

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.

Clarification of Investment Policy of the Underlying Fund of the Investment Choice

- *Global Bond Fund MS (MSBO)*

The board of directors of Morgan Stanley Investment Funds (the “Board”) has decided to include mortgage-backed securities as part of fixed income securities to standardise the existing instruments. As a result, the following changes are to be made to the prospectus of Morgan Stanley Investment Funds Global Bond Fund, the underlying fund of the investment choice above:

- The definition of “Fixed Income Securities” within the section “Definitions” has been updated to include such instrument.
- An additional risk factor regarding “Uniform Mortgage-Backed Securities” has been inserted under section 1.5 “Risk Factors”.
- The clarification has been made in the investment policy of the underlying fund of the investment choice above.

The Board has also resolved to clarify that the investment process of underlying fund of the investment choice above takes into account environmental, social and governance issues (so-called “ESG factors”) when making investment decisions.

The underlying fund was already managed in such a way that it takes into account ESG factors. There is no change to the way in which the underlying fund is managed or its risk profile. The investment policy of the underlying fund is clarified only to provide transparency for all investors in such 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 YF Life Insurance International 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 YF Life Insurance International Ltd. at (852) 2533 5555 (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 TO SHAREHOLDERS

Luxembourg, 31 July 2019

Dear Shareholder,

We are writing to you as a holder of shares in one or more funds of the Company (each a "**Fund**" and collectively, the "**Funds**").

The board of directors of the Company (the "**Board**") has further decided to proceed with some amendments to the prospectus of the Company (the "**Prospectus**") as disclosed below.

I. Amendments applicable to all Funds

- **Change of domiciliary agent**

The Board has resolved to change the domiciliary agent of the Company by switching from Morgan Stanley Investment Management Limited, Luxembourg Branch to MSIM Fund Management (Ireland) Limited, Luxembourg Branch.

Please note that the contact details of the domiciliary agent have not changed.

Such change is motivated by the upcoming exit of the United Kingdom from the European Union.

The above-mentioned entity changes are not expected to impact the performance of the services or the fees payable thereunder, or on the management or composition of the underlying portfolio.

The above-mentioned change will be effective as of 17 July 2019 and are included in the version of the Company's Prospectus dated July 2019.

II. Amendments applicable to specific Funds

- **Amendment to the investment policy regarding investment in China A-Shares via Stock Connect for Morgan Stanley Investment Funds Asian Property Fund (the "Asian Property Fund")**

The Asian Property Fund will invest up to 20% of its net assets in China A-Shares via Stock Connect.

While the overall risk profile of the relevant Funds will not change due to the change in the investment policy, investors should also note the risk factors associated with Stock Connect as detailed in the Prospectus.

The above-mentioned change will be effective as of 30 August 2019 (the “**Effective Date**”) and are included in the version of the Company’s Prospectus dated July 2019.

Your options

1. If you agree to the change, you do not need to take any action. The change will automatically go into effect for the above-mentioned Fund as of the Effective Date.

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

a) Convert your Shares into another Fund authorized by the SFC and distributed to Hong Kong investors. Any applications for conversion must be received by 1 pm CET on 29 August 2019 and be made in accordance with section 2.4 “Conversion of Shares” of the Prospectus. Please note that an earlier cut off time may be imposed by the intermediaries. Please ensure that you read the Prospectus and Product Key Facts (“**KFS**”) for any Fund 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 29 August 2019.

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.

III. Clarifications applicable to all Funds

- **Clarification regarding mortgage backed securities**

The Board has decided to include mortgage backed securities as part of fixed income securities to standardise the existing instruments. As a result, the following changes are to be made to the Prospectus:

- The definition of “*Fixed Income Securities*” within the section “*Definitions*” has been updated to include such instrument.
- An additional risk factor regarding “Uniform Mortgage-Backed Securities” has been inserted under section 1.5 “*Risk Factors*”.
- The clarification has been made in the investment policy of Morgan Stanley Investment Funds Global Bond Fund (the “**Global Bond Fund**”).

The above-mentioned clarification is included in the version of the Company’s Prospectus dated July 2019 and also the KFS of the Global Bond Fund dated July 2019.

IV. Clarifications applicable to specific Funds

- **Clarification of the investment process which takes into account environmental, social and governance issues (so-called “ESG factors”) for certain Funds**

The Board has resolved to clarify that the investment process of each of the following Funds takes into account ESG factors when making investment decisions:

- US Advantage Fund;
- US Growth Fund;
- Emerging Markets Debt Fund;
- Emerging Markets Domestic Debt Fund;
- Global Bond Fund; and
- Global Convertible Bond Fund.

Each Fund was already managed in such a way that it takes into account ESG factors. There is no change to the way in which the above-mentioned Funds are managed or their risk profiles. The investment policies of the above-mentioned Funds are clarified only to provide transparency for all investors in such Funds.

- **Clarification of the investment universe for certain Funds**

The Board has resolved to clarify the investment policies of each of the following Funds that their “primary” investment universe will represent at least 70% of their net assets:

- Asian Property Fund;
- European Property Fund; and
- US Property Fund.

Each Fund was already managed in such a way that it meets the above mentioned restriction. There is no change to the way in which the above-mentioned Funds are managed or their risk profiles. The investment policies of the above-mentioned Funds are clarified only to provide transparency for all investors in such Funds.

The clarifications listed under section IV above are included in the version of the Company’s Prospectus dated July 2019.

* * *

*

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 and the KFS, which will be borne by the current management company).

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 revised Hong Kong Prospectus and KFS will be available to investors, free of charge, at the Hong Kong Representative, Morgan Stanley Asia Limited’s office (contacts are set out below).

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. 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.

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.

Luxembourg, 31 July 2019

Yours sincerely

On behalf of the Company

MSIM FUND MANAGEMENT (IRELAND) LIMITED