The Company proposes to implement the Fund's investment policy by investing in a diversified portfolio of companies using in-depth bottom-up fundamental company research. The investment process will rely on a disciplined approach to identify companies with sustainable competitive advantages and the ability to redeploy capital at a high rate of return. The Investment Adviser will aim to buy these issuers at large discounts, to the Investment Adviser's opinion, of their intrinsic value.

The risk profile of the Fund will not change due to this proposed change in its investment process.

The effective date of this change will be 25 April 2016.

## **8. Change in dividend policy of Distributing Share Classes**

The Board has resolved to increase the level of distribution for Share Classes with Share Class Sub-Indicators X under the "Dividend Policy" section of the Prospectus.

For such Distributing Share Class, the Company intends to increase the level of declared dividends to be equal to the net investment income attributable to such Share Class (i.e. 100% of the net investment income), from the existing level of declared dividends to being equal to at least 85% of such net investment income attributable to the Share Class.

The purpose of this increased level is to more accurately reflect the current practice of the Company's level of dividends declared for such Share Classes. Such increase in the dividend policy of the Distribution Share Classes is not intended to have any impact on the existing management of such Share Classes.

The effective date of this change was 29 February 2016.

## **GENERAL**

In relation to the change described under sections 1 and 7 of this Notice, shareholders' right to redeem or convert their shares is not affected and shareholders may redeem or convert their shareholding without any redemption or conversion charges, with the exception of applicable Contingent Deferred Sales Charges, if they do not agree with the above-mentioned change as from receipt of this notice and up to 1 pm CET on 22 April 2016.

The changes described in this Notice will not give rise to additional costs and expenses implications (other than costs associated with update of the Prospectus, which will be borne by the Company).

Capitalised terms used in this Notice shall have the meaning as defined in the current prospectus of the Company, unless the context otherwise requires.

The Board accepts responsibility for the accuracy of the information contained in this Notice.

Hong Kong residents who require further information, please contact Morgan Stanley Asia Limited, of Floor 41, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or on (852) 2848 6632.

Luxembourg, 21 March 2016

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**MORGAN STANLEY INVESTMENT MANAGEMENT (ACD) LIMITED**

On behalf of the Company