Morgan Stanley

08

# Simplified Prospectus

## Morgan Stanley Investment Funds

Société d'Investissement à Capital Variable
Luxembourg ("SICAV")



July

# Morgan Stanley Investment Funds

## an umbrella *société d'investissement à capital variable* ("SICAV") authorised under Part I of the Law of 20th December 2002. The Company is a self-managed SICAV in accordance with Article 27 of the Law of 20th December 2002

Registered Office: European Bank and Business Centre, 6 route de Tréves, L-2633 Senningerberg R.C.S. Luxembourg B 29 192

**Simplified Prospectus dated July 2008 in accordance with Council Directive 85/611/EEC, as amended by Directive 2001/107/EC and by Directive 2001/108/EC of the European Parliament and of the Council of 21st January 2002**

Please refer to the full prospectus of Morgan Stanley Investment Funds (the "Company") dated July 2008 for further details (the "Prospectus"). Terms in capitals where not defined in this document are defined in the Prospectus.

A copy of the Prospectus of the Company, and a copy of the latest annual report containing the audited accounts, and of the semi-annual report, will be provided to investors on request free of charge. Copies are also available at the registered office of the Company.

Please note that not all Share Classes are available for subscription in each sub-fund of the Company. Prospective applicants should inform themselves as to the laws and regulations (such as tax and exchange control regulations) applicable to the application, purchase, holding and sale of Shares in the countries of their respective citizenship, residence or domicile.

This Simplified Prospectus may be updated from time to time. Consequently, applicants are advised to ask whether a more recent Simplified Prospectus has been published.

This Simplified Prospectus was prepared in English and will be translated into other languages. Any such translation shall only contain the same information and have the same meanings as the English language document. Where there is any inconsistency between the English language document and the document in another language, the English language document shall prevail except to the extent (but only to the extent) required by the laws of any jurisdiction where the Shares are sold, so that in an action based upon disclosure in a document of a language other than English, the language of the document on which such action is based shall prevail.

The distribution of this Simplified Prospectus and the offering of Shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Simplified Prospectus and any persons wishing to make application for Shares pursuant to this prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

In particular, the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (nor has the Company been registered under the United States Investment Company Act of 1940, as amended) and may not be offered or sold, directly or indirectly, in the United States of America or its territories or possessions or areas subject to its jurisdiction, or to citizens or residents thereof other than in accordance with the laws of the United States.

**Important: If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

### Investment objective and policy

The investment policy and objectives of each of the sub-funds (hereinafter referred to collectively as the "Funds" or singularly as a "Fund"), as decided by the Board of Directors, is described in the Appendices.

The purpose of the Company is to provide investors with an opportunity for investment in a professionally managed fund range which seeks to spread investment risks in order to achieve an optimum return from the capital invested.

An investment in any of the Company's Funds is not a deposit in a bank or other insured depository institution. Investment may not be appropriate for all investors. Each Fund is not intended to be a complete investment programme and investors should consider their long term investment goals and financial needs when making an investment decision about a particular Fund. An investment in the Company's Funds is intended to be a medium-long term investment with the exception of the US Dollar Liquidity Fund and the Euro Liquidity Fund. Funds should not be used as trading vehicle.

For this purpose the Company offers a choice of sixty-three Funds which allow investors to make their own strategic allocation by combining holdings in the various Funds in proportions of their own choosing. Funds will not be offered for sale to the public in a given jurisdiction until all proper authorisations in the relevant jurisdiction are obtained.

Not all the classes may be available in all Funds.

Each of the Funds is managed in accordance with the investment and borrowing restrictions specified in Appendix A of the Prospectus. The Funds are authorised to use derivatives and financial techniques and instruments either for hedging or efficient portfolio management purposes or as part of their investment strategies as described in the Funds' investment objectives. Unless stated otherwise in the investment objectives of a Fund, a Fund which uses the Derivatives and Financial Techniques and Instruments specified in Section 3 of Appendix A of the Prospectus will do so for hedging and/or efficient portfolio management purposes only. Funds using Derivatives and Financial Techniques and Instruments will do so within the limits specified in Section 3 of Appendix A of the Prospectus to enhance returns.

## Risk factors

The following is a summary of risk factors relevant to an investment in the Company. Please refer to the Prospectus for a full description of the risk factors relevant to an investment in the Company.

- Certain Funds may invest in equity linked securities or equity linked instruments such as warrants. The gearing effect of investment in warrants and the volatility of warrant prices make the risk attached to the investment in warrants higher than in the case with investment in equities.
- There can be no guarantee that the investment objectives of the Funds will be met.
- Past performance is not necessarily a guide to future performance and the value of Shares and income from them may fall as well as rise. On redemption of Shares, an investor may receive back an amount less than the original amount of his investment.
- The assets of the Funds will be in a variety of currencies and therefore movements in the value of currencies may also affect the value of an investor's holdings. Furthermore, the value of Shares may be adversely affected by fluctuations in exchange rates between the investor's reference currencies and the base currencies of the Funds.
- The Funds may participate in the on-exchange and OTC derivatives markets for the purpose of efficient portfolio management. In doing so, Funds will be exposed to market, liquidity and counterparty credit risk.
- While the prudent use of derivatives may be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. If so provided in its investment policy, a Fund may engage various investment strategies with a view to reducing certain of its risks and/or enhancing return. These strategies may include the use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Pursuant to the UCITS III regulations applicable to the Company, the overall risk exposure arising from financial derivative instruments used by a Fund may be equal to the net asset value of that Fund, and hence that Fund's overall risk exposure may reach 200% of its net asset value. The overall risk exposure of a Fund may not be increased by more than 10% by means of temporary borrowing, so that a Fund's overall risk exposure may not exceed 210% of its net asset value. Derivatives also involve specific risks. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- A Fund may also use derivatives to short exposure to some investments. Should the value of such investments increase rather than fall, the use of derivatives for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to unlimited losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in that particular Fund.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

Please refer to the Appendices, which contain additional specific risk factors for each Fund.

## Pooling

For the purpose of effective management, and subject to the provisions of the Articles of Incorporation of the Company and to applicable laws and regulations, the Directors may invest and manage all or any part of the portfolio of assets established for two or more Funds (for the purposes hereof **"Participating Funds"**) on a pooled basis. Any such asset pool shall be formed by transferring to its cash or other assets (subject to such assets being appropriate with respect to the investment policy of the pool concerned) from each of the Participating Funds. Thereafter, the Directors may from time to time make further transfers to each asset pool. Assets may also be transferred back to a Participating Fund up to the amount of the participation of the Class concerned. The Share of a Participating Fund in an asset pool shall be measured by reference to notional units of equal value in the asset pool. On formation of an asset pool, the Directors shall, in their discretion, determine the initial value of notional units (which shall be expressed in such currency as the Directors consider appropriate) and shall allocate to each Participating Fund units having an aggregate value equal to the amount of cash (or to the value of other assets) contributed. Thereafter, the value of the notional unit shall be determined by dividing the net asset value of the asset pool by the number of notional units subsisting.

When additional cash or assets are contributed to or withdrawn from an asset pool, the allocation of units of the Participating Fund concerned will be increased or reduced, as the case may be, by a number of units determined by dividing the amount of cash or the value of assets contributed or withdrawn by the current value of a unit. Where a contribution is made in cash, it will be treated for the purpose of this calculation as reduced by an amount which the Directors consider appropriate to reflect fiscal charges and dealing and purchase costs which may be incurred in investing the cash concerned; in the case of cash withdrawal, a corresponding addition will be made to reflect costs which may be incurred in realising securities or other assets of the asset pool.

Dividends, interest and other distributions of an income nature received in respect of the assets in an asset pool will be immediately credited to the Participating Funds in proportion to their respective participation in the asset pool at the time of receipt. Upon the dissolution of the Company, the assets in an asset pool will be allocated to the Participating Funds in proportion to their respective participation in the asset pool.

Within any pooling arrangement, the Custodian shall ensure that at all times it is able to identify the assets which are owned by each Participating Fund.

### Treatment of income

Income arising in each Fund in relation to Class A, AH, B, BH, C, CH, I, IH, N, NH, Z, ZH and S Shares will be reinvested in such Fund. For the AX, BX, CX, IX, NX and ZX Classes of Shares of the Bond Funds, Equity Funds, Asset Allocation Funds, and Alternative Investment Funds, the Company intends to declare dividends which will be equal to at least 85% of the net investment income attributable to such Classes. For the AX, BX, CX, IX, NX and ZX Classes of Shares of the Liquidity Funds, the Company intends to declare dividends which will be equal to the net investment income attributable to such Classes and realized capital gains, reduced by realized losses, if any. Such dividends, if any, will be declared on each Dealing Day in the case of the Liquidity Funds, and on the last Dealing Day of June and December in the case of the Equity Funds, Bond Funds, Asset Allocation Funds, and Alternative Investment Funds. Dividends will be automatically reinvested in additional Shares of the relevant Class free of any charge unless (i) the Shareholder has nominated on the Application Form to receive such dividends in cash and (ii) the value of the dividends to be distributed for that month or half year, as applicable, is in excess of US$200.00, or the Euro or the Sterling equivalent of US$200.00. The Directors may, following a Shareholder's request, at their discretion, decide to waive or vary the limit below which a dividend accrual is automatically reinvested.

### Commissions and expenses

Please refer to the Appendices, which contain each Fund's commissions and expenses information.

The Custodian's fees payable vary from Fund to Fund depending on the size of the relevant Fund and the location where the investments are made. The custody rate payable ranges widely from 0.65 to 0.15 basis points on a reducing scale as the assets under custody increase for US securities and from 2 basis points to 60 basis points for securities in certain other markets. The transaction rate which is payable in addition ranges from US$8.00 to US$175.00 per transaction depends on the market where the investments are made. Custody fees are payable monthly.

The Administrator's charges for Equity and Bond Funds are variable depending on the size of the composite assets of those Funds. Fees are payable at rates ranging from 4.25 basis points to 1 basis point on a reducing scale as the size of the composite assets increases. The Administrator's charges for the Liquidity Funds are variable and dependent on the size of the relevant Fund. Fees are payable at rates ranging from 2 basis points to 1 basis point on a reducing scale as the size of the Fund increases. These charges are payable monthly.

In certain jurisdictions, where subscriptions, redemption and conversions are made through a third party agent, additional fees and charges may be imposed by that third party upon local investors. Such fees and charges do not accrue to the Company.

The Distributor may pay an amount of the Distribution Fee, Shareholder Service Fee or Contingent Deferred Sales Charge to distributors with whom it has distribution agreements. The Investment Adviser may pay a portion of its investment advisory fee related to any Share Class to distributors, dealers or other entities that assist the Investment Adviser in the performance of its duties or that provide services, directly or indirectly, to the Funds or their Shareholders. The Investment Adviser may also pay a portion of its investment advisory fee related to any Share Class on a negotiated basis in a private arrangement with a holder or prospective holder of Shares. The selection of holders or prospective holders of Shares with whom such private arrangements may be made and the terms on which the Distributor or its affiliates, designees or placement agents may enter into such private arrangements are a matter for the Distributor.

### Taxation

The statements on taxation set out below are by way of a general guide to potential investors and Shareholders only regarding the law and practice in force in the relevant jurisdiction at the date of the Simplified Prospectus and do not constitute tax or legal advice. There can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely. Neither the Company, the Subsidiary or its advisors are liable for any loss which may arise as a result of current, or changes in, applicable tax laws, practice and their interpretation by any relevant authority.

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax (subject to the section below referring to the European Savings Directive). The Company is, however, liable to annual tax in Luxembourg calculated at a rate of 0.01% of the net assets of the Liquidity Fund and 0.05% of the net asset value of all other Funds, save where and to the extent that particular Share Classes of such other Funds are entitled to benefit from a reduced annual tax rate of 0.01% pursuant to Article 129 of the law of 20th December 2002 (as described below) in which case a reduced annual tax rate of 0.01% will apply to such Share Classes.

The Company will seek to obtain the benefit of a reduced annual tax rate of 0.01% for Class Z, ZH, ZX, S and N, NH and NX Shares where the whole of the Share Class is held by institutional investors as provided by Article 129 of the law of 20th December 2002. However, there can be no guarantee that the benefit of such reduced rate will be obtained or that, once obtained, it will continue to be available in the future.Annual tax is payable quarterly and is calculated by reference to the net assets of the relevant Fund or Share Class at the end of the quarter to which the tax relates. Note that annual tax is not applied to, and is not payable on, assets of the Funds comprising investments in other Luxembourg undertakings for collective investment. No stamp or other tax is payable in Luxembourg in connection with the issue of shares of the Company.

Under current law and practice in Luxembourg, no capital gains tax is payable on the realised capital appreciation of the assets of the Company.

Under current legislation and administrative practice Shareholders are generally not subject to any capital gains or income tax in Luxembourg (exceptions may apply mainly to Shareholders who are domiciled, resident or have a permanent establishment in Luxembourg).

The information set forth above is based on present law and administrative practice and may be subject to modification.

Investment income for dividends, gains and interest received by the Company may be subject to withholding taxes at varying rates; such withholding taxes may not be recoverable.

Prospective Shareholders should inform themselves of, and where appropriate take advice on, the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription, purchase, holding redemption and conversion of Shares in the country of their citizenship, residence or domicile. Prospective Shareholders should note that the information contained in this “Taxation” section of the Simplified Prospectus is a general guide only and does not discuss the local tax consequences that all Prospective Shareholders may be subject to.

### Taxation Of The Subsidiary

The taxation of income and capital gains arising to the Subsidiary in respect of its investments in Indian securities is subject to the fiscal law and practice of Mauritius and India. Please refer to the Prospectus for more details.

### European Union Savings Directive

Council Directive 2003/48/EC (the “EU Savings Directive”) applies where a paying agent domiciled in an EU member state makes a distribution from or a redemption of Shares in certain Funds, to a beneficiary which is an individual or a residual entity (as defined by the EU Savings Directive) residing in another EU member state. In such circumstances, the paying agent may be required either to report income received by Shareholders to the relevant tax authority or to withhold an appropriate amount of tax on the income element of distribution and redemption proceeds. Shareholders should inform themselves of, and where appropriate take advice on, the impact of the EU Savings Directive on their investment.

Investment by the Equity Funds in debt claims (as defined by the EU Savings Directive) will be limited to 15% of Net Asset Value.

### Daily Price Publication

The Company determines the price or Net Asset Value of its Shares on a forward basis. This means that it is not possible to know in advance the Net Asset Value per Share at which Shares will be bought or sold (exclusive of any sales charges). The Net Asset Value per Share is calculated at the valuation point following the time 1.00 pm CET that applications for Shares must be received on a Dealing Day by the Transfer Agent to be processed on that Dealing Day.

The Funds are valued daily and the Net Asset Value per Share is calculated at the valuation point on each Dealing Day. The Net Asset Value per Share for all Funds will be determined on the basis of the last available prices at the valuation point from the markets on which the investments of the various Funds are principally traded.

Events may occur between the determination of an investment’s last available price and the determination of a Fund’s Net Asset Value per Share at the valuation point that may, in the opinion of the Directors, mean that the last available price does not truly reflect the fair market value of the investment. In such circumstances the price of such investment shall be adjusted in accordance with the procedures adopted from time to time by the Directors in their discretion.

To the extent that the Directors consider that it is in the best interests of Shareholders, taking into account factors including the prevailing market conditions, the level of subscriptions and redemptions in a particular Fund and the size of the Fund, the Net Asset Value of a Fund may be adjusted to reflect the estimated dealing spreads, costs and charges to be incurred by the Fund in liquidating or purchasing investments to satisfy the net transactions on a particular Dealing Day. The adjustment shall not exceed 1% of the Net Asset Value of the relevant Fund on the relevant Dealing Day.

The Net Asset Value per Share of each Class within each Fund, together with (in the case of the Liquidity Funds) that day’s dividend declaration for Classes IX, AX, BX, CX, NX and ZX, is made public at the registered office of the Company and is available at the offices of the Transfer Agent. The dividend declaration for Classes IX, AX, BX, CX, NX and ZX Shares of the

Equity Funds, Bond Funds, Asset Allocation Funds, and Alternative Investment Funds, where issued, will be made public at the registered office of the Company and made available at the offices of the Transfer Agent on the first Dealing Day of July and January. The Company will arrange for information about the Net Asset Value per Share of each Class within each Fund to be published as required and in addition as it may decide in leading financial newspapers worldwide. Shareholders may view the Net Asset Value per Share on the Company's web-site (http://www.morganstanleyinvestmentfunds.com).

### How to buy Shares

The Directors of the Company reserve the right at any time, without notice, to discontinue the issue and sale of Shares of any Class in any or all Funds.

Initial applications for Shares must be made on the Company's Application Form or in a format acceptable to the Company containing the information required by the Company and must be forwarded to the Transfer Agent in Luxembourg, or to any distributor indicated on the Application Form. Applicants should indicate the Fund(s) and Class(es) into which they wish to invest on the fund selector sheet attached to the Application Form. The Company reserves the right to reject any application for Shares in whole or in part.

All applications are made subject to the Prospectus, this Simplified Prospectus, the latest annual report and semi-annual report, if available, the Company's Articles of Incorporation and the Application Form.

Joint applicants must each sign the Application Form unless an acceptable Power of Attorney or other written authority is provided.

In the case of subscriptions for Shares of Class A, AH, AX, B, BH, BX, C, CH and CX of all Funds and Class I, IH, IX, Z, ZH and ZX of the Liquidity Funds, unless prior arrangements have been made, cleared funds must be received by the Transfer Agent on the Business Day prior to the relevant Dealing Day in order for the Applicant to receive the Net Asset Value per Share determined for that Dealing Day.

In the case of subscription for Shares of Class I, IH, IX, Z, ZH, ZX and S for all Funds except the Liquidity Funds, cleared funds must be received by the Transfer Agent by 1 p.m. CET, within three Business Days after the Dealing Day.

Full payment instructions are set out in the Application Form and may also be obtained through a Distributor or the Transfer Agent.

### Minimum Initial and Subsequent Subscriptions

| | Minimum Initial Subscription per Fund | Minimum Subsequent Subscription |
|---|---|---|
| Class S | 20,000,000 | N/A |
| Classes Z, ZH and ZX | N/A | N/A |
| Classes I, IH and IX | 500,000 | 50,000 |
| Classes A, AH and AX | N/A | N/A |
| Classes B, BH and BX | N/A | N/A |
| Classes C, CH and CX | N/A | N/A |
| Classes N, NH and NX | 100,000 | 10,000 |

These amounts may be in US Dollars or Euro (or the Yen or Sterling equivalent of the Euro amount). These minima may be waived or varied, in any particular case or generally, at the Directors' discretion or in accordance with the authority conferred by the Directors on the Dirigeants.

Investors will be required to provide identity evidence required by any applicable laws and regulations relating to anti-money laundering checks. Subscriptions shall not be processed until such information is received.

### How to sell Shares

Applications for redemption must include (i) the monetary amount the Shareholder wishes to redeem or convert, or (ii) the number of Shares the Shareholder wishes to redeem. In addition, the application must include the Shareholder's personal details and Shareholder's account number. Failure to provide any of this information may result in delay of the application whilst verification is being sought from the Shareholder. Holders of Class B, BH, BX, C, CH and CX Shares may be subject to a Contingent Deferred Sales Charge in accordance with the table in the "Commission and expenses" section set out in the Appendices.

Payment for Shares redeemed will be effected no later than three Business Days after the relevant Dealing Day for all Funds except the Liquidity Funds. Payment for Shares redeemed from the Euro Liquidity Fund will be effected no later than one Business Day after the relevant Dealing Day. Payment for Shares redeemed from the US Dollar Liquidity Fund will be effected on the Dealing Day the redemption request is processed.

Unless otherwise specified by the Shareholder on the application for redemption, such redemption will be paid in the Reference Currency of the Fund from which the Shareholder is redeeming.

### How to convert Shares

Within a given Class, Shareholders are generally entitled to convert all or part of their Shares of one Fund into Shares of other Funds without charge except in the following circumstances (i) where the amount converted into Shares of the Global Brands Fund is equal to or in excess of USD 1 million and (ii) where a Shareholder's investment in the Company is through Class A or AX Shares of a

Liquidity Fund, and such investment has not yet attracted a Sales Charge. In such circumstances, any subsequent conversion of that investment into one of the other Funds may result in the payment of the applicable Sales Charge for the new Fund based on the amount to be invested in the new Fund (as set out in the table in the "Commission and expenses" section of the relevant Appendix). The Sales Charge will be deducted from the amount to be invested in the new Fund by the Transfer Agent at the time of the conversion and paid to the Distributor.

The application for conversion must include (i) the monetary amount the Shareholder wishes to convert or (ii) the number of Shares the Shareholder wishes to convert, together with the Shareholder's personal details and Shareholder's account number. Failure to provide any of this information may result in delay of the application for conversion whilst verification is being sought from the Shareholder. The application for conversion must be accompanied, as appropriate, by the registered share certificate or by a form of transfer, duly completed, or by any other document providing evidence of transfer. Shareholders will not be entitled to convert their Shares from one Class to another Class without the express approval of the Directors.

The Directors may refuse to accept a conversion application if it is detrimental to the interests of the Company or the Shareholders taking into account the monetary amount or number of Shares to be converted, market conditions or any other circumstances. The Directors may for example as such decide to refuse a conversion application to protect a Fund and the Shareholders from the effects of short term trading or may limit the number of conversions between Funds which are permitted.

Where the amount converted into Shares of the Global Brands Fund is equal to or in excess of USD 1 million, the Directors may impose a fee of 2% on the conversion amount, which fee will be payable to the Global Brands Fund for the benefit of all Shareholders of the Global Brands Fund.

### General

Applications received by the Transfer Agent on any Dealing Day before 1.00 pm (CET) will be processed on that Dealing Day based on the Net Asset Value per Share determined on that Dealing Day. Any applications received by the Transfer Agent after 1.00 pm (CET) on any Dealing Day will be processed on the next Dealing Day on the basis of the Net Asset Value per Share next determined.

Applications for subsequent subscriptions, redemptions and conversions may be made by fax or by letter to the Transfer Agent or to a distributor. A Confirmation Note is sent to the applicant by ordinary post (or by fax, electronic or other means) on the Dealing Day the order is processed providing full details of the transaction. It is recommended that applicants check Confirmation Notes on receipt.

A collection agent (that is, an entity located in a Financial Action Task Force country or equivalent country, which collects subscription, redemption and conversion requests on behalf of the Company but does not process them) must receive an application before 1.00 pm (CET) on a Dealing Day in order for the Transfer Agent to process the application on the basis of the Net Asset Value per Share determined for that Dealing Day. Applications received by a collection agent after 1.00 pm (CET) on a Dealing Day will be processed by the Transfer Agent on the basis of the Net Asset Value per Share determined on the next Dealing Day.

If any application for redemption or conversion is received in respect of any one Dealing Day (the "First Dealing Day") which either singly or when aggregated with other applications so received, is more than 10% of the Net Asset Value of any one Fund, the Company reserves the right in its sole and absolute discretion (and acting in the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such First Dealing Day so that not more than 10% of the Net Asset Value of the relevant Fund be redeemed or converted on such First Dealing Day. In circumstances where the 10% threshold is met as a result of the aggregation of a number of applications, only those applications exceeding a threshold, currently 2%, of the Net Asset Value of the relevant Fund, will be scaled down pro rata. For example, if applications representing 1%, 3%, 5% and 6% of the Net Asset Value of a Fund are received, only the applications representing 3%, 5% and 6% will be scaled down pro rata. The Company may in its discretion change the threshold as it may decide is appropriate in which case the Prospectus will be amended accordingly.

The Company's Funds, with the exception of the Liquidity Funds, are not designed for investors with short term investment horizons. Activities which may adversely affect the interests of the Company's Shareholders (for example that disrupt investment strategies or impact expenses) are not permitted. Specifically, market timing is not permitted.

Whilst recognising that Shareholders may have legitimate needs to adjust their investments from time to time, the Directors in their discretion may, if they deem such activities adversely affect the interests of the Company's Shareholders, take action as appropriate to deter such activities.

Accordingly if the Directors determine or suspect that a Shareholder has engaged in such activities, they may suspend, cancel, reject or otherwise deal with that Shareholder's subscription or conversion applications and take any action or measures as appropriate or necessary to protect the Company and its Shareholders. Such measures may include the imposition of a redemption fee on the redemption proceeds of Shareholders whom the Directors determine to have engaged in such activities, or the imposition of limits on the number of conversions of Shares between Funds which are permitted.

To the extent that the Directors consider that it is in the best interests of Shareholders, taking into account factors including the prevailing market conditions, the level of subscriptions and redemptions in a particular Fund and the size of the Fund, the Net Asset Value of a Fund may be adjusted to reflect the estimated dealing spreads, costs and charges to be incurred by the Fund in liquidating or purchasing investments to satisfy the net transactions on a particular Dealing Day. The adjustment shall not exceed 1% of the Net Asset Value of the relevant Fund on the relevant Dealing Day.

A redemption fee of up to 2% of an individual redemption may be applied by the Company where the Directors, in their discretion, determine that the Shareholder has engaged in trading practices which adversely affect the interests of the Company's shareholders. The redemption fee is retained by the Company for the benefit of continuing Shareholders of the relevant Fund and in particular is intended to defray the costs associated with the sale of portfolio securities to satisfy redemption requests, thereby reducing the possible impact of such costs.

The Russian Trading Stock Exchange and the Moscow Interbank Currency Exchange are the only exchanges in the Russian Federation that qualify as Recognised Exchanges within the meaning of Article 41 (1) of the Law of 20th December 2002 on undertakings for collective investment (as amended).

## Additional important information

The Company is established for an unlimited period of time.

Class A Shares (when issued for any Fund other than the Liquidity Funds) are listed on the Luxembourg Stock Exchange. Other Classes of Shares may be listed on the Luxembourg Stock Exchange as the Directors determine from time to time.

| | |
|---|---|
| Launch date of the Company: | 21st November 1988. |
| Total net assets: | USD 24.8 billion (as of 31st December 2007). |
| Promoter: | Morgan Stanley Investment Management Limited. |
| Supervisory authority: | Commission de Surveillance du Secteur Financier, Luxembourg (www.cssf.lu). |
| Custodian Bank: | J.P. Morgan Bank Luxembourg S.A., European Bank and Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg. |
| Investment Adviser: | Morgan Stanley Investment Management Inc., 522 Fifth Avenue, New York, NY 10036, United States of America. |
| Sub Adviser: | Morgan Stanley Investment Management Inc., the Investment Adviser to the Company, has appointed the following Sub-Advisors: Morgan Stanley Investment Management Limited, Morgan Stanley Investment Company, Morgan Stanley Asset & Investment Trust Management Co. Limited, Morgan Stanley Investment Advisors, Inc., Morgan Stanley & Co. International PLC, GDG Asset Management Limited and FrontPoint Partners LLC to advise on such of the Funds as are agreed from time to time. A summary of which Funds are currently advised by each of the Sub-Advisors is available from the registered office of the Company and is included in the Company's Annual and Semi-Annual reports. |
| Subsidiary: | Morgan Stanley SICAV (Mauritius) Limited to carry out exclusively activities consistent with the investment objectives of the Indian Equity Fund. |
| Administrator, Paying Agent and Domiciliary: | J.P. Morgan Bank Luxembourg S.A., 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg. |
| Registrar and Transfer Agent: | RBC Dexia Investor Services Bank S.A., 14, Rue Porte de France, L-4360 Esch-sur-Alzette, Luxembourg. |
| Auditor: | Ernst & Young S.A., 7 Parc d'Activités Syrdall, L-5365 Munsbach, Luxembourg. |
| Website: | www.morganstanleyinvestmentfunds.com The website is directed only to persons located in Austria, Germany, Italy, Luxembourg, Spain, Sweden, Switzerland and the United Kingdom. It is not directed to persons who are residents of the United States of America or who are located in Chile, France, Greece, Hong Kong, Ireland, the Netherlands, Norway, Portugal, Singapore or any country where the Funds are not authorised for distribution or in which the dissemination of information regarding the Funds on the world wide web is not permitted. |

## Further information

*For further information, please contact your Morgan Stanley Representative.*

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS AMERICAN FRANCHISE FUND**
(the "American Franchise Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

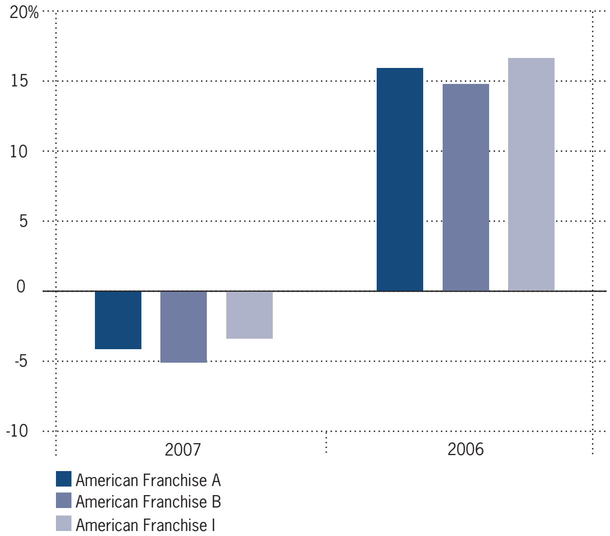
The American Franchise Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, through investment primarily in equity securities of companies domiciled or exercising the predominant part of their economic activity in the US. The Fund will invest in a concentrated portfolio of companies whose success the Company believes depends on intangible assets (for example, but not limited to, brand names, copyrights or methods of distribution) underpinning a strong business franchise. The Fund may also invest, on an ancillary basis, in equity securities of companies domiciled or exercising the predominant part of their economic activity outside the US and in preference shares, debt securities convertible into common shares, warrants on securities and other equity linked securities.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Funds that invest in a limited number of securities are less diversified and therefore may carry greater risk.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| American Franchise Fund A | -4.09 | 15.87 | 0.00 |
| American Franchise Fund B | -5.03 | 14.73 | 0.00 |
| American Franchise Fund I | -3.34 | 16.58 | 0.00 |

### Profile of the typical investor

In light of the American Franchise Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in the "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the American Franchise Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The American Franchise Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 1 December 2005 |
| Total Net Assets: | USD 147.3 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS ASIAN EQUITY FUND**
(the "Asian Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

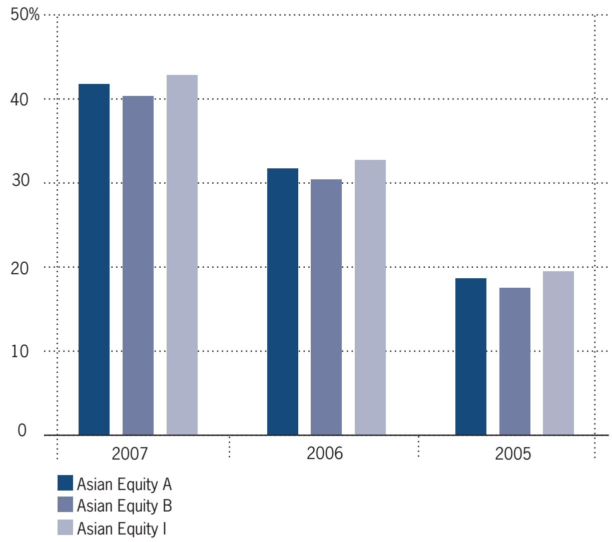
The Asian Equity Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, through investment primarily in the equity securities of companies domiciled in or exercising the predominant part of their economic activity in Asia, excluding Japan, thereby taking advantage of the dynamic economic growth capabilities of the region. The Fund invests in established markets of the region, such as South Korea, Taiwan, Singapore, Malaysia, Hong Kong and Thailand but additional opportunities are also sought, whenever regulations permit, in any of the emerging markets in Asia. The Fund may also invest on an ancillary basis in depositary receipts (including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs) and European Depositary Receipts (EDRs)), debt securities convertible into common shares, preference shares, debentures, warrants and securities not widely traded. **Investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- The fund may invest in depositary receipts (ADRs, GDRs and EDRs). These instruments represent shares in companies trading outside the markets on which the depositary receipts are traded. The depositary receipts are traded on Recognised Exchanges, but there may be other risks associated with the underlying shares of such instruments, such as political, inflationary, exchange rate or custody.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Asian Equity Fund A | 41.71 | 31.64 | 18.60 |
| Asian Equity Fund B | 40.29 | 30.34 | 17.42 |
| Asian Equity Fund I | 42.73 | 32.64 | 19.43 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Asian Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in the "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Asian Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Asian Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | October 1991 |
| Total Net Assets: | USD 777.2 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS**
**ASIAN PROPERTY FUND**
(the "Asian Property Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the simplified prospectus**

### Investment objective and policy

The Asian Property Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, through investment in the equity securities of companies in the Asian real estate industry provided that such securities may be considered as transferable securities within the meaning of Article 41 (1) of the Law of 20th December, 2002 on undertakings for collective investment (as amended). The Fund invests in established markets of the region, such as Singapore, Malaysia, Hong Kong, Thailand, Japan, Australia and New Zealand but additional opportunities are also sought, whenever regulations permit, in markets such as South Korea and Taiwan and in any of the emerging markets in Asia provided that the markets of these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41 (1) of the Law of 20th December, 2002 on undertakings for collective investment (as amended). As markets in other countries develop, the Fund expects to expand and further diversify the emerging markets in which it invests. Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (see Appendix A of the Prospectus – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges. **Investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets.** Companies in the real estate industry may include property development companies, companies principally engaged in the ownership of income-producing property and specialised ownership vehicles such as publicly quoted property unit trusts, provided that, to the extent the Fund invests in unit trusts which can be qualified as open-ended collective investment undertakings, such investment will be made in accordance with the provisions of Appendix A of the Prospectus –Investment Powers and Restrictions. By investing in collective investment vehicles indirectly through the Fund, the investor will bear not only his proportionate share of the management fee of the Fund, but also indirectly, the management expenses of the underlying collective investment vehicles. The Fund may also invest in preference shares, debt securities convertible into common shares and other equity linked instruments. **Investors should refer to "Risk factors" below for special risk considerations applicable to investing in companies principally engaged in the real estate industry.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- There are special risk considerations associated with investing in the securities of companies principally engaged in the real estate industry. These risks include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Asian Property Fund's investments.
- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Property funds invest in a specific industry, and therefore involve greater risk than customarily associated with a more diversified portfolio.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.

### PERFORMANCE


| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Asian Property Fund A | 15.84 | 29.55 | 21.69 |
| Asian Property Fund B | 14.71 | 28.32 | 20.42 |
| Asian Property Fund I | 16.66 | 30.53 | 22.51 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Asian Property Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in the "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Asian Property Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Asian Property Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | September 1997 |
| Total Net Assets: | USD 2,431.6 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EMERGING EUROPE, MIDDLE EAST AND AFRICA EQUITY FUND**

(the "Emerging Europe, Middle East and Africa Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

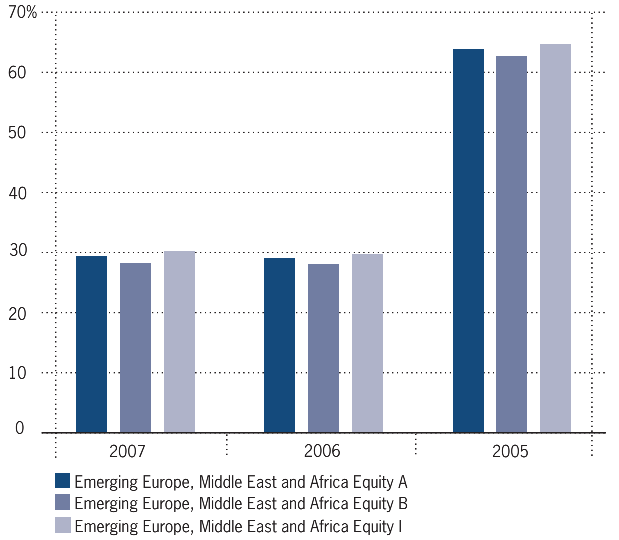
The Emerging Europe, Middle East and Africa Equity Fund's investment objective is to seek long term capital appreciation, measured in Euro, by investing primarily in equity securities of issuers in Central, Eastern and Southern Europe, the Middle East and Africa. The Fund may also invest on an ancillary basis in debt securities convertible into common shares and other equity linked investments of such issuers as well as in equity, equity-linked and debt securities of issuers in the Central Asian states of the former Soviet Union. For the avoidance of doubt, investment in equity securities of issuers in the Russian Federation shall be deemed to be investments in the equity securities of issuers in Central, Eastern and Southern Europe. The markets of countries invested in must be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41 (1) of the Law of 20th December, 2002 on undertakings for collective investment (as amended). Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (subject to Appendix A of the Prospectus – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges. **Investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Emerging Europe, Middle East and Africa Equity Fund A | 29.33 | 28.90 | 63.65 |
| Emerging Europe, Middle East and Africa Equity Fund B | 28.14 | 27.91 | 62.59 |
| Emerging Europe, Middle East and Africa Equity Fund I | 30.08 | 29.60 | 64.59 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Emerging Europe, Middle East and Africa Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in the "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Emerging Europe, Middle East and Africa Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 1.10% | None | – | 1.10% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Emerging Europe, Middle East and Africa Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | October 2000 |
| Total Net Assets: | EUR 484 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EMERGING MARKETS EQUITY FUND**
(the "Emerging Markets Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

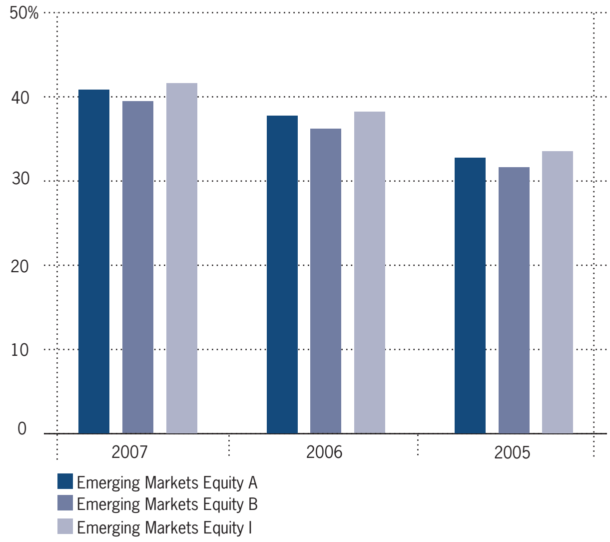
The Emerging Markets Equity Fund's investment objective is to seek to maximise total return, measured in US Dollars, through investment primarily in emerging country equity securities. The Fund will invest in those emerging market countries in which the Company believes that economies are developing strongly and in which the markets are becoming more sophisticated. Such countries include Argentina, Botswana, Brazil, Chile, China, Colombia, Greece, Hungary, India, Indonesia, Jamaica, Jordan, Kenya, Malaysia, Mexico, Nigeria, Pakistan, the Philippines, Poland, Portugal, the Russian Federation, South Africa, South Korea, Sri Lanka, Taiwan, Thailand, Turkey, Venezuela and Zimbabwe, provided that the markets of these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the Law of 20th December 2002 on undertakings for collective investment (as amended). As markets in other countries develop, the Fund expects to expand and further diversify the emerging markets in which it invests. Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (see Appendix A of the Prospectus – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges. The Fund may invest in the securities of companies organised and located in countries other than an emerging market where the value of the company's securities will reflect principally conditions in an emerging country, or where the principal securities trading market for which is in an emerging country, or where 50% of the company's revenue alone or on a consolidated basis is derived from either goods produced, sales made or services performed in emerging countries. The Fund may invest in debt securities convertible into common shares, preference shares and other equity linked instruments. To the extent the Fund's assets are not invested in emerging market equity or equity linked investments, the remainder of the assets may be invested in debt securities. For temporary defensive purposes, during periods in which the Company believes changes in economic, financial or political conditions make it advisable, the Fund may reduce its holdings in emerging country equity securities to below 50% of the Fund's assets and invest in other equity securities or in debt securities. **Investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Emerging Markets Equity Fund A | 40.77 | 37.68 | 32.71 |
| Emerging Markets Equity Fund B | 39.39 | 36.12 | 31.57 |
| Emerging Markets Equity Fund I | 41.56 | 38.15 | 33.47 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Emerging Markets Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in the "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Emerging Markets Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 1.10% | None | – | 1.10% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Emerging Markets Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | July 1993 |
| Total Net Assets: | USD 1,463.5 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROPEAN FUNDAMENTAL EXTENSION FUND**
(the "European Fundamental Extension Fund")[1]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The European Fundamental Extension Fund's investment objective is to seek a long term rate of return in excess of the MSCI Europe Index, measured in Euro primarily by seeking exposure to the equity securities of European companies and may also take exposure to indices of European equities on an ancillary basis. For this purpose, a European company is one which is incorporated in, or which carries out the predominant part of its economic activity in, one or more European countries. The Fund will obtain its exposure to investments either through direct equity investment or through the use of financial derivative instruments. The Fund may also invest in exchange traded funds (ETFs) having the same exposure as mentioned above.

It is expected that the Fund will generally maintain a total long exposure, either through direct investment or through the use of financial derivative instruments and/or ETFs, equivalent to approximately 130% of the Fund's net assets, and a total short exposure, through the use of financial derivative instruments, equivalent to approximately 30% of the Fund's net assets. However, in exceptional circumstances only the Fund's long exposure may range between 100% and 150% of net assets, and the Fund's short exposure may range between 0% and 50% of net assets.

In general, investment decisions will be based on fundamental market factors and stock specific research. However, investment decisions may also be based on quantitative techniques and technical analysis of financial market behaviour. 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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

As the Fund will use financial derivative instruments, Investors should refer to "Risk Factors" below for special risk considerations applicable to use of derivatives which are different from, and, in certain cases, may be greater than, the risks presented by more traditional investments. Investors should note that the investment strategy and risks inherent in the Fund are not typically encountered in traditional equity long only funds. In particular, the Fund may also use derivatives to obtain short exposure to some investments. Should the value of such investments increase rather than fall, the use of derivatives for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to unlimited losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in the Fund.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- A Fund may also use derivatives to short exposure to some investments. Should the value of such investments increase rather than fall, the use of derivatives for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to unlimited losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in that particular Fund.

### PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the European Fundamental Extension Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the medium to long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

[1] The European Fundamental Extension Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the European Fundamental Extension Fund will be made available at the registered office of the Company.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the European Fundamental Extension Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.80% | 1.80% | 2.50% | 0.90% | None | – | 0.90% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 15% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The European Fundamental Extension Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | EUR 0 (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROPEAN EQUITY FUND**
(the "European Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

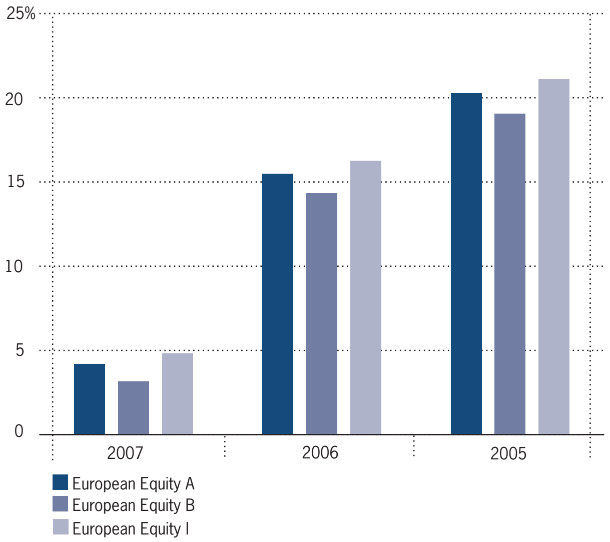
The European Equity Fund's investment objective is to seek long term capital growth measured in Euro, through investment primarily in the equity securities of European companies listed on European stock exchanges. Investments will be sought in equity securities that the Company believes, based on fundamental analysis, exhibit attractive characteristics at the time of purchase. The Fund may also invest, on an ancillary basis, in preference shares, debt securities convertible into common shares and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| European Equity Fund A | 4.16 | 15.43 | 20.22 |
| European Equity Fund B | 3.12 | 14.28 | 19.01 |
| European Equity Fund I | 4.77 | 16.21 | 21.06 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the European Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**Fund's operating expenses charged directly to the European Equity Fund and reflected in the Net Asset Value:**

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.20% | 1.20% | 1.90% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

**Additional important information**

The European Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | March 1991 |
| Total Net Assets: | EUR 229.4 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROPEAN OPTIMISED RESEARCH EXTENSION FUND**
(the "European Optimised Research Extension Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The European Optimised Research Extension Fund's investment objective is to seek an attractive long term rate of return, measured in Euro, in excess of the return generated by the MSCI Europe Index (net of fees).

In pursuit of its objective, the Fund will apply quantitative techniques to Morgan Stanley's stock specific research. The Fund will aim to maintain a certain level of estimated ex ante tracking error relative to the volatility of its benchmark. The Fund will primarily take exposure to the equity securities of European companies and may also take exposure to indices of European equities on an ancillary basis. Exposure may be taken either by direct investment or via the use of financial derivative instruments. The Fund may be invested up to 100% in total return swaps. The Fund may also invest in exchange traded funds (ETFs) having the same exposure as mentioned above. For this purpose, a European company is one which is incorporated in, or which carries out the predominant part of its economic activity in one or more European countries.

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 of the Prospectus) 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 will take long and short exposure to European equities and equity indices. It is expected that the Fund will generally maintain a total long exposure, either through direct investment or through the use of financial derivative instruments and/or ETFs, between 100% and 150% of the Fund's total net asset value ("NAV"), and a total short exposure, through the use of financial derivative instruments, between 0% and 50% of the Fund's NAV. The level of long/short exposure will vary depending on the estimated ex ante tracking error being targeted by the Fund.

However, the Fund's long and short exposure may at times be entirely composed of financial derivative instruments in a diversified range of equity and equity related securities. The exposure related to the use of derivatives in this case shall not exceed the NAV of the Fund. This means that the global exposure relating to the use of derivative instruments may not exceed 100% of the Fund's NAV.

As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to use of derivatives which are different from, and, in certain cases, may be greater than, the risks presented by more traditional investments. Investors should note that the investment strategy and risks inherent in the Fund are not typically encountered in traditional equity long only funds. In particular, the Fund may also use derivatives to obtain short exposure to some investments. Should the value of such investments increase rather than fall, the use of derivatives for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to unlimited losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in the Fund.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- A Fund may also use derivatives to short exposure to some investments. Should the value of such investments increase rather than fall, the use of derivatives for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to unlimited losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in that particular Fund.

### PERFORMANCE

Not yet available

### Profile of the typical investor

In light of the European Optimised Research Extension Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities
- Seek capital appreciation over the medium to long term
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of Income"

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the European Optimised Research Extension Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.80% | 1.80% | 2.50% | 0.90% | None | – | 0.90% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 15% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The European Optimised Research Extension Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2008 |
| Total Net Assets: | EUR 0 (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROPEAN EQUITY OPPORTUNITIES FUND**
(the "European Equity Opportunities Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

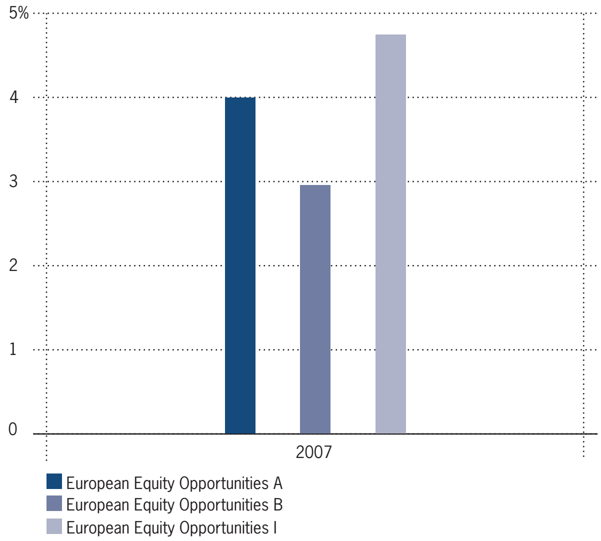
The European Equity Opportunities Fund's investment objective is to seek an attractive long term rate of return, measured in Euro, through investment primarily in a concentrated portfolio of equity securities of companies domiciled or exercising the predominant part of their economic activity in European countries. Investments will be sought in equity securities that the Company believes to have the highest potential for long term capital appreciation based primarily on fundamental market factors and stock specific research. Such companies will include companies whose equity securities are traded on a stock exchange in Europe or whose securities are traded over the counter in the form of American Depository Receipts (ADRs) or European Depository Receipts (EDRs) (subject to Appendix A – Investment Powers and Restrictions). The Fund may also invest, on an ancillary basis, in debt securities issued or guaranteed by European governments, debt securities convertible into common shares, preference shares, warrants and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- The Fund may invest in depositary receipts (ADRs and EDRs). These instruments represent shares in companies trading outside the markets on which the depositary receipts are traded. The depositary receipts are traded on Recognised Exchanges, but there may be other risks associated with the underlying shares of such instruments, such as political, inflationary, exchange rate or custody.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| European Equity Opportunities Fund A | 3.99 | 0.00 | 0.00 |
| European Equity Opportunities Fund B | 2.95 | 0.00 | 0.00 |
| European Equity Opportunities Fund I | 4.74 | 0.00 | 0.00 |

### Profile of the typical investor

In light of the European Equity Opportunities Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the European Equity Opportunities Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The European Equity Opportunities Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 21 December 2006 |
| Total Net Assets: | EUR 32.4 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROPEAN PROPERTY FUND**
(the "European Property Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

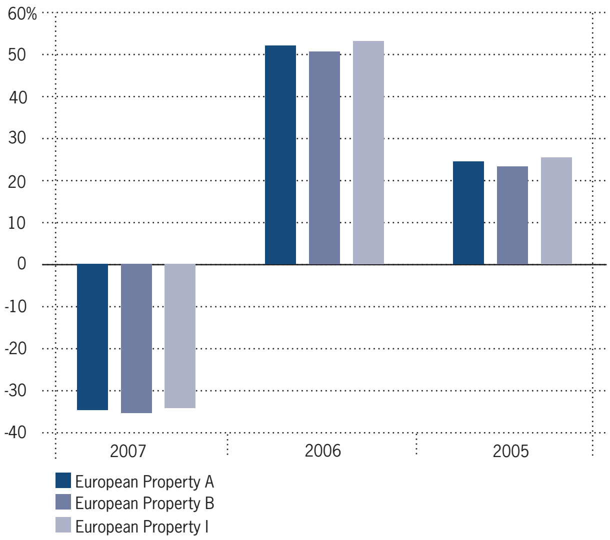
The European Property Fund's investment objective is to seek long term capital appreciation, measured in Euro, through investment in the equity securities of companies in the European real estate industry provided that such securities may be considered as transferable securities within the meaning of Article 41(1) of the Law of 20th December 2002 on undertakings for collective investment (as amended). The Fund will seek to achieve its investment objective by investing in the securities of European companies, including but not limited to, those located in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. Investments may also be made in equity securities of companies located in the smaller and emerging markets of Europe. These securities pose greater liquidity risks and other risks than securities of companies located in developed countries and traded in more established markets. **Investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets.** Investment may also be made from time to time in non-European companies whose business is conducted primarily in Europe. The Fund may also invest in preference shares, debt securities convertible into common shares and other equity linked instruments. Companies in the real estate industry may include property development companies, companies principally engaged in the ownership of income-producing property and specialised ownership vehicles such as publicly quoted property unit trusts provided that, to the extent the Fund invests in unit trusts which can be qualified as open-ended collective investment undertakings, such investment will be made in accordance with the provisions in Appendix A of the Prospectus – Investment Powers and Restrictions. By investing in collective investment vehicles indirectly through the Fund, the investor will bear not only his proportionate share of the management fee of the Fund, but also indirectly, the management expenses of the underlying collective investment vehicles. **Investors should refer to "Risk factors" below for special risk considerations applicable to investing in companies principally engaged in the real estate industry.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- There are special risk considerations associated with investing in the securities of companies principally engaged in the real estate industry. These risks include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the European Property Fund's investments.
- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Property funds invest in a specific industry, and therefore involve greater risk than customarily associated with a more diversified portfolio.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| European Property Fund A | -34.80 | 52.02 | 24.43 |
| European Property Fund B | -35.45 | 50.53 | 23.18 |
| European Property Fund I | -34.33 | 53.05 | 25.39 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the European Property Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the European Property Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The European Property Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | September 1997 |
| Total Net Assets: | EUR 333.7 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROPEAN SMALL CAP VALUE FUND**
(the "European Small Cap Value Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

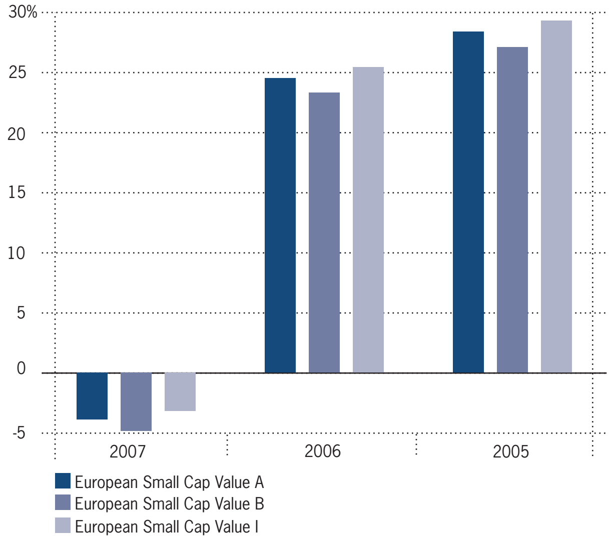
The European Small Cap Value Fund's investment objective is to provide an attractive rate of return, measured in Euro, by investing primarily in the common stocks of small sized European corporations with a market capitalisation of up to US$5 billion (or equivalent) that the Company believes to be undervalued relative to the stock market in general at the time of purchase. Investments in the securities of small capitalisation corporations involve greater risk and the markets for such securities may be more volatile and less liquid. The Fund intends to invest primarily in securities listed on stock exchanges or other Regulated Markets; as such it may also purchase or sell such securities in over-the-counter markets. The Fund may invest, on an ancillary basis, in the stocks of European Corporations with a market capitalisation over US$5 billion, in debt securities convertible into common shares, preference shares and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Investments in small and medium sized companies involve greater risks than those customarily associated with larger companies.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| European Small Cap Value Fund A | -3.90 | 24.50 | 28.34 |
| European Small Cap Value Fund B | -4.85 | 23.26 | 27.08 |
| European Small Cap Value Fund I | -3.19 | 25.38 | 29.27 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the European Small Cap Value Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the European Small Cap Value Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.95% | None | – | 0.95% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The European Small Cap Value Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | November 2001 |
| Total Net Assets: | EUR 57 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROZONE EQUITY OPPORTUNITIES FUND

(the "Eurozone Equity Opportunities Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Eurozone Equity Opportunities Fund's investment objective is to seek an attractive long term rate of return, measured in Euro, through investment primarily in a concentrated portfolio of equity securities of companies domiciled or exercising the predominant part of their economic activity in the Eurozone (being those member states of the European Union which have adopted the Euro as their national currency). Investments will be sought in equity securities that the Company believes to have the highest potential for long term capital appreciation based primarily on fundamental market factors and stock specific research. Such companies will include companies whose equity securities are traded on a stock exchange in the Eurozone or whose securities are traded over the counter in the form of American Depository Receipts (ADRs) or European Depository Receipts (EDRs) (subject to Appendix A – Investment Powers and Restrictions). The Fund may also invest, on an ancillary basis, in debt securities issued or guaranteed by governments of those member states in the Eurozone, debt securities convertible into common shares, preference shares, warrants and other equity linked instruments.

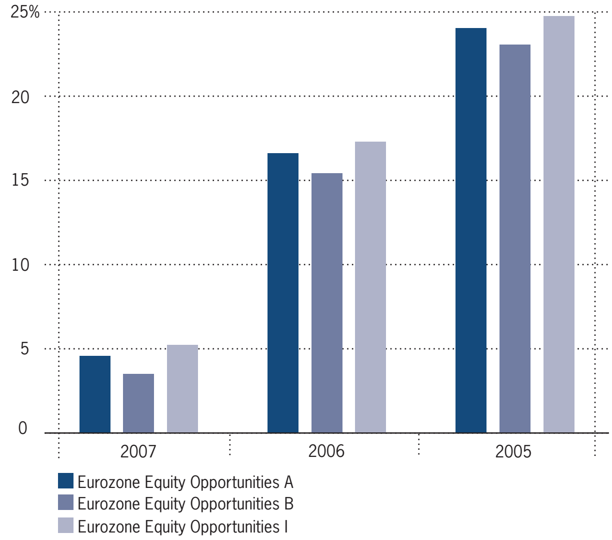
When hedging investments to Euro, the Fund will enter into currency hedging transactions (as permitted in Appendix A – Investment Powers and Restrictions). There is no guarantee that the currency exposure of the Fund to investments not denominated in Euro will be completely eliminated.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- The Fund may invest in depositary receipts (ADRs and EDRs). These instruments represent shares in companies trading outside the markets on which the depositary receipts are traded. The depositary receipts are traded on Recognised Exchanges, but there may be other risks associated with the underlying shares of such instruments, such as political, inflationary, exchange rate or custody.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Eurozone Equity Opportunities Fund A | 4.53 | 16.58 | 23.99 |
| Eurozone Equity Opportunities Fund B | 3.45 | 15.38 | 23.00 |
| Eurozone Equity Opportunities Fund I | 5.18 | 17.25 | 24.70 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Eurozone Equity Opportunities Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Eurozone Equity Opportunities Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Eurozone Equity Opportunities Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 3 April 2000 |
| Total Net Assets: | EUR 104.9 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL BRANDS FUND**
(the "Global Brands Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

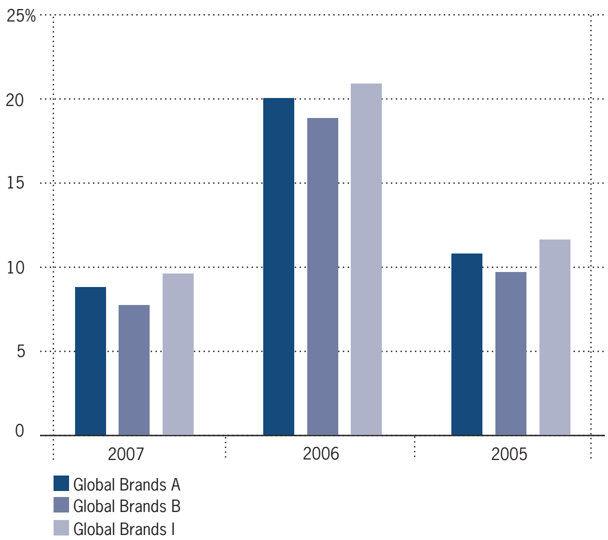
The Global Brands Fund's investment objective is to seek an attractive long term rate of return, measured in US Dollars, through investment principally in equity securities of companies in the world's developed countries. The Fund will invest in a concentrated portfolio of companies whose success the Company believes depends on intangible assets (for example but not limited to brand names, copyrights or methods of distribution) underpinning a strong business franchise. The Fund may also invest on an ancillary basis in preference shares, debt securities convertible into common shares or preference shares, warrants on securities and other equity linked securities.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Funds that invest in a limited number of securities are less diversified, and therefore may carry greater risk.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Brands Fund A | 8.79 | 20.01 | 10.77 |
| Global Brands Fund B | 7.71 | 18.81 | 9.66 |
| Global Brands Fund I | 9.58 | 20.87 | 11.59 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Global Brands Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distribution, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None* | None | | None |
| Z/ZH/ZX | Up to 1.00%* | None | | None |
| I/IH/IX | Up to 3.00%* | None | | None |
| A/AH/AX | Up to 5.75%* | None | | None |
| B/BH/BX | None* | Time Period Since Subscription: | CDSC: | None |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None* | Time Period Since Subscription: | CDSC: | None |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None* | None | | None |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

* Where the amount subscribed or converted into Shares of the Global Brands Fund is equal to or in excess of USD 1 million, the Directors may impose a fee of 2% on the subscription or conversion amount, which fee will be payable to the Global Brands Fund for the benefit of all Shareholders of the Global Brands Fund.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Fund's operating expenses charged directly to the Global Brands Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Brands Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | October 2000 |
| Total Net Assets: | USD 3,033.9 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL EQUITY GROWTH FUND**
(the "Global Equity Growth Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Global Equity Growth Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, through investment principally in growth orientated equity securities of companies listed on the world's stock exchanges. The Fund may also invest, on an ancillary basis, in debt securities convertible into common shares, preference shares, warrants on securities and other equity linked securities.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Funds that invest in a limited number of securities are less diversified, and therefore may carry greater risk.

### PERFORMANCE


| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Equity Growth Fund A | 17.29 | 0.00 | 0.00 |
| Global Equity Growth Fund B | 16.09 | 0.00 | 0.00 |
| Global Equity Growth Fund I | 18.05 | 0.00 | 0.00 |

### Profile of the typical investor

In light of the Global Equity Growth Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Equity Growth Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Equity Growth Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 31 July 2006 |
| Total Net Assets: | USD 27.8 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL INFRASTRUCTURE EQUITY FUND**
(the "Global Infrastructure Equity Fund")[2]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Global Infrastructure Equity Fund's investment objective is to provide capital growth over the medium to long term, by primarily taking exposure to listed securities of companies that own or operate infrastructure assets, diversified across sectors and geographic regions.

In pursuit of the Fund's investment objective, the investment adviser will use a systematic selection process, to identify those companies and infrastructure sectors to which it will take exposure. Infrastructure sectors include, but are not limited to, energy, transportation, telecommunication, utilities and social infrastructure.

The Fund will primarily take exposure to the equity securities of companies which are expected to benefit directly or indirectly from growth in demand for infrastructure assets, including companies which operate or own (directly or indirectly) infrastructure assets such as toll roads, airports and utility companies and may also take exposure to indices of such equity securities on an ancillary basis. Exposure may be taken either by direct investment or via the use of financial derivative instruments. The Fund may also invest, on an ancillary basis, in debt instruments, convertibles, preference shares, warrants on securities, close end funds and other equity linked instruments.

The Fund may also use a range of allowable fixed income and financial instruments including; deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents. The Fund may also invest in the units of UCITS or other permitted undertakings for collective investment, including exchange traded funds.

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 Sections 4 and 5 of Appendix A of the Prospectus enter into securities lending and repurchase agreements and make use of exchange traded and over-the-counter options, futures and other derivatives (including swaps over eligible commodity indices).

[2] The Global Infrastructure Equity Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Global Infrastructure Equity Fund will be made available at the registered office of the Company.

The Fund may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

The Fund's long and short exposure may at times be entirely composed of financial derivative instruments giving exposure to a diversified range of equity and equity related securities. The exposure related to the use of derivatives in this case shall not exceed the NAV of the Fund. This means that the global exposure relating to the use of derivative instruments may not exceed 100% of the Fund's NAV.

As the Fund may use financial derivative instruments, and may, as a global fund, be exposed to emerging markets, investors should refer to "Risk Factors" below for special risk considerations applicable to use of derivatives and emerging markets. Investors should note that the investment strategy and risks inherent in the Fund are not typically encountered in traditional equity long only funds. In particular, the Fund may also use derivatives to obtain short exposure to some investments. Should the value of such investments increase rather than fall, the use of derivatives for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to unlimited losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in the Fund.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the Global Infrastructure Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Infrastructure Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.50% | 1.50% | 2.30% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Infrastructure Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | USD 0 (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL PROPERTY FUND**
(the "Global Property Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Global Property Fund's investment objective is to seek to provide current income and long term capital appreciation, measured in US Dollars, primarily through investment in the equity securities of companies in the real estate industry located throughout the world's developed countries and emerging markets. Such securities must be considered to be transferable securities and the markets of the countries of the securities considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the Law of 20th December 2002 on undertakings for collective investment (as amended). Investments in securities listed on exchanges which are not considered to be Recognised Exchanges shall be treated as investments in non-listed securities (see Appendix A of the Prospectus – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges. In selecting securities for investment, the Fund will consider such factors as the nature, quality, marketability and leasing potential of the underlying properties, as well as the quality of the tenants, and the management of the company. The Fund may also invest on an ancillary basis in preference shares, debt securities convertible into common shares and other equity linked instruments.

Investment in the equity securities of companies located in smaller and emerging markets pose greater liquidity risks and other risks than securities of companies located in developed countries and traded in more established markets. **Investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets.**

The Fund intends to invest in the publicly traded securities of closed-ended United States equity Real Estate Investment Trusts (REITS) and similar Real Estate Operating Companies (REOCS). REITS and REOCS are companies that acquire and/or develop real property for long term investment purposes. They invest the majority of their assets directly in real property and derive their income primarily from rents. By investing in REITS through the Fund the investor will bear not only his proportionate share of the management fees of the Fund but also indirectly, the management expenses of the underlying REITS and REOCs. A REIT will not be subject to US income or capital gains tax at the REIT level on the income and gains distributed to shareholders ifit complies with several requirements relating to its organisation, ownership, assets, income, and capital gains. However, a REOC is subject to US income and capital gains tax at the company level. Generally, the taxable income distributed by a regularly traded REIT or REOC to the Fund should be subject to a rate of US withholding tax of 30%. Generally, distributions by a REIT and a REOC of capital gains arising from the disposition of US real estate will be subject to withholding tax of 35% for which a refund may not be available. Distributions which are considered to be a return of capital are generally not subject to the 35% withholding tax.

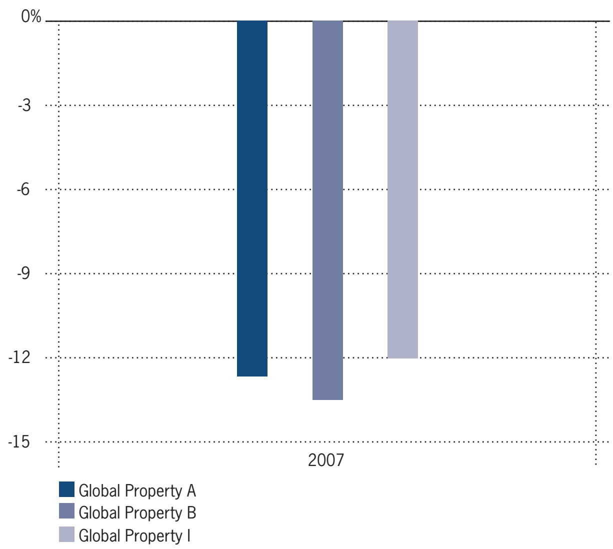
Companies in the real estate industry may include property development companies, companies principally engaged in the ownership of income-producing property and specialised ownership vehicles such as publicly quoted property unit trusts, provided that, to the extent the Fund invests in unit trusts which can be qualified as open-ended collective investment undertakings, such investment will be made in accordance with the provisions of Appendix A of the Prospectus – Investment Powers and Restrictions. By investing in collective investment vehicles indirectly through the Fund, the investor will bear not only his proportionate share of the management fee of the Fund, but also indirectly, the management expenses of the underlying collective investment vehicles. **Investors should refer to "Risk Factors" below for special risk considerations applicable to investing in companies principally engaged in the real estate industry.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Funds that invest in a limited number of securities are less diversified, and therefore may carry greater risk.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Property Fund A | -12.69 | 0.00 | 0.00 |
| Global Property Fund B | -13.52 | 0.00 | 0.00 |
| Global Property Fund I | -12.05 | 0.00 | 0.00 |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Global Property Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Property Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.50% | 1.50% | 2.30% | 0.85% | None | – | 0.85% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Property Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 31 October 2006 |
| Total Net Assets: | USD 79.1 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL SMALL CAP VALUE FUND**
(the "Global Small Cap Value Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

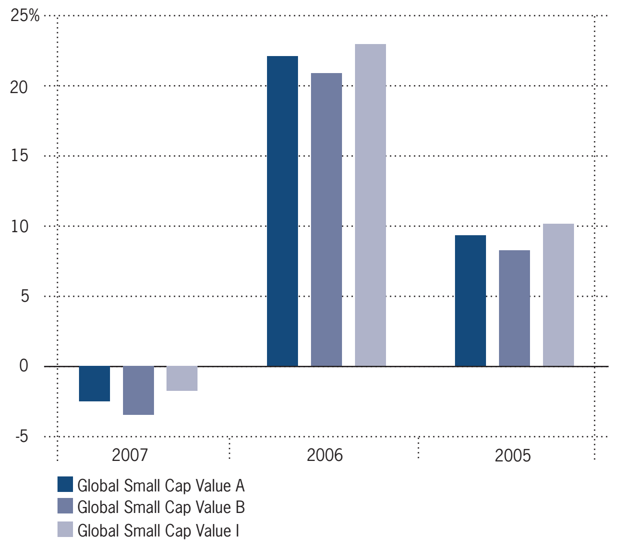
The Global Small Cap Value Fund's investment objective is to provide an attractive rate of return, measured in US Dollars, by investing in the common stocks of small to medium sized corporations that the Company believes to be undervalued relative to the stock market in general at the time of purchase. Investments will be sought primarily in common shares of corporations domiciled in developed countries, but limited investment may be made in the securities of corporations in developing countries as well. Investment in securities of corporations in developing countries will not normally exceed 5% of the Fund. Investments in the securities of small capitalisation corporations involve greater risk and the markets for such securities may be more volatile and less liquid. The Fund intends to invest primarily in securities listed on stock exchanges; however, it may also invest in securities traded in over-the-counter markets. The Fund may invest, on an ancillary basis, in debt securities convertible into common shares, preference shares and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Investments in small and medium sized companies involve greater risks than those customarily associated with larger companies.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Small Cap Value Fund A | -2.50 | 22.05 | 9.30 |
| Global Small Cap Value Fund B | -3.47 | 20.85 | 8.22 |
| Global Small Cap Value Fund I | -1.78 | 22.92 | 10.11 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Global Small Cap Value Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Small Cap Value Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.95% | None | – | 0.95% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Small Cap Value Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | December 1993 (This Fund was reconstructed in March 1998) |
| Total Net Assets: | USD 145.3 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL VALUE EQUITY FUND**
(the "Global Value Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

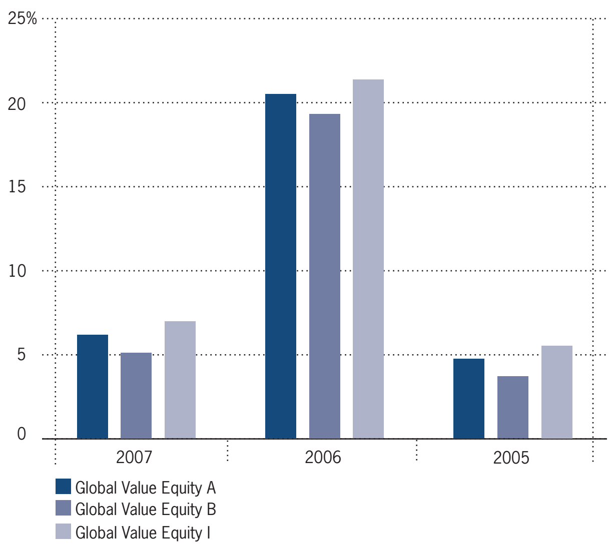
The Global Value Equity Fund's investment objective is to seek an attractive long term rate of return, measured in US Dollars, through investment principally in equity securities of companies listed on the world's stock exchanges. Investments will be sought primarily in equity securities of companies domiciled in developed countries, but limited investment may be made in the securities of companies in developing countries as well. Investment in securities of companies in developing countries will not normally exceed 10% of the Fund's Net Asset Value. The Fund may also invest in preference shares, debt securities convertible into common shares and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Value Equity Fund A | 6.14 | 20.47 | 4.73 |
| Global Value Equity Fund B | 5.09 | 19.29 | 3.68 |
| Global Value Equity Fund I | 6.94 | 21.32 | 5.50 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Global Value Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Fund's operating expenses charged directly to the Global Value Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Value Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | November 1989 |
| Total Net Assets: | USD 740.5 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS INDIAN EQUITY FUND**
(the "Indian Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

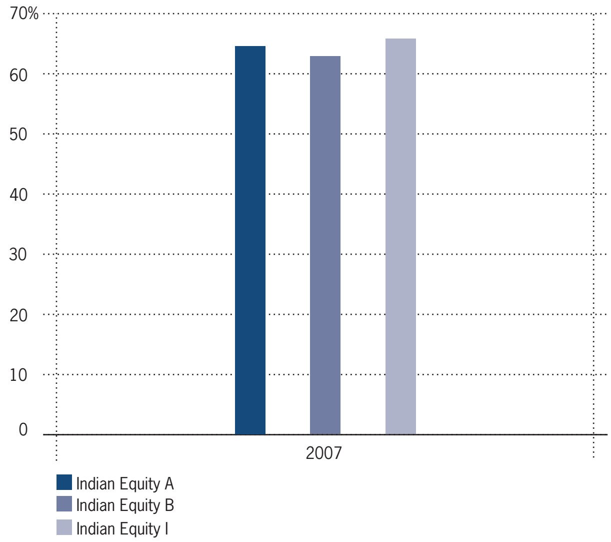
The Indian Equity Fund's investment objective is to seek long term capital appreciation, measured in US Dollars by investment through the Subsidiary, primarily in the equity securities of companies domiciled or exercising the predominant part of their economic activity in India. The Fund, through the Subsidiary, may also invest, on an ancillary basis, in companies listed on Indian stock exchanges which may not be domiciled or exercising the predominant part of their economic activity in India, in depositary receipts (including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs) and European Depositary Receipts (EDRs)), debt securities convertible into common shares, preference shares, debentures, warrants on securities and other equity linked securities. The Fund, through the Subsidiary, will invest in a concentrated portfolio of companies. **Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to emerging markets.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Funds that invest in a limited number of securities are less diversified, and therefore may carry greater risk.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Indian Equity Fund A | 64.50 | 0.00 | 0.00 |
| Indian Equity Fund B | 62.78 | 0.00 | 0.00 |
| Indian Equity Fund I | 65.71 | 0.00 | 0.00 |

### Profile of the typical investor

In light of the Indian Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in the "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Indian Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.90% | None | – | 0.90% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Indian Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 30 November 2006 |
| Total Net Assets: | USD 86.8 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS JAPANESE EQUITY ADVANTAGE FUND**
(the "Japanese Equity Advantage Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

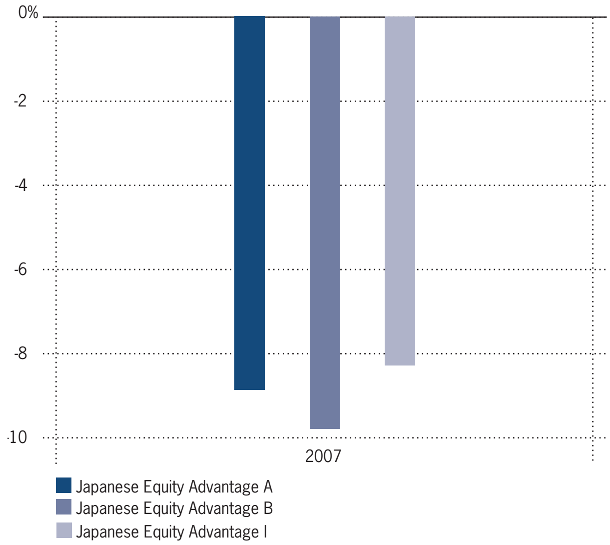
The Japanese Equity Advantage Fund's investment objective is to seek long term capital appreciation, measured in Yen, through investment primarily in the equity securities of companies domiciled in or exercising the predominant part of their economic activity in Japan and which are listed on any exchanges or over the counter markets (subject to Appendix A of the Prospectus – Investment Powers and Restrictions). The Fund will invest in companies who make advantageous use not only of their capital but also their intangible assets (for example, but not limited to, brand values, technical development or strong customer base). The Fund may also invest, on an ancillary basis, in debt securities convertible into common shares and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Funds that invest in a limited number of securities are less diversified, and therefore may carry greater risk.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Japanese Equity Advantage Fund A | -8.88 | 0.00 | 0.00 |
| Japanese Equity Advantage Fund B | -9.80 | 0.00 | 0.00 |
| Japanese Equity Advantage Fund I | -8.29 | 0.00 | 0.00 |

### Profile of the typical investor

In light of the Japanese Equity Advantage Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Japanese Equity Advantage Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Japanese Equity Advantage Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 31 May 2006 |
| Total Net Assets: | JPY 2,289.4 million (as of 31 December 2007) |
| Reference currency: | Yen (JPY) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS JAPANESE EQUITY GROWTH FUND**
(the "Japanese Equity Growth Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

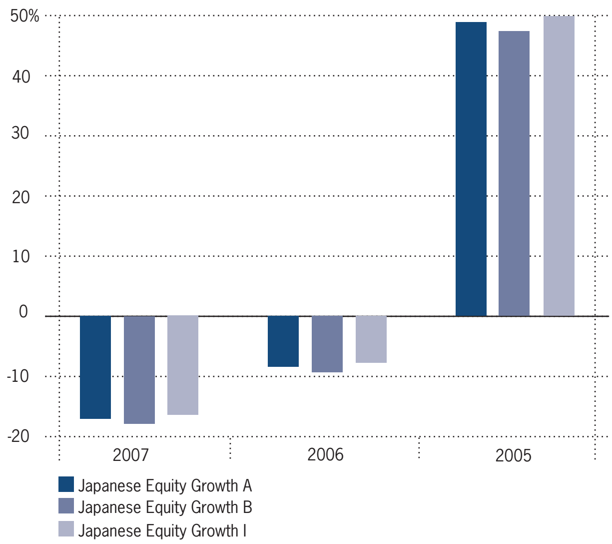
The Japanese Equity Growth Fund's investment objective is to seek long term capital appreciation, measured in Yen, through investment primarily in the equity securities of growth orientated small, medium and large sized companies (with an emphasis, as the Investment Adviser may decide, on small and medium sized companies) domiciled in or exercising the predominant part of their economic activity in Japan and which are listed on any exchanges or over the counter markets (subject to Appendix A of the Prospectus – Investment Powers and Restrictions). The Fund may also invest on an ancillary basis, in debt securities convertible into common shares and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Japanese Equity Growth Fund A | -17.10 | -8.47 | 48.76 |
| Japanese Equity Growth Fund B | -17.86 | -9.38 | 47.32 |
| Japanese Equity Growth Fund I | -16.49 | -7.81 | 49.83 |

*The graph above shows past performance in Yen. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Japanese Equity Growth Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Fund's operating expenses charged directly to the Japanese Equity Growth Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.95% | None | – | 0.95% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Japanese Equity Growth Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | July 2000 |
| Total Net Assets: | JPY 9,457.1 million (as of 31 December 2007) |
| Reference currency: | Yen (JPY) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS JAPANESE VALUE EQUITY FUND**
(the "Japanese Value Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

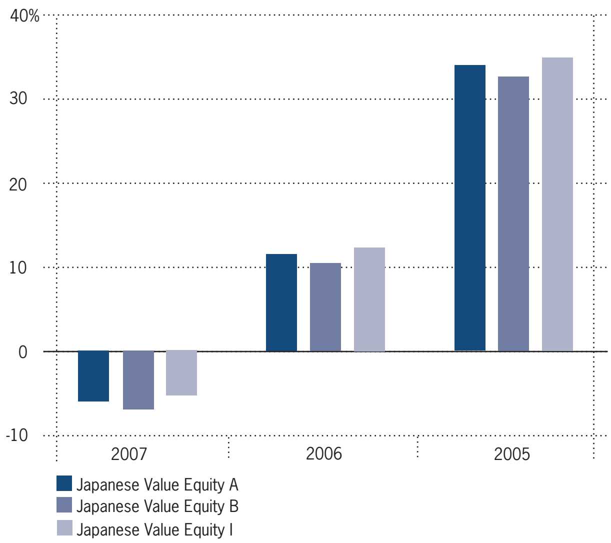
The Japanese Value Equity Fund's investment objective is to seek long term capital appreciation, measured in Yen, through investment in the securities of companies listed on the exchanges and over-the-counter markets in Japan. The Fund is primarily invested in the equity securities of Japanese companies, but may also invest in debt securities convertible into common shares and other equity linked instruments.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Japanese Value Equity Fund A | -6.03 | 11.51 | 33.91 |
| Japanese Value Equity Fund B | -6.97 | 10.41 | 32.57 |
| Japanese Value Equity Fund I | -5.35 | 12.35 | 34.88 |

*The graph above shows past performance in Yen. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Japanese Value Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Fund's operating expenses charged directly to the Japanese Value Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Japanese Value Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | May 1993 |
| Total Net Assets: | JPY 130,806.8 million (as of 31 December 2007) |
| Reference currency: | Yen (JPY) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS LATIN AMERICAN EQUITY FUND**
(the "Latin American Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

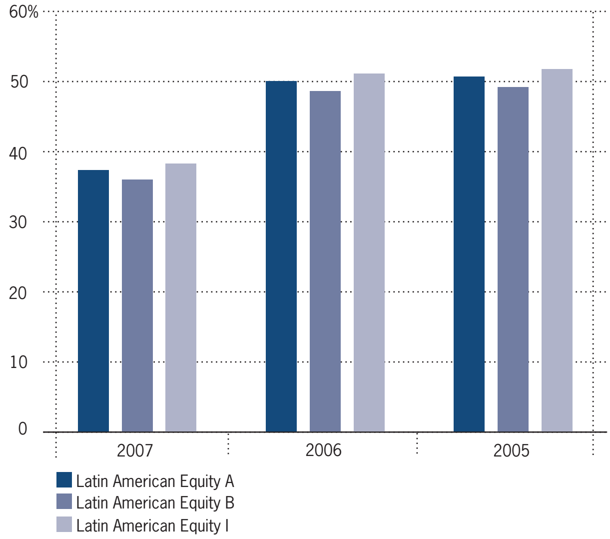
The Latin American Equity Fund's investment objective is to seek to maximise total return, measured in US Dollars, through investment primarily in the common shares of companies incorporated in Latin American countries. Such Latin American countries include Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela provided that the markets in these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the Law of 20th December 2002 on undertakings for collective investment (as amended). As markets in other countries develop, the Fund expects to expand and further diversify the Latin American markets in which it invests. From time to time, the Fund's investments may be concentrated in a limited number of countries. Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (see Appendix A of the Prospectus – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges. The Fund may invest in the securities of companies organised and located in countries other than the Latin American countries where the value of the company's securities will reflect principally conditions in a Latin American country or where the principal securities trading market is in a Latin American country, or where 50% of the company's revenue alone or on a consolidated basis is derived from either goods produced, sales made or services performed in Latin American countries. The Fund may also invest in debt securities convertible into common shares, preference shares and other equity linked instruments. To the extent the Fund's assets are not invested in equity or equity linked instruments, the remainder of the assets may be invested in debt securities. For temporary defensive purposes, during periods in which the Company believes changes in economic, financial or political conditions make it advisable, the Fund may reduce its holding in Latin American equities to below 80% of the Fund's assets and invest in other equity and debt securities. **Investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Latin American Equity Fund A | 37.29 | 49.97 | 50.62 |
| Latin American Equity Fund B | 35.90 | 48.53 | 49.08 |
| Latin American Equity Fund I | 38.20 | 50.99 | 51.64 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Latin American Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Latin American Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 1.00% | None | – | 1.00% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Latin American Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | August 1994 |
| Total Net Assets: | USD 1,751.5 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS US EQUITY FUND**
(the "US Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

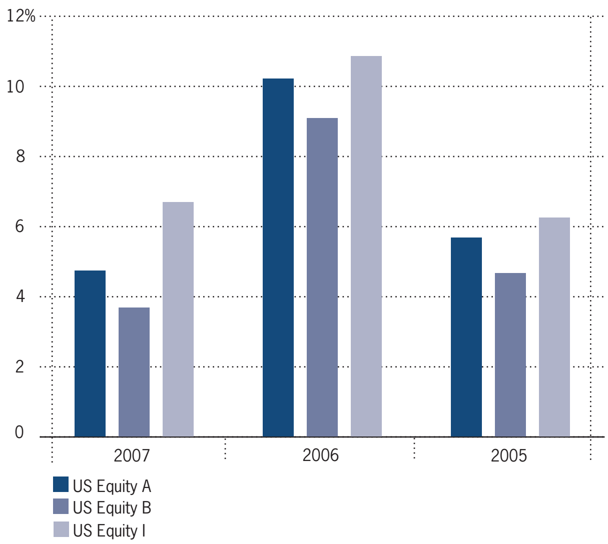
The US Equity Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, through investment primarily in equity securities of medium to large sized US companies. The Fund may also invest on an ancillary basis in stocks of small companies and foreign securities, debt securities issued or guaranteed by the US government, debt securities convertible into common shares, preference shares, warrants on securities and other equity linked securities. The Fund will make use of qualitative and quantitative risk controls to limit relative volatility.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| US Equity Fund A | 4.73 | 10.21 | 5.67 |
| US Equity Fund B | 3.67 | 9.08 | 4.65 |
| US Equity Fund I | 6.68 | 10.84 | 6.24 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the US Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription:<br>0-365 Days<br>1-2 Years<br>2-3 Years<br>3-4 Years<br>4 Years and thereafter | CDSC:<br>4.00%<br>3.00%<br>2.00%<br>1.00%<br>None | None, except for the conversion into Global Brands Fund |
| C/CH/CX | None | Time Period Since Subscription:<br>0-365 Days<br>and thereafter | CDSC:<br>1.00%<br>None | None, except for the conversion into Global Brands Fund |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Fund's operating expenses charged directly to the US Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.20% | 1.20% | 1.90% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The US Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | December 2001 |
| Total Net Assets: | USD 12.9 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS US EQUITY GROWTH FUND**
(the "US Equity Growth Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

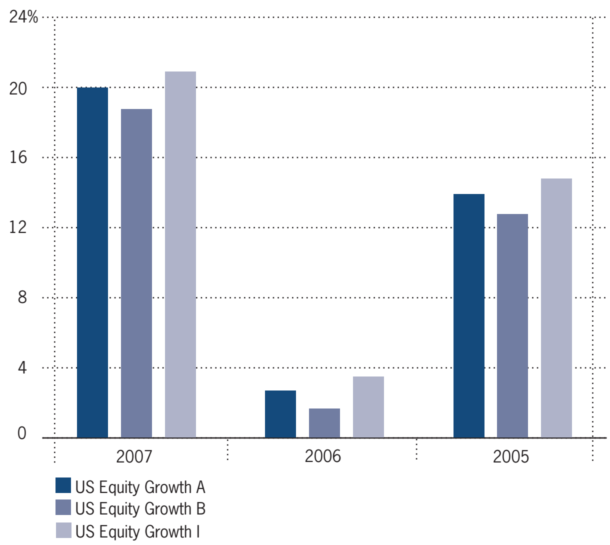
The US Equity Growth Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, through investment principally in growth oriented equity securities of large capitalisation companies domiciled or exercising the predominant part of their economic activity in the US. The Fund may also invest on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, preference shares, warrants on securities and other equity linked securities.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| US Equity Growth Fund A | 19.94 | 2.66 | 13.89 |
| US Equity Growth Fund B | 18.74 | 1.64 | 12.74 |
| US Equity Growth Fund I | 20.86 | 3.48 | 14.77 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the US Equity Growth Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription:<br>0-365 Days<br>1-2 Years<br>2-3 Years<br>3-4 Years<br>4 Years and thereafter | CDSC:<br><br>4.00%<br>3.00%<br>2.00%<br>1.00%<br>None | None, except for the conversion into Global Brands Fund |
| C/CH/CX | None | Time Period Since Subscription:<br>0-365 Days and thereafter | CDSC:<br><br>1.00%<br>None | None, except for the conversion into Global Brands Fund |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Fund's operating expenses charged directly to the US Equity Growth Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The US Equity Growth Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | August 1992 |
| Total Net Assets: | USD 974 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS US PROPERTY FUND**
(the "US Property Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

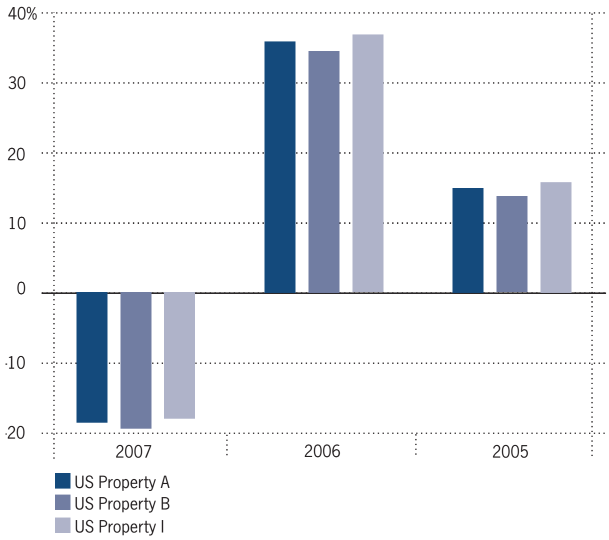
The US Property Fund's investment objective is to seek to provide above average current income and long term capital appreciation, measured in US Dollars, by investing in equity securities of companies in the US real estate industry. The Fund intends to invest in the publicly traded securities of closed-ended United States equity Real Estate Investment Trusts (REITS) and similar Real Estate Operating Companies (REOCS). REITS and REOCS are companies that acquire and/or develop real property for long term investment purposes. They invest the majority of their assets directly in real property and derive their income primarily from rents. In selecting securities for investment, the Fund will consider such factors as the nature, quality, marketability and leasing potential of the underlying properties, as well as the quality of the tenants, and the management of the company. By investing in REITS through the Fund the investor will bear not only his proportionate share of the management fees of the Fund but also indirectly, the management expenses of the underlying REITS and REOCs. **Investors should refer to "Risk factors" below for special risk considerations applicable to investing in companies principally engaged in the real estate industry.** A REIT will not be subject to US income or capital gains tax at the REIT level on the income and gains distributed to shareholders if it complies with several requirements relating to its organisation, ownership, assets, income, and capital gains. However, a REOC is subject to US income and capital gains at the company level. Generally, the taxable income distributed by a regularly traded REIT or REOC to the Fund should be subject to a rate of US withholding tax of 30%. Generally distributions by a REIT and a REOC of capital gains arising from the disposition of US real estate will be subject to withholding tax of 35% for which a refund may not be available. Distributions which are considered to be a return of capital are generally not subject to the 35% withholding tax.[3]

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- There are special risk considerations associated with investing in the securities of companies principally engaged in the real estate industry. These risks include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the US Property Fund's investments.
- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Property funds invest in a specific industry, and therefore involve greater risk than customarily associated with a more diversified portfolio.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| US Property Fund A | -18.60 | 35.82 | 14.91 |
| US Property Fund B | -19.42 | 34.48 | 13.76 |
| US Property Fund I | -17.99 | 36.79 | 15.72 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the US Property Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

[3] The US Property Fund is currently closed to future subscriptions as from 1 May 2007.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the US Property Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.75% | None | – | 0.75% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The US Property Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | January 1996 |
| Total Net Assets: | USD 224.6 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS US SMALL CAP GROWTH FUND**
(the "US Small Cap Growth Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

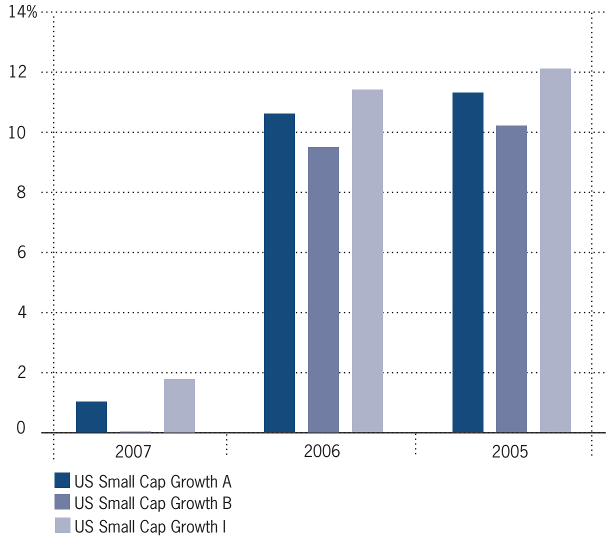
The US Small Cap Growth Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, by investing primarily in the common shares of small sized (with a market capitalisation of up to US$5 billion (or equivalent)) US companies and on an ancillary basis, non-US corporations that are early in their life cycle, but which have potential to become major enterprises (emerging growth companies). The Fund may also invest in debt securities convertible into common shares, preference shares, debentures, warrants and securities not widely traded.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.
- Investments in small and medium sized companies involve greater risks than those customarily associated with larger companies.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| US Small Cap Growth Fund A | 1.02 | 10.59 | 11.29 |
| US Small Cap Growth Fund B | 0.02 | 9.49 | 10.20 |
| US Small Cap Growth Fund I | 1.77 | 11.39 | 12.09 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the US Small Cap Growth Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the US Small Cap Growth Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.95% | None | – | 0.95% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The US Small Cap Growth Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | August 1991 |
| Total Net Assets: | USD 62.4 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS US VALUE EQUITY FUND**
(the "US Value Equity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

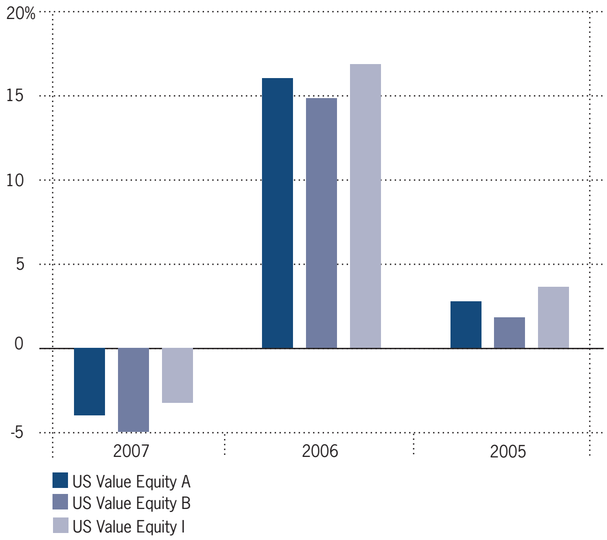
The US Value Equity Fund's investment objective is to provide reasonable long-term capital growth, measured in US Dollars. Investments will be sought in equity securities that the Company believes to be undervalued relative to the stock market in general at the time of purchase. The Fund will invest primarily in the common or preferred stocks of companies which are located in the US. A company will be considered located in the US if (i) it is organised under the laws of the US and has its principal office in the US or (ii) it derives 50% or more of its revenues from businesses in the US. The Fund may also invest, on an ancillary basis, in the equity securities of companies traded principally on US stock exchanges, convertible debt securities, US Government securities (securities issued or guaranteed as to principal and interest by the US Government or its agencies and instrumentalities) and investment grade corporate debt securities. Furthermore, the Fund may, in accordance with the investment restrictions provided for in Appendix A of the Prospectus, invest on an ancillary basis in money market instruments when, in the opinion of the Investment Adviser, the projected total return on such securities is equal to or greater than the expected total return on equity securities or when such holdings might be expected to reduce the volatility of the portfolio (for the purposes of this provision, the term "total return" means the difference between the cost of a security and the aggregate of its market value and income earned).

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Equity securities are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| US Value Equity Fund A | -4.01 | 16.00 | 2.75 |
| US Value Equity Fund B | -4.97 | 14.80 | 1.81 |
| US Value Equity Fund I | -3.25 | 16.84 | 3.60 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the US Value Equity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in equity securities.
- Seek capital appreciation over the long-term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the US Value Equity Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.20% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The US Value Equity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | May 1994 (This Fund was reconstructed in July 1999) |
| Total Net Assets: | USD 671 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS ALPHA ADVANTAGE EUROPEAN FIXED INCOME FUND**
(the "Alpha Advantage European Fixed Income Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The investment objective of the Alpha Advantage European Fixed Income Fund is to generate a total return in excess of the Lehman Euro-Aggregate Total Return Index (EUR)™ (the Index). The Index represents fixed-rate, investment grade Euro denominated securities in the treasury, corporate, government related and securitised sectors.

The Fund will pursue its investment objective by two principal elements: (1) using one or more derivative instruments to gain exposure to the Index, including swaps, forwards, options, contracts for differences and other contingent liability instruments traded over-the-counter; and (2) a quantitative selection process within a disciplined risk controlled framework whereby the Fund seeks to capture value opportunities in fixed income markets and global currency markets where the Fund seeks to profit from changes in the relative valuations of currency pairs.

The Fund may also use a range of allowable fixed income and financial instruments including deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents. The Fund will gain exposure to currencies primarily through use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions. The Funds may also invest in the units of UCITS or other permitted undertakings for collective investment.

Taken as a whole, the Fund's investment exposure (whether directly or indirectly) will primarily be to fixed income securities issued by companies domiciled or exercising the predominant part of their economic activity in European countries.

The derivative instruments used by the Fund can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, such agreements may increase or decrease the Fund's exposure to the Index. Depending on how they are used, such agreements may increase or decrease the overall volatility of the Fund.

The risk exposure related to the use of derivatives shall not exceed the total net asset value (NAV) of the Fund. This means that the global exposure relating to the use of derivative instruments may not exceed 100% of the Fund's NAV.

Although the Fund's performance is intended to reflect that of the Index, the Fund is actively managed and its investment allocations will not generally track those of the Index. Accordingly, the Fund's investment performance is expected to diverge from that of the Index. The Investment Adviser may also buy and sell component parts of the Index from time to time to reduce volatility or enhance returns.

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 of the Prospectus) 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 hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

### The Index

The Lehman Brothers Euro-Aggregate Total Return Index consists of bonds issued in the Euro or the legacy currencies of the 12 sovereign countries participating in the European Monetary Union (EMU). All issues must be investment grade rated, fixed-rate securities with at least one year remaining to maturity. The Euro-Aggregate Index excludes convertible securities, floating rate notes, perpetual notes, warrants, linked bonds, and structured products. German Schuldscheine (quasi-loan securities) are also excluded because of their trading restrictions and unlisted status, which results in illiquidity. The country of issue is not an index criterion, and securities of issuers from outside the Eurozone are included if they meet the index criteria.

The major sectors of the Euro-Aggregate Total Return Index are the government, credit, and collateralized indices. The government sector includes treasury, agency, and local authority issues. The credit sector is broken down into corporate and non-corporate sectors. The corporate sector consists of financial, industrial, and utility issues. Lehman Brothers also offer more detailed sector classification. Financials, for example, may be sub-divided into banking, brokerage, insurance, etc. The non-corporate sector consists of supranational issues, sovereigns, foreign agencies, and foreign local authorities. The collateralized sector is composed mainly of Pfandbrief issues (i.e. bonds issued by German mortgage banks that are collateralized by long-term assets used), with a small proportion in asset-backed securities and mortgage-backed securities.

Full details of the Index can be found at the following weblink:

http://www.lehman.com/fi/indices/global.htm#

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**The Product(s) is not sponsored, endorsed, sold or promoted by Lehman Brothers. Lehman Brothers makes no representations or warranty, express of implied, to the owners of the Product(s) or any member of the public regarding the advisability of investing in securities generally or in the Product(s) particularly or the ability of the Lehman Index to track general bond market performance. Lehman Brothers' only relationship to the Licensee is the licensing of the Lehman Index which is determined, composed and calculated by Lehman Brothers without regard to the Licensee or the Product(s). Lehman Brothers has no obligation to take the needs of the Licensee or the owners of the Product(s) into consideration in determining, composing or calculating the Lehman Index. Lehman Brothers is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Product(s) to be issued or in the determination or calculation of the equation by which the Product(s) is to be converted into cash. Lehman Brothers has no obligation or liability in connection with the administration, marketing or trading of the Product(s). Lehman Brothers and Lehman Brothers U.S. Aggregate Index are trademarks of Lehman Brothers Inc.**

**Lehman Brothers does not guarantee the quality, accuracy and/or the completeness of the Lehman index or any data included there in, or otherwise obtained by licensee, owners of the product(s), or any other person or entity from the use of the Lehman index in connection with the rights licensed hereunder or for any other use. Lehman Brothers makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability of fitness for a particular purpose or use with respect to the Lehman index or any data included therein. Without limiting any of the foregoing, in no event shall Lehman Brothers have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.

### PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the Alpha Advantage European Fixed Income Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Alpha Advantage European Fixed Income Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.30% | 1.30% | 2.10% | 0.65% | None | – | 0.65% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 15% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Alpha Advantage European Fixed Income Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 15 April 2008 |
| Total Net Assets: | EUR 0 (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EMERGING MARKETS DEBT FUND**
(the "Emerging Markets Debt Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Emerging Markets Debt Fund's investment objective is to seek to maximise total return, measured in US Dollars, through investment in the debt securities of government and government-related issuers located in emerging countries (including, to the extent these instruments are securitised, participations in loans between governments and financial institutions), and to the extent such securities comply with Article 41 (1) of the Law of 20th December, 2002 on undertakings for collective investment (as amended), the Fund may invest in debt securities of entities organised to restructure outstanding debt of such issuers, together with investing in the debt securities of corporate issuers located in or organised under the laws of emerging countries. The Fund intends to invest its assets in emerging country debt securities that provide a high level of current income, while at the same time holding the potential for capital appreciation if the perceived creditworthiness of the issuer improves due to improving economic, financial, political, social or other conditions in the country in which the issuer is located. Such countries include Algeria, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Costa Rica, Czech Republic, Dominican Republic, Ecuador, Egypt, Greece, Hungary, India, Indonesia, Ivory Coast, Jamaica, Jordan, Malaysia, Mexico, Morocco, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, the Philippines, Poland, Portugal, the Russian Federation, Slovakia, South Africa, Thailand, Trinidad & Tobago, Tunisia, Turkey, Uruguay, Venezuela and the Democratic Republic of Congo, provided that the markets of these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41 (1) of the Law of 20th December, 2002 on undertakings for collective investment (as amended). As markets in other countries develop, the Fund expects to expand and further diversify the emerging markets in which it invests. Investment in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (see Appendix A of the Prospectus - Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges. The Fund may invest in the securities of companies organised and located in countries other than an emerging market where the value of the company's securities will reflect principally conditions in an emerging country or where the principal securities trading market for which is in an emerging country, or where 50% of the company's revenue alone or on a consolidated basis is derived from either goods produced, sales made or services performed in emerging countries. Emerging market debt securities held by the Fund will take the form of bonds, notes, bills, debentures, convertible securities, bank debt obligations, short-term paper, mortgage and, subject to applicable law, other asset-backed securities, loan participations and loan assignments (to the extent that these instruments are securitised) and interests issued by entities organised and operated for the purpose of restructuring the investment characteristics of instruments issued by emerging market issuers. The Fund may also invest, to a limited extent, in warrants issued by emerging market issuers. 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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets and derivatives.**

### Risk factors

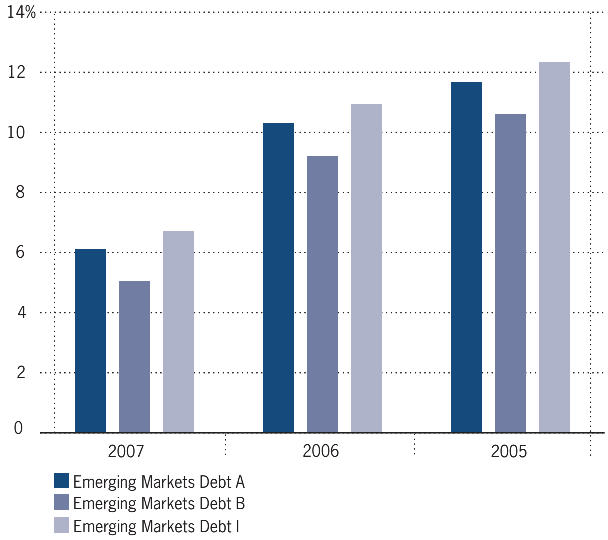
If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Emerging Markets Debt Fund A | 6.10 | 10.27 | 11.66 |
| Emerging Markets Debt Fund B | 5.04 | 9.20 | 10.58 |
| Emerging Markets Debt Fund I | 6.70 | 10.91 | 12.30 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Emerging Markets Debt Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities in emerging markets.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in the "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription:<br>0-365 Days<br>1-2 Years<br>2-3 Years<br>3-4 Years<br>4 Years and thereafter | CDSC:<br>4.00%<br>3.00%<br>2.00%<br>1.00%<br>None | None, except for the conversion into Global Brands Fund |
| C/CH/CX | None | Time Period Since Subscription:<br>0-365 Days<br>and thereafter | CDSC:<br>1.00%<br>None | None, except for the conversion into Global Brands Fund |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Emerging Markets Debt Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.10% | 0.90% | None | 0.75% | 0.90% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Emerging Markets Debt Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | April 1995 |
| Total Net Assets: | USD 237.7 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EMERGING MARKETS DOMESTIC DEBT FUND**
(the "Emerging Markets Domestic Debt Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

The Emerging Markets Domestic Debt Fund's investment objective is to seek to maximise total return primarily through investment in a portfolio of emerging market bonds and other emerging market debt securities, denominated in the local currency of issue.

The Fund intends to invest its assets in emerging market debt securities that provide a high level of current income, while at the same time holding the potential for capital appreciation.

Emerging markets means low or middle income countries as classified by the World Bank provided that the markets of these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the Law of 20th December 2002 on undertakings for collective investment (as amended). Investment in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (see Appendix A – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges.

The Fund may invest in debt securities of government and government-related issuers located in emerging markets (including participations in loans between governments and financial institutions) and debt securities of corporate issuers located in or organised under the laws of emerging countries.

To the extent such securities comply with Article 41(1) of the Law of 20th December 2002 on undertakings for collective investment (as amended), the Fund may invest in debt securities of entities organised to restructure outstanding debt of emerging markets issuers.

Emerging market debt securities held by the Fund will take the form of bonds, notes, bills, debentures, convertible securities, bank debt obligations, short-term paper, mortgage and, subject to applicable law, other asset-backed securities, loan participations and loan assignments to the extent that these instruments are securitized. The Fund may also invest, to a limited extent, in warrants on transferable securities issued by issuers in emerging markets.

The Fund may use derivatives for the purpose of efficient portfolio management, hedging and for implementing investment strategies which aim to achieve the Fund's investment objectives. Derivatives that may be used include, but are not limited to, any exchange traded futures (specifically interest rate futures), currency forwards and futures, government bond forwards, interest rate swaps, bond options, currency options, options on swaps (swaptions), credit default swaps and credit linked notes to the extent that such securities comply with Article 41(1) of the Law of 20th December 2002 on undertakings for collective investment (as amended).

**Investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets and derivatives.**

The Fund may also invest in certain short term fixed interest securities for tactical or defensive purposes. Such short term investments may include obligations of high income countries as classified by the World Bank, their agencies or instrumentalities, instruments issued by international development agencies, money market instruments, cash or cash equivalents such as commercial papers.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.

### PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the Emerging Markets Domestic Debt Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities in emerging markets.
- Seek capital appreciation over the long term.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above, specifically the risks relating to emerging markets and in particular debt securities denominated in the currency of the countries of investment.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Emerging Markets Domestic Debt Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.40% | 1.40% | 2.10% | 0.90% | None | 0.75% | 0.90% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Emerging Markets Domestic Debt Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 28 February 2007 |
| Total Net Assets: | USD 207.5 million (as at 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EURO BOND FUND**

(the "Euro Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus.**

### Investment objective and policy

The Euro Bond Fund's investment objective is to provide an attractive rate of return, measured in Euro through investment in Euro denominated fixed income securities of high quality issued by governments, agencies and corporations. Securities will be deemed to be high quality if at the time of purchase they are rated either "A-" or better by Standard & Poor's Corporation ("S&P") or "A3" or better by Moody's Investors Service, Inc. ("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 invest in such securities that are downgraded after purchase but may not make additional purchases of such securities.

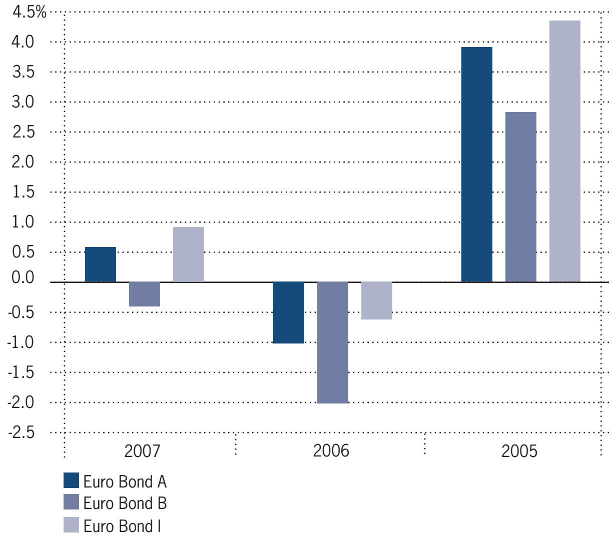
With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Euro Bond Fund A | 0.57 | -1.03 | 3.90 |
| Euro Bond Fund B | -0.41 | -2.03 | 2.82 |
| Euro Bond Fund I | 0.91 | -0.63 | 4.34 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Euro Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Euro Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | 0.45% | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.25% | 0.08% |

Class S is available only for the Euro Bond Fund and the US Bond Fund. If a Shareholder redeems or converts part of his Class S Shares so that the value of his holding is less than the minimum subscription amount, the Company may convert his remaining Class S Shares to another Share Class, which may be subject to higher fees. The Distributor has entered into an exclusive arrangement with one distributor for the distribution of Class S Shares. This means that Class S Shares will be available to investors only through that distributor. They will not be available to investors who subscribe for Shares directly to the Company, or via other distributors.

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Euro Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | September 1992 (This Fund was reconstructed in December 1998) |
| Total Net Assets: | EUR 834.1 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EURO CORPORATE BOND FUND**
(the "Euro Corporate Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

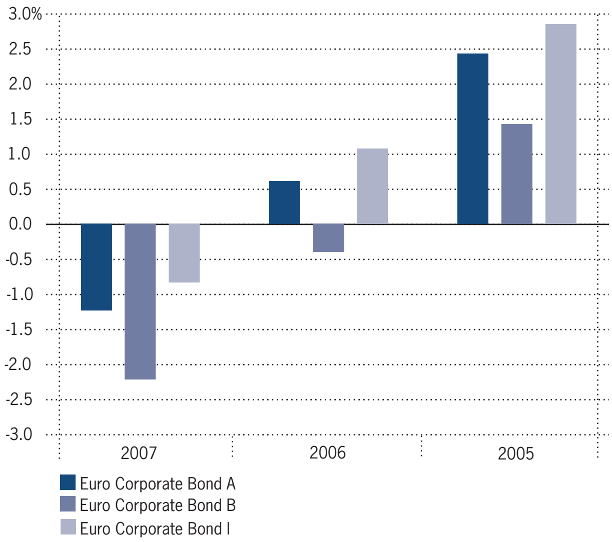
The Euro Corporate Bond Fund's investment objective is to provide an attractive rate of return, measured in Euro, primarily through investment in Euro denominated fixed income securities of high quality issued by corporations and non government related issuers. Securities will be deemed to be high quality 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. In addition, the Fund may invest, on an ancillary basis, in securities 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. Investment in higher yielding securities is speculative as it generally entails increased credit and market risk. Such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. 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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives.** The Fund may, on an ancillary basis, invest in other fixed income securities and in fixed income securities denominated in currencies other than the Euro. Techniques in accordance with Appendix A of the Prospectus – Investment Powers and Restrictions may be used to hedge non Euro exposure back to the Euro.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Euro Corporate Bond Fund A | -1.24 | 0.61 | 2.43 |
| Euro Corporate Bond Fund B | -2.22 | -0.40 | 1.42 |
| Euro Corporate Bond Fund I | -0.84 | 1.07 | 2.85 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Euro Corporate Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Euro Corporate Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | 0.40% | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Euro Corporate Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | September 2001 |
| Total Net Assets: | EUR 223.6 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EURO STRATEGIC BOND FUND**
(the "Euro Strategic Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Euro Strategic Bond Fund's investment objective is to provide an attractive rate of return, measured in Euro, through market, instrument and currency selection. The Fund consists of fixed income securities of varying maturities denominated primarily in the Euro and other European currencies which are probable candidates for joining the Economic and Monetary Union at a later date. The Fund may, on an ancillary basis, invest in other fixed income securities denominated in other currencies, including emerging markets fixed income securities.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets and derivatives.**

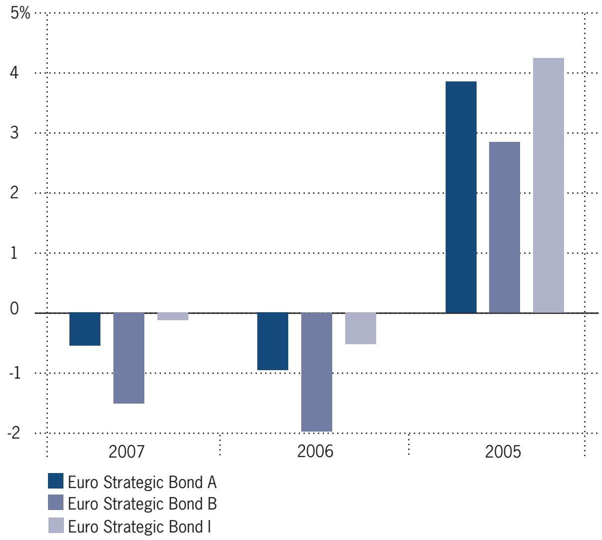
The Fund may invest in securities which at the time of purchase are rated either lower than "BBB-" by S&P or "Baa3" by Moody's or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. Investment in higher yielding securities is speculative as it generally entails increased credit and market risk. Such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Euro Strategic Bond Fund A | -0.55 | -0.96 | 3.85 |
| Euro Strategic Bond Fund B | -1.52 | -1.98 | 2.84 |
| Euro Strategic Bond Fund I | -0.13 | -0.53 | 4.24 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Euro Strategic Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Euro Strategic Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | 0.35% | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Euro Strategic Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | February 1991 |
| Total Net Assets: | EUR 317.4 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EURO TOTAL RETURN BOND FUND**
(the "Euro Total Return Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Euro Total Return Bond Fund's investment objective is to seek an attractive total rate of return (that is, any capital appreciation on an asset plus any income such as interest, yield or dividend earned by that asset), measured in Euro, through market, instrument and currency selection. The Fund consists of fixed income securities of varying maturities, sectors, geographical exposures and currencies. The Fund will primarily be invested in fixed income securities hedged back into Euro or denominated in the Euro. The Fund may also invest to a limited extent in preference shares.

The Fund may invest in securities 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.

Investment in higher yielding securities is speculative as it generally entails increased credit and market risk. Such securities are subject to the increased risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may be subject to higher price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. Derivatives that may be used include, but are not limited to, any exchange traded futures (specifically interest rate futures), currency forwards and futures, government bond forwards, interest rate swaps, bond options, currency options, options on swaps (swaptions), credit default swaps and collateralised debt obligations.

The Fund may invest in emerging markets fixed income securities. **Investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The risks relate specifically to markets risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- The Euro Total Return Bond Fund may invest in securities rated below investment grade, which present greater risk of loss to principal and interest than higher-quality securities.

**PERFORMANCE**

Not yet available.

### Profile of the typical investor

In light of the Euro Total Return Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities on a total return basis.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Euro Total Return Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.50% | 0.50% | None | 0.40% | 0.50% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Euro Total Return Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 14 March 2007 |
| Total Net Assets: | EUR 116.3 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EUROPEAN CURRENCIES HIGH YIELD BOND FUND**
(the "European Currencies High Yield Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The European Currencies High Yield Bond Fund's investment objective is to provide an attractive rate of return, measured in Euro, through investments worldwide primarily in lower rated and unrated fixed income securities issued by governments, agencies and corporations that offer a yield above that generally available on debt securities in the four highest rating categories of S&P or Moody's denominated in European currencies. These investments may include fixed income securities issued by non-European issuers and such securities issued in emerging markets. The Fund may on an ancillary basis invest in non-European currency denominated fixed income securities. **Investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets.** In order to optimize European currency exposure, the Fund may use techniques to hedge the non-European currency exposure back to the Euro and may on an ancillary basis use futures contracts to create synthetic European currency high yield fixed income securities within the limits set forth in Appendix A of the Prospectus – Investment Powers and Restrictions. **Investors should refer to "Risk factors" below for special risk considerations applicable to transactions in futures.** Investment in higher yielding securities is speculative as it generally entails increased credit and market risk; such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. In selecting securities, the Fund will consider, among other things, the price of the security and the issuer's financial history, condition, management and prospects. The Fund will endeavour to mitigate the risks associated with high yield securities, by diversifying its holdings by issuer, industry and credit quality.

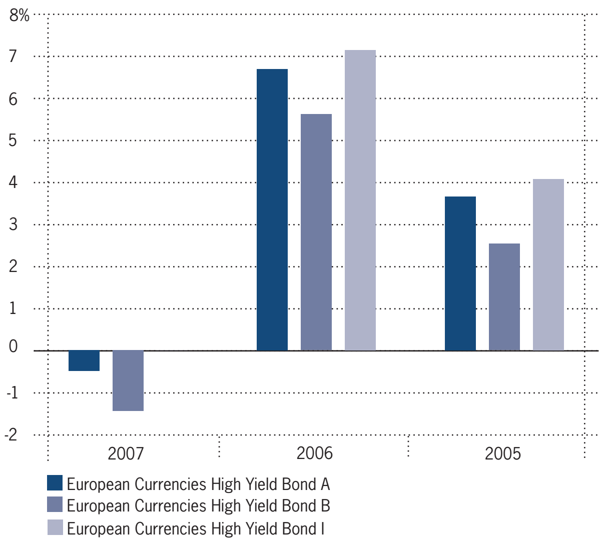
With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- The European Currencies High Yield Bond Fund may invest in securities rated below investment grade, which present greater risk of loss to principal and interest than higher-quality securities.
- Participation in the futures markets involves investment risks and transaction costs to which the European Currencies High Yield Bond Fund would not be subject if the European Currencies High Yield Bond Fund did not use this strategy.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The risks relate specifically to markets risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| European Currencies High Yield Bond Fund A | -0.49 | 6.68 | 3.65 |
| European Currencies High Yield Bond Fund B | -1.44 | 5.61 | 2.53 |
| European Currencies High Yield Bond Fund I | 0.00 | 7.14 | 4.07 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the European Currencies High Yield Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Institutional/ Subscription Sales Charges: | Adviser/ Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Adviser/ Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the European Currencies High Yield Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.85% | 0.85% | 1.50% | 0.50% | None | 0.45% | 0.50% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The European Currencies High Yield Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | May 1997 (This Fund was reconstructed in December 1998) |
| Total Net Assets: | EUR 106.4 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL BOND FUND**
(the "Global Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Global Bond Fund's investment objective is to provide an attractive rate of return, measured in US Dollars, through market, instrument and currency selection. The Fund consists of domestic, international and Euromarket fixed income securities of varying maturities denominated in US Dollars and other currencies, including emerging markets.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets and derivatives.** Securities will be deemed to be suitable for investment 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.

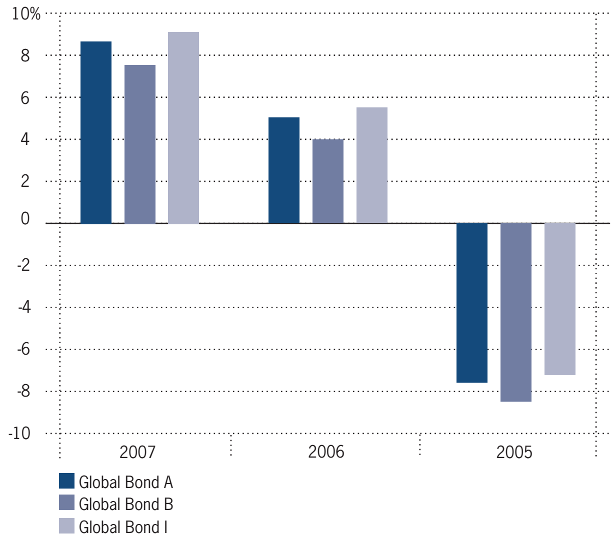
In addition, the Fund may invest, on an ancillary basis, in securities which at the time of purchase are rated either lower than "BBB-" by S&P or "Baa3" by either Moody's or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. Investment in higher yielding securities is speculative as it generally entails increased credit and market risk. Such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The risks relate specifically to markets risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Bond Fund A | 8.68 | 5.01 | -7.60 |
| Global Bond Fund B | 7.58 | 3.96 | -8.51 |
| Global Bond Fund I | 9.15 | 5.47 | -7.25 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Global Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | 0.35% | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | November 1989 |
| Total Net Assets: | USD 177 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### RELATING TO MORGAN STANLEY INVESTMENT FUNDS SHORT MATURITY EURO BOND FUND

(the "Short Maturity Euro Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Short Maturity Euro Bond Fund's investment objective is to provide an attractive rate of return, measured in Euro, through market and instrument selection. This objective will be achieved by investing in high quality fixed income securities denominated in the Euro. The Fund will invest primarily, in order to reduce volatility, in individual securities with maturity dates having a maximum unexpired term of five years. 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 invest in such securities that are downgraded after purchase but may not make additional purchases of such securities.

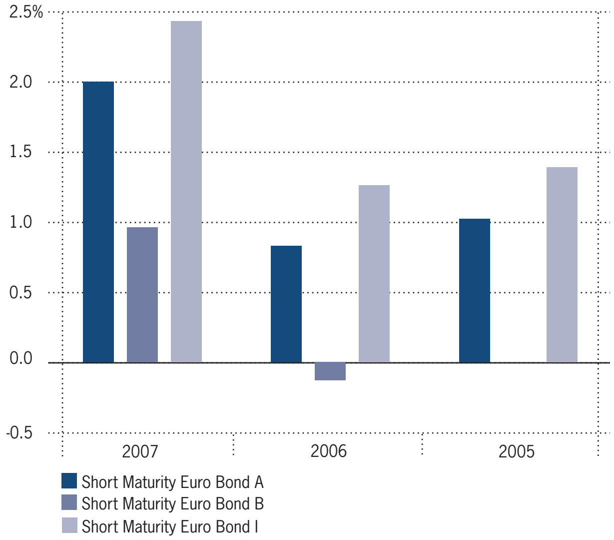
With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives.**

### Risk factor

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The risks relate specifically to markets risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Short Maturity Euro Bond Fund A | 2.00 | 0.83 | 1.02 |
| Short Maturity Euro Bond Fund B | 0.96 | -0.13 | 0.00 |
| Short Maturity Euro Bond Fund I | 2.43 | 1.26 | 1.39 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Short Maturity Euro Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Short Maturity Euro Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | 0.30% | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Short Maturity Euro Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | August 1994 |
| Total Net Assets: | EUR 269.7 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS US BOND FUND**
(the "US Bond Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The US Bond Fund's investment objective is to provide an attractive rate of return, measured in US Dollars, through investment primarily in US Dollar denominated fixed income securities issued by US governments, US agencies and corporations domiciled or exercising the predominant part of their economic activity in the US. The Fund may also invest, on an ancillary basis, in fixed income securities denominated in currencies other than US Dollar, including emerging markets fixed income securities.

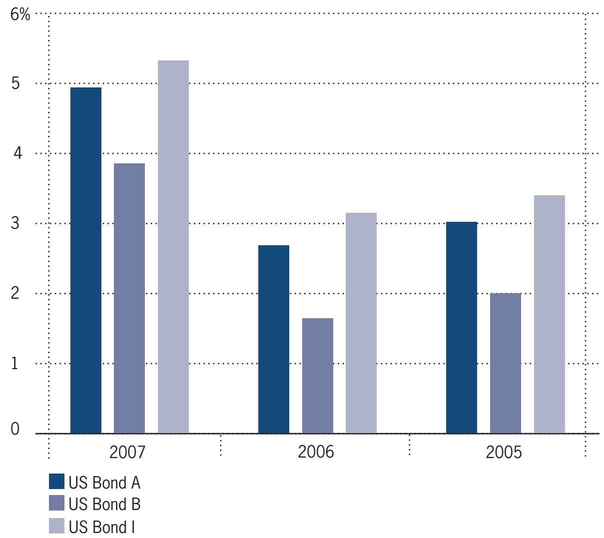
With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets and derivatives.** Securities will be deemed to be suitable for investment if at the time of purchase they are rated "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 invest in such securities that are downgraded after purchase but may not make additional purchases of such securities. In addition, where the Investment Adviser perceives there to be added value, the Fund may invest in securities which at any time are rated either lower than "BBB-" by S&P or "Baa3" by Moody's or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The risks relate specifically to markets risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| US Bond Fund A | 4.93 | 2.68 | 3.01 |
| US Bond Fund B | 3.85 | 1.64 | 1.99 |
| US Bond Fund I | 5.32 | 3.14 | 3.39 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the US Bond Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the US Bond Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | 0.45% | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.25% | 0.08% |

Class S is available only for the Euro Bond Fund and the US Bond Fund. If a Shareholder redeems or converts part of his Class S Shares so that the value of his holding is less than the minimum subscription amount, the Company may convert his remaining Class S Shares to another Share Class, which may be subject to higher fees. The Distributor has entered into an exclusive arrangement with one distributor for the distribution of Class S Shares. This means that Class S Shares will be available to investors only through that distributor. They will not be available to investors who subscribe for Shares directly to the Company, or via other distributors

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The US Bond Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | August 1992 |
| Total Net Assets: | USD 303.5 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL CONVERTIBLE BOND (EURO) FUND**
(the "Global Convertible Bond (Euro) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Global Convertible Bond (Euro) Fund's investment objective is to seek long term capital appreciation, measured in Euro, through investment primarily in convertible bonds issued by companies organised or operating in either the developed or emerging markets which will be denominated in global currencies.

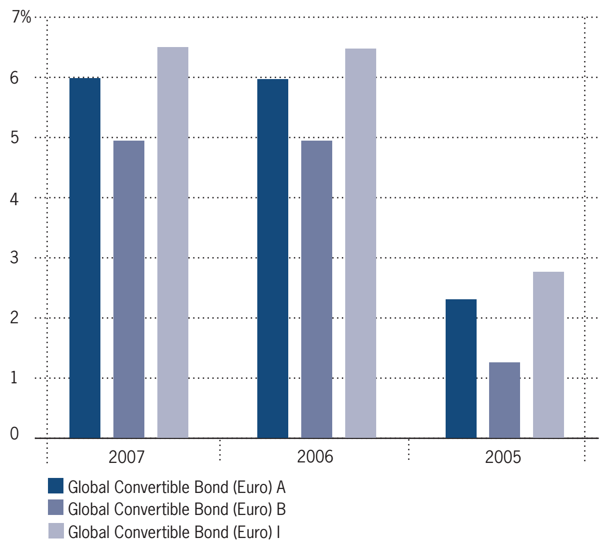
With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets and derivatives.** The Fund may, on an ancillary basis, invest in other fixed income securities as well as a combination of equities and warrants on transferable securities either as a result of exercising the conversion option in the convertible bonds in the Fund or as an alternative to convertible bonds when it deems it appropriate.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Convertible securities are subject to the risks associated with both fixed-income securities and equities, namely credit, price and interest-rate risks.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The risks relate specifically to markets risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Convertible Bond (Euro) Fund A | 5.98 | 5.96 | 2.30 |
| Global Convertible Bond (Euro) Fund B | 4.94 | 4.94 | 1.25 |
| Global Convertible Bond (Euro) Fund I | 6.49 | 6.47 | 2.76 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Global Convertible Bond (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Convertible Bond (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.00% | 1.00% | 1.60% | 0.60% | None | 0.55% | 0.60% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Convertible Bond (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | July 1992 |
| Total Net Assets: | EUR 419.2 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL CONVERTIBLE BOND (USD) FUND**
(the "Global Convertible Bond (USD) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

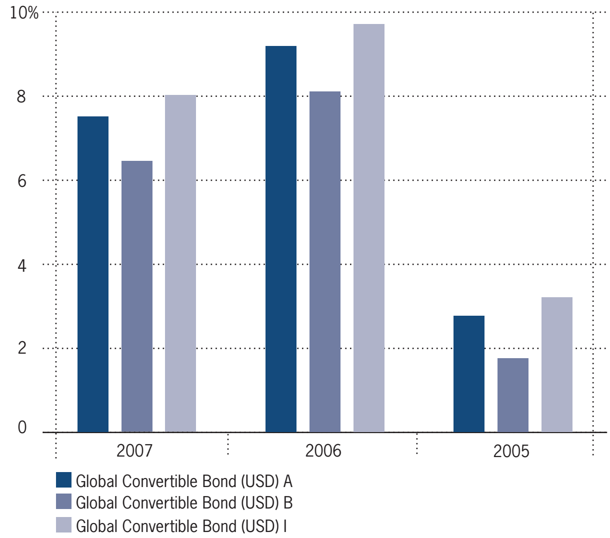
The Global Convertible Bond (USD) Fund's investment objective is to seek long term capital appreciation, measured in US Dollars, through investment primarily in convertible bonds issued by companies organised or operating in either the developed or emerging markets which will be denominated in global currencies. 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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. **As the Fund will use financial derivative instruments, investors should refer to "Risk factors" below for special risk considerations applicable to emerging markets and derivatives.** The Fund may, on an ancillary basis, invest in other fixed income securities as well as a combination of equities and warrants on transferable securities either as a result of exercising the conversion option in the convertible bonds in the Fund or as an alternative to convertible bonds when it deems it appropriate.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Convertible securities are subject to the risks associated with both fixed-income securities and equities, namely credit, price and interest-rate risks.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The risks relate specifically to markets risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Convertible Bond (USD) Fund A | 7.50 | 9.18 | 2.76 |
| Global Convertible Bond (USD) Fund B | 6.44 | 8.10 | 1.75 |
| Global Convertible Bond (USD) Fund I | 8.01 | 9.70 | 3.20 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Global Convertible Bond (USD) Fund's investment objective it may be appropriate for investors who:

- Seek to invest in fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 4.00% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Convertible Bond (USD) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.00% | 1.00% | 1.60% | 0.60% | None | 0.55% | 0.60% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Convertible Bond (USD) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | July 1992 |
| Total Net Assets: | USD 71.2 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS EURO LIQUIDITY FUND**
(the "Euro Liquidity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

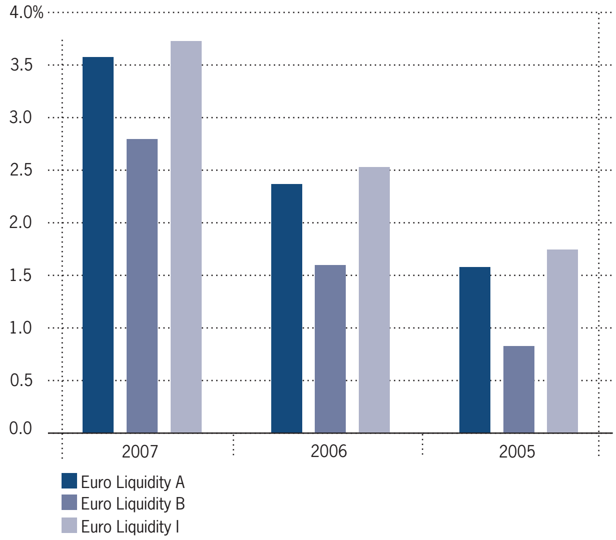
The Euro Liquidity Fund's investment objective is to provide liquidity and high current income, to the extent consistent with the preservation of capital, primarily by investing in high quality short-term transferable debt securities that are denominated in Euro, provided that, at the time of acquisition, their initial or residual maturity does not exceed 397 days (with the exception of floating rate notes whose initial or residual maturity may not exceed 24 months) taking into account any financial instruments connected therewith, or the terms and conditions governing those securities provide that the applicable interest rate is adjusted at least annually on the basis of market conditions. The Fund may, on an ancillary basis, invest in non-Euro denominated debt securities. The Fund may also hold up to 49% of its net assets in cash and cash equivalents, including time deposits in depository institutions and money market instruments having an initial or residual maturity of less than 12 months, taking into account any financial instruments connected to them. The average maturity of the Fund shall not exceed 12 months. It is expected, although it cannot be assured, that the Fund's Net Asset Value per Share of Classes IX, AX, BX, CX, NX and ZX will remain stable at Euro 1.00, through the distribution of dividends.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Returns are influenced by interest rate fluctuations.
- The Euro Liquidity Fund is also subject to credit risk, which is an issuer's inability to meet principal and interest payments on its obligations, although the Euro Liquidity Fund seeks to minimise such risk by limiting investments to high quality issuers.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Euro Liquidity Fund A | 3.57 | 2.36 | 1.57 |
| Euro Liquidity Fund B | 2.79 | 1.59 | 0.82 |
| Euro Liquidity Fund I | 3.72 | 2.52 | 1.74 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Euro Liquidity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in a liquidity fund.
- Seek liquidity from their investments.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | None | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Euro Liquidity Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.50% | 0.50% | 0.85% | 0.20% | None | – | 0.20% |
| Distribution Fee: | None | 0.75% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Euro Liquidity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | January 2000 |
| Total Net Assets: | EUR 437.9 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS**
**US DOLLAR LIQUIDITY FUND**
(the "US Dollar Liquidity Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

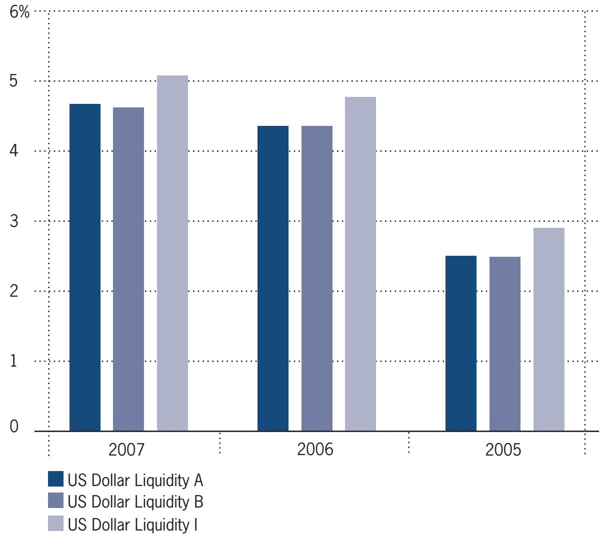
The US Dollar Liquidity Fund's investment objective is to provide liquidity and high current income, to the extent consistent with the preservation of capital, primarily by investing in high quality short-term transferable debt securities that are denominated in US Dollars, provided that, at the time of acquisition, their initial or residual maturity does not exceed 397 days, (with the exception of floating rate notes whose initial or residual maturity may not exceed 24 months) taking into account any financial instruments connected therewith, or the terms and conditions governing those securities provide that the interest rate applicable thereto is adjusted at least annually on the basis of market conditions. The Fund may also hold up to 49% of its net assets in cash and cash equivalents, including time deposits in depository institutions and money market instruments having an initial or residual maturity of less than 12 months, taking into account any financial instruments connected therewith. The average maturity of the Fund shall not exceed 12 months. It is expected, although it cannot be assured, that the Fund's Net Asset Value per Share of Classes IX, AX, BX, CX, NX and ZX will remain stable at $1.00, through the distribution of dividends.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Returns are influenced by interest rate fluctuations.
- The US Dollar Liquidity Fund is also subject to credit risk, which is an issuer's inability to meet principal and interest payments on its obligations, although the US Dollar Liquidity Fund seeks to minimise such risk by limiting investments to high quality issuers.

**PERFORMANCE**




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| US Dollar Liquidity Fund A | 4.66 | 4.35 | 2.49 |
| US Dollar Liquidity Fund B | 4.61 | 4.35 | 2.48 |
| US Dollar Liquidity Fund I | 5.07 | 4.76 | 2.89 |

*The graph above shows past performance in US Dollar. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the US Dollar Liquidity Fund's investment objective it may be appropriate for investors who:

- Seek to invest in a liquidity fund.
- Seek liquidity from their investments.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | None | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the US Dollar Liquidity Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.50% | 0.50% | 0.85% | 0.20% | None | – | 0.20% |
| Distribution Fee: | None | 0.75% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The US Dollar Liquidity Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | March 1998 |
| Total Net Assets: | USD 470.1 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 200 (EURO) FUND**
(the "Diversified Alpha Plus VaR 200 (Euro) Fund")[4]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 200 (Euro) Fund's investment objective is to outperform the Euro OverNight Index Average (EONIA) by 2% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 2.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 2.0% means that the Diversified Alpha Plus VaR 200 (Euro) Fund has a 95% probability that it will not lose more than 2% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

[4] The Diversified Alpha Plus VaR 200 (Euro) Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Diversified Alpha Plus VaR 200 (Euro) Fund will be made available at the registered office of the Company.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 200 (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 2% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 200 (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.00% | 1.00% | 1.60% | 0.50% | None | – | 0.50% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period.

Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 200 (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | EUR 0 (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 200 (US DOLLAR) FUND**
(the "Diversified Alpha Plus VaR 200 (US Dollar) Fund")[5]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 200 (US Dollar) Fund's investment objective is to outperform the USD Overnight London Interbank Offered Rate (LIBOR) by 2% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 2.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 2.0% means that the Diversified Alpha Plus VaR 200 (US Dollar) Fund has a 95% probability that it will not lose more than 2% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

[5] The Diversified Alpha Plus VaR 200 (US Dollar) Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Diversified Alpha Plus VaR 200 (US Dollar) Fund will be made available at the registered office of the Company.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 200 (US Dollar) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 2% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 200 (US Dollar) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.00% | 1.00% | 1.60% | 0.50% | None | – | 0.50% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 200 (US Dollar) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | USD 0 (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 400 (EURO) FUND**
(the "Diversified Alpha Plus VaR 400 (Euro) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 400 (Euro) Fund's investment objective is to outperform the Euro OverNight Index Average (EONIA) by 4% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 4.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 4.0% means that the Diversified Alpha Plus VaR 400 (Euro) Fund has a 95% probability that it will not lose more than 4% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or.

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

## PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 400 (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 4% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 400 (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.80% | None | – | 0.80% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 400 (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 29 June 2007 |
| Total Net Assets: | EUR 0 (as at 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 400 (US DOLLAR) FUND**
(the "Diversified Alpha Plus VaR 400 (US Dollar) Fund")[6]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 400 (US Dollar) Fund's investment objective is to outperform the USD Overnight London Interbank Offered Rate (LIBOR) by 4% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 4.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 4.0% means that the Diversified Alpha Plus VaR 400 (US Dollar) Fund has a 95% probability that it will not lose more than 4% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers) and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

[6] The Diversified Alpha Plus VaR 400 (US Dollar) Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Diversified Alpha Plus VaR 400 (US Dollar) Fund will be made available at the registered office of the Company.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 400 (US Dollar) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 4% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 400 (US Dollar) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.80% | None | – | 0.80% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 400 (US Dollar) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | USD 0 (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 400 (STERLING) FUND**
(the "Diversified Alpha Plus VaR 400 (Sterling) Fund")[7]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 400 (Sterling) Fund's investment objective is to outperform the Sterling Overnight Index Average by 4% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 4.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 4.0% means that the Diversified Alpha Plus VaR 400 (Sterling) Fund has a 95% probability that it will not lose more than 4% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

[7] The Diversified Alpha Plus VaR 400 (Sterling) Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Diversified Alpha Plus VaR 400 (Sterling) Fund will be made available at the registered office of the Company.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 400 (Sterling) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 4% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 400 (Sterling) Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.60% | 1.60% | 2.40% | 0.80% | None | – | 0.80% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 400 (Sterling) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | GBP 0 (as of 31 December 2007) |
| Reference currency: | Sterling (GBP) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 800 (EURO) FUND**
(the "Diversified Alpha Plus VaR 800 (Euro) Fund")[8]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 800 (Euro) Fund's investment objective is to outperform the Euro OverNight Index Average (EONIA) by 8% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 8.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 8.0% means that the Diversified Alpha Plus VaR 800 (Euro) Fund has a 95% probability that it will not lose more than 8% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

[8] The Diversified Alpha Plus VaR 800 (Euro) Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Diversified Alpha Plus VaR 800 (Euro) Fund will be made available at the registered office of the Company.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 800 (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 8% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 800 (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/ AX | Classes B/BH/ BX | Classes C/CH/ CX | Classes I/IH/ IX | Classes N/NH/ NX | Class S | Classes Z/ZH/ ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 2.20% | 2.20% | 3.00% | 1.10% | None | – | 1.10% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 800 (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | EUR 0 (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 800 (US DOLLAR) FUND**
(the "Diversified Alpha Plus VaR 800 (US Dollar) Fund")[9]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 800 (US Dollar) Fund's investment objective is to outperform the USD Overnight London Interbank Offered Rate (LIBOR) by 8% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 8.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 8.0% means that the Diversified Alpha Plus VaR 800 (US Dollar) Fund has a 95% probability that it will not lose more than 8% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

[9] The Diversified Alpha Plus VaR 800 (US Dollar) Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Diversified Alpha Plus VaR 800 (US Dollar) Fund will be made available at the registered office of the Company.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 800 (US Dollar) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 8% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 800 (US Dollar) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 2.20% | 2.20% | 3.00% | 1.10% | None | – | 1.10% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 800 (US Dollar) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | USD 0 (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS DIVERSIFIED ALPHA PLUS VAR 800 (STERLING) FUND**
(the "Diversified Alpha Plus VaR 800 (Sterling) Fund")[10]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Diversified Alpha Plus VaR 800 (Sterling) Fund's investment objective is to outperform the Sterling Overnight Index Average by 8% per annum, gross of fees.

The Fund will seek to achieve its investment objective as follows:

i) by taking long and short positions in a diversified range of equity and equity related securities of any market capitalisation, fixed income securities and currencies either directly or (specifically in the case of short positions) through the use of derivatives as described below; and

ii) using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

The Investment Adviser will make allocation decisions across these asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

The Investment Adviser will use a computer modelling strategy which employs a systematic quantitative selection process within a disciplined risk controlled framework whereby the Fund is subject to an estimated annual ex-ante Value at Risk (VaR) of 8.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 8.0% means that the Diversified Alpha Plus VaR 800 (Sterling) Fund has a 95% probability that it will not lose more than 8% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund's investment strategy will be implemented by using derivatives (in accordance with the investment powers and restrictions set out in Appendix A of the Prospectus) such as exchange traded and over-the-counter options, futures, swaps and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The Fund may also make the following investments or use the following financial instruments:

i) currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds, the assets of which may be managed by the Investment Adviser or any of its related, associated or affiliated companies; and/or

ii) deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents; and/or

iii) up to 10% of the Sub-Fund may be invested in accordance with paragraph 2.2. of Appendix A. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

[10] The Diversified Alpha Plus VaR 800 (Sterling) Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Diversified Alpha Plus VaR 800 (Sterling) Fund will be made available at the registered office of the Company.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the Diversified Alpha Plus VaR 800 (Sterling) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 8% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Diversified Alpha Plus VaR 800 (Sterling) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 2.20% | 2.20% | 3.00% | 1.10% | None | – | 1.10% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Benchmark Return and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Diversified Alpha Plus VaR 800 (Sterling) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | GBP 0 (as of 31 December 2007) |
| Reference currency: | Sterling (GBP) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS GLOBAL DIVERSIFIED (EURO) FUND**
(the "Global Diversified (Euro) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

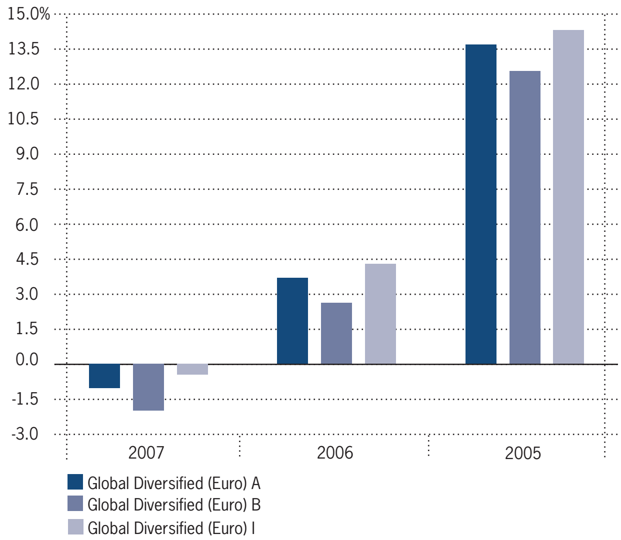
The Global Diversified (Euro) Fund's investment objective is to seek long term capital appreciation, measured in Euro, by investing in a globally diversified portfolio of equity and fixed income securities. The Fund may invest from 30% to 80% of the net assets in equities and convertible securities and from 20% to 70% of the net assets in fixed income securities. The Fund may hold up to 30% of its net assets in cash and cash equivalents, including time deposits in depository institutions and money market instruments having an initial or residual maturity of less than 12 months, as market conditions dictate.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- Convertible securities are subject to the risks associated with both fixed-income securities and equities, namely credit, price and interest-rate risks.
- Balanced funds invest in both equity and fixed income instruments.
- Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.
- Equity instruments are generally considered higher risk investments, and the returns may be volatile.

### PERFORMANCE




| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Global Diversified (Euro) Fund A | -1.04 | 3.66 | 13.65 |
| Global Diversified (Euro) Fund B | -2.00 | 2.61 | 12.52 |
| Global Diversified (Euro) Fund I | -0.47 | 4.27 | 14.29 |

*The graph above shows past performance in Euro. Past performance is not necessarily a guide to the future performance results. Calculations are NAV to NAV and net of fees. Performance is shown for the last three full calendar years.*

### Profile of the typical investor

In light of the Global Diversified (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek to invest in both equity and fixed income securities.
- Seek capital appreciation over the long term.
- Seek income whether in the form of capital appreciation or distributions, as outlined in "Treatment of income".
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Global Diversified (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.10% | 1.10% | – | 0.60% | None | 0.50% | 0.60% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Global Diversified (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | December 2001 |
| Total Net Assets: | EUR 100.7 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS COMMODITIES ALPHA PLUS FUND**
(the "Commodities Alpha Plus Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The Commodities Alpha Plus Fund's investment objective is to generate a return in excess of the Light Energy sub-index of the S&P GSCI™ Commodity Index (the "S&P GSCI™ Light Energy Index").

The Investment Adviser aims to achieve the investment objective by using one or more derivatives to gain exposure to the S&P GSCI™ Light Energy Index, including swaps, forwards, options, and other contingent liability investments whether executed on a recognised exchange or market or traded over-the-counter ("OTC").

Taken as a whole, the Fund's investment exposure will primarily be to commodities.

In seeking to achieve the investment objective, the Investment Adviser may, in addition, invest up to 10% in accordance with paragraph 2.2 of Appendix A, in currency spot transactions, currency forward transactions, non-deliverable currency forward transactions and money market funds the assets of which may be managed by the Investment Manager or any of its related, associated or affiliated companies. In particular, investment may be made in a regulated undertaking for collective investment having exposure to commodities indices.

All derivatives will be cash settled, under the terms of the relevant contract. The Fund will not enter into derivative contracts that are settled by the receipt or delivery of any physical commodity and the Fund will not hold physical commodities. The risk exposure related to the use of derivatives shall not exceed the total net asset value ("NAV") of the Fund. This means that the global exposure (which includes both market and counterparty risks) relating to the use of derivative instruments may not exceed 100% of the Fund's NAV. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

The Fund may also use a range of allowable financial instruments including; Exchange Traded Funds, Transferable Securities listed for trading on a recognised Exchange and eligible structured products the underlying of which are commodity indices and/or sub-indices, subject to the provisions of Directive EC 2007/16.

The Fund may also be invested in deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

The Funds may also invest in the units of UCITS or other permitted undertakings for collective investment.

### The S&P GSCI™ Light Energy Index

The S&P GSCI™ Light Energy Index follows the price of a rolling basket of monthly commodity prices. The S&P GSCI™ Light Energy Index is diversified across a broad spectrum of 24 commodities from all commodity sectors comprising: energy products, industrial metals, agricultural products, livestock products and precious metals. Although the Fund will primarily follow the S&P GSCI™ Light Energy Index, the Fund is actively managed and investment allocations will also be made to other asset classes in accordance with this investment policy. Accordingly, the Fund's investment performance is expected to diverge from that of the S&P GSCI™ Light Energy Index.

While the S&P GSCI™ Light Energy Index currently satisfies the diversification requirements of article 43 of the Law dated 20th December 2002, the Fund may adjust the proportions of its investment from time to time or take such other steps as considered appropriate in order to maintain such diversification including utilising another index.

Full details of the S&P GSCI™ Light Energy Index can be found at the following weblink:

http://www2.goldmansachs.com/client_services/trading_capital_markets/commodities/commodities_index/

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, commodities and derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.

- Returns may be influenced by interest rate fluctuations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the Commodities Alpha Plus Fund's investment objective it may be appropriate for investors who:

- Seek a return over the long to medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Accept the risks associated with this type of investment, as set out in "Risk factors" below.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the Commodities Alpha Plus Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.10% | 1.10% | 1.70% | 0.55% | None | – | 0.55% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The Commodities Alpha Plus Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 6 June 2007 |
| Total Net Assets: | USD 87.9 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FRONTPOINT GLOBAL MACRO FUND**
(the "FrontPoint Global Macro Fund")[11]

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FrontPoint Global Macro Fund's investment objective is to seek to generate an attractive absolute return with a volatility which is low relative to global equity markets by taking exposure to a diversified range of asset classes globally.

The Fund will take exposure primarily to (but will not be limited to) fixed income securities including government bonds, corporate bonds, developed market equities and emerging market equities; and will take exposure to commodities and volatility on an ancillary basis. For this purpose, volatility is treated as an asset class in its own right; and volatility is taken to mean a measure of the dispersion of returns of a given security or securities, or a given index or part of a given index. The Fund expects to obtain exposure to these asset classes by means of investing in other undertakings for collective investment (principally ETFs), investing directly in individual securities or by means of derivatives, but the Fund will not enter into derivative contracts that are settled (physically or by cash) by reference to commodity and the Fund will not hold physical commodities.

The Fund will use a proprietary quantitative methodology based among other things on an analysis of macro-economic factors to select investments based on a combination of predicted estimated future returns, historic monthly returns, transaction costs and risk tolerance levels. The Investment Adviser will make allocation decisions across asset classes without regard to any particular limit as to geographical location, credit rating, maturity, currency denomination or market capitalisation.

In implementing its investment strategy the Fund will make use of derivatives such as exchange traded and over the counter options, futures, swaps and other derivatives for investment purposes as well as for efficient portfolio management. In addition, the Fund will use derivatives to gain long or short exposure to volatility.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

[11] The FrontPoint Global Macro Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the FrontPoint Global Macro Fund will be made available at the registered office of the Company.

The Fund is a fund of funds and as such its aggregate investment in UCITS or other UCIs referred to in paragraph 2.1(f) of Appendix A of the Prospectus may exceed 10% of the net assets of the Fund.

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- A Fund may also use derivatives to short exposure to some investments. Should the value of such investments increase rather than fall, the use of derivatives for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to unlimited losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in that particular Fund.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Commodity futures are highly volatile. Commodity markets are influenced by many external factors over which the Fund will have little or no control. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices.

### PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the FrontPoint Global Macro Fund's investment objective it may be appropriate for investors who:

- Seek a return over the long to medium term.
- Seek an alternative asset class which has a lower correlation to equities and bonds.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FrontPoint Global Macro Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 2.25% | 2.25% | 3.00% | 1.25% | None | – | 1.25% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FrontPoint Global Macro Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | EUR 0 (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 200 (EURO) FUND**
(the "FX Alpha Plus RC 200 (Euro) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 200 (Euro) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in Euros that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 200 (Euro) Fund seeks to outperform the Euro OverNight Index Average (EONIA) by 2.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 2.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 2.0% means that the FX Alpha Plus RC 200 (Euro) Fund has a 95% probability that it will not lose more than 2% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 200 (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 2% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 200 (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | – | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 200 (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2007 |
| Total Net Assets: | EUR 377.4 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 200 (STERLING) FUND**
(the "FX Alpha Plus RC 200 (Sterling) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 200 (Sterling) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in Sterling that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 200 (Sterling) Fund seeks to outperform the overnight Sterling London Interbank Offered Rate (LIBOR) by 2.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 2.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 2.0% means that the FX Alpha Plus RC 200 (Sterling) Fund has a 95% probability that it will not lose more than 2% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 200 (Sterling) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 2% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 200 (Sterling) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | – | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 200 (Sterling) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | Sterling 0.5 million (as of 31 December 2007) |
| Reference currency: | Sterling (GBP) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 200 (US DOLLAR) FUND**
(the "FX Alpha Plus RC 200 (US Dollar) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 200 (US Dollar) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in US Dollars that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 200 (US Dollar) Fund seeks to outperform the overnight US Dollar London Interbank Offered Rate (LIBOR) by 2.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 2.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 2.0% means that the FX Alpha Plus RC 200 (US Dollar) Fund has a 95% probability that it will not lose more than 2% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk Factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 200 (US Dollar) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 2% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 200 (US Dollar) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 0.80% | 0.80% | 1.45% | 0.45% | None | – | 0.45% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 200 (US Dollar) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2007 |
| Total Net Assets: | USD 18.1 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 400 (EURO) FUND**
(the "FX Alpha Plus RC 400 (Euro) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 400 (Euro) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in Euros that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 400 (Euro) Fund seeks to outperform the Euro OverNight Index Average (EONIA) by 4.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 4.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 4.0% means that the FX Alpha Plus RC 400 (Euro) Fund has a 95% probability that it will not lose more than 4% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in, bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 400 (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 4% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 400 (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.20% | 1.20% | 1.90% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 400 (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2007 |
| Total Net Assets: | EUR 1,065 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 400 (STERLING) FUND**
(the "FX Alpha Plus RC 400 (Sterling) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 400 (Sterling) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in Sterling that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 400 (Sterling) Fund seeks to outperform the overnight Sterling London Interbank Offered Rate (LIBOR) by 4.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 4.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 4.0% means that the FX Alpha Plus RC 400 (Sterling) Fund has a 95% probability that it will not lose more than 4% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 400 (Sterling) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 4% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 400 (Sterling) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.20% | 1.20% | 1.90% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 400 (Sterling) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | To be determined |
| Total Net Assets: | Sterling 10 million (as at 31 December 2007) |
| Reference currency: | Sterling (GBP) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 400 (US DOLLAR) FUND**
(the "FX Alpha Plus RC 400 (US Dollar) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 400 (US Dollar) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in US Dollars that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 400 (US Dollar) Fund seeks to outperform the overnight US Dollar London Interbank Offered Rate (LIBOR) by 4.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 4.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 4.0% means that the FX Alpha Plus RC 400 (US Dollar) Fund has a 95% probability that it will not lose more than 4% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 400 (US Dollar) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 4% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 400 (US Dollar) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.20% | 1.20% | 1.90% | 0.70% | None | – | 0.70% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 400 (US Dollar) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2007 |
| Total Net Assets: | USD 149.8 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 800 (EURO) FUND**
(the "FX Alpha Plus RC 800 (Euro) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 800 (Euro) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in Euros that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 800 (Euro) Fund seeks to outperform the Euro OverNight Index Average (EONIA) by 8.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 8.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 8.0% means that the FX Alpha Plus RC 800 (Euro) Fund has a 95% probability that it will not lose more than 8% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 800 (Euro) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 8% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 800 (Euro) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.50% | 1.50% | 2.30% | 1.00% | None | – | 1.00% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 800 (Euro) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2007 |
| Total Net Assets: | EUR 602.7 million (as of 31 December 2007) |
| Reference currency: | Euro (EUR) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 800 (STERLING) FUND**
(the "FX Alpha Plus RC 800 (Sterling) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 800 (Sterling) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in Sterling that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 800 (Sterling) Fund seeks to outperform the overnight Sterling London Interbank Offered Rate (LIBOR) by 8.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 8.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 8.0% means that the FX Alpha Plus RC 800 (Sterling) Fund has a 95% probability that it will not lose more than 8% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### PERFORMANCE

Not yet available.

### Profile of the typical investor

In light of the FX Alpha Plus RC 800 (Sterling) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 8% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days and thereafter | 1.00% None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 800 (Sterling) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.50% | 1.50% | 2.30% | 1.00% | None | – | 1.00% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 800 (Sterling) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2007 |
| Total Net Assets: | Sterling 31.4 million (as of 31 December 2007) |
| Reference currency: | Sterling (GBP) |

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

**RELATING TO MORGAN STANLEY INVESTMENT FUNDS FX ALPHA PLUS RISK CONTROLLED (RC) 800 (US DOLLAR) FUND**
(the "FX Alpha Plus RC 800 (US Dollar) Fund")

**The information contained in this Appendix should be read in conjunction with the full text of the Simplified Prospectus**

### Investment objective and policy

The FX Alpha Plus RC 800 (US Dollar) Fund's investment objective is to seek to generate a risk controlled ("RC") return, measured in US Dollars that has a low level of correlation to other asset classes by investing in currency pairs. The Investment Adviser's systematic currency selection process employs computer modelling within a disciplined RC framework and seeks to profit from changes in the relative valuations of currency pairs.

The FX Alpha Plus RC 800 (US Dollar) Fund seeks to outperform the overnight US Dollar London Interbank Offered Rate (LIBOR) by 8.0% per annum, gross of fees, subject to an estimated annual ex-ante Value at Risk (VaR) of 8.0% over a holding period of 1-2 years. VaR is a measure used to estimate the maximum value of a portfolio that can be lost over a specific time period given a specific probability. An estimated annual ex-ante Value at Risk (VaR) of 8.0% means that the FX Alpha Plus RC 800 (US Dollar) Fund has a 95% probability that it will not lose more than 8% over a given 12 month period (although this monitoring does not, under any circumstances, guarantee a minimum performance).

The Fund will seek to achieve its investment objective through investing in money market funds which may be managed by the Investment Adviser or any of its related, associated or affiliated companies combined with the use of currency spot transactions, currency forward transactions and non-deliverable currency forward transactions.

A currency forward is a form of over the counter derivative that obliges one party to purchase a currency from another party at a fixed future date for a price and currency specified in the terms of the contract. Currency forwards may be used to increase or reduce exposure to currency price movements. Non-deliverable forwards are used to gain exposure to foreign currencies which are not internationally traded and do not have a forward market for non-domestic investors. All currency forwards, including non-deliverable forwards, will be cash settled in dollars. The Fund may take positions in currencies representing either a long or short exposure to the currency with respect to the Fund's Base Currency. The Fund will also enter into spot currency contracts, which are similar to forward contracts, but generally provide for settlement on a cash basis within two days of the contract.

The Fund may also invest in, bank deposits, fixed or floating rate instruments (including but not limited to commercial paper), floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents.

The Company may hypothecate, mortgage, charge or pledge the Fund's investments whether outright or as collateral security for any debt liability or obligation for the purpose of entering into repurchase agreements and securities lending transactions and for posting collateral in support of derivative transactions.

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 of the Prospectus) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

**Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets and, as the Fund will use financial derivative instruments, derivatives.**

### Risk factors

If you are in any doubt about the risk factors relevant to an investment, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

- If so provided in its investment policy, a Fund may use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Fund. Derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These risks relate specifically to market risks, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.
- Emerging country securities involve greater risk than those associated with developed countries including greater currency risk, economic and political risk, settlement risk, price volatility and may have debt unrated by internationally recognized credit rating organisations.
- Exchange rate risk

  Exchange rate movements will cause the Fund's value to decrease or increase.
- Returns may be influenced by interest rate fluctuations.

### PERFORMANCE

Not yet available.

# Appendix

## To the Simplified Prospectus of Morgan Stanley Investment Funds

### Profile of the typical investor

In light of the FX Alpha Plus RC 800 (US Dollar) Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium term.
- Seek an alternative asset class which has a low correlation to equities and bonds.
- Seek an alternative asset class with a risk measurement process which aims to estimate and constrain the potential for capital loss to within specific probabilities of not more than 8% over a 1-2 year period.
- Accept the risks associated with this type of investment, as set out in "Risk factors" above.

### Commissions and expenses

*Fees charged to the investor*

| Class: | Subscription Sales Charges: | Redemption: Contingent Deferred Sales Charge ("CDSC"): | | Conversion Charges: |
|---|---|---|---|---|
| S | None | None | | None, except for the conversion into Global Brands Fund |
| Z/ZH/ZX | Up to 1.00% | None | | None, except for the conversion into Global Brands Fund |
| I/IH/IX | Up to 3.00% | None | | None, except for the conversion into Global Brands Fund |
| A/AH/AX | Up to 5.75% | None | | None, except for the conversion into Global Brands Fund |
| B/BH/BX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 4.00% | |
| | | 1-2 Years | 3.00% | |
| | | 2-3 Years | 2.00% | |
| | | 3-4 Years | 1.00% | |
| | | 4 Years and thereafter | None | |
| C/CH/CX | None | Time Period Since Subscription: | CDSC: | None, except for the conversion into Global Brands Fund |
| | | 0-365 Days | 1.00% | |
| | | and thereafter | None | |
| N/NH/NX | None | None | | None, except for the conversion into Global Brands Fund |

Please refer to the current Application Form for availability of share classes in your jurisdiction.

A Contingent Deferred Sales Charge may be assessed on an amount equal to the lesser of the initial purchase price of the Class B, BH, BX, C, CH or CX Shares being redeemed or the current Net Asset Value of the Class B, BH, BX, C, CH or CX Shares. Accordingly no CDSC will be imposed on increases in Net Asset Value above the initial purchase price. The amount of such fee depends upon the length of time for which the Class B, BH, BX, C, CH or CX Shares have been held.

### Fund's operating expenses charged directly to the FX Alpha Plus RC 800 (US Dollar) Fund and reflected in the Net Asset Value:

| | Classes A/AH/AX | Classes B/BH/BX | Classes C/CH/CX | Classes I/IH/IX | Classes N/NH/NX | Class S | Classes Z/ZH/ZX |
|---|---|---|---|---|---|---|---|
| Investment Advisory Fee: | 1.50% | 1.50% | 2.30% | 1.00% | None | – | 1.00% |
| Distribution Fee: | None | 1.00% | None | None | None | None | None |
| Shareholder Service Fee: | 0.15% | 0.15% | 0.15% | 0.08% | None | 0.05% | 0.08% |

The Investment Advisory Fee, Distribution Fee and Shareholder Service Fee are all calculated based on the daily average net assets before deduction of any fees.

The Investment Adviser will be entitled to a Performance Fee if the Share Class Return exceeds the Hurdle Rate and the Gross Asset Value exceeds the High Water Mark over the Performance Period. If the Performance Fee is payable, it shall be calculated by applying the rate of 20% of the Outperformance to the Weighted Average Notional Shares in issue over the performance period. Definitions of these phrases and examples of Performance Fee calculations are contained in the Prospectus.

The Fund is subject to other fees and expenses which include, but are not limited to, custody, administration and transfer agency fees, legal and audit fees, printing expenses, costs of publication of the Net Asset Value (whether for regulatory purposes or otherwise) and other fees and expenses permitted to be paid out of the assets of the Company, as set out in the Prospectus and the Company's Articles of Incorporation.

### Additional important information

The FX Alpha Plus RC 800 (US Dollar) Fund is established for an unlimited period of time.

| | |
|---|---|
| Legal structure: | Sub-fund of Morgan Stanley Investment Funds |
| Launch date: | 27 February 2007 |
| Total Net Assets: | USD 27.5 million (as of 31 December 2007) |
| Reference currency: | US Dollar (USD) |

# Additional Information

## For Swiss Investors

**Representative and paying agent in Switzerland:**
Bank Morgan Stanley AG Bahnhofstrasse 92, Postfach, 8023 Zurich

The Net Asset Value per Share of each Fund will be published on a daily basis on the websites www.fundinfo.com and www.morganstanleyinvestmentfunds.com together with an indication "commissions excluded".

Publications in Switzerland relating to the Company or the Funds, in particular the publication of amendments to the Articles of Incorporation and the Prospectus, shall be made on the website www.fundinfo.com and the "Swiss Official Gazette of Commerce". The Prospectus, the Simplified Prospectus, the Articles of Incorporation and the audited annual reports as well as the unaudited semi-annual reports of the Company may be obtained free of charge from the representative and paying agent in Zurich.

### FUND EXPENSE RATIO AS AT 31 DECEMBER 2007

| Funds Name – Share Class – Currency | Fund Expense Ratio |
|---|---|
| **Equity Funds** | |
| American Franchise Fund A – USD | 1.80% |
| American Franchise Fund B – USD | 2.80% |
| American Franchise Fund I – USD | 1.03% |
| American Franchise Fund AH – EUR | 1.80% |
| Asian Equity Fund A – USD | 1.82% |
| Asian Equity Fund AX – USD | 1.82% |
| Asian Equity Fund B – USD | 2.82% |
| Asian Equity Fund I – USD | 1.10% |
| Asian Equity Fund IX – USD | 1.74% |
| Asian Property Fund A – USD | 1.74% |
| Asian Property Fund AX – USD | 1.74% |
| Asian Property Fund B – USD | 2.74% |
| Asian Property Fund I – USD | 1.02% |
| Asian Property Fund I X- USD | 1.02% |
| Emerging Europe, Middle East and Africa Equity Fund A – EUR | 2.05% |
| Emerging Europe, Middle East and Africa Equity Fund AX – EUR | 2.05% |
| Emerging Europe, Middle East and Africa Equity Fund B – EUR | 3.00% |
| Emerging Europe, Middle East and Africa Equity Fund I – EUR | 1.48% |
| Emerging Markets Equity Fund A – USD | 2.00% |
| Emerging Markets Equity Fund B – USD | 3.00% |
| Emerging Markets Equity Fund I – USD | 1.43% |
| Emerging Markets Equity Fund IX USD | 1.43% |
| European Equity Fund A – EUR | 1.62% |
| European Equity Fund B – EUR | 2.62% |
| European Equity Fund I – EUR | 1.05% |
| Eurozone Equity Opportunities Fund A – EUR | 1.75% |
| Eurozone Equity Opportunities Fund B – EUR | 2.74% |
| Eurozone Equity Opportunities Fund I – EUR | 1.09% |
| European Equity Opportunities Fund A – EUR | 1.85% |
| European Equity Opportunities Fund AX – EUR | 1.85% |
| European Equity Opportunities Fund B – EUR | 2.85% |
| European Equity Opportunities Fund I – EUR | 1.13% |
| European Equity Opportunities Fund IX – EUR | 1.13% |
| European Property Fund A – EUR | 1.77% |
| European Property Fund AX – EUR | 1.77% |
| European Property Fund B – EUR | 2.77% |
| European Property Fund I – EUR | 1.05% |
| European Property Fund IX – EUR | 1.05% |
| European Small Cap Value Fund A – EUR | 2.17% |
| European Small Cap Value Fund AX – EUR | 2.16% |
| European Small Cap Value Fund B – EUR | 3.17% |

| Funds Name – Share Class – Currency | Fund Expense Ratio |
|---|---|
| **Equity Funds** | |
| European Small Cap Value Fund I – EUR | 1.45% |
| European Small Cap Value Fund IX – EUR | 1.45% |
| Global Brands Fund A – USD | 1.71% |
| Global Brands Fund B – USD | 2.71% |
| Global Brands Fund I – USD | 0.99% |
| Global Equity Growth Fund A – USD | 1.60% |
| Global Equity Growth Fund AX – USD | 1.60% |
| Global Equity Growth Fund B – USD | 2.60% |
| Global Equity Growth Fund I – USD | 0.95% |
| Global Equity Growth Fund IX – USD | 0.95% |
| Global Property Fund A – USD | 1.90% |
| Global Property Fund AX – USD | 1.90% |
| Global Property Fund B – USD | 2.90% |
| Global Property Fund I – USD | 1.20% |
| Global Property Fund IX – USD | 1.20% |
| Global Small Cap Value Fund A – USD | 2.09% |
| Global Small Cap Value Fund AX – USD | 2.09% |
| Global Small Cap Value Fund B – USD | 3.09% |
| Global Small Cap Value Fund I – USD | 1.37% |
| Global Value Equity Fund A – USD | 1.75% |
| Global Value Equity Fund B – USD | 2.75% |
| Global Value Equity Fund I – USD | 1.03% |
| Indian Equity Fund A – USD | 1.95% |
| Indian Equity Fund B – USD | 2.95% |
| Indian Equity Fund I – USD | 1.18% |
| Indian Equity Fund IX – USD | 1.18% |
| Japanese Equity Advantage Fund A – JPY | 1.60% |
| Japanese Equity Advantage Fund AX – JPY | 1.60% |
| Japanese Equity Advantage Fund B – JPY | 2.60% |
| Japanese Equity Advantage Fund I – JPY | 0.95% |
| Japanese Equity Advantage Fund AH – EUR | 1.60% |
| Japanese Equity Growth Fund AX – JPY | 2.20% |
| Japanese Equity Growth Fund B – JPY | 3.15% |
| Japanese Equity Growth Fund I – JPY | 1.48% |
| Japanese Value Equity Fund A – JPY | 1.76% |
| Japanese Value Equity Fund AX – JPY | 1.76% |
| Japanese Value Equity Fund B – JPY | 2.76% |
| Japanese Value Equity Fund I – JPY | 1.04% |
| Latin American Equity Fund A – USD | 1.95% |
| Latin American Equity Fund B – USD | 2.95% |
| Latin American Equity Fund I – USD | 1.28% |
| US Equity Fund A – USD | 2.00% |
| US Equity Fund B – USD | 3.00% |
| US Equity Fund I – USD | 1.43% |
| US Equity Growth Fund A – USD | 1.76% |
| US Equity Growth Fund AX – USD | 1.76% |
| US Equity Growth Fund B – USD | 2.76% |
| US Equity Growth Fund I – USD | 0.99% |
| US Equity Growth Fund IX – USD | 0.99% |
| US Equity Growth Fund AH – EUR | 2.11% |
| US Equity Growth Fund IH – EUR | 1.36% |
| US Property Fund A – USD | 1.77% |
| US Property Fund AX – USD | 1.76% |
| US Property Fund B – USD | 2.77% |
| US Property Fund I – USD | 1.05% |
| US Small Cap Growth Fund A – USD | 2.10% |
| US Small Cap Growth Fund AX – USD | 2.12% |
| US Small Cap Growth Fund B – USD | 3.10% |
| US Small Cap Growth Fund I – USD | 1.37% |
| US Value Equity Fund A – USD | 1.73% |
| US Value Equity Fund AX – USD | 1.72% |
| US Value Equity Fund B – USD | 2.73% |
| US Value Equity Fund I – USD | 0.95% |
| US Value Equity Fund IX – USD | 0.95% |
| US Value Equity Fund AH – EUR | 2.09% |

# Additional Information

## For Swiss Investors

| Funds Name – Share Class – Currency | Fund Expense Ratio |
|---|---|
| **Bond Funds** | |
| Emerging Markets Debt Fund A – USD | 1.83% |
| Emerging Markets Debt Fund AX – USD | 1.83% |
| Emerging Markets Debt Fund B – USD | 2.83% |
| Emerging Markets Debt Fund I – USD | 1.26% |
| Emerging Markets Debt Fund AH – EUR | 1.98% |
| Emerging Markets Domestic Debt Fund A – USD | 1.83% |
| Emerging Markets Domestic Debt Fund AX – USD | 1.84% |
| Emerging Markets Domestic Debt Fund B – USD | 2.83% |
| Emerging Markets Domestic Debt Fund I – USD | 1.27% |
| Emerging Markets Domestic Debt Fund IX – USD | 1.26% |
| Euro Bond Fund S – EUR | 0.73% |
| Euro Bond Fund A – EUR | 1.15% |
| Euro Bond Fund I – EUR | 0.73% |
| Euro Bond Fund B – EUR | 2.15% |
| Euro Bond Fund IX – EUR | 0.73% |
| Euro Corporate Bond Fund A – EUR | 1.17% |
| Euro Corporate Bond Fund B – EUR | 2.17% |
| Euro Corporate Bond Fund I – EUR | 0.75% |
| Euro Strategic Bond Fund A – EUR | 1.14% |
| Euro Strategic Bond Fund AX – EUR | 1.14% |
| Euro Strategic Bond Fund B – EUR | 2.14% |
| Euro Strategic Bond Fund I – EUR | 0.72% |
| Euro Total Return Bond Fund A – EUR | 0.95% |
| Euro Total Return Bond Fund AX – EUR | 0.95% |
| Euro Total Return Bond Fund B – EUR | 1.95% |
| Euro Total Return Bond Fund I – EUR | 0.60% |
| Euro Total Return Bond Fund IX – EUR | 0.60% |
| European Currencies High Yield Bond Fund A – EUR | 1.30% |
| European Currencies High Yield Bond Fund B – EUR | 2.30% |
| European Currencies High Yield Bond Fund I – EUR | 0.88% |
| Global Bond Fund A – USD | 1.23% |
| Global Bond Fund AX – USD | 1.22% |
| Global Bond Fund B – USD | 2.22% |
| Global Bond Fund I – USD | 0.80% |
| Global Convertible Bond (Euro) Fund A – EUR | 1.35% |
| Global Convertible Bond (Euro) Fund B – EUR | 2.35% |
| Global Convertible Bond (Euro) Fund I – EUR | 0.88% |
| Global Convertible Bond (USD) Fund A – USD | 1.55% |
| Global Convertible Bond (USD) Fund B – USD | 2.55% |
| Global Convertible Bond (USD) Fund I – USD | 1.08% |
| Short Maturity Euro Bond Fund A – EUR | 1.18% |
| Short Maturity Euro Bond Fund B – EUR | 2.18% |
| Short Maturity Euro Bond Fund I – EUR | 0.76% |
| US Bond Fund A – USD | 1.20% |
| US Bond Fund AX – USD | 1.18% |
| US Bond Fund B – USD | 2.20% |
| US Bond Fund I – USD | 0.78% |
| US Bond Fund IX – USD | 0.78% |
| US Bond Fund S – USD | 0.95% |
| **Liquidity Funds** | |
| Euro Liquidity Fund A – EUR | 0.60% |
| Euro Liquidity Fund AX – EUR | 0.60% |
| Euro Liquidity Fund B – EUR | 1.35% |
| Euro Liquidity Fund I – EUR | 0.45% |
| Euro Liquidity Fund IX – EUR | 0.45% |
| US Dollar Liquidity Fund A – USD | 0.76% |
| US Dollar Liquidity Fund AX – USD | 0.77% |
| US Dollar Liquidity Fund B – USD | 1.45% |
| US Dollar Liquidity Fund BX – USD | 1.36% |

| Funds Name – Share Class – Currency | Fund Expense Ratio |
|---|---|
| **Liquidity Funds** | |
| US Dollar Liquidity Fund I – USD | 0.45% |
| US Dollar Liquidity Fund IX – USD | 0.45% |
| **Asset Allocation Funds** | |
| Global Diversified (Euro) Fund A – EUR | 1.49% |
| Global Diversified (Euro) Fund B – EUR | 2.49% |
| Global Diversified (Euro) Fund I – EUR | 0.92% |
| **Alternative Investment Funds** | |
| Commodities Alpha Plus Fund I – USD | 1.00% |
| Commodities Alpha Plus Fund A – USD | 1.55% |
| Commodities Alpha Plus Fund B – USD | 2.55% |
| Commodities Alpha Plus Fund AH – USD | 0.85% |
| Commodities Alpha Plus Fund IH – USD | 1.00% |
| FX Alpha Plus RC 200 Euro Fund A – EUR | 1.11%* |
| FX Alpha Plus RC 200 Euro Fund AX – EUR | 1.15%* |
| FX Alpha Plus RC 200 Euro Fund B – EUR | 2.12%* |
| FX Alpha Plus RC 200 Euro Fund I – EUR | 0.70%* |
| FX Alpha Plus RC 200 Euro Fund IX – EUR | 0.70%* |
| FX Alpha Plus RC 200 Sterling Fund A – GBP | 1.15%* |
| FX Alpha Plus RC 200 Sterling Fund AX – GBP | 1.15%* |
| FX Alpha Plus RC 200 Sterling Fund I – GBP | 0.80%* |
| FX Alpha Plus RC 200 Sterling Fund IX – GBP | 0.80%* |
| FX Alpha Plus RC 200 US Dollar Fund A – USD | 1.15%* |
| FX Alpha Plus RC 200 US Dollar Fund AX – USD | 1.15%* |
| FX Alpha Plus RC 200 US Dollar Fund B – USD | 2.15%* |
| FX Alpha Plus RC 200 US Dollar Fund I – USD | 0.80%* |
| FX Alpha Plus RC 200 US Dollar Fund IX – USD | 0.80%* |
| FX Alpha Plus RC 400 Euro Fund A – EUR | 1.48%* |
| FX Alpha Plus RC 400 Euro Fund AX – EUR | 1.48%* |
| FX Alpha Plus RC 400 Euro Fund B – EUR | 2.47%* |
| FX Alpha Plus RC 400 Euro Fund I – EUR | 0.91%* |
| FX Alpha Plus RC 400 Euro Fund IX – EUR | 0.91%* |
| FX Alpha Plus RC 400 Sterling Fund A – GBP | 1.55%* |
| FX Alpha Plus RC 400 Sterling Fund AX – GBP | 1.55%* |
| FX Alpha Plus RC 400 Sterling Fund I – GBP | 1.05%* |
| FX Alpha Plus RC 400 Sterling Fund IX – GBP | 1.05%* |
| FX Alpha Plus RC 400 US Dollar Fund A – USD | 1.55%* |
| FX Alpha Plus RC 400 US Dollar Fund AX – USD | 1.55%* |
| FX Alpha Plus RC 400 US Dollar Fund I – USD | 1.05%* |
| FX Alpha Plus RC 400 US Dollar Fund IX – USD | 1.05%* |
| FX Alpha Plus RC 800 Euro Fund A – EUR | 1.79%* |
| FX Alpha Plus RC 800 Euro Fund AX – EUR | 1.85%* |
| FX Alpha Plus RC 800 Euro Fund B – EUR | 2.79%* |
| FX Alpha Plus RC 800 Euro Fund I – EUR | 1.23%* |
| FX Alpha Plus RC 800 Euro Fund IX – EUR | 1.23%* |
| FX Alpha Plus RC 800 Sterling Fund A – GBP | 1.85%* |
| FX Alpha Plus RC 800 Sterling Fund IX – GBP | 1.35%* |
| FX Alpha Plus RC 800 Sterling Fund I – GBP | 1.35%* |
| FX Alpha Plus RC 800 US Dollar Fund A – USD | 1.85%* |
| FX Alpha Plus RC 800 US Dollar Fund AX – USD | 1.85%* |
| FX Alpha Plus RC 800 US Dollar Fund B – USD | 2.85%* |
| FX Alpha Plus RC 800 US Dollar Fund I – USD | 1.35%* |
| FX Alpha Plus RC 800 US Dollar Fund IX – USD | 1.35%* |

*Share class performance for the period to 31 December 2007 did not exceed the performance high water mark, therefore no performance fee was due at the year end. For this reason, no further TER disclosure is required.

# Additional Information

## For Swiss Investors

| Funds Name – Share Class – Currency | Fund Expense Ratio |
|---|---|
| **Portfolio Turnover Rate as at 31 December 2007** | |
| **Funds Name** | **Audited portfolio turnover rate (%)** (N.B. – portfolio turnover rates in the brackets are negative figures) |
| **Equity Funds** | |
| Global Value Equity Fund | 30.65 |
| European Equity Fund | 0.95 |
| Japanese Value Equity Fund | (141.85) |
| European Property Fund | (119.13) |
| US Small Cap Growth Fund | 89.13 |
| US Equity Growth Fund | (33.55) |
| Latin American Equity Fund | 25.62 |
| US Property Fund | (69.43) |
| Asian Equity Fund | 35.01 |
| Asian Property Fund | (69.06) |
| Emerging Markets Equity Fund | 96.47 |
| US Value Equity Fund | (51.38) |
| Global Small Cap Value Fund | 22.46 |
| Eurozone Equity Opportunities Fund | 121.83 |
| Japanese Equity Growth Fund | (0.48) |
| Emerging Europe, Middle East and Africa Equity Fund | 61.18 |
| Global Brands Fund | (35.78) |
| European Small Cap Value Fund | 17.40 |
| US Equity Fund | 1.76 |
| American Franchise Fund | (65.48) |
| Japanese Equity Advantage Fund | (21.79) |
| Global Equity Growth Fund | 68.37 |
| Indian Equity Fund | (88.01) |
| Global Property Fund | 16.45 |
| European Equity Opportunities Fund | (8.21) |

| Funds Name – Share Class – Currency | Fund Expense Ratio |
|---|---|
| **Bond Funds** | |
| Global Bond Fund | 20.90 |
| Euro Strategic Bond Fund | 138.90 |
| Euro Bond Fund | 109.07 |
| Short Maturity Euro Bond Fund | (81.64) |
| European Currencies High Yield Bond Fund | (150.39) |
| Emerging Markets Debt Fund | (68.76) |
| Emerging Markets Domestic Debt Fund | 26.99 |
| US Bond Fund | 137.99 |
| Euro Corporate Bond Fund | 55.87 |
| Euro Total Return Bond Fund | 23.71 |
| Global Convertible Bond (USD) Fund | 194.11 |
| Global Convertible Bond (Euro) Fund | 136.10 |
| **Liquidity Funds** | |
| US Dollar Liquidity Fund | (588.02) |
| Euro Liquidity Fund | (565.95) |
| **Asset Allocation Funds** | |
| Global Diversified (Euro) Fund | 211.58 |
| **Alternative Investment Funds** | |
| Commodities Alpha Plus Fund | (243.27) |
| FX Alpha Plus RC 200 Euro Fund | (333.69) |
| FX Alpha Plus RC 200 Sterling Fund | (99.14) |
| FX Alpha Plus RC 200 US Dollar Fund | (430.44) |
| FX Alpha Plus RC 400 Euro Fund | (294.44) |
| FX Alpha Plus RC 400 Sterling Fund | (444.37) |
| FX Alpha Plus RC 400 US Dollar Fund | (269.76) |
| FX Alpha Plus RC 800 Euro Fund | (310.41) |
| FX Alpha Plus RC 800 Sterling Fund | (159.52) |
| FX Alpha Plus RC 800 US Dollar Fund | (1,082.67) |

www.morganstanleyinvestmentfunds.com

Morgan Stanley

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