

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

QUICK FACTS

Investment Manager (Investment Adviser)	Morgan Stanley Investment Management Limited located in the United Kingdom
Sub Adviser	Morgan Stanley Investment Management Inc. located in the United States of America (internal delegation)
Custodian	J.P. Morgan Bank Luxembourg S.A.
Dealing frequency	Daily, each Luxembourg Business Day
Dividend Policy	No dividends will be distributed (income/capital gains will be reinvested) for classes A, AH, C, CH. Dividends if any will be distributed semi annually for classes AHX, CHX, CX.
Base currency	USD
Financial year end of this sub-fund	31 December
Min. investment	No minimum initial and additional investment amounts

WHAT IS THIS PRODUCT ?

Morgan Stanley Investment Funds US Property Fund is a sub-fund of Morgan Stanley Investment Funds which is constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

OBJECTIVES AND INVESTMENT STRATEGY**Objective**

Long term growth of your investment.

Strategy

At least 70% of the sub-fund's value will be invested in equities of companies in the real estate industry based in the US and funds and trusts with exposure to the real estate industry. This includes companies such as Real Estate Investment Trusts (REITs), Real Estate Operating Companies (REOCs) and publicly quoted property unit trusts. Where the sub-fund invests in funds and trusts, the investor will indirectly bear the ongoing costs of those investments investment vehicles. REITs and REOCs may be subject to taxation at the company level. Capital gains and income generated by the sub-fund's investment in these companies may also be taxable.

The sub-fund may invest up to 30% of its value in other investments such as convertible bonds, preference shares and other equity linked securities.

Financial derivative instruments may be used for efficient portfolio management, in order to gain exposure to certain markets at a lower cost or to reduce risk. The sub-fund does not invest extensively or primarily in financial derivatives instruments for investment purposes.

For the purpose of cash management, the sub-fund may hold cash and/or invest in cash equivalents such as money market instruments or money market funds, including those managed by the Investment Adviser, Sub Adviser or advisers affiliated either to the Investment Adviser or the Sub Adviser (please refer to the Prospectus for further details).

WHAT ARE THE KEY RISKS ?

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

1. Risk of Investment in the Real Estate Industry

The value of property related securities including funds and trusts can be affected by economic, political, market and interest rate changes. Such changes may adversely affect securities, regardless of company specific performance. The risk that one or more companies in the sub-fund's portfolio will fall, or fail to rise, can adversely affect the overall portfolio performance in any given period. Generally, a rise in interest rates will increase the cost of financing which may decrease the value of the portfolio.

2. Risk of Investment in Equity

The value of company shares can be affected by a variety of factors including the company's performance as well as the political and economic circumstances of the countries in which it operates. The value of shares may fall in value and decrease the value of your investment as a whole.

3. Exposure to the Euro and the Eurozone

The Eurozone is an economic and monetary union of 17 European member states that have adopted the Euro as their common currency and sole legal tender. The success of the Euro and the Eurozone is therefore dependent on the general economic and political condition of each member state, as well as each state's credit worthiness and the willingness of the members to remain committed to monetary union and support for the other members. Currently, there are widely held concerns in the market regarding the credit risk associated with certain sovereigns, including some member states of the Eurozone, and the continued viability of the Eurozone.

Default by any state on its Euro debts or a material decline in the credit rating of any Eurozone state could have a material negative impact on the Company and its investments. A number of the sub-funds of the Company may operate in Euro and/or may hold Euro denominated assets either directly or as collateral. In addition, the Company's counterparties, banks, custodians and service providers may have direct or indirect exposure to these countries or currency and a default or credit decline could impact their ability to meet their obligations to and/or perform services for the Company. In the event of one or more member states exiting the Eurozone, or the abandonment of the Euro entirely, there may be material negative impact on some or all sub-funds of the Company and the value of investments, including risk of redenomination from Euro into another currency, possible capital controls and legal uncertainty as to the ability to enforce obligations and debts.

Prospective shareholders should inform themselves as to the risks surrounding the Eurozone crisis and the associated risk of an investment in the Company, taking into account the uncertainty as to how the Eurozone crisis and more general global economic situation will continue to evolve.

IS THERE ANY GUARANTEE ?

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

WHAT ARE THE FEES AND CHARGES ?**Charges which may be payable by you**

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

Fee	What you pay
Subscription Fee (Sales Charge)	Up to 5.75% of the amount you buy for classes A, AH, AHX. Nil for classes C, CH, CHX, CX.
Switching Fee (Conversion Fee)	Usually nil, but up to 2% of the conversion value where the Directors determine the trading activity of the investor has adversely affected other shareholders.
Redemption Fee	Usually nil, but up to 2% of the redemption value where the Directors determine the trading activity of the investor has adversely affected other shareholders.
Contingent Deferred Sales Charges	Nil for classes A, AH, AHX. Up to 1% of the amount redeemed, if the redemption is within 365 days of the date of subscription for classes C, CH, CHX, CX.

Ongoing fees payable by the Fund

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

	Annual Rate
Management Fee (Investment Advisory Fee)	1.40% of the average daily net assets for classes A, AH, AHX. 2.20% of the average daily net assets for classes C, CH, CHX, CX.
Custodian Fee	0.002% to 0.35% of the average daily net assets, depending on the market where the investment is held.
Performance Fee	Not applicable
Administration Fee	0.005% to 0.02% of the average daily net assets, on a reducing scale as the size of the sub-fund increases.
Shareholder Service Fee*	Currently 0.15%, up to a maximum rate of 0.25% of the average daily net assets

*The current annual rate may be increased up to a specified permitted level as set out in the prospectus by giving one month's prior notice to the investors.

Other fees

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

ADDITIONAL INFORMATION

- You generally buy and redeem shares of the sub-fund at the sub-fund's next-determined net asset value (NAV) after the transfer agent receives your request in good order on or before 1pm (Central European Time) on the relevant dealing day. The distributors may impose earlier cut-off deadlines.
- If the sub-fund or a class of shares of the sub-fund is being held by investors of Hong Kong, the net asset value per share of the sub-fund is calculated and published daily in the South China Morning Post and in the Hong Kong Economic Journal in USD.

IMPORTANT

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

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