INVESTMENT MANAGEMENT

Morgan Stanley

Morgan Stanley Investment Funds

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

Prospectus

November 2014

Contents

Prospectus of the Morgan Stanley Investment Funds

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

Morgan Stanley Investment Funds (the "Company") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part I of the Law of 17th December 2010 on undertakings for collective investment (the "2010 Law"). Such registration however does not imply a positive assessment by the supervisory authority of the quality of the shares of the Company (the "Shares") offered for sale. Any representation to the contrary is unauthorised and unlawful. The Company is an Undertaking for Collective Investment in Transferable Securities ("UCITS") for the purpose of the Directive 2009/65/EC of the European Parliament and of the Council of 13th July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (the "UCITS Directive" or the "UCITS IV Directive"). The Company has appointed Morgan Stanley Investment Management (ACD) Limited as management company (the "Management Company").

The Luxembourg law of 4th June 2009 transposing the Oslo Convention on Cluster Munitions introduced in article 3 a prohibition on the financing, with full knowledge, of cluster munitions and explosive sub-munitions. As such both the Management Company and the Company have adopted a policy designed to comply with the abovementioned Luxembourg law.

Subscriptions can be accepted only on the basis of the current prospectus (the "Prospectus"), which is valid only if accompanied by a copy of the latest Annual Report containing the audited accounts, and of the semi-annual report if such report is published after the latest Annual Report. These reports form an integral part of the Prospectus.

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain Shareholder rights directly against the Company. Shareholders are advised to take advice on their rights.

No person is authorised to make any representation other than as contained in the Prospectus or in the documents referred to in the Prospectus. Such documents are available to the public at the registered office of Morgan Stanley Investment Funds, Luxembourg.

This Prospectus was prepared in English and may 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

The date of this Prospectus is November 2014.

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.

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.

The Company may, if, in the opinion of the Directors of the Company (the "Directors"), it is likely to be fiscally beneficial for the Company, invest via one or more wholly-owned subsidiaries located in any jurisdiction in the world.

The distribution of this Prospectus and the offering of the shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this 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 jurisdictions.

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.

Similarly, the Shares of the Morgan Stanley Investment Funds Indian Equity Fund may not be offered or sold, directly or indirectly, to persons resident in India.

The Management Company has appointed a distributor (the "Distributor") for marketing the Shares and the Distributor may appoint sub-distributors (each a "distributor"). The duties of the distributors may include passing the subscription, redemption and conversion orders to the Company's central administration in Luxembourg. The distributors may not offset the orders received or carry out any duties connected to the individual processing of the subscription, redemption and conversion orders. In addition, any investor may deal directly with the Management Company in order to subscribe for, redeem or convert Shares.

The Directors have taken all reasonable care to ensure that at the date of this Prospectus the information contained herein is accurate and complete in all material respects. The Directors accept responsibility accordingly. However, the Directors do not accept responsibility with regard to the content of the Prospectus or any information relating to the Shares other than to the Shareholders of the Company.

Any information given by any person not mentioned in the Prospectus should be regarded as unauthorised. The information contained in the Prospectus is considered to be accurate at the date of its publication. To reflect material changes, this document may be updated from time to time and potential subscribers should enquire of the Company as to the issue of any later Prospectus.

It should be remembered that the price of the Shares can go down as well as up. An investor may not get back the amount he has invested, particularly if Shares are redeemed soon after they are issued and the Shares have been subject to a Sales Charge or transaction charge. Changes in exchange rates may also cause the value of Shares in the investor's base currency to go up or down.

The Company determines the principles of the calculation of the price or net asset value of its Shares, which are implemented by the Management Company on a forward basis[1]. 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 Charge). The Net Asset Value per Share is calculated at the valuation point following the Cut-Off Point (as defined below).

The Company's Funds, with the exception of the US Dollar Liquidity Fund, 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 Management Company in its discretion may, if it deems such activities adversely affect the interests of the Company's Shareholders, take action as appropriate to deter such activities.

Accordingly if the Management Company determines or suspects that a Shareholder has engaged in such activities, it 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 Management Company determines to have engaged in such activities, or the imposition of limits on the number of conversions of Shares between Funds which are permitted, as described under "Redemption of Shares" and "Conversion of Shares".

Potential subscribers or purchasers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding, conversion or sale of Shares.

[1] However, please refer to Section 2.7 for details on determination of the Net Asset Value of the Funds including the US Dollar Liquidity Fund and exceptional processes which may apply to the Liquid Alternatives Fund.

Definitions

All references in the Prospectus to:

- "Business Day" refer to any day on which banks are open for business in London, Luxembourg, Mauritius, New York and Tokyo as the case may be;
- "CET" refer to Central European Time;
- "Cut-Off Point" refer to the time by which the Transfer Agent must receive applications for subscription, conversion or redemption in respect of a Dealing Day for such application to be processed on such Dealing Day. This shall mean 1 pm CET on a Dealing Day for all Funds;
- "Dealing Day" refer to any full Luxembourg Business Day for all Funds;
- "Euro" refer to the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Economic Community (signed in Rome on 25th March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7th February 1992);
- "Eurozone" refer to those member states of the European Union which have adopted the Euro as their national currency;
- "Fixed Income Securities" shall mean any transferable securities, money market instruments or deposits, including but not limited to fixed or floating rate instruments (including but not limited to commercial paper and securitised debt instruments), floating rate notes, certificates of deposit, debentures, asset backed securities and government or corporate bonds, cash and cash equivalents, subject always to such instruments being Eligible Assets for investments of UCITS, subject to the provisions of Directive 2007/16/EC of 19th March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions (the "Directive 2007/16/EC");
- "JPY" or "Yen" refer to the currency of Japan;
- the "Law" refer to the laws of the Grand Duchy of Luxembourg;
- "Net Asset Value" or "NAV" refer to the net asset value of the Funds or the Classes within a Fund depending on the context;
- "Reference Currency" refer to the reference currency as defined for each fund under Section 1.1 "The Company and the Funds" of this Prospectus;
- "Sterling" or "£" refer to the currency of the United Kingdom;
- "USD", "US$", "US Dollars" and "$" refer to the currency of the United States of America; and
- "VaR" refer to Value at Risk.

Section 1
1.1 The Company and the Funds

THE COMPANY

The Company is an open-ended investment company with variable capital *("société d'investissement à capital variable")* incorporated in Luxembourg with limited liability under Part I of the 2010 Law. The Company is presently structured to provide both institutional and individual investors with a variety of funds (hereinafter referred to collectively as the "Funds" or singularly as a "Fund"). The Company offers a range of equity, bond, liquidity, asset allocation and alternative investment funds denominated in the currencies specified below (the "Reference Currencies").

Some Funds are authorised to use derivatives and efficient portfolio management techniques as an important part of their investment strategies as described in the Funds' investment objectives. For the purpose of the UCITS IV Directive and regulation following therefrom (the "UCITS IV Regulations") as applicable to the Company, these Funds are classified according to the methodology adopted by the Management Company in order to calculate the global risk exposure of each Fund. Such a classification can be found under Section 1.3 "Methodology for Calculating the Global Exposure".

Equity Funds

Morgan Stanley Investment Funds Asian Equity Fund, (Reference Currency: USD) (the "Asian Equity Fund")

Morgan Stanley Investment Funds Asia-Pacific Equity Fund, (Reference Currency: USD) (the "Asia-Pacific Equity Fund")

Morgan Stanley Investment Funds Asian Property Fund, (Reference Currency: USD) (the "Asian Property Fund")

Morgan Stanley Investment Funds Emerging Europe, Middle East and Africa Equity Fund, (Reference Currency: Euro) (the "Emerging Europe, Middle East and Africa Equity Fund")

Morgan Stanley Investment Funds Emerging Leaders Equity Fund, (Reference Currency: USD) (the "Emerging Leaders Equity Fund")

Morgan Stanley Investment Funds Emerging Markets Equity Fund, (Reference Currency: USD) (the "Emerging Markets Equity Fund")

Morgan Stanley Investment Funds European Equity Alpha Fund, (Reference Currency: Euro) (the "European Equity Alpha Fund")[2]

Morgan Stanley Investment Funds European Property Fund, (Reference Currency: Euro) (the "European Property Fund")

Morgan Stanley Investment Funds Eurozone Equity Alpha Fund, (Reference Currency: Euro) (the "Eurozone Equity Alpha Fund")

Morgan Stanley Investment Funds Frontier Emerging Markets Equity Fund, (Reference Currency: USD) (the "Frontier Emerging Markets Equity Fund")

Morgan Stanley Investment Funds Global Advantage Fund, (Reference Currency: USD) (the "Global Advantage Fund")

Morgan Stanley Investment Funds Global Brands Fund, (Reference Currency: USD) (the "Global Brands Fund")[3]

Morgan Stanley Investment Funds Global Discovery Fund, (Reference Currency: USD) (the "Global Discovery Fund")[4]

Morgan Stanley Investment Funds Global Equity Allocation Fund, (Reference Currency: USD) (the "Global Equity Allocation Fund")

Morgan Stanley Investment Funds Global Infrastructure Fund, (Reference Currency: USD) (the "Global Infrastructure Fund")

Morgan Stanley Investment Funds Global Opportunity Fund, (Reference Currency: USD) (the "Global Opportunity Fund")

Morgan Stanley Investment Funds Global Property Fund, (Reference Currency: USD) (the "Global Property Fund")

Morgan Stanley Investment Funds Global Quality Fund, (Reference Currency: USD) (the "Global Quality Fund")

Morgan Stanley Investment Funds Indian Equity Fund, (Reference Currency: USD) (the "Indian Equity Fund")

Morgan Stanley Investment Funds International Equity (ex US) Fund, (Reference Currency: USD) (the "International Equity (ex US) Fund")[5]

Morgan Stanley Investment Funds Japanese Equity Fund, (Reference Currency: Yen) (the "Japanese Equity Fund")

Morgan Stanley Investment Funds Latin American Equity Fund, (Reference Currency: USD) (the "Latin American Equity Fund")

Morgan Stanley Investment Funds US Advantage Fund, (Reference Currency: USD) (the "US Advantage Fund")

Morgan Stanley Investment Funds US Growth Fund, (Reference Currency: USD) (the "US Growth Fund")

Morgan Stanley Investment Funds US Insight Fund, (Reference Currency: USD) (the "US Insight Fund")[6]

Morgan Stanley Investment Funds US Property Fund, (Reference Currency: USD) (the "US Property Fund")

[2] The reference currency of the European Equity Alpha Fund is Euro. However, Class Z Shares denominated in GBP may also be offered at the Management Company's discretion.

[3] As from 31st October 2012, subscriptions in Class A, AH (CHF), AH (EUR), AHX or AX Shares in the Global Brands Fund will be suspended until further notice and conversions from other Funds into Class A, AH (CHF), AH (EUR), AHX or AX Shares will not be accepted. An exception to this suspension is made in respect of investors in Taiwan who invest in the Fund pursuant to regular fixed amount and floating amount investment plans ("Taiwan Regular Investors"), provided (i) the relevant Taiwan Regular Investor had already subscribed to the Fund via their regular investment plan prior to 31st October 2012 and (ii) the frequency of investment and amounts on the basic amount may not increase. As from 30th November 2012 subscriptions in Class B, BH, BHX, C, CH, CHX, CX or I Shares in the Global Brands Fund will be suspended until further notice and conversions from other Funds into Class B, BH, BHX, C, CH, CHX, CX or I Shares will not be accepted.

[4] The Global Discovery 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 Discovery Fund will be made available at the registered office of the Company.

[5] The International Equity (ex US) 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 International Equity (ex US) Fund will be made available at the registered office of the Company.

[6] The US Insight 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 US Insight Fund will be made available at the registered office of the Company.

Bond Funds

Morgan Stanley Investment Funds Absolute Return Fixed Income Fund, (Reference Currency: Euro) (the "Absolute Return Fixed Income Fund")[7]

Morgan Stanley Investment Funds Asian Fixed Income Opportunities Fund, (Reference Currency: USD) (the "Asian Fixed Income Opportunities Fund")[8]

Morgan Stanley Investment Funds Emerging Markets Corporate Debt Fund, (Reference Currency: USD) (the "Emerging Markets Corporate Debt Fund")

Morgan Stanley Investment Funds Emerging Markets Debt Fund, (Reference Currency: USD) (the "Emerging Markets Debt Fund")

Morgan Stanley Investment Funds Emerging Markets Domestic Debt Fund, (Reference Currency: USD) (the "Emerging Markets Domestic Debt Fund")

Morgan Stanley Investment Funds Euro Bond Fund, (Reference Currency: Euro) (the "Euro Bond Fund")

Morgan Stanley Investment Funds Euro Corporate Bond Fund, (Reference Currency: Euro) (the "Euro Corporate Bond Fund")

Morgan Stanley Investment Funds Euro Corporate Bond (ex Financials) Fund, (Reference Currency: Euro) (the "Euro Corporate Bond (ex Financials) Fund")

Morgan Stanley Investment Funds Euro Strategic Bond Fund, (Reference Currency: Euro) (the "Euro Strategic Bond Fund")

Morgan Stanley Investment Funds European Currencies High Yield Bond Fund, (Reference Currency: Euro) (the "European Currencies High Yield Bond Fund")

Morgan Stanley Investment Funds Global Bond Fund, (Reference Currency: USD) (the "Global Bond Fund")

Morgan Stanley Investment Funds Global Convertible Bond Fund, (Reference Currency: USD) (the "Global Convertible Bond Fund")

Morgan Stanley Investment Funds Global Credit Fund, (Reference Currency: USD) (the "Global Credit Fund")

Morgan Stanley Investment Funds Global Fixed Income Opportunities Fund, (Reference Currency: USD) (the "Global Fixed Income Opportunities Fund")

Morgan Stanley Investment Funds Global High Yield Bond Fund, (Reference Currency: USD) (the "Global High Yield Bond Fund")

Morgan Stanley Investment Funds Global Mortgage Securities Fund, (Reference Currency: USD) (the "Global Mortgage Securities Fund")

Morgan Stanley Investment Funds Global Premier Credit Fund, (Reference Currency: USD) (the "Global Premier Credit Fund")

Morgan Stanley Investment Funds Short Maturity Euro Bond Fund, (Reference Currency: Euro) (the "Short Maturity Euro Bond Fund")

Morgan Stanley Investment Funds US Dollar High Yield Bond Fund, (Reference Currency: USD) (the "US Dollar High Yield Bond Fund")[9]

Morgan Stanley Investment Funds US Dollar Short Duration Bond Fund, (Reference Currency: USD) (the "US Dollar Short Duration Bond Fund")[10]

Morgan Stanley Investment Funds US Dollar Short Duration High Yield Bond Fund, (Reference Currency: USD) (the "US Dollar Short Duration High Yield Bond Fund")[11]

Liquidity Fund

Morgan Stanley Investment Funds US Dollar Liquidity Fund, (Reference Currency: USD) (the "US Dollar Liquidity Fund")

Asset Allocation Funds

Morgan Stanley Investment Funds Diversified Alpha Plus Fund, (Reference Currency: Euro) (the "Diversified Alpha Plus Fund")

Morgan Stanley Investment Funds Diversified Alpha Plus Low Volatility Fund, (Reference Currency: Euro) (the "Diversified Alpha Plus Low Volatility Fund")

Morgan Stanley Investment Funds Global Balanced Risk Control Fund of Funds, (Reference Currency: Euro) (the "Global Balanced Risk Control Fund of Funds")

Morgan Stanley Investment Funds Global Balanced Risk Control Income Fund of Funds, (Reference Currency: Euro) (the "Global Balanced Risk Control Income Fund of Funds")[12]

Morgan Stanley Investment Funds Global Balanced Income Fund, (Reference Currency: Euro) (the "Global Balanced Income Fund")

Alternative Investment Funds

Morgan Stanley Investment Funds Liquid Alternatives Fund, (Reference Currency: USD) (the "Liquid Alternatives Fund")

Morgan Stanley Investment Funds Liquid Alpha Capture Fund, (Reference Currency: USD) (the "Liquid Alpha Capture Fund")

[7] The Absolute Return Fixed Income 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 Absolute Return Fixed Income Fund will be made available at the registered office of the Company.

[8] The Asian Fixed Income Opportunities Fund is not available for subscription at the date of this Prospectus. The Fund may be launched at the Company's discretion, at which time, confirmation of the launch of the Asian Fixed Income Opportunities Fund will be made available at the registered office of the Company.

[9] The US Dollar High Yield Bond 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 US Dollar High Yield Bond Fund will be made available at the registered office of the Company.

[10] The US Dollar Short Duration Bond 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 US Dollar Short Duration Bond Fund will be made available at the registered office of the Company.

[11] The US Dollar Short Duration High Yield Bond 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 US Dollar Short Duration High Yield Bond Fund will be made available at the registered office of the Company.

[12] The Global Balanced Risk Control Income Fund of Funds 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 Balanced Risk Control Income Fund of Funds will be made available at the registered office of the Company.

1.2 Investment Objectives and Policies

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.

For this purpose the Company offers a range of 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.

Each of the Funds is managed in accordance with the investment and borrowing restrictions specified in Appendix A.

The Funds are authorised to use derivatives 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 derivatives will do so for hedging and/or efficient portfolio management purposes only. Funds using derivatives will do so within the limits specified in Section 3 of Appendix A. **Investors should refer to Section 1.5 "Risk Factors" below for special risk considerations applicable to derivatives. None of the Funds have as core strategy to achieve their investment objective through the entering into one or several single total return swaps ("TRS") or similar financial derivative instruments. The Funds may, on an ancillary basis, gain exposure to eligible financial indices or reference assets which are in line with their investment objectives through one or several TRS or similar financial derivative instruments. The Funds will only enter into such transactions with leading regulated financial institutions specialised in such types of transactions.**

The Funds are authorised to employ efficient portfolio management techniques within the limits specified in Section 3 of Appendix A. **The attention of investors is drawn to the fact that all Funds may from time to time use efficient portfolio management techniques such as securities lending and repurchase and reverse repurchase transactions. Investors should refer to Section 1.5 "Risk Factors" below for special risk considerations applicable to efficient portfolio management techniques and derivatives.**

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. Funds should not be used as a trading vehicle.

GENERAL INFORMATION RELATING TO THE FUNDS

For clarification purposes, if the objective of a Fund uses terms such as "primarily" and "principally" this will refer to a level equal to at least 70% of the actually invested assets (gross assets after deducting cash and cash equivalents). Likewise, the term "ancillary" will refer to a level of 30% or less. For the European Equity Alpha Fund and the Eurozone Equity Alpha Fund, (i) terms such as "primarily" and "principally" will mean at least 75% of the actually invested assets and (ii) the term "ancillary" will mean 25% or less. Ancillary investment by the Equity Funds in debt claims (as defined by Council Directive 2003/48/EC (the "EU Savings Directive" as amended from time to time)) will be limited to 15% of Net Asset Value, although the 30% ancillary limit will continue to apply to the total ancillary investments made by such Funds. The term "limited extent" will refer to a level equal to that of 10% or less of the actually invested assets (net assets after deducting cash and cash equivalents) of each Fund. Individual Funds may impose different levels and these will be outlined in the objectives for that Fund.

If such percentages are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights attaching to securities which form part of the assets of the Company, the Company shall take such steps as are necessary to ensure a restoration of compliance as soon as is reasonably practicable having regard to the interests of Shareholders.

If a currency is mentioned in brackets in the name of a Fund, such currency is the reference currency of such Fund and is used for performance measurement and accounting purposes. It may differ from the investment currency of the Fund.

For the purpose of cash management, a Fund may hold cash and/or invest in cash equivalents such as money market instruments or short-term money market funds and money market funds as defined by CESR's Guidelines on a common definition of European money market funds dated 19th May 2010 (CESR/10-049) (Short-Term Money Market Funds and Money Market Funds). This may include investment in the US Dollar Liquidity Fund and/or any sub-funds of the Morgan Stanley Liquidity Funds or any other Short-Term Money Market Funds and Money Market Funds managed by the Investment Advisers or any of the Sub-Advisers.[13]

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 2010 Law.

There can be no guarantee that the investment objectives of the Funds will be met.

Investors should consult the key investor information document of the relevant Class of Share, for information relating to historic performance.

EQUITY FUNDS

The various Equity Funds have the following objectives:

ASIAN EQUITY FUND

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, for the avoidance of doubt including Real Estate Investment Trusts (REITS), 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 developed and emerging 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 and frontier markets in Asia. The Fund may also invest on an ancillary basis in depositary receipts (including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), International Depository Receipts (IDRs) and European Depositary Receipts (EDRs)), debt securities convertible into common shares, preference shares, debentures, warrants, and to a limited extent the Fund may also invest in collective investment schemes including closed-end funds and the Company's Funds, ETFs and securities not widely traded.

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

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

ASIA-PACIFIC EQUITY FUND

The Asia-Pacific 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, for the avoidance of doubt including Real Estate Investment Trusts (REITS), domiciled in or exercising the predominant part of their economic activity in the Asia-Pacific region, excluding Japan, thereby taking advantage of the dynamic economic growth capabilities of the region. The Fund invests in developed and emerging markets of the region, such as Australia, China, Hong Kong, India, Indonesia, South Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand, but additional opportunities are also sought in the region, whenever regulations permit, in any of the emerging markets and frontier markets in Asia. The Fund may also invest on an ancillary basis in depositary receipts (including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), International Depository Receipts (IDRs) and European Depositary Receipts (EDRs)), debt securities convertible into common shares, preference shares, debentures, warrants, and to a limited extent the Fund may also invest in collective investment schemes including closed-end funds and the Company's Funds, ETFs and securities not widely traded.

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

[13] The Morgan Stanley Liquidity Funds (including all of their sub-funds) are not approved for distribution to non-qualified investors in Switzerland.

Profile of the typical investor

In light of the Asia-Pacific 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

ASIAN PROPERTY FUND

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 real estate industry located throughout Asia and Oceania. Companies in the real estate industry may include companies principally engaged in the development and/or ownership of income-producing property and collective investment vehicles with exposure to property such as publicly quoted property unit trusts, Real Estate Investment Trusts and undertakings for collective investment. 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, on an ancillary basis, in preference shares, debt securities convertible into common shares and other equity linked instruments.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to investing in companies principally engaged in the real estate industry.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

EMERGING EUROPE, MIDDLE EAST AND AFRICA EQUITY FUND

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 2010 Law. Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in non-listed securities (subject to Appendix A – 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.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

EMERGING LEADERS EQUITY FUND

The Emerging Leaders Equity Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars, through investment primarily in a concentrated portfolio of equity securities in emerging and frontier countries. Such countries include Argentina, Bahrain, Bangladesh, Botswana, Brazil, Bulgaria, Chile, China, Colombia, Croatia, Estonia, Greece, Hungary, India, Indonesia, Jamaica, Jordan, Kazakhstan, Kenya, Lebanon, Lithuania, Malaysia, Mauritius, Mexico, Nigeria, Oman, Pakistan, the Philippines, Poland, Portugal, Qatar, Romania, the Russian Federation, Serbia, Slovenia, South Africa, South Korea, Sri Lanka, Taiwan, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Venezuela, Vietnam and Zimbabwe, provided that the markets of these countries are considered to be regulated exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the 2010 Law. As markets in other countries develop, the Fund expects to expand and further diversify the emerging and frontier markets in which it invests. Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in securities that do not comply with Article 41(1) of the 2010 Law (see Appendix A – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges. The Fund may invest in the equity securities (including American Depository Receipts) of companies organised and located in countries other than an emerging or frontier market where the value of the company's securities will reflect principally conditions in an emerging or frontier country, or where the principal securities trading market for which is in an emerging or frontier country, or where 35% of the company's revenue, sales, EBITDA or profit before tax is derived from either goods produced, sales made or services performed in emerging or frontier countries. The fund will limit the use of derivatives to efficient portfolio management and for hedging purposes only. The Fund may invest in participatory notes that may be used to gain exposure to securities and markets which may not be efficiently accessed through direct investment. Exposure to participatory notes will not exceed 45% of the actually invested assets (gross assets after deducting cash and cash equivalents). On an ancillary basis the Fund may invest in cash, debt securities convertible into common shares, preference shares, and other equity linked instruments including, for the purpose of efficient portfolio management (including hedging), exchange-traded and over-the-counter options, futures and other derivatives.

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

Profile of the typical investor

In light of the Emerging Leaders 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

EMERGING MARKETS EQUITY FUND

The Emerging Markets Equity Fund's investment objective is to seek to maximise total return, measured in US Dollars, through investment primarily in emerging market country equity securities. The Fund will principally 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. "Emerging Market" countries, for the purposes of this Fund, are as defined by the MSCI Emerging Market Index, provided that the markets of these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the 2010 Law. To achieve its principal investment in Emerging Market countries, the Fund may invest in the securities of companies organised and located in Emerging Market countries and may also invest in the securities of companies organised and located in Developed Market countries (for the purposes of this Fund, as defined by MSCI World) 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 at the time of purchase 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, or in other equity linked instruments located in Developed Markets but providing exposure to Emerging Markets (for example depositary receipts) ("EM Exposed Securities").

The Fund may invest on an ancillary basis in eligible Frontier Markets equity (meaning those countries that are neither Developed Markets nor Emerging Markets as such terms are defined above for this Fund). The Fund may also invest on an ancillary basis in units/shares of other collective investment schemes, including the Company's Funds as well as in closed-end funds, debt securities convertible into common shares and preference shares, in each case to gain exposure to Emerging Markets or Frontier Markets. The Fund may also invest on an ancillary basis in and 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 equity securities in Developed Market countries (whether EM Exposed Securities or not) or in debt securities (whether providing exposure to Emerging Markets or Developed Markets).

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

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

EUROPEAN EQUITY ALPHA FUND

The European Equity Alpha Fund's investment objective is to seek long-term capital growth measured in Euro, through investment primarily in a concentrated portfolio of equity securities of companies listed on European stock exchanges. 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 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 equity securities not meeting the criteria of the Fund's primary investments, debt securities convertible into common shares, preference shares, warrants and other equity linked instruments.

In order for the European Equity Alpha Fund to claim eligibility to the French *"Plan d'Epargne en Actions"* and as long as it is registered with the *Autorité des Marchés Financiers* in France, the total amount invested in equity securities (including *actions* and *parts sociales*) (as defined by Article L.221-31 of the French Monetary and Financial Code, I-1, a and b), other than preference shares (as defined by Article L.228-11 of the French Commercial Code) and subscription or allotment rights or warrants attached to shares *(droits ou bons de souscription ou d'attribution d'actions)* of eligible issuers, which have their registered office in a country member of the European Union or in the European Economic Area (provided that the said country has concluded with France a bilateral tax cooperation agreement with a clause of administrative assistance aiming at fighting tax fraud or evasion), will not be less than 75% at any time.

Profile of the typical investor

In light of the European Equity Alpha 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EUROPEAN PROPERTY FUND

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. Companies in the real estate industry may include property development companies, companies principally engaged in the development and/or ownership of income-producing property and collective investment vehicles with exposure to property such as publicly quoted property unit trusts, Real Estate Investment Trusts and undertakings for collective investment.

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, on an ancillary basis, in preference shares, debt securities convertible into common shares and other equity linked instruments.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to investing in companies principally engaged in the real estate industry.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EUROZONE EQUITY ALPHA FUND

The Eurozone Equity Alpha Fund's investment objective is to seek long-term capital growth, 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. 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 equity securities not meeting the criteria of the Fund's primary investments, debt securities convertible into common shares, preference shares, warrants and other equity linked instruments.

In order for the Eurozone Equity Alpha Fund to claim eligibility to the French *"Plan d'Epargne en Actions"* and as long as it is registered with the *Autorité des Marchés Financiers* in France, the total amount invested in equity securities (including *actions* and *parts sociales*) (as defined by Article L.221-31 of the French Monetary and Financial Code, I-1, a and b), other than preference shares (as defined by Article L.228-11 of the French Commercial Code) and subscription or allotment rights or warrants attached to shares *(droits ou bons de* *souscription ou d'attribution d'actions)* of eligible issuers, which have their registered office in a country member of the European Union or in the European Economic Area (provided that the said country has concluded with France a bilateral tax cooperation agreement with a clause of administrative assistance aiming at fighting tax fraud or evasion), will not be less than 75% at any time.

Profile of the typical investor

In light of the Eurozone Equity Alpha 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

FRONTIER EMERGING MARKETS EQUITY FUND

The Frontier Emerging Markets Equity Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars, through investment primarily in a portfolio of equity securities in frontier emerging market countries. The term "frontier emerging markets" refers to those emerging market countries outside the "mainstream" emerging markets, whose capital markets have traditionally been difficult for foreign investors to enter or are in early stages of capital market and/or economic development. Such countries include Argentina, Bahrain, Bangladesh, Bulgaria, Croatia, Estonia, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Lithuania, Mauritius, Nigeria, Oman, Pakistan, Qatar, Romania, Saudi Arabia, Serbia, Slovenia, Sri Lanka, Tunisia, Ukraine, United Arab Emirates and Vietnam provided that the markets of these countries are considered to be regulated exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the 2010 Law. As markets in other countries develop, the Fund expects to expand and further diversify the frontier markets in which it invests. Investments in securities listed on exchanges which are not Recognised Exchanges shall be treated as investments in securities that do not comply with Article 41(1) of the 2010 Law (see Appendix A – Investment Powers and Restrictions) until such time as such exchanges are deemed to be Recognised Exchanges.

The Fund may invest in the equity securities (including American Depository Receipts and Global Depository Receipts) of companies organised and located in countries other than a frontier emerging market where the value of the companies securities reflect a broad exposure to frontier emerging markets or where the company operates a subsidiary in such countries. For the purpose of the Fund's investments, a company will be treated as operating in a frontier emerging market if the company (i) is organized under the laws of, or has its principal offices located in a frontier emerging market country; or (ii) its securities are listed, quoted or traded (as their principal securities trading market) or intended to be listed, quoted or traded on a securities exchange located in a frontier emerging market country; or (iii) at least 35% of the company's revenue is derived from either goods produced, sales made or services performed in one or more frontier emerging market countries. The Fund may invest in derivatives including swaps, forwards, options, participatory notes, warrants and other derivatives. Such indirect exposure will not exceed 50% of the net assets of the Fund. On an ancillary basis the fund may invest in collective investment schemes including the Company's Funds, exchange-traded funds, cash and cash equivalents.

Due to its investment policy the Fund is particularly exposed to emerging markets risk, derivatives risk and exchange rates risk as described hereafter. However, investors should also refer to "Risk Factors" below for a fuller description of risk considerations applicable to the Fund.

EMERGING MARKETS RISK

In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have, for the most part, substantially less volume than more developed markets, and securities of many companies may be less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of certain of the Funds.

Settlement systems in emerging markets may be less well organised than in developed markets. Thus there may be a risk that settlement may be delayed and that cash or securities of the Funds may be in jeopardy because of failures of or defects in the systems. In particular, market practice may require that payment shall be made prior to receipt of the security which is being purchased, or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the "Counterparty") through whom the relevant transaction is effected might result in a loss being suffered by Funds investing in emerging market securities.

The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.

Investments in the Russian Federation are subject to certain heightened risks with regard to the ownership and custody of securities. In these countries the ownership is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Custodian). No certificates representing ownership of such companies will be held by the Custodian or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of effective state regulation and enforcement, the Company could lose its registration and ownership of such securities through fraud, negligence or even mere oversight. However, in recognition of such risks, the relevant correspondent to the Custodian follows increased "due diligence" procedures. The correspondent has entered into agreements with company registrars and will only permit investment in those companies that have adequate registrar procedures in place. In addition, the settlement risk is minimised as the correspondent will not release cash until registrar extracts have been received and checked. In addition, debt securities in these countries have an increased custodial risk associated with them as such securities are, in accordance with market practice, held in custody with institutions which may not have adequate insurance coverage to cover loss due to theft, destruction or default whilst such assets are in its custody.

Other risks could include, by way of example, controls on foreign investment and limitations on the repatriation of capital and the exchange of local currencies for US$, the impact on the economy as a result of religious or ethnic unrest. In addition investments in India may be subject to the withdrawal or non-renewal of the Investment Adviser's Foreign Institutional Investor licence.

DERIVATIVES RISK

The Fund may invest in derivatives including swaps, forwards, options, participatory notes, warrants and other derivatives.

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. The Fund may engage various investment strategies with a view to reducing certain of its risks. Such strategies may be unsuccessful and incur losses for the Fund.

Derivatives also involve specific risks. These risks relate specifically to market risks, liquidity risk, counterparty risk, leverage 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. **Investors should refer to the section headed "Risk Factors" for a description of these risks.**

EXCHANGE RATES RISK

The Fund is invested in securities denominated in a number of different currencies other than the Reference Currency in which the Fund is denominated; changes in foreign currency exchange rates will affect the value of Shares held in the Fund.

Many countries have experienced substantial currency devaluations relative to the currencies of more developed countries. Derivatives may be used to reduce this risk. The Company may in its discretion choose not to hedge against currency risk. In addition, certain market conditions may make it impossible or uneconomical to hedge against currency risk.

Profile of the typical investor

In light of the Frontier 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

GLOBAL ADVANTAGE FUND

The Global Advantage Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars, by investing primarily in securities issued by companies on a global basis. Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in equity securities of established large-capitalization companies. The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities for investment will be driven by a search for large-capitalization companies with strong name recognition and sustainable competitive advantages, typically favouring companies with rising returns on invested capital, above average business visibility, strong current period free cash flow generation and attractive risk/reward. Fundamental research drives the investment process. Company developments, including business strategy and financial results, will be studied on an ongoing basis. Portfolio holdings will generally be considered for divestment when the Investment Adviser determines that the holding no longer satisfies the Fund's investment criteria. With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The Fund may also be invested, on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)) preference shares, warrants on securities, cash and cash equivalents and other equity linked securities.

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

Profile of the typical investor

In light of the Global 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

GLOBAL BRANDS FUND

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 to gain exposure to companies in developed and emerging markets, as well as equity securities of emerging market companies.

The Fund will limit the use of derivatives to hedging purposes only.

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 distributions, as outlined in "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL DISCOVERY FUND

The Global Discovery Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars.

Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in equity securities of established and emerging companies located throughout the world, with capitalizations within the range of companies included in the MSCI All Country World Index.

The Fund may also invest on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), preference shares, warrants on securities, cash and cash equivalents and other equity linked securities. In addition, the Fund may to a limited extent, invest in ETFs.

With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities for investment will be driven by a search for companies with sustainable competitive advantages, typically favouring companies with one or more of the following: strong cash generation, attractive returns on capital, hard-to replicate assets and a favourable risk/reward. Portfolio holdings will generally be considered for disinvestment when the Investment Adviser determines that the holding no longer satisfies the Fund's investment criteria.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to emerging markets and derivatives.

Profile of the typical investor

In light of the Global Discovery 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

GLOBAL EQUITY ALLOCATION FUND

The Global Equity Allocation Fund's investment objective is to seek long-term capital appreciation, in US Dollars, by investing primarily in equity securities issued by companies located throughout the world. The portfolio is constructed on the basis of the belief that the most important factors to global equity investing are choice of region, country and industry sector. The investment process will utilise a top-down approach that actively emphasizes region, country and industry sector selection and weightings more heavily than individual stock selection. The investment decisions are implemented through optimized stock baskets that are constructed to broadly track the local MSCI Indices. The portfolio is well diversified and has little stock specific risk.

Profile of the typical investor

In light of the Global Equity Allocation 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL INFRASTRUCTURE FUND

The Global Infrastructure Fund's investment objective is to seek to provide long-term capital appreciation, measured in US Dollars, by investing primarily in equity securities issued by companies, for the avoidance of doubt including Real Estate Investment Trusts (REITS), located throughout the world that are engaged in the infrastructure business. Companies in the infrastructure business may be involved in, among other areas, the transmission and distribution of electric energy; the storage, transportation and distribution of natural resources, such as natural gas, used to produce energy; the building, operation and maintenance of highways, toll roads, tunnels, bridges and parking lots; the building, operation and maintenance of airports and ports, railroads and mass transit systems; telecommunications; water treatment and distribution; and other emerging infrastructure sectors.

The Fund may also invest on an ancillary basis in preference shares, debt securities convertible into common shares and other equity linked instruments issued by any corporations engaged in infrastructure related business.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to investing in companies principally engaged in the infrastructure industry.

Profile of the typical investor

In light of the Global Infrastructure 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL OPPORTUNITY FUND

The Global Opportunity Fund's investment objective is to seek long-term appreciation, measured in US Dollars. Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in growth-oriented equity securities on a global basis. The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities will be driven by a search for companies with the potential for strong free cash flow generation and that are believed to be undervalued at the time of purchase. Valuation is viewed in the context of prospects for sustainable earnings and cash flow growth. Fundamental research drives the investment process. Companies believed to have consistent or rising earnings growth records and compelling business strategies will typically be focused on. On an ongoing basis company developments, including business strategy and financial results are studied. Portfolio holdings will generally be considered for divestment when the Investment Adviser determines that the holding no longer satisfies the Fund's investment criteria.

With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The Fund may also invest on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), preference shares, warrants on securities, cash and cash equivalents and other equity linked securities.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to emerging markets.

Profile of the typical investor

In light of the Global Opportunity 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL PROPERTY FUND

The Global Property Fund's investment objective is to seek 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. Companies in the real estate industry may include companies principally engaged in the development and/or ownership of income-producing property and collective investment vehicles with exposure to property such as publicly quoted property unit trusts, Real Estate Investment Trusts (REITs) and undertakings for collective investment. 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 on an ancillary basis in preference shares, debt securities convertible into common shares and other equity linked instruments.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to investing in companies principally engaged in the real estate industry.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL QUALITY FUND

The Global Quality 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 strategy will invest in a concentrated portfolio of high quality businesses with strong managements that can sustain high cross-cycle returns on capital. The Investment Adviser believes that long-term returns can best be achieved through compounding and downside protection and that high quality companies can generate superior returns for their owners over the long-term. The search for high quality companies will focus on identifying companies with dominant market positions, typically underpinned by hard to replicate intangible assets. Characteristics include resilient revenue streams, pricing power, typically low capital intensity and the opportunity for organic growth. The Investment Adviser aims to buy these stocks at attractive valuations relative to their cash-flow based fundamental values. The Fund may also invest, on an ancillary basis, in equity securities of companies located in emerging markets, in preference shares, debt securities convertible into common shares or preference shares, warrants on securities and other equity linked securities. The Fund will limit the use of derivatives to hedging purposes only.

The investment strategy of the Global Quality Fund might have limited capacity. In the event that the overall assets managed within the strategy get close to the strategy capacity limit as appreciated, from time to time, by the Investment Adviser, the Directors may decide to close one or more share classes to further subscriptions or conversions taking into account the best interests of the existing shareholders.

Profile of the typical investor

In light of the Global Quality 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

INDIAN EQUITY FUND

The Indian Equity Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars, by investment directly (subject to the Fund's obtaining applicable regulatory approval as the case may be) or through the Subsidiary, primarily in the equity securities of companies domiciled or exercising the predominant part of their economic activity in India. The Fund, either directly (subject to the above mentioned approvals) or through the Subsidiary (as defined below), 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, either directly (subject to the above mentioned approvals) or through the Subsidiary, will invest in a concentrated portfolio of companies.

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

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

INTERNATIONAL EQUITY (EX US) FUND

The International Equity (ex US) Fund's investment objective is to seek an attractive long-term rate of return, measured in US Dollars.

The Fund will seek to achieve its investment objective by investing principally in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), of companies located in the world's developed countries excluding the United States of America. The Fund will invest in a diversified portfolio of companies using in-depth bottom-up fundamental company research. The investment process relies on a disciplined, value-oriented approach to identify companies with capable management, dominant market positions, have the potential to generate stable, consistent returns. The Investment Adviser aims to buy these companies at attractive valuations relative to their cash-flow based fundamental values.

The Fund may also invest, on an ancillary basis, in equity securities of companies located in emerging markets; or, as a result of a corporate action, located in the United States of America, in preference shares, debt securities convertible into common shares or preference shares, warrants on securities and other equity linked securities.

Investors should refer to "Risk Factors" below for special risk considerations applicable to small and mid-sized companies, emerging markets and depositary receipts.

The Fund will limit the use of derivatives to currency forwards for hedging purposes only.

Profile of the typical investor

In light of the International Equity (ex US) 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

JAPANESE EQUITY FUND

The Japanese Equity 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 – 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.

Profile of the typical investor

In light of the Japanese 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

LATIN AMERICAN EQUITY FUND

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 2010 Law. 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 – 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.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

US ADVANTAGE FUND

The US Advantage Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars, by investing primarily in securities issued by US companies and on an ancillary basis in securities issued by companies that are not from the US. An issuer may be considered to be from a particular country (including the US) or geographic region if (i) its principal securities trading market is in that country or geographic region; (ii) alone or on a consolidated basis it derives 50% or more of its annual revenue from goods produced, sales made or services performed in that country or geographic region; or (iii) it is organized under the laws of, or has a principal office in, that country or geographic region. By applying these tests, it is possible that a particular issuer could be deemed to be from more than one country or geographic region. Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in equity securities of established large-capitalization companies. The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities for investment will be driven by a search for large-capitalization companies with strong name recognition and sustainable competitive advantages, typically favouring companies with rising returns on invested capital, above average business visibility, strong current period free cash flow generation and attractive risk/reward. Fundamental research drives the investment process. Company developments, including business strategy and financial results, will be studied on an ongoing basis. Portfolio holdings will generally be considered for divestment when the Investment Adviser determines that the holding no longer satisfies the Fund's investment criteria. With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The Fund may also be invested, on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), preference shares, warrants on securities, cash and cash equivalents and other equity linked securities.

Profile of the typical investor

In light of the US 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

US GROWTH FUND

The US Growth Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars, by investing primarily in securities issued by US companies and on an ancillary basis in securities issued by companies that are not from the US. An issuer may be considered to be from a particular country (including the US) or geographic region if (i) its principal securities trading market is in that country or geographic region; (ii) alone or on a consolidated basis it derives 50% or more of its annual revenue from goods produced, sales made or services performed in that country or geographic region; or (iii) it is organized under the laws of, or has a principal office in, that country or geographic region. By applying these tests, it is possible that a particular issuer could be deemed to be from more than one country or geographic region. Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in equity securities of high quality growth oriented companies. The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities will be driven by a search for high quality companies that are believed to have sustainable competitive advantages and the ability to redeploy capital at high rates of return. Companies with rising returns on invested capital, above average business visibility, strong free cash flow generation and an attractive risk/reward profile, will typically be favoured. Individual security selection will be emphasized. Portfolio holdings will generally be considered for divestment when the Investment Adviser determines that the company no longer satisfies the Fund's investment criteria. With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The Fund may also invest on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), preference shares, warrants on securities, cash and cash equivalents and other equity linked securities.

Profile of the typical investor

In light of the US 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

US INSIGHT FUND

The US Insight Fund's investment objective is to seek long-term capital appreciation, measured in US Dollars, by investing primarily in securities issued by US companies.

Under normal market conditions, the Fund's investment objective will be pursued by investing primarily in equity securities of established and emerging companies (1) in the United States of America and (2) with market capitalizations within the range of companies included in the Russell 3000® Value Index.

The Fund may also invest on an ancillary basis, in equities of companies not meeting the above requirements, debt securities convertible into common shares, depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), preference shares, warrants on securities, cash and cash equivalents and other equity linked securities. In addition the Fund may to a limited extent invest in ETFs.

With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

An issuer may be considered to be from a particular country (including the US) or geographic region if (i) its principal securities trading market is in that country or geographic region; (ii) alone or on a consolidated basis it derives 50% or more of its annual revenue from goods produced, sales made or services performed in that country or geographic region; or (iii) it is organized under the laws of, or has a principal office in, that country or geographic region.

The investment process will emphasize a bottom-up stock selection process, seeking attractive investments on an individual company basis. The selection of securities for investment will be driven by a search for strong name recognition, sustainable competitive advantages and ample growth prospects at an attractive discount to future cash flow generation capacity or asset value. The Investment Adviser typically favours companies with the ability to generate attractive free cash flow yields. Portfolio holdings will generally be considered for divestment when the Investment Adviser determines that the company no longer satisfies the Fund's investment criteria.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to emerging markets and derivatives.

Profile of the typical investor

In light of the US Insight 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" below.

US PROPERTY FUND

The US Property Fund's investment objective is to seek 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 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 and REOCS 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 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. The Fund may also invest, on an ancillary basis, in preference shares, debt securities convertible into common shares and other equity-linked instruments.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to investing in companies principally engaged in the real estate industry.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

BOND FUNDS

The various Bond Funds have the following objectives:

ABSOLUTE RETURN FIXED INCOME FUND

The investment objective of the Absolute Return Fixed Income Fund is to provide positive returns through the selection of fixed income asset classes, markets and fixed income financial instruments. The Fund does not offer any form of guarantee with respect to investment performance and no form of capital protection applies.

The Fund will invest primarily in the global securities of corporate, government and government related issuers across a spectrum of fixed income asset classes including high yield bonds, investment-grade bonds, mortgage-backed securities, convertibles and currencies. The Fund will only invest in fixed income securities which are rated, at the time of purchase, at least "B-" by S&P or "B3" by Moody's or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser. Investments may include Fixed Income Securities issued in emerging markets. The Investment Adviser may invest in any combination of two or more of the above asset classes. The Fund may also invest, on an ancillary basis, in additional securities including but not limited to debt securities convertible into common shares, cash, equity or other equity linked securities.

Investment in higher yielding securities 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) 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 and will invest in emerging markets, investors should refer to "Risk Factors" below for special risk considerations applicable to asset-backed securities, derivatives and emerging markets.

Profile of the typical investor

In light of the Absolute Return Fixed Income 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

ASIAN FIXED INCOME OPPORTUNITIES FUND

The investment objective of the Asian Fixed Income Opportunities Fund is to provide an attractive level of total return through investment in Fixed Income Securities in Asia. The Fund will seek to achieve the investment policy through allocation across fixed income asset classes as well as through market and instrument selection.

The Fund will invest primarily in the securities of corporate, government and government related issuers domiciled in or exercising the predominant part of their economic activity in Asia, excluding Japan, across a spectrum of fixed income asset classes including high yield bonds, investment-grade bonds, convertibles and currencies. High yield bonds are considered to be Fixed Income Securities issued by corporations that are rated 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.

These investments may include Fixed Income Securities issued in Emerging Markets. The Investment Adviser may invest in any combination of two or more of the above asset classes. The Fund may also invest, on an ancillary basis, additional securities including but not limited to equity securities, other equity linked securities, cash, or Fixed Income Securities issued by issuers located outside of Asia.

Investment in higher yielding securities 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) 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 and will invest in emerging markets, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives and emerging markets.

Profile of the typical investor

In light of the Asian Fixed Income Opportunities 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EMERGING MARKETS CORPORATE DEBT FUND

The Emerging Markets Corporate Debt Fund's investment objective is to seek to maximize total return, measured in US Dollars, primarily through investments across the credit spectrum of debt securities of corporate issuers, together with investing in debt securities of government and government related issuers located in each case in Emerging Markets countries. The Fund intends to invest its assets in Emerging Market countries' corporate debt securities that provide a high level of current income, while at the same time holding the potential for capital appreciation.

"Emerging Market" countries, for the purposes of this Fund, are as defined by the JP Morgan Corporate Emerging Markets Bond Index – Broad Diversified, provided that the markets of these countries are considered to be recognized exchanges ("Recognized Exchanges") within the meaning of Article 41(1) of the 2010 Law. As markets in other countries develop, the Fund expects to expand and further diversify the emerging markets in which it primarily invests as such markets are added to this index. To achieve its principal investment in Emerging Market countries, the Fund may invest in the securities of companies organised and located in Emerging Market countries and may also invest in the securities of companies organised and located in Developed Market countries (for the purpose of this Fund, as defined by the JP Morgan Government Bond Index) where the value of the company's securities will reflect principally conditions in an Emerging Market country or where the principal securities trading market for which is in an Emerging Market 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 Market countries ("EM Exposed Securities"). 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 on an ancillary basis in the aforementioned debt securities where such securities are issued by issuers organised and located (1) in neither Developed Market countries nor Emerging Market countries; or (2) in Developed Market countries but the securities are not EM Exposed 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) 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 emerging markets Fixed Income Securities and in emerging markets Fixed Income Securities denominated in currencies other than US Dollars. The Fund may also invest, to a limited extent, in warrants on transferable securities issued by issuers in emerging markets.

Profile of the typical investor

In light of the Emerging Markets Corporate 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EMERGING MARKETS DEBT FUND

The Emerging Markets Debt Fund's investment objective is to seek to maximise total return, measured in US Dollars, primarily through investment in the debt securities of government and government-related issuers located in Emerging Market countries (including, to the extent these instruments are securitised, participations in loans between governments and financial institutions), together with investing in the debt securities of corporate issuers located in or organised under the laws of Emerging Market countries. The Fund intends to invest its assets in Emerging Market country debt securities that provide a high level of current income, while at the same time holding the potential for capital appreciation.

"Emerging Market" countries, for the purposes of this Fund, are as defined by the JP Morgan Emerging Markets Bond Index Global provided that the markets of these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the 2010 Law. As markets in other countries develop, the Fund expects to expand and further diversify the emerging markets in which it primarily invests as such markets are added to this index. To achieve its principal investment in Emerging Market countries, the Fund may invest in the securities of companies organised and located in Emerging Market countries and may also invest in the securities of companies organised and located in Developed Market countries (for the purpose of this Fund, as defined by JP Morgan Government Bond Index) where the value of the company's securities will reflect principally conditions in an Emerging Market 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 Market countries ("EM Exposed Securities"). 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) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Fund may also invest on an ancillary basis in the aforementioned debt securities where such securities are issued by issuers organised and located (1) in neither Developed Market countries nor Emerging Market countries; or (2) in Developed Market countries but the securities are not EM Exposed Securities.

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.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EMERGING MARKETS DOMESTIC DEBT FUND

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 Market" countries, for the purposes of this Fund, are as defined by the JP Morgan Government Bond Index – Emerging Markets Global Diversified, provided that the markets of these countries are considered to be recognised exchanges ("Recognised Exchanges") within the meaning of Article 41(1) of the 2010 Law. As markets in other countries develop, the Fund expects to expand and further diversify the emerging markets in which it primarily invests as such markets are added to this index.

To achieve its principal investment in Emerging Market countries, the Fund may invest in debt securities of government and government-related issuers located in Emerging Markets countries (including, to the extent these instruments are securitised, participations in loans between governments and financial institutions) and debt securities of corporate issuers located in or organised under the laws of Emerging Market countries, denominated in the local currency of issue.

To the extent such securities comply with Article 41(1) of the 2010 Law, the Fund may invest in debt securities of entities organised to restructure outstanding debt of Emerging Market issuers.

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 Market countries.

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 2010 Law.

The Fund may also invest on an ancillary basis in the aforementioned debt securities where such securities are issued by issuers organised and located (1) in neither Developed Market countries nor Emerging Market countries; or (2) in Developed Market countries but the securities are not EM Exposed Securities.

Finally, the Fund may invest on an ancillary basis in debt securities which are not denominated in the local currency of issue, provided that 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 denominated in the local Emerging Market currency of issue to below 50% of the Fund's assets and invest in eligible debt securities denominated in the currencies of Developed Market countries.

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

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

EURO BOND FUND

The Euro Bond Fund's investment objective is to provide an attractive rate of relative return, measured in Euro.

The Fund will invest primarily in high quality issues of Euro denominated Fixed Income Securities whether issued by corporations, governments or government guaranteed 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) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

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.

As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives.

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 "Dividend Policy".

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

EURO CORPORATE BOND FUND

The Euro Corporate Bond Fund's investment objective is to provide an attractive rate of relative return, measured in Euro.

The Fund will invest primarily in high quality issues of Euro denominated Fixed Income Securities, issued by corporations and other non-government related issuers ("Corporate Bonds"). With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

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 as primary investments.

The Fund may, on an ancillary basis, invest in:

- Corporate Bonds 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.

Non-Euro denominated Fixed Income Securities.

- In accordance with Appendix A "Investment Powers and Restrictions" non-Euro currency exposure may be hedged back to the Euro.
- Fixed Income Securities that are not Corporate Bonds.

As the Fund will invest in Fixed Income Securities, including higher yielding securities and use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives and high yield or sub-investment grade securities.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EURO CORPORATE BOND (EX FINANCIALS) FUND

The Euro Corporate Bond (ex Financials) Fund's investment objective is to provide an attractive rate of relative return, measured in Euro, primarily through investment in Euro denominated Fixed Income Securities of high quality issued by corporations and non-government related issuers excluding issuers in the financial industry. Issuers in the financial industry may be involved in, amongst other things, banking, capital markets, insurance, thrifts and mortgage finance.

To achieve this objective, the strategy combines a top-down macroeconomic assessment with a bottom-up issuer selection process. The bottom-up issuer selection process is based on credit analysis which focuses on factors such as financial risk, business risk and management ability. Business risk is assessed by evaluating a company's competitive position, diversification and growth potential, franchise value and cost structure as well as factors such as the issuers compliance with the United Nations Global Compact and involvement in the production of controversial weapons. The Company utilises a third party vendor for the purpose of screening issuers for their compliance with the United Nations Global Compact and involvement in the production of controversial weapons. The Company is dependent on the third party's proper performance of such screening in order to consider an issuer's compliance as part of the strategy.

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, on an ancillary basis, 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 rated 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) 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. In accordance with Appendix A non-Euro currency exposure may be hedged back to the Euro.

Profile of the typical investor

In light of the Euro Corporate Bond (ex Financials) 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EURO STRATEGIC BOND FUND

The Euro Strategic Bond Fund's investment objective is to provide an attractive rate of relative return, measured in Euro.

The Fund will invest primarily in issues of Euro denominated Fixed Income Securities whether issued by corporations, government or government guaranteed 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) 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, on an ancillary basis, invest in:

- Non-Euro denominated Fixed Income Securities. In accordance with Appendix A "Investment Powers and Restrictions" non-Euro currency exposure may be hedged back to the Euro.

As the Fund will invest in Fixed Income Securities, including higher yielding securities and use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives high yield or sub-investment grade securities.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

EUROPEAN CURRENCIES HIGH YIELD BOND FUND

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 non-Euro currency exposure may be hedged back to the Euro and the Fund may, on an ancillary basis, use derivatives contracts to create synthetic European currency high yield Fixed Income Securities within the limits set forth in Appendix A – 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) 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.

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

GLOBAL BOND FUND

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) 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, up to 10% of its Net Asset Value, 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.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL CONVERTIBLE BOND FUND

The Global Convertible Bond 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) 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, 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.

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

Profile of the typical investor

In light of the Global Convertible 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL CREDIT FUND

The Global Credit Fund's investment objective is to provide an attractive rate of relative return, measured in USD.

The Fund will invest primarily in high quality issues of Fixed Income Securities issued by corporations and other non-government issuers ("Corporate Bonds") organised or operating in both developed and emerging markets and 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) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

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 as primary investments.

The Fund may, on an ancillary basis, invest in:

- Corporate Bonds 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;
- Fixed Income Securities that are not Corporate Bonds.

As the Fund will invest in Fixed Income Securities, including emerging market securities, higher yielding securities and use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives and high yield or sub-investment grade securities and unrated securities.

Profile of the typical investor

In light of the Global Credit 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL FIXED INCOME OPPORTUNITIES FUND

The investment objective of the Global Fixed Income Opportunities Fund is to provide an attractive level of total return through investment in global fixed income securities. The Fund will seek to achieve the investment policy through allocation across fixed income asset classes as well as through market and instrument selection.

The Fund will invest primarily in the global securities of corporate, government and government related issuers across a spectrum of fixed income asset classes including high yield bonds, investment-grade bonds, mortgage-backed securities, convertibles and currencies. High yield bonds are considered to be Fixed Income Securities issued by corporations that are rated 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. These investments may include Fixed Income Securities issued in emerging markets. The Investment Adviser may invest in any combination of two or more of the above asset classes. The Fund may also invest, on an ancillary basis, additional securities including but not limited to cash, equity or other equity linked securities.

Investment in higher yielding securities 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) 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 and will invest in emerging markets, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives and emerging markets.

Profile of the typical investor

In light of the Global Fixed Income Opportunities 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 "Dividend Policy".

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

GLOBAL HIGH YIELD BOND FUND

The Global High Yield Bond Fund's investment objective is to provide an attractive rate of return, measured in US Dollars, through investments worldwide primarily in Fixed Income Securities issued by corporations that are rated 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. These investments may include Fixed Income Securities issued in emerging markets. **Investors should refer to "Risk Factors" below for special risk considerations applicable to emerging markets.** 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, credit quality and geographically.

With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

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 (including securities issued by governments and agencies, and securities which are rated "BBB-" or higher by S&P or "Baa3" or higher by Moody's, or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Adviser).

Profile of the typical investor

In light of the Global High Yield 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL MORTGAGE SECURITIES FUND

The Global Mortgage Securities Fund's investment objective is to provide an attractive rate of total return, measured in USD.

The Fund will invest primarily in Fixed Income Securities that are mortgage-backed securities, commercial mortgage-backed securities, collateralized mortgage obligations and covered bonds that are covered by mortgages ("Mortgage Backed Securities").

At least 50% of the Fund's assets will be invested in securities rated investment-grade by an internationally recognised rating agency, securities determined to be of similar creditworthiness by the Investment Adviser, or securities backed by the United States of America.

With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures, swaps, options on swaps (swaptions) and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The Fund may, on an ancillary basis, invest in:

- Fixed Income Securities that are not Mortgage Backed Securities.

As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to mortgage-related securities, non-agency mortgage backed securities, asset-backed securities and derivatives. The section "Risk Factors" contains also information on the underlying assets of mortgage-related securities and asset-backed securities along with special considerations to the risks applicable to these underlying assets, such as credit risk, pre-payment risk, liquidity risk and default risk.

Profile of the typical investor

In light of the Global Mortgage Securities 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL PREMIER CREDIT FUND

The Global Premier Credit Fund's investment objective is to provide an attractive rate of return, measured in USD, primarily through investment in a concentrated portfolio of Fixed Income Securities of high quality issued by corporations and non-government related issuers organised or operating in both developed and emerging markets and denominated in global currencies. The Fund will seek to invest in the Fixed Income securities of issuers characterized by dominant franchises or leading market positions whose success is driven by a sustainable competitive advantage including, but not limited to, operational efficiency, business model or intangible assets such as intellectual property, good will and human capital.

Investors should refer to "Risk Factors" below for special risk considerations applicable to holdings concentration.

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

In addition, the Fund may, on an ancillary basis, 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 agency or determined to be of similar creditworthiness by the Investment Adviser. The Fund may also invest in unrated securities. Lower rated securities are typically higher yielding; 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) 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.

Profile of the typical investor

In light of the Global Premier Credit 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

SHORT MATURITY EURO BOND FUND

The Short Maturity Euro Bond Fund's investment objective is to provide an attractive rate of relative return, measured in Euro.

The Fund will invest primarily in high quality issues of Euro denominated Fixed Income Securities whether issued by corporations, government or government guaranteed 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) 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 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 "Baa 3" 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.

As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

US DOLLAR HIGH YIELD BOND FUND

The US Dollar High Yield Bond Fund's investment objective is to provide an attractive rate of total return, measured in US Dollars. The Fund will seek to achieve its investment objective by investing primarily in high yield and unrated US Dollar denominated Fixed Income Securities, including without limitation those issued by governments, agencies and corporations located in emerging markets and for the avoidance of doubt including asset backed 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) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

High yield Fixed Income Security means a Fixed Income Security that has a rating less 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.

The Fund may, on an ancillary basis, invest in higher quality Fixed Income Securities and non-USD denominated debt securities.

As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives, high yield or sub-investment grade securities and unrated securities.

Profile of the typical investor

In light of the US Dollar High Yield 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

US DOLLAR SHORT DURATION BOND FUND

The US Dollar Short Duration Bond Fund's investment objective is to provide an attractive rate of return, measured in US Dollars. The Fund will seek to achieve its investment objective by investing primarily in high quality USD denominated Fixed Income Securities, and for the avoidance of doubt including asset backed securities. The weighted average duration of the Fund will normally be less than 3 years, although this may be higher under certain market conditions. With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

Securities will be deemed to be high quality if at the time of purchase they are rated either "BBB-" or better by Standard & Poor's Corporation ("S&P") or "Baa3" 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.

The Fund may, on an ancillary basis, invest in:

- Lower rated Fixed Income Securities; and
- Non-USD denominated Fixed Income Securities.

As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives.

Profile of the typical investor

In light of the US Dollar Short Duration 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

US DOLLAR SHORT DURATION HIGH YIELD BOND FUND

The US Dollar Short Duration High Yield Bond Fund's investment objective is to provide an attractive rate of total return, measured in USD. The Fund will seek to achieve its investment objective by investing primarily in high yield and unrated USD denominated Fixed Income Securities, including without limitation those issued by governments, agencies and corporations located in emerging markets and for the avoidance of doubt including asset backed 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) make use of exchange-traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

The weighted average duration of the Fund will normally be less than 3 years, although this may be higher under certain market conditions.

High Yield Fixed Income Security means a Fixed Income Security that has a rating less 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.

The Fund may, on an ancillary basis, invest in:

- Higher quality Fixed Income Securities; and
- Non-USD denominated Fixed Income Securities.

As the Fund will use financial derivative instruments, investors should refer to "Risk Factors" below for special risk considerations applicable to derivatives, high yield or sub-investment grade securities, unrated securities and asset-backed securities.

Profile of the typical investor

In light of the US Dollar Short Duration High Yield 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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

LIQUIDITY FUND

The Liquidity Fund has the following objectives:

US DOLLAR LIQUIDITY FUND

The US Dollar Liquidity Fund (the "Feeder Fund") is a feeder fund of the Morgan Stanley Liquidity Funds – US Dollar Liquidity Fund (the "Master Fund"). The Feeder Fund will at all times invest at least 85% of its assets in shares of the Master Fund whilst it may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short-term bank deposits.

The investment objective of the Feeder Fund is to provide liquidity and high current income, to the extent consistent with the preservation of capital. The Feeder Fund seeks to achieve its investment objective by investing substantially all of its assets in shares of the Master Fund. The Feeder Fund does not invest in money market instruments directly and will only obtain its exposure to money market instruments through its investment in the Master Fund. The investment objective and risk profile of the Master Fund are set out below.

It is expected, although it cannot be assured, that the Feeder Fund's Net Asset Value per Share of Classes AHX, AX, BHX, BX, CHX, CX, IHX, IX, NHX, NX, SX, SHX, ZHX and ZX will remain stable at $1.00, through the distribution of dividends. The accumulating shares in the Feeder Fund retain any net income and/or capital gains attributable to such Shares, which causes their value to change. It is expected, although it cannot be assured, that the Net Asset Value per Share of the accumulating shares in the Feeder Fund will not decline from one Dealing Day to the next ("Accumulation Price").

As the Master Fund will have short weighted average maturity and weighted average life, investment in the Master Fund is expected to carry less risks of loss and potential for return for investors as would otherwise be the case if the Master Fund would have longer weighted average maturity and weighted average life.

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 "Dividend Policy".
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

MASTER FUND'S INVESTMENT OBJECTIVE

The Master Fund's investment objective is to provide liquidity and an attractive rate of income, to the extent consistent with the preservation of capital. The Master Fund will seek to achieve its investment objective primarily by investing in high quality short-term Money Market Instruments comprising transferable debt securities (which may include by way of example fixed or floating rate instruments including without limitation commercial paper, certificates of deposit, freely transferable promissory notes, government and corporate bonds and asset-backed securities) that are denominated in US Dollars. The debt securities acquired will be listed or traded on stock exchanges or a Regulated Market or an Other Regulated Market and will a) have a maturity at issuance of up to and including 397 days; or b) have a residual maturity of up to and including 397 days; or c) undergo regular yield adjustments in line with money market conditions at least every 397 days; or d) their risk profile, including credit and interest rate risks, corresponds to that of financial instruments which have a maturity as referred to in points a) or b), or are subject to a yield adjustment as referred to in point c).

The Master Fund may on an ancillary basis, invest in non US Dollar denominated debt securities (which it will seek to hedge back to the US Dollar as part of its efficient portfolio management strategies).

It may also hold cash and cash equivalents, including time deposits in depository institutions.

The Master Fund will have a weighted average maturity of no more than 60 days and a weighted average life of no more than 120 days. The Master Fund is classified as a Short-Term Money Market Fund.

The Master Fund does not currently invest in financial derivative instruments but may do so in the future and may utilise efficient portfolio management techniques and instruments in accordance with applicable requirements and limits.

It is expected, although it cannot be assured, that the net asset value per share of the distributing shares in the Master Fund will remain stable at $1.00, through the distribution of dividends. The accumulation shares in the Master Fund retain any net income and/or capital gains attributable to such shares, which causes their value to change. It is expected, although it cannot be assured, that the net asset value per share of the accumulation shares in the Master Fund will not decline from one dealing day to the next.

Profile of the typical investor of the Master Fund

The Master Fund may be appropriate for investors who seek to invest in a liquidity fund and seek liquidity from their investments.

The performance of the Feeder Fund is expected to be broadly in line with that of the Master Fund subject to its level of investment in the Master Fund and safe for additional fund expenses at the level of the Feeder Fund which will affect its performance.

RELIANCE ON THE MASTER FUND

The ability of the Feeder Fund to accept and process orders for subscription and redemption is dependent on the Master Fund. In the event that the Master Fund fails or refuses to process an order for subscription or redemption, or fails to settle an order for redemption, the Feeder Fund shall not be able to process an investor's subscription or redemption order, or pay redemption monies.

In the event that the Master Fund is closed to subscriptions and/or redemptions, or during any period in which the calculation of the net asset value of the Master Fund has been suspended, the Feeder Fund shall not be able to process any orders for subscription or redemptions it receives and the Directors are likely to resolve to suspend the Net Asset Value calculation in those circumstances, in accordance with Section 2.7 "Temporary suspension of the calculation of the Net Asset Value".

Investors should review the prospectus of the Master Fund for a full description of the circumstances in which the Master Fund may be suspended or may otherwise refuse to accept orders for subscription or redemption.

In addition, the ability of the Feeder Fund to offer Shares at a stable Net Asset Value per Share of $1.00, or to achieve an Accumulation Price, is dependent on the net asset value at which shares in the Master Fund are made available. In the event that the Master Fund offers shares at a variable net asset value or is unable to maintain an accumulation price, the Net Asset Value per Share in the Feeder Fund shall be impacted accordingly.

As the Feeder Fund invests into the Master Fund, the Feeder Fund will also be subject to specific risks associated with its investment into the Master Fund as well as specific risks incurred at the level of the Master Fund and its investments. Therefore, before investing in Shares, prospective investors should carefully read the description of the risk factors relating to an investment in the Master Fund as disclosed in the prospectus of the Master Fund including Market Risks, Stable Net Asset Value and Accumulation Price Risk and Section 1.5 "Risk Factors" below including but not limited to special risk considerations applicable to repurchase agreements. These risk considerations apply to both the Feeder Fund and the Master Fund.

ASSET ALLOCATION FUNDS

The following Asset Allocation Funds have the following objectives:

DIVERSIFIED ALPHA PLUS FUND

The Diversified Alpha Plus Fund's investment objective is to provide an absolute return while actively managing total portfolio risk. The Investment Adviser seeks to manage downside risk and targets below market volatility.

The Fund will seek to achieve its investment objective by investing in baskets of stocks, ETFs, bonds and derivatives. The Fund may take both long and short positions, either directly or (specifically in the case of short positions) through the use of derivatives as described below, in a diversified range of equity and equity related securities of any market capitalisation, Fixed Income Securities and currencies and eligible structured products such as commodity-linked notes the underlying of which are commodity indices and/or sub-indices, the value of which is linked to the value or movement of the returns of a commodity or basket of commodities or commodity derivatives contract, subject to the provisions of Directive 2007/16/EC.

The approach of the Investment Adviser will include both directional asset allocation decisions as well as market neutral paired trades. The approach to asset allocation decisions will include a top-down investment approach that focuses on asset class, sector, region and country selection, as opposed to stock-by-stock selection, and will make such allocation decisions without regard to any particular limit as to geographical location, sector, credit rating, maturity, currency denomination or market capitalisation. Allocation decisions will be the result of directional views taken by the Investment Adviser taking into account results of its fundamental market research and recommendations supported by its quantitative models. The Fund may also invest market neutral, paired trades in order to seek to contribute to the absolute return investment objective of the Fund regardless of market conditions.

The Fund may invest in derivatives (in accordance with the investment powers and restrictions set out in Appendix A) 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 Fund may be invested in accordance with paragraph 2.2 of Appendix A.

Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets, commodities, derivatives and asset allocation between different asset classes.

Profile of typical investor

In light of the Diversified Alpha Plus Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium-term.
- Seek a balanced investment that focuses on those asset classes the Investment Adviser finds tactically most attractive.
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

DIVERSIFIED ALPHA PLUS LOW VOLATILITY FUND

The Diversified Alpha Plus Low Volatility Fund's investment objective is to provide an absolute return while actively managing total portfolio risk. The Investment Adviser seeks to manage downside risk and to target volatility below that of the Diversified Alpha Plus Fund.

The Fund will seek to achieve its investment objective by investing in baskets of stocks, ETFs, bonds and derivatives.

The Fund may take both long and short positions, either directly or (specifically in the case of short positions) through the use of derivatives as described below, in a diversified range of equity and equity related securities of any market capitalisation, Fixed Income Securities and currencies and eligible structured products such as commodity-linked notes the underlying of which are commodity indices and/or sub-indices, the value of which is linked to the value or movement of the returns of a commodity or basket of commodities or commodity derivatives contract, subject to the provisions of Directive 2007/16/EC.

The Fund may invest in derivatives (in accordance with the investment powers and restrictions set out in Appendix A) 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 Fund may be invested in accordance with paragraph 2.2 of Appendix A.

Investors should refer to "Risk Factors" below for special risk considerations applicable to currency markets, emerging markets, commodities, derivatives and asset allocation between different asset classes.

Profile of typical investor

In light of the Diversified Alpha Plus Low Volatility Fund's investment objective it may be appropriate for investors who:

- Seek a return over the medium-term.
- Seek a balanced investment that focuses on those asset classes the Investment Adviser finds tactically most attractive.
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

GLOBAL BALANCED RISK CONTROL FUND OF FUNDS

The investment objective of the Global Balanced Risk Control Fund of Funds is to invest in units/shares of other collective investment schemes to provide an attractive level of total return, measured in Euro, while actively managing total portfolio risk. The Fund will implement tactical views on global fixed income and equity asset classes by investing primarily in undertakings for collective investments ("UCI") including the Company's Funds, ETFs, futures, investment funds managed by the Investment Adviser or its affiliates and other collective investment schemes. On an ancillary basis and 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) implement tactical views on commodities via exchange-traded commodities (ETCs) and/or commodity linked notes, and may also invest in cash, warrants, exchange-traded and over-the-counter options, and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Fund's investments may result in exposure to emerging markets and to higher yielding securities. The Fund aims to manage total portfolio risk by managing the volatility level of the portfolio as measured by an absolute Value at Risk methodology.

Investment in higher yielding securities 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.

As the Fund will use financial derivative instruments, will invest in emerging markets, and will allocate investments between different asset classes, investors should refer to "Risk Factors" below for special risk considerations applicable to high yield or sub-investment grade securities, derivatives, emerging markets and asset allocation.

Profile of the typical investor

In light of the Global Balanced Risk Control Fund of Funds' investment objective it may be appropriate for investors who:

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

GLOBAL BALANCED RISK CONTROL INCOME FUND OF FUNDS

The investment objective of the Global Balanced Risk Control Income Fund of Funds is to invest in units/shares of other collective investment schemes to provide an attractive level of income and total return, measured in Euro, while actively managing total portfolio risk. The Fund will implement tactical views on global fixed income and equity asset classes by investing primarily in UCIs including the Company's Funds, ETFs, futures, investment funds managed by the Investment Adviser or its affiliates and other collective investment schemes. In order to achieve the investment objective the Investment Adviser will seek to invest in UCIs which invest in higher yielding securities and emerging markets. On an ancillary basis and 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) implement tactical views on commodities via exchange-traded commodities (ETCs) and/or commodity linked notes, and may also invest in cash, warrants, exchange-traded and over-the-counter options and other derivatives for investment or efficient portfolio management (including hedging) purposes. The Fund aims to manage total portfolio risk by managing the volatility level of the portfolio as measured by an absolute Value at Risk methodology.

Investment in higher yielding securities 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.

As the Fund will use financial derivative instruments, will invest in emerging markets, and will allocate investments between different asset classes, investors should refer to "Risk Factors" below for special risk considerations applicable to high yield or sub-investment grade securities, derivatives, emerging markets and asset allocation.

Profile of the typical investor

In light of the Global Balanced Risk Control Income Fund of Funds' investment objective it may be appropriate for investors who:

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

GLOBAL BALANCED INCOME FUND

The investment objective of the Global Balanced Income Fund is to provide regular income through investing primarily in a portfolio of transferable securities and money market instruments globally and through the use of financial derivative instruments.

The Fund will implement top-down, tactical views on global asset classes across (1) equity including real estate investment trusts; (2) Fixed Income Securities; and (3) cash and money market instruments. The Investment Adviser's tactical view will be implemented by accessing the following investment universe:

- Primary investments: equity securities, including Real Estate Investment Trusts (REITS); debt securities (including investment grade, non-investment grade and unrated); money market instruments and cash. This investment may be direct, or via derivatives. The Fund may invest in financial derivative instruments to achieve its investment objective and derivatives may be used for both investment and hedging purposes. These derivative instruments may include but are not limited to futures, options, warrants, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts, whether traded on or off exchange.
- Ancillary investments: other transferable securities or, to a limited extent, to UCIs including the Company's Funds and ETFs.

The Investment Adviser anticipates it will predominantly employ the following investment strategies:

- Global asset allocation: investing in securities in line with individual asset class indices. The Investment Adviser will select the indices which will be used to make tactical views globally across (1) equity securities including Real Estate Investment Trusts (REITS); (2) Fixed Income Securities; and (3) cash and money market instruments. The Investment Adviser may use on or off exchange-traded derivatives such as futures or swaps to gain diversified and/or more efficient exposure to specific global markets where due to the intended allocation size or due to inefficiencies in transacting directly in the underlying securities, investing via derivatives is a preferable investment option in the Investment Adviser's opinion.
- Income generation: in addition to purchasing income generating transferable securities, additional income will be sought through the receipt of premiums as a result of writing on or off exchange-traded options, which may be written on indices; single securities; or currencies.

The Investment Adviser may use additional investment strategies such as:

- Commodity-linked investments: the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) implement tactical views on commodities via exchange-traded commodities (ETCs) and/or commodity linked notes.
- Use of cash and derivatives for efficient portfolio management: the Fund may also invest in cash warrants, exchange-traded and over-the-counter options, and other derivatives for efficient portfolio management (including hedging) purposes as well as for the investment purposes as outlined above.
- Use of open and closed ended UCIs, including the Company's Funds and ETFs; the Investment Adviser would primarily use UCIs and ETFs to gain diversified and/or more efficient exposure to specific global markets where due to the intended allocation size or due to inefficiencies in transacting directly in the underlying securities an UCI or ETF is a preferable investment option in the Investment Adviser's opinion.

The Fund's investments may result in exposure to emerging markets and to higher yielding securities. The Fund aims to manage total portfolio risk by managing the volatility level of the portfolio.

As the Fund will use financial derivative instruments, will invest in emerging markets, and will allocate investments between different asset classes, investors should refer to "Risk Factors" below for special risk considerations applicable to high yield or sub-investment grade securities, unrated securities, derivatives, emerging markets and asset allocation.

Profile of the typical investor

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

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

ALTERNATIVE INVESTMENT FUNDS

The following Alternative Investment Funds have the following objectives:

LIQUID ALTERNATIVES FUND

The investment objective of the Liquid Alternatives Fund is to provide an attractive level of return while managing total portfolio risk. The Fund will seek to achieve its investment objective through investment primarily in non-traditional asset classes either by investment in collective investment schemes or direct investment in eligible assets including equity securities, debt Securities, derivatives, ETFs and exchange-traded notes.

Through the use of eligible assets the Fund will seek to gain exposure to non-traditional asset classes, including, but are not limited to: emerging markets debt; high yield debt; convertible bonds; inflation linked bonds; real estate (as described below); commodities; frontier emerging markets; insurance linked strategies; mortgage backed securities; infrastructure (as described below); private equity investments (as described below); and in collective investment schemes whose objectives may be to provide absolute returns through active portfolio management.

With a view to enhancing returns and/or as part of the primary investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange-traded and over-the-counter options, futures, forwards, swaps, options on swaps (swaptions) and other derivatives for investment or efficient portfolio management (including hedging) purposes.

Investments in collective investment schemes whose objectives are to provide absolute returns include, but are not limited to, the following strategies: relative value strategies, security selection strategies, directional strategies and global macro and commodity trading advisor (CTA) strategies.

Investments in real estate, infrastructure or private equity may be made via investment in eligible securities issued by companies that have the majority of their assets invested in or exposed to infrastructure or private equity and/or eligible collective investment vehicles with such exposure, such as publicly quoted unit trusts; Real Estate Investment Trusts (REITS) and undertakings for collective investment (UCIs). For these purposes, "exposed" includes, among other things, companies that are remunerated for acting as the manager or operator of a private equity or infrastructure collective investment vehicle or asset.

Investments in commodities may be made via undertakings for collective investments (UCI), exchange-traded commodities (ETCs) and/or commodity linked notes.

The Fund may also seek exposure to volatility as an investment strategy. Volatility as an investment strategy typically involves making an investment decision based on the comparison between implied volatility (e.g. the price of options on the reference assets can show the market's view of anticipated volatility on a forward basis) and realised volatility (i.e. that actually experienced by the reference assets). The Fund may obtain this exposure by use of derivatives, collective investment schemes, or other eligible assets providing such exposure.

Investment in collective investment schemes may include collective investment schemes managed by parties unaffiliated with the Investment Adviser, ETFs, closed-end funds, investment funds managed by the Investment Adviser or its affiliates and the Company's Funds.

On an ancillary basis the Fund may invest in equity and Fixed Income Securities not meeting the definition of primary investments above, warrants, cash and cash equivalents.

Investors should refer to "Risk Factors" section of the Prospectus for special risk considerations applicable to investing in the Real Estate industry, infrastructure, Open-end and Closed-end Collective Investment Vehicles, Investment in Third Party Funds, emerging markets: corporate and sovereign debt, emerging markets, high yield or sub-investment grade securities, commodity related securities, volatility strategies and asset allocation.

Profile of typical investor

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

- Seek a return over the medium term which has a low correlation to the return of traditional equity markets.
- Are willing to place reliance on the Investment Adviser's tactical allocation across any alternative asset class at any time.
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

This Fund is not suitable for other UCITS Funds to invest in, as it may have a greater than 10% exposure to UCITS and/or other UCIs, as set out in Appendix A.

LIQUID ALPHA CAPTURE FUND[14]

The investment objective of the Fund is to provide an attractive level of total return primarily through investment in a global portfolio of securities including equity securities, Fixed Income Securities, derivatives, closed-ended ETFs and exchange-traded notes.

The equity securities in which the Fund may invest include equity securities, depositary receipts, convertible securities, equity-linked securities and rights and warrants to purchase equity securities. The Fixed Income Securities in which the Fund may invest include currency forwards, index swaps, treasury futures and 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 Appendix A) make use of exchange-traded and over-the-counter options, futures, forwards, swaps, options on swaps (swaptions) and other derivatives for investment or efficient portfolio management (including hedging) purposes.

On an ancillary basis the Fund may invest in equity and Fixed Income Securities not meeting the definition of primary investments above, exchange-traded commodities and/or commodity linked notes, warrants, cash and cash equivalents, and to a limited extent, collective investment schemes and open-ended ETFs.

[14] As from 1st December 2014, the investment objective and policy of the Fund will be supplemented by the following paragraph: The Fund may also seek exposure to volatility as an investment strategy. Volatility as an investment strategy typically involves making an investment decision based on the comparison between implied volatility (e.g. the price of options on the reference assets can show the market's view of anticipated volatility on a forward basis) and realised volatility (i.e. that actually experienced by the reference assets). The Fund may obtain this exposure by use of derivatives, collective investment schemes, or other eligible assets providing such exposure.

The Fund will use a range of investment strategies in order to achieve its investment objective. Securities will be used in order to gain exposure to the performance of a range of strategies commonly used by hedge funds including, but not limited to, long short security selection ('alpha strategies') and alternative beta or trading strategies ('alternative beta strategies'). The Fund intends to provide access to this hedge fund performance by investing only in securities whose liquidity profile is consistent with that of a daily dealing fund.

Alpha strategies seek to achieve an attractive level of return relative to a benchmark through investment in equity securities combined with synthetic short exposure to the benchmark. Alternative beta strategies include a range of trading strategies that isolate risk premiums within hedge fund returns. The Investment Adviser will seek to allocate the portfolio across Alpha strategies and Alternatives Beta strategies in order to provide an attractive level of total return while managing total portfolio risk.

Profile of typical investor

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

- Seek a return over the medium-term with lower volatility than traditional equity markets.
- Accept the risks associated with this type of investment, as set out in "Risk Factors" below.

1.3 Methodology for Calculating the Global Exposure

The Management Company has implemented a risk management process for each Fund in order to comply with its obligations under the UCITS Directive. The Management Company may calculate global exposure for the Fund using the commitment approach, relative VaR or absolute VaR.

The selection of the appropriate methodology for calculating global exposure is made by the Management Company based upon a consideration of the following factors:

i. whether the Fund engages in complex investment strategies which represent a significant part of the Fund's investment policy;

ii. whether the Fund has a significant exposure to exotic derivatives; and/or

iii. whether the commitment approach adequately captures the market risk of the Fund's portfolio.

The selection of relative VaR or absolute VaR will depend on whether the Fund has a leverage free Reference Portfolio which reflects its investment strategy. The Reference Portfolios adopted by the Funds are standard, widely-used industry indices.

Classification of a Fund will depend on a consideration of each of these factors and the fact that a Fund is authorised to use derivative instruments for investment purposes will not automatically, in isolation, mean that the global exposure of that Fund will be calculated using either relative or absolute VaR approach.

The table below sets out the methodology which the Management Company has adopted for each Fund in order to calculate the global exposure and the expected leverage for the Funds using the VaR approach, as defined by the UCITS IV Regulations.

Expected Leverage is provided using the 'sum of the notionals of the derivatives used' methodology as per the ESMA Guidelines 10-788.

Expected leverage is provided at a Fund level, however the Fund's actual level of leverage may be higher or lower than the disclosed expected leverage in the table below. Specific hedged share classes may have higher or lower levels of expected leverage than indicated at the Fund level.

Expected leverage is not a regulatory limit on the Fund and there may be no action as a result of the actual leverage being higher or lower than the disclosed expected leverage.

Derivatives usage is consistent with the investment objective and the risk profile of the Fund. The 'sum of notionals' calculation does not allow netting or hedging. The expected leverage using the 'sum of notionals' calculation may not reflect the investment risk associated with the derivative positions held in the Fund.

Additional information about the realized range of leverage employed by the relevant Funds can be found in the Annual Report.

Fund Name	**Global Exposure Methodology**	**Reference Portfolio**	**Expected Gross Leverage**
Absolute Return Fixed Income Fund	Absolute VaR	N/A	160%
Asia-Pacific Equity Fund	Commitment	N/A	N/A
Asian Equity Fund	Commitment	N/A	N/A
Asian Fixed Income Opportunities Fund	Relative VaR	JP Morgan Asia Credit Index	130%
Asian Property Fund	Commitment	N/A	N/A
Diversified Alpha Plus Fund	Absolute VaR	N/A	500%
Diversified Alpha Plus Low Volatility Fund	Absolute VaR	N/A	300%
Emerging Europe, Middle East and Africa Equity Fund	Commitment	N/A	N/A
Emerging Leaders Equity Fund	Commitment	N/A	N/A
Emerging Markets Corporate Debt Fund	Relative VaR	JP Morgan Corporate Emerging Markets Bond Index – Broad Diversified	100%
Emerging Markets Debt Fund	Relative VaR	JP Morgan Emerging Markets Bond Index Global	100%
Emerging Markets Domestic Debt Fund	Relative VaR	JP Morgan Government Bond Index – Emerging Markets Global Diversified Index	100%
Emerging Markets Equity Fund	Commitment	N/A	N/A

Fund Name	Global Exposure Methodology	Reference Portfolio	Expected Gross Leverage
Euro Bond Fund	Relative VaR	Barclays Euro-Aggregate A – or Better Index	100%
Euro Corporate Bond Fund	Relative VaR	Barclays Euro-Aggregate Corporates Index	100%
Euro Corporate Bond (ex Financials) Fund	Relative VaR	Barclays Euro-Aggregate Corporate ex Financials Index	100%
Euro Strategic Bond Fund	Relative VaR	Barclays Euro-Aggregate Index	130%
European Currencies High Yield Bond Fund	Relative VaR	BofA ML European Currency High Yield 3% Constrained Ex-Sub Financials Index	100%
European Equity Alpha Fund	Commitment	N/A	N/A
European Property Fund	Commitment	N/A	N/A
Eurozone Equity Alpha Fund	Commitment	N/A	N/A
Frontier Emerging Markets Equity Fund	Commitment	N/A	N/A
Global Advantage Fund	Commitment	N/A	N/A
Global Balanced Risk Control Fund of Funds	Absolute VaR	N/A	50%
Global Balanced Risk Control Income Fund of Funds	Absolute VaR	N/A	50%
Global Bond Fund	Relative VaR	Barclays Global Aggregate Index	150%
Global Brands Fund	Commitment	N/A	N/A
Global Convertible Bond Fund	Relative VaR	Thomson Reuters Global Convertible Index Global Focus Hedged USD	100%
Global Credit Fund	Relative VaR	Barclays Global Aggregate Corporate Index	130%
Global Discovery Fund	Commitment	N/A	N/A
Global Equity Allocation Fund	Commitment	N/A	N/A
Global Fixed Income Opportunities Fund	Relative VaR	Barclays Global Aggregate Index	160%
Global High Yield Bond Fund	Relative VaR	Barclays Global High Yield – Corporate Index	100%
Global Infrastructure Fund	Commitment	N/A	N/A
Global Mortgage Securities Fund	Absolute VaR	N/A	250%
Global Balanced Income Fund	Absolute VaR	N/A	70%
Global Opportunity Fund	Commitment	N/A	N/A
Global Premier Credit Fund	Relative VaR	Barclays Global Aggregate Corporate Index	130%
Global Property Fund	Commitment	N/A	N/A
Global Quality Fund	Commitment	N/A	N/A
Indian Equity Fund	Commitment	N/A	N/A
International Equity (ex US) Fund	Commitment	N/A	N/A
Japanese Equity Fund	Commitment	N/A	N/A
Latin American Equity Fund	Commitment	N/A	N/A
Liquid Alpha Capture Fund	Absolute VaR	N/A	300%
Liquid Alternatives Fund	Absolute VaR	N/A	125%
Short Maturity Euro Bond Fund	Relative VaR	Barclays Euro-Aggregate: Treasury 1-3 Years	100%

Fund Name	Global Exposure Methodology	Reference Portfolio	Expected Gross Leverage
US Advantage Fund	Commitment	N/A	N/A
US Dollar Liquidity Fund	Commitment	N/A	N/A
US Growth Fund	Commitment	N/A	N/A
US Dollar High Yield Bond Fund	Relative VaR	Barclays US Corporate High Yield Index	100%
US Insight Fund	Commitment	N/A	N/A
US Property Fund	Commitment	N/A	N/A
US Dollar Short Duration Bond Fund	Relative VaR	Barclays US Government/Credit 1-3 Year Index	100%
US Dollar Short Duration High Yield Bond Fund	Relative VaR	Barclays US High Yield 1-5 Year Cash Pay 2% Issuer Capped Index	100%

1.4 Financial Indices

Funds may, in accordance with their investment policy and the investment restrictions under Appendix A paragraph 2.5, invest in financial derivative instruments based on financial indices which are eligible in accordance with article 9 of the Grand-Ducal Regulation of 8th February 2008.

To the extent consistent with the prevailing investment policy, Funds may obtain exposure, in the discretion of the Investment Adviser, to indices which may not specifically named in the investment policy, subject always to compliance with the ESMA guidelines 2014/937 on ETF and other UCITS issues. In particular, the Funds will not invest in financial derivative instruments based on financial indices with a daily or intra-day rebalancing frequency or in indices whose methodology for the selection and the re-balancing of their components is not based on a set of pre-determined rules and objective criteria.

1.5 Risk Factors

This Section of the Prospectus explains the risks that apply to the Funds – investors must read these risk considerations before investing in any of the Company's Funds.

GENERAL RISK

Investments in Funds are subject to market fluctuations and other risks inherent to investing in securities and other financial instruments. The price of the Shares can go down as well as up. An investor may not get back the amount he has invested, particularly if Shares are redeemed soon after they are issued and the Shares have been subject to a Sales Charge, as further disclosed in Section 2.1 "Share Class Description" or transaction charge.

No guarantee or representation is made that the investment objective of the Company or a Fund will be achieved.

EXCHANGE RATES

Many of the Funds are invested in securities denominated in a number of different currencies other than the Reference Currency in which the Funds are denominated; changes in foreign currency exchange rates will affect the value of Shares held in such Funds.

Many countries have experienced substantial currency devaluations relative to the currencies of more developed countries. Derivatives may be used to reduce this risk. The Company may in its discretion choose not to hedge against currency risk. In addition, certain market conditions may make it impossible or uneconomical to hedge against currency risk.

SMALL AND MID-SIZED COMPANIES

The stock prices of small and mid-sized companies tend to be more volatile than the stock prices of larger companies. Smaller companies may have limited resources and product ranges and therefore may be more sensitive to changes in market conditions. The stocks of smaller companies are traded less frequently and in lower volumes than those of larger companies and this may contribute to greater stock price volatility.

HOLDINGS CONCENTRATION

Some Funds may invest in a relatively small number of investments. Concentrated portfolios may be more volatile than more diversified portfolios with a larger number of investments and may be more significantly impacted by a decline in the value or circumstance of any one stock, asset classes or sector.

LIQUIDITY RISK

In normal market conditions, the majority of the Fund's assets will be comprised of 'liquid' assets – assets that can be easily purchased or sold. However, there is a risk that some of the Fund's investments may be difficult to sell due to unforeseen market conditions. In case of a large redemption request, the Fund may not be able to sell certain assets to meet the redemption requirement or may only be able to sell the assets at a price which negatively affects the Net Asset Value of the Fund.

ASSET ALLOCATION

The Asset Allocation Funds provide the Investment Adviser with wide discretion to allocate between different asset classes. From time to time, the Asset Allocation Funds may have significant exposure to a single or limited number of fixed income or equity asset classes. Accordingly, the relative relevance of the risks associated with equity securities, Fixed Income Securities and derivatives will fluctuate over time.

INTEREST RATES

The values of Fixed Income Securities held by the Funds generally will vary inversely with changes in interest rates and such variation may affect Share prices accordingly.

REAL ESTATE INDUSTRY

There are special risk considerations associated with investing in the real estate industry securities such as Real Estate Investment Trusts (REIT) and 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 a Fund investing in the Real Estate Industry.

INFRASTRUCTURE

There are special risk considerations associated with investing in the securities of companies principally engaged in the infrastructure industry. Infrastructure-related companies are subject to a variety of factors that may adversely affect their business or operations including high interest costs in connection with capital construction programs, costs associated with compliance with and changes in environmental and other regulations, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, the effects of surplus capacity, increased competition from other providers of services in a developing deregulatory environment, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Additionally, infrastructure-related entities may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, government budgetary constraints, service interruption due to environmental, operational or other mishaps and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. Other factors that may affect the operations of infrastructure-related companies include innovations in technology that could render the way in which a company delivers a product or service obsolete, significant changes to the number of ultimate end-users of a company's products, increased susceptibility to terrorist acts or political actions, risks of environmental damage due to a company's operations or an accident, and general changes in market sentiment towards infrastructure and utilities assets.

In the event that any of the risks associated with the infrastructure industry materialise, the value of securities issued by companies engaged in the infrastructure business may decline. To the extent that a Fund is invested in such securities, this may result in a corresponding decline in the Net Asset Value per share of that Fund, potentially uncorrelated to the rest of the equity market.

Companies engaged in the infrastructure business may also include Real Estate Investment Trusts (REITS) and collective investment vehicles with exposure to infrastructure assets. Investors should refer to special risk considerations applicable to the Real Estate Industry and Collective Investment Vehicles.

EMERGING MARKETS

In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have, for the most part, substantially less volume than more developed markets, and securities of many companies may be less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of certain of the Funds.

Settlement systems in emerging markets may be less well organised than in developed markets. Thus there may be a risk that settlement may be delayed and that cash or securities of the Funds may be in jeopardy because of failures of or defects in the systems. In particular, market practice may require that payment shall be made prior to receipt of the security which is being purchased, or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the "Counterparty") through whom the relevant transaction is effected might result in a loss being suffered by Funds investing in emerging market securities.

The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that this risk will be successfully eliminated for the Funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.

Investments in the Russian Federation are subject to certain heightened risks with regard to the ownership and custody of securities. In these countries the ownership is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Custodian). No certificates representing ownership of such companies will be held by the Custodian or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of effective state regulation and enforcement, the Company could lose its registration and ownership of such securities through fraud, negligence or even mere oversight. However, in recognition of such risks, the relevant correspondent to the Custodian follows increased "due diligence" procedures. The correspondent has entered into agreements with company registrars and will only permit investment in those companies that have adequate registrar procedures in place. In addition, the settlement risk is minimised as the correspondent will not release cash until registrar extracts have been received and checked. In addition, debt securities in these countries have an increased custodial risk associated with them as such securities are, in accordance with market practice, held in custody with institutions which may not have adequate insurance coverage to cover loss due to theft, destruction or default whilst such assets are in its custody.

Other risks could include, by way of example, controls on foreign investment and limitations on the repatriation of capital and the exchange of local currencies for US$, the impact on the economy as a result of religious or ethnic unrest.

In addition investments in India may be subject to the withdrawal or non-renewal of the Investment Adviser's Foreign Institutional Investor licence.

EMERGING MARKETS: CORPORATE AND SOVEREIGN DEBT

Both emerging market corporate and sovereign debt will be subject to high risk, will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation.

The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company and/or the Management Company may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country.

In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.

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 dependant 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. Risk to the Company includes the possibility of exit of individual countries from the Euro, full breakup of the Eurozone or other circumstances which may result in the emergence or re-introduction of national currencies.

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 Funds of the Company may operate in Euro and/or may hold Euro denominated assets either directly or as collateral and may experience a reduction of the value and/or liquidity of their investments as a result of events in the Eurozone regardless of the measures the Investment Adviser(s) or Board may seek to take to reduce this risk.

In addition, the Management Company and/or 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 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.

DEPOSITARY RECEIPTS

Depositary receipts (ADRs, GDRs and EDRs) are instruments that represent shares in companies trading outside the markets in which the depositary receipts are traded. Accordingly whilst the depositary receipts are traded on Recognised Exchanges, there may be other risks associated with such instruments to consider – for example the shares underlying the instruments may be subject to political, inflationary, exchange rate or custody risks.

HIGH YIELD OR SUB-INVESTMENT GRADE SECURITIES

Investment in higher yielding securities generally entails increased credit default 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 and as a result may be less liquid than lower yielding securities.

MORTGAGE-RELATED SECURITIES

Certain Funds and in particular the Bond Funds may invest in mortgage related securities such as mortgage derivatives, structured notes, mortgage-backed and asset-backed securities. Mortgage-related securities may include securities which represent claims on cash flows from loans on residential properties and loans on commercial properties for commercial mortgage-backed securities. Investing in mortgage-related securities generally entails credit, prepayment (i.e. the risk associated with the early unscheduled payment of principal on a fixed-income security) liquidity and default risk. In general, rising interest rates tend to increase the duration of these securities making them more sensitive to changes in interest rates. In times of rising interest rates, a Fund invested in mortgage-related securities may exhibit increased volatility.

Mortgage-related securities may be subject to prepayment risk particularly in times of decreasing interest rates. This may reduce the returns of the Fund as that money is reinvested at the prevailing lower interest rate.

NON-AGENCY MORTGAGE BACKED SECURITIES

Non-agency mortgage backed securities are mortgage related securities which represent claims on cash flows from securitized residential and commercial properties. Non-agency mortgage backed securities are issued by private institutions. These securities have no credit guarantee other than the quality of the loans behind them, and any other structural credit protection provided by the terms of the bond deal they belong to. Investing in non-agency mortgage-backed securities generally entails credit, prepayment (i.e. the risk associated with the early unscheduled payment of principal on a fixed-income security) liquidity and default risk.

Generally Funds invested in non-agency mortgage backed securities exhibit increased volatility in times of rising interest rates. In times of decreasing interest rates, Funds invested in non-agency mortgage backed securities may be exposed to prepayment risk. This prepayment risk may mean that the change in value of a non-agency mortgage backed security may decrease more for an increase in interest rates than it will increase for an equal decrease in interest rates. Non-agency mortgage backed securities may exhibit liquidity risk. Funds which invest in these securities are therefore subject to the risk that in the case of a large redemption or change in market liquidity the Investment Adviser may not be able to sell assets to meet the redemption requirement or may only be able to sell the assets at a price which negatively affects the Funds' Net Asset Value.

ASSET-BACKED SECURITIES

Some Funds and in particular the Bond Funds may invest in asset-backed securities (ABS) – securities which are primarily serviced by payments flows generated by a pool assets such as credit cards, auto loans, student loans, small business loans and receivables. Asset-backed securities are subject to prepayment risk (i.e. the risk associated with the early unscheduled payment of principal on a fixed-income security), default risk and are sensitive to changes in interest rates. In times of rising interest rates asset-backed securities may exhibit increased volatility.

SOVEREIGN DEBT

Certain countries and government entities rely more heavily than others upon foreign investment and the international markets for funding. Investment in sovereign debt issued or guaranteed by such countries or government entities involves a high degree of risk as the issuing entity may be unable or unwilling to repay the principal or interest when due in accordance with the terms of the debt. As a result, there may be a risk that the issuing entity will reschedule repayment or default on the debt.

NON-INVESTMENT GRADE SECURITIES

Certain Funds may invest in Fixed Income Securities rated below investment grade. Such securities may have greater price volatility and greater risk of loss of principal and interest than more highly rated securities.

DOWNGRADING RISK

The credit ratings given to securities may be subject to changes. The Company may continue to invest in securities that are downgraded after purchase. Funds that invest in securities which have been downgraded may be subject to an increase in price volatility.

UNRATED SECURITIES

The Fund may invest in securities that are not rated. As they are unrated these securities may be subject to greater price volatility as their creditworthiness is more subjective than rated securities.

CONVERTIBLE BONDS

Convertible bonds are subject to a number of risks including risk arising from both debt and equity securities, and to convertible securities specific risks. Convertible bond valuations are sensitive to macro-economic risk, interest rate risk, spread risk, default risk, and equity risk. In addition, convertible bonds issuers may be downgraded. In certain market conditions convertible bonds may be less liquid than other asset classes.

USE OF DERIVATIVES

Funds may, in accordance with their investment policy, invest in financial derivatives including but not limited to European and American options including single security, basket and index calls and puts; single security and equity index futures; interest rate, Eurodollar, swap and treasury futures; contract for differences (CFDs); single currency swaps; credit default swaps; interest rate swaps; Consumer Price Index (CPI) swaps, total return swaps, structured notes, warrants, currency forwards and participatory notes.

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 Directive 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.

For Funds using the VaR approach, calculation of global exposure shall be made in accordance with CSSF Regulation 10-4 on UCITS IV requirements and CSSF Circular 11/512. For those Funds, expected leverage is disclosed in Section 1.3 Methodology for Calculating Global Exposure.

Derivatives also involve specific risks. These risks relate specifically to market risks, management risk, counterparty 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.

The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Fund.

Market Risk
This is a general risk that applies to all investments, including derivatives, meaning that the value of a particular derivative may go down as well as up in response to changes in market factors. A Fund may also use derivatives to gain or short exposure to some investments. In extreme market conditions the use of derivatives 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.

Liquidity Risk
Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Company will only enter into OTC derivatives if it is allowed to liquidate such transactions at any time at fair value).

Counterparty Risk
The Funds may enter into transactions in OTC markets, which will expose the Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative transactions may be terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. However, this risk is limited in view of the investment restrictions laid down in Section 3 – "Derivatives and efficient portfolio management techniques" of Appendix A – Investment Powers and Restrictions.

Leverage Risk
Derivative instruments allow the Fund to gain a larger exposure to asset values than the amount the Fund invests. As a result, losses on derivative instruments can exceed the amount invested in them which may significantly reduce the value of the Fund as a whole.

Other Risks
Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals who often are acting as counterparties to the transaction to be valued. The Management Company will seek to obtain independent valuations for OTC derivatives in order to limit this risk.

Derivatives do not always perfectly or even highly correlate to or track the value of the securities, rates or indices they are designed to track. Consequently, a Fund's use of derivative techniques may not always be an effective means of following a Fund's investment objective. In cases where derivatives are being used to hedge risk, it is possible that the offsetting investments will not experience price changes that are perfectly inversely correlated. As a result, hedged portfolios may be exposed to basis risk – the risk that the portfolio will realize excess gains or losses in the execution of the hedging strategy.

Risks associated with OTC Derivatives
An OTC derivative is a derivative instrument which is not listed and traded on a formal exchange such as FTSE or NYSE but is traded by counterparties who negotiate directly with one another over computer networks and by telephone. The counterparty risk on any transaction involving OTC derivative instruments may not exceed 10% of the assets of a Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU. This limit is set at 5% in any other case.

The Management Company ensures that appropriate risk monitoring is in place for any OTC transactions.

*Risks associated with the Control and Monitoring of Derivative*s
Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and Fixed Income Securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

There is no guarantee that a particular forecast will be correct or that an investment strategy which deploys derivatives will be successful.

STABLE NET ASSET VALUE AND ACCUMULATION PRICE RISK

Although it is intended to maintain a stable Net Asset Value in the Distributing Shares and/or an Accumulation Price in the accumulating shares of the US Dollar Liquidity Fund, there can be no assurance that this will be achieved nor that the US Dollar Liquidity Fund will achieve its investment objectives. The value of the US Dollar Liquidity Fund may be affected by market movements (including but not limited to substantial adverse movement in interest rates), the creditworthiness of issuers of the US Dollar Liquidity Fund's investments, rising duties and charges, interest rates, premiums and service providers fees.

WARRANTS

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.

COMMODITY RELATED SECURITIES

Certain Funds may invest in commodity related Securities including but not limited to commodity futures and commodity exchange traded funds. Commodity related securities are highly volatile. Commodity markets are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. In particular, commodity futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit.

EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

A Fund may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Section 3 – "Derivatives and efficient portfolio management techniques" of Appendix A – Investment Powers and Restrictions. If the other party to a repurchase agreement or reverse repurchase agreement should default, the Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the Fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the Fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

A Fund may enter into securities lending transactions subject to the conditions and limits set out in Section 3 – "Derivatives and efficient portfolio management techniques" of Appendix A – Investment Powers and Restrictions. If the other party to a securities lending transaction should default, the Fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Fund in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the Fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The Funds will only use repurchase agreements, reverse repurchase agreements or securities lending transactions for the purpose of either reducing risks (hedging) or generating additional capital or income for the relevant Fund. When using such techniques, the Funds will comply at all times with the provisions set out Section 3 – "Derivatives and efficient portfolio management techniques" of Appendix A – Investment Powers and Restrictions. The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. The use of repurchase agreements, reverse repurchase agreements and securities lending transactions is generally not expected to have a material adverse impact on a Fund's performance, subject to the Risk Factors described above.

CURRENCY HEDGED SHARE CLASSES

The Management Company may decide from time to time for some or all of the Funds to issue Currency Hedged Share Classes.

Currency Hedged Share Classes utilise hedging strategies to seek to limit exposure to currency movements between a Fund's Reference Currency, Investment Currencies or Index Currencies and the currency Hedged Share Class is denominated in. The hedging strategy of the Currency Hedged Share Class does not seek to eliminate all currency exposure. Exchange rate risk exists as a result of movements between the currency of denomination of the Currency Hedged Share Class and the valuation currencies of the assets in which the Fund invests where these currencies differ from the Reference currency of the Fund.

Such hedging strategies used by the Investment Adviser(s) (or any agent appointed by the Investment Adviser(s)) may not completely eliminate exposure to such currency movements. There can be no guarantee that hedging strategies will be successful. Mismatches may result between a Fund's currency position and the Currency Hedged Share Classes issued for that Fund.

The use of hedging strategies may substantially limit Currency Hedged Share Class shareholders from benefiting if the currency of the Currency Hedged Share Class falls against a Fund's Reference Currency, Investment Currencies or Index Currencies. The costs of hedging and all gains/losses from hedging transactions are borne separately by the shareholders of the respective Currency Hedged Share Classes.

Investors should also note that the hedging of Currency Hedged Share Classes is distinct from any hedging strategies that the Investment Adviser(s) may implement at the Fund level.

Non-deliverable Currencies
Several emerging market currencies are traded as cash settled, non-deliverable forwards, because they are either thinly traded or non-convertible. As such, where the Hedged Share Class Currency is non-deliverable the share class will be denominated, for subscription and redemption purposes, in a currency other than the Hedged Share Class Currency. For example, a Colombian Peso NAV Hedged Share Class may be subscribed or redeemed in US Dollar or Euro but the Fund's Reference Currency would be hedged to the Colombian Peso, notwithstanding it being denominated in US Dollar or Euro. Investors should note that additional exchange rate risk exists as a result of the movements between the non-deliverable currency denomination of the Currency Hedged Share Class and the valuation currencies of the assets in which the Fund invests where these currencies differ from the Reference currency of the Fund and the currency in which the shareholder subscribes or redeems.

Renminbi ("RMB") Currency Risk
Since 2005, the RMB exchange rate is no longer pegged to the US dollar. RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. RMB exchange rate is also subject to exchange control policies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market is allowed to float within a narrow band around the central parity published by the People's Republic of China. As the exchange rates are influenced by government policy and market forces, the exchange rates for RMB against other currencies, including US dollar and HK dollar, are susceptible to movements based on external factors. Accordingly, the investment in Classes denominated in RMB may be adversely affected by the fluctuations in the exchange rate between RMB and other foreign currencies.

RMB is currently not freely convertible and RMB convertibility from offshore RMB (CNH) to onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and restrictions imposed by the Chinese government. The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions.

Classes denominated in RMB, both hedged and unhedged, participate in the offshore RMB (CNH) market, which allows investors to freely transact RMB (CNH) outside of mainland China. Classes denominated in RMB will have no requirement to remit RMB (CNH) to onshore RMB (CNY). Non-RMB based investors (e.g. Hong Kong investors) in Classes denominated in RMB may have to convert HK dollar or other currency(ies) into RMB when investing in Classes denominated in RMB and subsequently convert the RMB redemption proceeds and/or dividend payment (if any) back to HK dollar or such other currency(ies). Investors will incur currency conversion costs and you may suffer losses depending on the exchange rate movements of RMB relative to HK dollar or such other currencies.

Even if the Fund aims to pay redemption monies and/or distributions of RMB denominated Classes in RMB, the Management Company may, under extreme market conditions when there is not sufficient RMB for currency conversion and with the approval of the Directors, pay redemption monies and/or distributions in US dollar. There is also a risk that payment of redemption monies and/or distributions in RMB may be delayed when there is not sufficient amount of RMB for currency conversion for settlement of the redemption monies and distributions in a timely manner due to the exchange controls and restrictions applicable to RMB. In any event, redemption monies will be paid within one calendar month upon receipt of all properly completed documentation.

DURATION HEDGED SHARE CLASSES

Duration Hedged Share Classes utilise hedging strategies to seek to limit Share Class exposure to interest rate movements. Sensitivity to interest rate movements may vary by Funds. The sensitivity of the Funds to interest rate movements may affect the result of the duration hedging.

Such hedging strategies used by the Investment Adviser(s) (or any agent appointed by the Investment Adviser) may not completely eliminate exposure to such interest rate movements. There can be no guarantee that hedging strategies will be successful. Mismatches may result between the duration positions of a Fund and the Duration Hedged Share Classes issued for that Fund.

The use of hedging strategies may substantially limit Duration Hedged Share Class shareholders from benefiting if interest rates fall. The costs of hedging and all gains/losses from hedging transactions are borne separately by the shareholders of the respective Duration Hedged Share Classes.

Investors should also note that the hedging of Duration Hedged Share Classes is distinct from any hedging strategies that the Investment Adviser(s) may implement at the Fund level.

For the time being, only the Emerging Markets Corporate Debt Fund, the Euro Corporate Bond Fund, the Euro Strategic Bond Fund and the European Currencies High Yield Bond Fund offer Duration Hedged Share Classes. The Management Company may however decide from time to time for some other or all of the Bond Funds to issue Duration Hedged Share Classes, in which case this Prospectus will be amended accordingly, at the occasion of the next Prospectus update.

DISCRETIONARY DISTRIBUTING SHARE CLASS

The Discretionary Distributing Share Class may pay distributions from capital or may charge all or part of the Fund's fees and expenses to the capital of the Fund. Dividends paid out of capital amount to a return or withdrawal of part of a Shareholder's original investment or from any capital gains attributable to that original investment. Such dividends may result in an immediate decrease of the Net Asset Value per Share. Where part or all of the fees and expenses of a Share Class is charged to the capital of that Share Class the result will be a reduction of the capital that the Fund has available for investment in the future and capital growth may be reduced. In periods of declining markets, the compounding effect of such dividend distributions may lead to a material erosion of the Share Class Net Asset Value.

TAXATION RISKS IN RELATION TO THE SUBSIDIARY

Please refer to the description in Section "Taxation of the Subsidiary" below.

FOREIGN ACCOUNT TAX COMPLIANCE ("FATCA")

The Foreign Account Tax Compliance provisions of the 2010 Hiring Incentives to Restore Employment Act ("HIRE") generally impose a new reporting and 30% withholding tax regime with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends ("Withholdable Payments"). As a general matter, the new rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the Internal Revenue Service ("IRS"). The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership.

On 28th March 2014, Luxembourg signed a Model 1 Intergovernmental Agreement with the U.S. As a result, no withholding tax should be applied to payments received by the Company. The Company will instead be required, in certain circumstances to provide information to the Luxembourg authorities about the identity of investors and any amounts paid to investors. The Luxembourg authorities will in turn share the information with the U.S. authorities. This information sharing may in future be expanded to cover other jurisdictions.

Although the Company will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as result of the FATCA regime, the value of the Shares held by the investor may suffer material losses.

Therefore, and despite anything else herein contained and as far as permitted by Luxembourg law, the Company shall have the right to:

- Require any Shareholder or beneficial owner of the Shares to promptly furnish such personal data as may be required by the Company in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- Divulge any such personal information to any tax authority, as may be required by law or such authority;
- Withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Company;
- Withhold the payment of any dividend or redemption proceeds to a Shareholder until the Company holds sufficient information to enable it to determine the correct amount to be withheld.

As described in Section 2.2 "Issue of Shares" the Directors have resolved to prevent the ownership of Shares by any U.S. Person (as defined pursuant to Regulation S under the U.S. Securities Act of 1933, as amended).

Each prospective investor should consult its own tax advisers regarding the requirements under HIRE with respect to its own situation.

OPEN-END AND CLOSED-END COLLECTIVE INVESTMENT VEHICLES

Some Funds may invest in other collective investment vehicles. 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 and administration expenses of the underlying collective investment vehicles. In the case of investment in closed-end investment vehicles, shares may at times be acquired only at market prices representing premiums to their net asset values. Shares of such collective investment vehicles will be valued at their last available stock market value. Closed-end investment vehicles which are not subject in their country of origin to permanent supervision by a supervisory authority set up by law in order to ensure the protection of investors may expose the Funds investing in them to additional risks than if they were investing in collective investment vehicles established in other jurisdictions more protective of the investors (for instance, less frequent opportunities for disposal, delayed payment or non-receipt of settlement monies, or less protective judicial structures).

INVESTMENT IN THIRD PARTY FUNDS

Certain Funds may invest in shares of collective investment schemes including Exchange Traded Funds, Closed Ended Funds and UCITS funds – collectively, underlying funds. These funds may be advised or sub-advised by the Investment Adviser, an affiliate adviser or by an unaffiliated adviser. The ability of a Fund which invests in shares of an underlying fund or funds to achieve its investment objective may be directly related to the ability of the underlying funds to meet their investment objectives. Funds which invest in underlying funds will be exposed to the risks to which the underlying funds are exposed. These risks may include liquidity risk where the ability of the Fund to meet the liquidity requirements of its investment is directly linked to the ability of the underlying funds to meet their liquidity requirements.

VOLATILITY STRATEGIES

Certain Funds may invest, either directly or indirectly via investment into collective investment schemes in strategies which seek to take advantage of increases or decreases in volatility. Investment in such strategies may result in an increase in total portfolio volatility of the Fund. The risks of such investments are related to the risks associated with the underlying asset class on which the strategy invests (e.g. equity risk, commodity risk, liquidity risk, etc.). In periods of high market volatility the value of investments in volatility strategies may be subject to drawdowns which exceed those experienced in the markets and asset classes upon which the volatility strategy draws. Exposure to extreme market volatility may not be fully hedged which may result in a decrease in portfolio value. Funds which invest in volatility strategies will be exposed to derivative risk and basis risk, which is the risk that exposure gained through derivatives to an underlying asset or assets will not be perfectly correlated to the price movements of the assets themselves.

ABSOLUTE RETURN STRATEGIES

The intention of an absolute return strategy is to deliver positive returns in all market conditions. However there can be no guarantee that such returns or capital will be achieved.

Section 2
2.1 Share Class Description

The Management Company may create one or more different classes of Shares ("Share Classes") in each Fund. Each Share Class is represented by a code composed by a share class indicator and a share class sub-indicator. The first letter or number of that code denotes the Share Class Indicator (e.g. "A"), while further letters or numbers represent additional characteristics and in combination denote the Share Class Sub-Indicator (e.g. "H").

Not all Share Classes may be available in all Funds. The current Application Form states the Share Classes which are available for each Fund. Details on the available Share Classes can also be obtained from the Distributor and at the Company's registered office.

Share Class Indicator	Target audience*	Minimum Initial Subscription per Fund	Minimum Holding	Minimum Subsequent Subscription
A	Retail investors	N/A	N/A	N/A
B	Retail investors, noting Contingent Deferred Sales Charge applies	N/A	N/A	N/A
C	Retail investors, noting Contingent Deferred Sales Charge applies – availability at the discretion of the Distributor and its affiliates	N/A	N/A	N/A
E	Employees of the Investment Adviser(s) or any Sub-Investment Adviser in respect of the relevant Fund	N/A	N/A	N/A
F	Retail investors investing in the Company through intermediaries appointed by the Distributor and who are charged directly by the intermediaries for advisory services they receive	N/A	N/A	N/A
I	High net worth individuals, or institutions who are not institutional investors according to Article 174 of the 2010 Law, who invest in the Company directly or through intermediaries appointed by the Distributor and who are charged directly by the intermediaries for the advisory services they receive	500,000**	500,000**	50,000**
N	The Distributor and its affiliates (whether for themselves or on behalf of clients) or, at the discretion of the Distributor and its affiliates, their clients who qualify as "institutional investors" according to Article 174 of the 2010 Law	100,000**	100,000**	10,000**
S	Investors who qualify as "institutional investors" according to Article 174 of the 2010 Law, as selected by the Distributor, and who invest at least USD 40,000,000	40,000,000**	40,000,000**	N/A
Z	Institutional investors according to Article 174 of the 2010 Law	N/A	N/A	N/A

* where the Management Company in its absolute discretion determines that an investor does not fall within the target audience for a Share Class Indicator as described above, including where the investor has ceased to be part of the target audience after initial subscription, the Management Company may, upon providing such investor with one month's written notice, elect to either compulsorily redeem their holding or convert their holding into another Share Class. This is at the Management Company's absolute discretion and the Management Company may choose not to exercise this power. For example, the Management Company may determine that an investor in Class E who has ceased to be employed by the Investment Advisor may retain their existing investment.

** these amounts may be in US Dollars (or the Euro, Yen or Sterling equivalent of the US Dollar amount). These minima may be waived or varied, in any particular case or generally, at the Management Company's discretion.

If the Net Asset Value of an investor's holding of a Class of Shares falls below the Minimum Holding amount shown above, the Management Company may, upon providing such investor with one month's written notice, elect to either compulsorily redeem their holding or convert their holding into another Share Class.

Restrictions apply to the purchase of Share Class Indicators C, E, F, I, N, S and Z Shares. First time applicants should contact the Distributor before submitting an Application Form for these Share Classes.

LIST OF SHARE CLASS SUB-INDICATORS

Share Class Sub-Indicator	Characteristics (see section below)
The following Share Class Sub-Indicators are explained further in this Section 2.1 below	
H	NAV Hedged Share Class
H1	Portfolio Hedged Share Class
H2	Index Hedged Share Class
H3	NAV Hedged (Non-Deliverable Currency) Share Class
D	Duration Hedged Share Class
O	NAV & Duration Hedged Share Class (i.e. H + D = O)
The following Share Class Sub-Indicators are explained further in the Section 2.9 "Dividend Policy"	
X	Distributing Share Class
R	Discretionary Distributing Share Class
M	Monthly Distributing Share Class

CURRENCY HEDGED SHARE CLASSES

Currency Hedged Share Classes seek to reduce the currency exposure of the Shareholder to currencies other than the "Hedged Share Class Currency". The Investment Adviser(s) will decide on the most appropriate hedging strategies for each Fund and a Fund-by-Fund summary is available from the registered office of the Company and is included in the Company's Annual and Semi-Annual Reports. Currency Hedged Share Classes are subdivided as follows:

NAV Hedged Share Classes (Share Class Sub-Indicator "H")
NAV Hedged Share Classes utilise hedging strategies that seek to reduce exposure to currency movements between the Hedged Share Class Currency and the Fund's Reference Currency. This involves hedging the Fund's Reference Currency to the Hedged Share Class Currency generally without reference to the currencies represented in the Fund's underlying investment portfolio (the "Investment Currencies").

Portfolio Hedged Share Classes (Share Class Sub-Indicator "H1")
Portfolio Hedged Share Classes utilise hedging strategies that seek to reduce exposure to currency movements between the Hedged Share Class Currency and the Fund's Investment Currencies. This involves hedging the Fund's Investment Currencies back to the Hedged Share Class Currency without reference to its Reference Currency.

Index Hedged Share Classes (Share Class Sub-Indicator "H2")
Index Hedged Share Classes utilise hedging strategies that seek to reduce exposure to currency movements between the Hedged Share Class Currency and the currencies of a Fund's benchmark index ("Index Currencies"). This involves hedging the Fund's Index Currencies back to the Hedged Share Class Currency without reference to the Fund's Reference Currency or its Investment Currency.

NAV Hedged (Non-deliverable Currency) Share Classes (Share Class Sub-Indicator "H3")
The NAV Hedged (Non-deliverable Currency) Share Classes utilise similar hedging strategies to the NAV Hedged Share Classes, however, where the Hedged Share Class Currency is non-deliverable, the share class will be denominated, for subscription and redemption purposes, in a currency other than the Hedged Share Class Currency. For example, a Colombian Peso NAV Hedged Share Class may be subscribed or redeemed in US Dollar or Euro but the Fund's Reference Currency would be hedged to the Colombian Peso, notwithstanding it being denominated in US Dollar or Euro.

Duration Hedged Share Classes (Share Class Sub-Indicator "D")
Duration Hedged Share Classes utilise hedging strategies that seek to reduce exposure to market interest rate movements. This involves hedging the duration of the Share Class relative to the Fund's actual duration or the duration of the Fund's targeted benchmark.

SALES CHARGE

The Sales Charge is an initial charge levied on subscription amounts, which is not contained within the price at which the Shares are issued.

Share Class Indicator	Bond Funds (excluding Emerging Markets Debt Fund and Emerging Markets Domestic Debt Fund)	Equity Funds (and Emerging Markets Debt Fund and Emerging Markets Domestic Debt Fund)	Asset Allocation Funds	Liquidity Fund	Alternative Investment Funds
A	Up to 4.00%	Up to 5.75%	Up to 5.75%	0.00%	Up to 5.75%
B	0.00%	0.00%	0.00%	0.00%	0.00%
C	0.00%	0.00%	0.00%	0.00%	0.00%
E	N/A	N/A	N/A	N/A	N/A
F	0.00%	0.00%	0.00%	0.00%	0.00%
I	Up to 3.00%	Up to 3.00%	Up to 3.00%	Up to 3.00%	Up to 3.00%
N	0.00%	0.00%	0.00%	0.00%	0.00%
S	0.00%	0.00%	0.00%	0.00%	0.00%
Z	Up to 1.00%	Up to 1.00%	Up to 1.00%	Up to 1.00%	Up to 1.00%

The Sales Charge shall revert to the Distributor or to the relevant distributor through which the initial purchase was made. If in any country in which the Share Class Indicators A, I and Z Shares are offered, local law or practice requires or permits a lower initial Sales Charge than that listed above for any individual purchase order, the Distributor may sell Shares and may authorise distributors to sell Shares within such country at a total price less than the applicable price set forth above, but in accordance with the maximum amounts permitted by the law or practice of such country.

CONTINGENT DEFERRED SALES CHARGE

Contingent Deferred Sales Charge for all Funds

Time Period Since Subscription:	Share Class Indicator B	Share Class Indicator C
0–365 days	4.00%	1.00%
1–2 Years	3.00%	none
2–3 Years	2.00%	none
3–4 Years	1.00%	none
4 Years and thereafter	none	none

The calculation is determined in a manner that results in the lowest possible rate being charged. Therefore, it is assumed that, unless otherwise specified, the redemption is applied to Share Class Indicators B and C Shares held longest by the Shareholder. The rate will be determined based on the Fund in which the Shareholder's subscription was first made. Conversion from one Fund to another will not affect the initial purchase date not the rate to be applied upon redemption for the purposes of calculating the Contingent Deferred Sales Charge.

To provide an example, assume a Shareholder purchased 100 Class B Shares in a Fund at €25 per Share (at a cost of €2,500) and in the third year after issuance the Net Asset Value per Share is €27. If at such time the Shareholder makes his first redemption of 50 Shares (proceeds of €1,350), the charge is applied only to the original cost of €25 per Share and not to the increase in Net Asset Value of €2 per Share. Therefore, €1,250 of the €1,350 redemption proceeds will be charged a Contingent Deferred Sales Charge at a rate of 2.00% (the applicable rate in the third year after issuance).

The Contingent Deferred Sales Charge, if any, accrues to the Distributor and is used in whole or in part by the Distributor to defray its expenses in providing distribution-related services to the Fund relating to the sale, promotion and marketing of Share Class Indicators B and C Shares and the furnishing of services to Shareholders by sales and marketing personnel of the Distributor.

The Contingent Deferred Sales Charge (in combination with the Distribution Fee (see Section 2.5 "Charges and Expenses") in the case of Share Class Indicator B Shares) is designed to finance the distribution of Share Class Indicators B and C Shares through the Distributor and distributors without a dealer mark-up or Sales Charge assessed at the time of purchase.

WAIVER OF CONTINGENT DEFERRED SALES CHARGE

The Management Company will waive any applicable Contingent Deferred Sales Charge which may be payable on the redemption of Share Class Indicators B and C Shares where a redemption is effected pursuant to the right of the Management Company to liquidate a Shareholder's account as described in more detail under "Compulsory Redemption" (*i.e.* where it is not the fault of the Shareholder which has resulted in the compulsory redemption).

The Management Company will waive any applicable Contingent Deferred Sales Charge which may be payable on the redemption of distributing Share Class Indicators B and C Shares which result from the automatic reinvestment of dividends.

In addition the Management Company may also waive all or part of any applicable Contingent Deferred Sales Charge at the Management Company' discretion. The Management Company has authorised the Distributor to waive all or part of the Contingent Deferred Sales Charge at the discretion of the Distributor in respect of subscriptions made by clients of the Distributor (including clients of distributors).

The alternative Sales Charge arrangements permit an investor to choose the method of purchasing Shares that is most beneficial given the amount of the purchase, the length of time the investor expects to hold the Shares and individual circumstances. Investors should determine whether under their particular circumstances it is more advantageous to incur an initial Sales Charge and not be subject to Distribution Fees and a Contingent Deferred Sales Charge, or to have the entire subscription amount invested in a Fund with the investment thereafter being subject to Distribution Fees and a Contingent Deferred Sales Charge.

2.2 Issue of Shares, Subscription and Payment Procedure

The Directors are authorised without limitation to issue fully paid up Shares of any Class at any time.

Any request for subscription, redemption or conversion shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share of the relevant Class.

ISSUE OF SHARES

Shares of all Classes will be issued at a price corresponding to the Net Asset Value per Share of the relevant Class in the relevant currency. For the currencies in which the Shares for the relevant Funds will be issued, please refer to the table in Section 2.7 "Net Asset Value Determination" below. Up-to-date information is available on www.morganstanleyinvestmentfunds.com or from the Distributor. Share Class Indicator A Shares of all Equity Funds, Bond Funds, Asset Allocation Funds and Alternative Investment Funds are subject to a Sales Charge calculated on the entire subscription amount in the subscription currency. However, in the event of a conversion from a Liquidity Fund into an Equity Fund, Bond Fund, Asset Allocation Fund or an Alternative Investment Fund the applicable Sales Charge for that Fund may be levied – see "Conversion of Shares" for further details. Details of the minimum initial and subsequent subscriptions for a Fund and the Sales Charge are set out in Section 2.1 "Share Class Description".

Initial applications for Shares must be made on the Company's Application Form or in a format acceptable to the Management Company containing the information required by the Management Company and must be forwarded to the Transfer Agent in Luxembourg, or to any distributor indicated on the Application Form. Subsequent applications may be made in writing or by fax. The Management Company may also decide that initial and subsequent subscription applications may be made by electronic or other means (provided that a duly completed Application Form is received for initial subscription applications).

The Management Company or its delegate may request an investor to provide additional information to substantiate any representation made by the investor in its application. The Management Company reserves in any case the right to reject any application for Shares, in whole or in part.

All applications are made subject to this 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.

Applications for Shares in all Funds received by the Transfer Agent before the Cut-Off Point for any Dealing Day will be processed on that Dealing Day based on the Net Asset Value per Share determined for that Dealing Day. Applications for Shares in the Liquid Alternatives Fund received by the Transfer Agent before the Cut-Off Point on the Luxembourg Business Day prior to any Dealing Day will be processed on that Dealing Day based on the Net Asset Value per Share determined for that Dealing Day.

Any applications received by the Transfer Agent after the Cut-Off Point for 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 Distributing Share Classes (Share Class Sub-Indicators "X" and "M") and Discretionary Distributing Share Classes (Share Class Sub-Indicators "R" and "RM") shall begin accruing dividends on the Dealing Day on which such orders are processed.

No distributor is permitted to withhold subscription orders to benefit themselves by a price change. Investors should note that they may be unable to purchase or redeem Shares through a distributor on days that such distributor is not open for business.

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 Management Company but does not process them) must receive an application before the Cut-Off Point for any 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 the Cut-Off Point for any Dealing Day will be processed by the Transfer Agent on the basis of the Net Asset Value per Share determined for the next Dealing Day. Where collection agents appointed by the Distributor receive subscription monies, those monies will have been subject to the anti-money laundering checks of an appointed distributor or the relevant collection agent.

The Company determines the principles of the calculation of the price or net asset value of its Shares, which are implemented by the Management Company 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 Charge). The Net Asset Value per Share is calculated at the valuation point following the Cut-Off Point.

The Company's Funds, with the exception of the US Dollar Liquidity Fund, 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 Management Company in its discretion may, if deems such activities adversely affect the interests of the Company's Shareholders, take action as appropriate to deter such activities.

Accordingly if the Management Company determines or suspects that a Shareholder has engaged in such activities, it 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. Please refer to "Redemption of Shares" and "Conversion of Shares" for further information in relation to the measures which may be taken.

The Management Company may restrict or prevent the ownership of Shares in the Company by any person, firm or corporate body, if in the opinion of the Management Company such holding may be detrimental to the Company, if it may result in a breach of any law or regulation, whether Luxembourg or foreign, or if as a result thereof the Company may become exposed to tax disadvantages or other financial disadvantages that it would not have otherwise incurred (such persons, firms or corporate bodies to be determined by the Directors being herein referred to as "Prohibited Persons"). In particular, the Directors have resolved to prevent the ownership of Shares by any US Person (as defined pursuant to Regulation S under the U.S. Securities Act of 1933, as amended).

The Company retains the right to offer only one Class of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. The Company also reserves the right to adopt standards applicable to classes of investors or transactions that permit or require the purchase of a particular Class of Shares.

In case it would be detrimental to the existing Shareholders to accept a cash application for Shares of any Fund which, either singly or when aggregated with other applications so received in respect of any Dealing Day (the "First Dealing Day") represents more than 10% of such Fund, the Directors may decide that all or part of such applications for Shares be deferred until the next Dealing Day so that not more than 10% of the Net Asset Value of the relevant Fund be subscribed for on the First Dealing Day.

If the Directors decide to defer all or part of such application, the applicant shall be informed prior to the deferral taking place. To the extent that any application is not given full effect on such First Dealing Day by virtue of the exercise of the power to pro-rate applications, it shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Dealing Day and, if necessary, subsequent Dealing Days, until such application shall have been satisfied in full. With respect to any application received in respect of the First Dealing Day, to the extent that subsequent applications shall be received in respect of following Dealing Days, such later applications shall be postponed until after the satisfaction of applications relating to the First Dealing Day, but subject thereto shall be dealt with as set out in the preceding sentence.

Alternatively the Management Company may accept payment for Shares in whole or in part by an in kind subscription of suitable investments. The transaction costs incurred in connection with the acceptance by the Management Company of an in kind subscription will be borne directly by the incoming Shareholder. Any applicable Sales Charge will be deducted before investment commences. The investments forming the in kind subscription will be valued and a report will be issued by the Company's auditors following their review of the methods of the valuation used by the Management Company for accepting the in kind subscription.

Such review will be conducted in accordance with the professional recommendations of the *Institut des Réviseurs d'Entreprises*. The value determined, together with the Net Asset Value per Share calculated for the Class of Shares concerned in the relevant Fund, will determine the number of Shares to be issued to the incoming Shareholder. The purpose of the foregoing policy is to ensure that the existing Shareholders in a Fund do not bear the transaction costs of acquiring additional assets for a large incoming Shareholder.

Applicants for Shares may make payment in US Dollars, Euro, Yen or Sterling. Applicants can only make payment for Currency Hedged Share Classes (Share Class Sub-Indicators "H", "H1", "H2", "H3", "O") in the currency in which that share class is denominated, depending on the specific Class this may require payment in US Dollars, Euro, Yen, Sterling, Australian Dollars, Swiss Francs, Norwegian Krone, Singapore Dollars, Swedish Krona or any other currency which the Management Company may decide. Where payment is made for any other Class in a currency in which the relevant Class does not issue a Net Asset Value per Share, the Administrator will arrange for the necessary currency transaction to convert the subscription monies into the Reference Currency of the relevant Fund. Any such currency transaction will be effected with the Custodian or the Distributor at the applicant's cost. Currency exchange transactions may delay any dealing in Shares as the Administrator may choose at its option to delay executing any foreign exchange transaction until cleared funds have been received.

In the case of subscriptions for Shares with Share Class Indicators A, B, C and F of all Funds and Shares with Share Class Indicators I and Z of the US Dollar Liquidity Fund 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 with Share Class Indicators E, I, S and Z for all Funds except the US Dollar Liquidity Fund, 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. Applicants for Shares should note that cheques are not accepted as means of payment.

Where Shares are subscribed through a distributor, different payment arrangements to those set out above may apply and will be available from the relevant distributor.

If timely settlement is not made (or a completed Application Form is not received for an initial subscription), the relevant allotment of Shares may be cancelled and the subscription monies returned to the applicant without interest. Alternatively, if payment is received in respect of any application after the settlement date, the Management Company will consider the application as being an application for the number of Shares which can be purchased or subscribed with such payment on the next Dealing Day. An applicant may be required to compensate the relevant distributor and/or the Company for the costs of late or non-payment. The Management Company will have the power to redeem all or part of the applicant's holding of Shares in order to meet such costs.

CONFIRMATION NOTES

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.

All Shares are issued in registered form and the share register is conclusive evidence of ownership. The Company treats the registered owner of a Share as the absolute and beneficial owner thereof.

Shares are issued in uncertificated form. The uncertificated form enables the Management Company to effect redemption instructions without undue delay.

The Distributor may permit any distributor to be involved in the collection of subscription, redemption and conversion orders on behalf of the Company and any of the Funds and may itself or arrange for a third party (including a distributor) to, in that case, provide a nominee service for applicants purchasing Shares through them. Applicants may elect, but are not obliged, to make use of such nominee service pursuant to which the nominee will hold Shares in its name for and on behalf of the applicants who shall be entitled at any time to claim direct title to the Shares and who, in order to empower the nominee to vote at any general meeting of Shareholders, shall provide the nominee with specific or general voting instructions to that effect. Applicants retain the ability to directly invest in the Company without using a nominee service.

Applicants are allocated a Shareholder number on acceptance of their application and this together with the Shareholder's personal details are proof of identity. This Shareholder number should be used for all future dealings by the Shareholder with the Management Company or the Transfer Agent.

Any changes to the Shareholder's personal details or loss of Shareholder number must be notified immediately to the Transfer Agent in writing. Failure to do so may result in delay upon redemption. The Management Company on behalf of the Company reserves the right to require an indemnity or verification countersigned by a bank, stockbroker or other party acceptable to it before accepting such instructions.

If any application is not accepted in whole or in part the application monies or the balance outstanding will be returned to the applicant by post or bank transfer at the applicant's risk.

GENERAL PROVISIONS

The Management Company reserves the right to reject any application or to accept the application in part only. Furthermore, the issue and sale of Shares of any Class in any or all Funds may be discontinued without notice.

Subscriptions will be accepted upon verification by the Distributor that the relevant investors have received a key investor information document of the Class of Share into which they intend to subscribe.

Pursuant to the Law of 19th February 1973 on the sale of medicinal substances and the defence against drug addiction, as last amended by the Law of 11th August 1998, to the Law of 12th November 2004 relating to the fight against money laundering and financing of terrorism, and the relevant Circulars issued by the Luxembourg Supervisory Authority, Luxembourg has regulations in place for the prevention of money laundering from drug trafficking proceeds. As a result, evidence of the identity of subscribers, including the provision of supporting documentation, may be required by the Management Company. Such information may be collected at the time an application for Shares is made.

No Shares will be issued by the Company during any period when the calculation of the Net Asset Value per Share of the relevant Fund is suspended by the Company pursuant to the powers reserved to it by its Articles of Incorporation and as discussed herein under "Temporary Suspension of Calculation of Net Asset Value".

Notice of any such suspension will be given to applicants for Shares and applications made or pending during such suspension may be withdrawn by notice in writing received by the Management Company prior to the Cut-Off Point in respect of the first Dealing Day following the end of such suspension. Applications which are not withdrawn will be considered on the first Dealing Day following the end of the suspension period.

DIRECTORS' POWERS

The Directors may, at any time and in their discretion, resolve to close a Fund or one or more Class of Shares to subscriptions for a period of time. The circumstances in which they may do so include, but are not limited to, circumstances where the strategy run by the relevant Investment Adviser or Sub-Adviser, of which the Fund forms part, has reached a size where, in the opinion of the Investment Adviser or Sub-Adviser, the universe of securities in which the strategy may invest may become too small to enable the Investment Adviser or Sub-Adviser to continue to invest the assets of the strategy effectively if the Fund, and therefore the strategy, continues to grow. Such Funds may be re-opened at any time by a resolution of the Board.

ANTI-DILUTION MEASURES

To the extent that the Management Company considers 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 Management Company may take one or both of the following steps:

i. adjust the Net Asset Value of a Fund ("Swing Pricing") to reflect the estimated dealing spreads, costs and charges to be incurred by the Fund in liquidating or purchasing investments ("Swing Factor") to satisfy the net transactions received in respect of a particular Dealing Day. Under normal market circumstances, the Swing Factor shall not exceed 1% of the Net Asset Value of the relevant Fund on the relevant Dealing Day. When net subscriptions in a Fund exceed a certain threshold on a given Dealing Day, the Net Asset Value is adjusted upwards by the Swing Factor. Similarly, when net redemptions in a Fund exceed a certain threshold on a given Dealing Day, the Net Asset Value of the Fund is adjusted downwards by the Swing Factor; and

ii a fee of up to 2% of the amount of an individual subscription or redemption may be applied to reflect the estimated dealing spreads, costs and charges to be incurred by the Fund in liquidating or purchasing investments, which the Company in its discretion may apply where it does not consider it appropriate to adjust the Net Asset Value of a Fund through Swing Pricing or does not consider Swing Pricing alone to be an adequate solution, e.g. where a particular investor or group of investors has been the main cause of the dilution effect.

2.3 Redemption of Shares

Shares may be redeemed on any Dealing Day subject to the limitations described below. Shares of all Classes will be redeemed at a price corresponding to the Net Asset Value per Share of the relevant Class in the relevant currency.

PROCEDURE FOR REDEMPTION

Shareholders wishing to have all or some of their Shares redeemed may do so by fax or by letter to the Transfer Agent or to a distributor. The Management Company may also decide that applications for redemptions may be made by electronic or other means.

The application for redemption must include (i) the monetary amount the Shareholder wishes to redeem, or (ii) the number of Shares the Shareholder wishes to redeem. In addition, the application for redemption must include the Shareholder's personal details together with the Shareholder's account number. Failure to provide any of this information may result in delay of the application for redemption whilst verification is being sought from the Shareholder.

Upon redemption of Distributing Share Classes (Share Class Sub-Indicators "X" and "M") and Discretionary Distributing Share Classes (Share Class Sub-Indicators "R" and "RM"), all dividends will accrue up to, and including, the Dealing Day on which such orders are processed. Holders of Share Class Indicators B and C Distributing Share Classes and Discretionary Distributing Share Classes Shares may be subject to a Contingent Deferred Sales Charge in accordance with Section 2.1 "Share Class Description".

Such applications for redemption will be considered as binding and irrevocable by the Company except in the event of a suspension of the calculation of the Net Asset Value per Share. Written confirmations may be required by the Management Company and must be duly signed by all registered holders, unless in the case of joint registered holders, each such holder has sole signing authority.

Applications for redemption from all Funds received by the Transfer Agent before the Cut-Off Point for any Dealing Day will be processed on that Dealing Day based on the Net Asset Value per Share determined for that Dealing Day. Any applications received by the Transfer Agent after the Cut-Off Point for any Dealing Day will be processed on the next Dealing Day on the basis of the Net Asset Value per Share next determined.

No distributor is permitted to withhold redemption orders received to benefit themselves by a price change. Investors should note that they may be unable to redeem Shares through a distributor on days that such distributor is not open for business.

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 Management Company but does not process them) must receive an application for redemption before the Cut-Off Point for any 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 in respect of a Dealing Day after the Cut-Off Point will be processed by the Transfer Agent on the basis of the Net Asset Value per Share determined for the next Dealing Day.

The Company determines the principles of the calculation of the price or net asset value of its Shares, which are implemented by the Management Company 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 Charge). The Net Asset Value per Share for a Dealing Day is calculated at the valuation point following the Cut-Off Point.

The Company's Funds, with the exception of the US Dollar Liquidity Fund, 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 Management Company in its discretion may, if it deems such activities adversely affect the interests of the Company's Shareholders, take action as appropriate to deter such activities.

Accordingly if the Management Company determines or suspects that a Shareholder has engaged in such activities, it may suspend, cancel, reject or otherwise deal with that Shareholder's application and take any action or measures as appropriate or necessary to protect the Company and its Shareholders. A redemption fee of up to 2% of an individual redemption may be applied where the Management Company, in its discretion, determines that the shareholder has engaged in trading practices which adversely affect the interests of the Company's shareholders or where it is otherwise appropriate to protect the interest of the Company. The fee is retained for the benefit of continuing Shareholders of the relevant Fund.

A Confirmation Note providing full details of the transaction and the redemption proceeds is sent to the applicant by ordinary post (or by fax, electronic or other means) on the Dealing Day the order is processed.

For redemptions from the US Dollar Liquidity Fund, the applicant will be notified of the redemption proceeds on the Dealing Day the order is processed. The redemption proceeds will take into account any applicable Contingent Deferred Sales Charge and Shareholders are reminded that the redemption proceeds can be higher or lower than the initial subscription amount.

It is recommended that applicants check Confirmation Notes on receipt.

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

Unless otherwise specified by the Shareholder on the application for redemption, such redemption will be paid in the Reference Currency of the Fund or, if applicable, in the currency which the Currency Hedged Share Class is denominated from which the Shareholder is redeeming. If necessary, the Administrator will arrange the currency transaction to convert the redemption monies from the Reference Currency of the relevant Fund into the relevant currency. Such currency transaction will be effected with the Custodian or the Distributor at the Shareholder's cost if the currency is not one in which the Net Asset Value per Share of the Class from which the Shareholder is redeeming is issued. The Directors reserve the right to delay payment for up to ten Business Days from the relevant Dealing Day if market conditions are unfavourable where it considers such action to be in the best interests of the remaining Shareholders.

TEMPORARY SUSPENSION OF REDEMPTION

The redemption of Shares of the Company will be suspended during any period when the calculation of the Net Asset Value per Share of the relevant Class is suspended in accordance with the section "Temporary Suspension of Calculation of Net Asset Value" herein. Any Shareholder tendering Shares for redemption will be notified of such period of suspension. The Shares in question will be redeemed on the first Dealing Day following the end of the suspension period.

If a period of suspension lasts for more than one calendar month after the date of an application for redemption, the application may be cancelled by the Shareholder by notice in writing to a distributor or to the Management Company, provided that the notice is received by the distributor or the Management Company prior to any relevant deadline notified to the Shareholder on the last Dealing Day of the suspension period.

COMPULSORY REDEMPTION

If the Net Asset Value of any Fund or Class of Shares at any valuation point shall become at any time less than 100 million Euros, or its equivalent in the Reference Currency of the relevant Fund, the Management Company may, at its discretion, redeem all but not less than all of the Shares of the applicable Classes of Shares in compliance with the procedure set forth under *Dissolution* of Section 3.1 "General Information".

A Contingent Deferred Sales Charge, if applicable, will not be levied on the redemption proceeds of Share Class Indicators B and C Shares subject to this type of compulsory redemption.

If a Shareholder holds less than the minimum holding amount for a Class of Shares as prescribed under Section 2.1 "Share Class Description", the Management Company may, upon providing them with one month's notice, compulsorily redeem their holding as an alternative to a compulsory redemption as provided above.

If the Management Company receives a request for redemption of Shares relating to: (i) part of a holding of Shares with a value of less than $2,500 or its equivalent, or (ii) if after redemption the holder would be left with a balance of Shares having a value of less than the current minimum holding amount or less than US$100 or its equivalent, the Management Company may treat this as a request to redeem such Shareholder's entire holding or may at a later date, upon providing them with one month's notice, elect to either compulsorily redeem their holding or convert their holding into another Share Class.

If it shall come to the attention of the Management Company at any time that Shares are beneficially owned by a Prohibited Person, either alone or in conjunction with any other person, and the Prohibited Person fails to comply with the direction of the Management Company to sell his Shares and to provide the Management Company with evidence of such sale within thirty days of being so directed by the Management Company, the Management Company may in its discretion compulsorily redeem such Shares at their Redemption Price in accordance with the Articles of Incorporation. Immediately after the close of business specified in the notice given by the Management Company to the Prohibited Person of such compulsory redemption, the Shares will be redeemed and such investors will cease to be the owners of such Shares. Share Class Indicators B and C Shareholders should note that in these circumstances, if applicable, a Contingent Deferred Sales Charge will be levied on the redemption proceeds. The Management Company may require any Shareholder or prospective Shareholder to furnish it with any information which it may consider necessary for the purpose of determining whether or not the beneficial owner of such Shares is or will be a Prohibited Person.

PROCEDURES FOR REDEMPTIONS AND CONVERSIONS REPRESENTING TEN PERCENT OR MORE OF ANY FUND

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.

To the extent that any application is not given full effect on such First Dealing Day by virtue of the exercise of the power to pro-rate applications, it shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Dealing Day and, if necessary, subsequent Dealing Days, until such application shall have been satisfied in full. With respect to any application received in respect of the First Dealing Day, to the extent that subsequent applications shall be received in respect of following Dealing Days, such later applications shall be postponed until after the satisfaction of applications relating to the First Dealing Day, but subject thereto shall be dealt with as set out in the preceding sentence.

Alternatively, the Company, in its sole and absolute discretion, may ask such Shareholder to accept payment in whole or in part by an in-kind distribution of securities in lieu of cash. The securities forming the in-kind distribution will be valued and a valuation report obtained from the Company's auditors. Investors who receive securities in lieu of cash upon redemption should note that they may incur brokerage and/or local tax charges on the sale of the securities. In addition, the net proceeds from the sale by the redeeming Shareholder of the securities may be more or less than the Redemption Price due to market conditions and/or the difference between the prices used to calculate the Net Asset Value per Share and bid prices received on the sale of the securities. In the event that a Contingent Deferred Sales Charge is payable on the redemption proceeds of the Share Class Indicators B and C Shares, securities will be retained by the Company to cover such Contingent Deferred Sales Charge before the remaining securities are transferred to the redeeming Shareholder.

ANTI-DILUTION MEASURES

To the extent that the Management Company considers 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 Management Company may take one or both of the following steps:

i. adjust the Net Asset Value of a Fund ("Swing Pricing") to reflect the estimated dealing spreads, costs and charges to be incurred by the Fund in liquidating or purchasing investments ("Swing Factor") to satisfy the net transactions on a particular Dealing Day. Under normal market circumstances, the Swing Factor shall not exceed 1% of the Net Asset Value of the relevant Fund on the relevant Dealing Day. When net subscriptions in a Fund exceed a certain threshold on a given Dealing Day, the Net Asset Value is adjusted upwards by the Swing Factor. Similarly, when net redemptions in a Fund exceed a certain threshold on a given Dealing Day, the Net Asset Value of the Fund is adjusted downwards by a the Swing Factor; and

ii. a fee of up to 2% of the amount of an individual subscription or redemption may be applied to reflect the estimated dealing spreads, costs and charges to be incurred by the Fund in liquidating or purchasing investments, which the Company in its discretion may apply where it does not consider it appropriate to adjust the Net Asset Value of a Fund through Swing Pricing or does not consider Swing Pricing alone to be an adequate solution, e.g. where a particular investor or group of investors has been the main cause of the dilution effect.

2.4 Conversion of Shares

With the exception of the Liquid Alternatives Fund, Shareholders are entitled to convert all or part of their Shares of one Fund into Shares of the same Class of other Funds and may also convert from one Class of Shares of a Fund into other Classes of Shares of that Fund or other Funds in accordance with the table below, without charge, except as otherwise provided below and provided that the Shareholder meets the eligibility criteria for the Class of Share into which they are converting, as detailed in Section 2.1 "Share Class Description" above. Conversion of shares either into or out of the Liquid Alternatives Fund is not permitted. The Share Class Indicator E Shares may not be converted.

Conversions are always processed in a common currency. Where conversion is between Share Classes whose net asset values are issued in a common currency, the conversion will be processed in the common currency specified by the investor. Where there is not a common currency between the net asset values of the converting Share Classes, then no conversion is possible except with the specific approval of the Management Company and the investor will need to redeem their holding and subscribe for their chosen Share Class in the appropriate currency.

The Management Company may, at its discretion, accept other conversions than those detailed as permissible in the table below. In certain jurisdictions, where conversions are submitted via a third party agent, different arrangements may apply and the permitted conversions may differ from those set out in the following table. Investors should contact their third party agent for more information.

		INTO							
	Share Class Indicator	**A**	**B**	**C**	**F**	**I**	**N**	**S**	**Z**
OUT OF	**A**	✓	X	X	✓	✓	X	X	✓
	B	✓	✓	X	✓	X	X	X	X
	C	X	X	✓	✓	X	X	X	X
	F	X	X	X	✓	X	X	X	X
	I	✓	X	X	✓	✓	X	✓	✓
	N	X	X	X	X	X	✓	X	X
	S	X	X	X	X	X	X	✓	✓
	Z	X	X	X	X	X	X	✓	✓

Applications may be sent in writing by fax to the Transfer Agent or to a distributor stating which Shares are to be converted. The Management Company may also decide that applications for conversion may be made by electronic or other means. 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 period of notice is the same as for applications for redemption. 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.

The Management Company 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 Management Company may, for example, at its discretion, 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.

A conversion fee of up to 2% may be applied by the Management Company, in its discretion, determine that the shareholder has engaged in trading practices which adversely affect the interests of the Company's shareholders or where it is otherwise appropriate to protect the interest of the Company and its shareholders. The fee is retained for the benefit of continuing Shareholders of the relevant Fund.

Conversion within Share Class Indicators A, I and Z Shares from one Fund to another Fund, with the exception of conversions from a Liquidity Fund, will not result in a Sales Charge being levied on the amount to be converted. However, where a Shareholder's investment in the Company is through Class A Shares of a Liquidity Fund, and such investment has not yet attracted a Sales

Charge, any subsequent conversion of that investment from such Class of Shares of a Liquidity Fund 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. 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.

Conversion within Share Class Indicators B and C Shares from one Fund to another Fund will not affect the initial purchase date nor the rate which will be applied upon redemption from the new Fund, as the rate which will be applied will be determined based on the first Fund in which the Shareholder purchased Shares. Any conversion of Class B Shares to any other Class of Shares of any Fund within four years of the subscription date will be treated as a redemption and may be subject to a Contingent Deferred Sales Charge as detailed in Section 2.1 "Share Class Description". Any conversion of Share Class Indicator C Shares to any other Class of Shares of any Fund within less than one year of the subscription date will be treated as a redemption and may be subject to a Contingent Deferred Sales Charge as detailed in Section 2.1 "Share Class Description".

Shareholders should note that if an application for conversion relates to a partial conversion of an existing holding and the remaining balance within the existing holding is below the minimum requirement (which is the current minimum initial subscription amount as detailed in this Prospectus), the Company is not bound to comply with such application for conversion.

If a Shareholder holds less than the minimum holding amount for a class of Shares as prescribed under Section 2.1 "Share Class Description", the Management Company may, upon providing them with one month's notice, compulsorily convert such Shareholder's holding into another class of Shares.

Any request for subscription, redemption or conversion shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share of a relevant Class.

For all Funds, applications for conversion received by the Transfer Agent on any Dealing Day before the Cut-Off Point will be processed on that Dealing Day based on the Net Asset Value per Share determined on that Dealing Day using the relevant valuation methodology for the particular Fund. Any applications received after the Cut-Off Point will be processed on the next Dealing Day on the basis of the Net Asset Value per Share next determined.

Applications for conversion received before the Cut-Off Point in respect of a Dealing Day shall begin accruing dividends on that Dealing Day.

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 Management Company but does not process them) must receive an application for conversion in respect of a Dealing Day before the Cut-Off Point 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 the Cut-Off Point will be processed by the Transfer Agent on the basis of the Net Asset Value per Share determined for the next Dealing Day.

Investors should note that they may be unable to convert Shares through a distributor on days that such distributor is not open for business.

The Company determines the principles of the calculation of the price or net asset value of its Shares, which are implemented by the Management Company 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 Charge). The Net Asset Value per Share is calculated at the valuation point following the Cut-Off Point.

The Company's Funds, with the exception of the US Dollar Liquidity Fund, 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 Management Company in its discretion may, if it deems such activities adversely affect the interests of the Company's Shareholders, take action as appropriate to deter such activities.

Accordingly if the Management Company determines or suspects that a Shareholder has engaged in such activities, it 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.

Applications for conversion in respect of any one Dealing Day which either singly or when aggregated with other applications for conversion or redemption so received, represent more than 10% of the Net Asset Value of any one Fund, may be subject to additional procedures set forth herein under "Procedures for Redemptions and Conversions Representing Ten Percent or more of any Fund."

The rate at which all or part of the Shares in a given Fund (the "Original Fund") are converted into Shares in another Fund (the "New Fund"), or all or part of the Shares of a particular Class (the "Original Class") are converted into another Class within the same

Fund (the "New Class"), is determined in accordance with the following formula:

$$A = \frac{B \times C \times E}{D}$$

where:

A is the number of Shares to be allocated in the New Fund or New Class;

B is the number of Shares of the Original Fund or Original Class which is to be converted;

C is the Net Asset Value per Share (minus the relevant Sales Charge payable if the Original Fund is a Liquidity Fund) of the Original Class or the relevant Class within the Original Fund at the relevant valuation point;

D is the Net Asset Value per Share of the New Class or the relevant Class within the New Fund at the relevant valuation point; and

E is the actual rate of exchange on the day concerned applied to conversions between Funds denominated in different currencies, and is equal to 1 in relation to conversions between Funds or Classes denominated in the same currency.

After conversion of the Shares, the Transfer Agent will inform the Shareholder of the number of Shares of the New Fund or New Class obtained by conversion and the price thereof. A Confirmation Note will be sent to the Shareholder by ordinary post (or by fax, electronic or other means) on the Dealing Day, providing full details of the transaction.

It is recommended that applicants check Confirmation Notes on receipt.

Requests for conversions will be accepted upon verification by the Distributor that the relevant shareholders have received a key investor information document of the Class of Share into which they intend to convert.

Any fractions of Shares can be allotted and issued unless the Shareholder holds Shares through Euroclear (see Section 3.1 "General Information").

2.5 Charges and Expenses

Under the terms of the Management Company Services Agreement the Management Company is entitled to receive a Management Fee at the annual rates set out below. Under the Investment Advisory Agreements the Investment Advisers are entitled to receive a fee for their discretionary investment management and investment advisory services. Under the Distribution Agreement the Distributor is entitled to receive a fee for their distribution services. The fees of the Investment Adviser and the Distributor will be paid out of the Management Fee.

Management Fee	Share Class Indicators: A and B	Share Class Indicator: C	Share Class Indicators: F, I and Z
Equity Funds			
Asian Equity Fund	1.40%	2.20%	0.75%
Asia-Pacific Equity Fund	1.50%	2.30%	0.85%
Asian Property Fund	1.40%	2.20%	0.75%
Emerging Europe, Middle East and Africa Equity Fund	1.60%	2.40%	1.10%
Emerging Leaders Equity Fund	2.00%	2.80%	1.10%
Emerging Markets Equity Fund	1.60%	2.40%	1.10%
European Equity Alpha Fund	1.20%	1.90%	0.70%
European Property Fund	1.40%	2.20%	0.75%
Eurozone Equity Alpha Fund	1.40%	2.20%	0.75%
Frontier Emerging Markets Equity Fund	2.40%	3.00%	1.20%
Global Advantage Fund	1.60%	2.40%	0.75%
Global Brands Fund	1.40%	2.20%	0.75%
Global Discovery Fund	1.60%	2.40%	0.75%
Global Equity Allocation Fund	1.50%	2.30%	0.55%
Global Infrastructure Fund	1.50%	2.30%	0.85%
Global Opportunity Fund	1.60%	2.40%	0.75%
Global Property Fund	1.50%	2.30%	0.85%
Global Quality Fund	1.60%	2.40%	0.75%
Indian Equity Fund	1.60%	2.40%	0.90%
International Equity (ex US) Fund	1.60%	2.40%	0.75%
Japanese Equity Fund	1.40%	2.20%	0.75%
Latin American Equity Fund	1.60%	2.40%	1.00%
US Advantage Fund	1.40%	2.20%	0.70%
US Growth Fund	1.40%	2.20%	0.70%
US Insight Fund	1.50%	2.20%	0.70%
US Property Fund	1.40%	2.20%	0.75%

Management Fee	Share Class Indicators: A and B	Share Class Indicator: C	Share Class Indicators: F, I and Z
Bond Funds			
Absolute Return Fixed Income Fund	1.00%	1.45%	0.45%
Asian Fixed Income Opportunities Fund	1.20%	1.80%	0.60%
Emerging Markets Corporate Debt Fund	1.45%	2.15%	0.95%
Emerging Markets Debt Fund	1.40%	2.10%	0.90%
Emerging Markets Domestic Debt Fund	1.40%	2.10%	0.90%
Euro Bond Fund	0.80%	1.45%	0.45%
Euro Corporate Bond Fund	0.80%	1.45%	0.45%
Euro Corporate Bond (ex Financials) Fund	0.80%	1.45%	0.45%
Euro Strategic Bond Fund	0.80%	1.45%	0.45%
European Currencies High Yield Bond Fund	0.85%	1.50%	0.50%
Global Bond Fund	0.80%	1.45%	0.45%
Global Convertible Bond Fund	1.00%	1.60%	0.60%
Global Credit Fund	0.80%	1.45%	0.45%
Global Premier Credit Fund	0.80%	1.45%	0.45%
Global Fixed Income Opportunities Fund	1.00%	1.45%	0.45%
Global High Yield Bond Fund	1.00%	1.60%	0.60%
Global Mortgage Securities Fund	1.00%	1.60%	0.50%
Short Maturity Euro Bond Fund	0.80%	1.45%	0.45%
US Dollar High Yield Bond Fund	1.25%	1.70%	0.50%
US Dollar Short Duration Bond Fund	0.50%	0.70%	0.20%
US Dollar Short Duration High Yield Bond Fund	1.00%	1.30%	0.40%
Liquidity Fund			
US Dollar Liquidity Fund	0.50%	0.85%	0.20%
Asset Allocation Funds			
Diversified Alpha Plus Fund	1.75%	2.45%	0.80%
Diversified Alpha Plus Low Volatility Fund	1.65%	2.40%	0.70%
Global Balanced Risk Control Fund of Funds	2.00%	2.70%	0.80%
Global Balanced Risk Control Income Fund of Funds	2.00%	2.70%	0.80%
Global Balanced Income Fund	2.00%	2.70%	0.80%
Alternative Investment Funds			
Liquid Alternatives Fund	1.50%	2.30%	0.60%
Liquid Alpha Capture Fund	1.85%	2.55%	0.75%

Management Fee	Share Class Indicator: S
Equity Funds	
Global Brands Fund	0.75%
Global Property Fund	0.85%
Bond Funds	
Emerging Markets Debt Fund	0.60%
Euro Corporate Bond Fund	0.40%
Global Convertible Bond Fund	0.55%

Employee Shares (Share Class Indicator E) are available for the Global Brands Fund (Management Fee payable of 0.55%); the Global Quality Fund (Management Fee payable of 0.55%); and the International Equity (ex US) Fund (Management Fee payable of 0.55%).

No Management Fee is payable in respect of Share Class Indicator N Shares.

Where the Distributor and its affiliates invest on behalf of clients, or their clients invest directly into Share Class Indicator N Shares, such clients may pay to the Distributor or its affiliates a base management fee, a performance fee or a mixture of both a base management fee and a performance fee.

Pursuant to the Management Company Services Agreement, the Equity Funds, Bond Funds, Asset Allocation Funds and Alternative Investment Funds will pay the Management Company a Distribution Fee, accrued daily and paid monthly, at the annual rate of 1.00% of the average daily Net Asset Value of Shares with a Share Class Indicator B as compensation for providing distribution-related services to the Funds with respect to such Shares. The US Dollar Liquidity Fund will pay the Management Company a Distribution Fee, accrued daily and paid monthly, at the annual rate of 0.75% of the average daily Net Asset Value for Share Class Indicator B Shares.

Under the Distribution Agreement the Distributor is entitled to receive a fee for their distribution services which will be paid from the Distribution Fee. The Management Company or Distributor may pay an amount of any Distribution Fee it receives to distributors with whom it has distribution agreements. Additionally, the Management Company, Distributor or Investment Adviser(s) may pay a portion of the Management Fee related to any Share Class to distributors, dealers or other entities that assist the Management Company, Distributor or Investment Adviser(s) in the performance of their duties or provide services, directly or indirectly, to the Funds or their Shareholders, and may pay a portion of the Management 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 Management Company, Distributor or Investment Adviser(s) or their affiliates, designees or placement agents may enter into such private arrangements are a matter for the Management Company, Distributor or Investment Adviser(s) except that the Distributor or Investment Adviser(s) may not enter into any such arrangements unless, as a condition of any such arrangements, neither the Company nor the Management Company will thereby incur any obligation or liability whatsoever.

The Funds will also be subject to a monthly Administration Charge at a current maximum annual rate of 0.25% of the Funds' aggregate average daily Net Asset Value attributable to all Classes of Shares of the Funds which will be applicable as follows:

Share Class Indicator	Administration Charge
A, B, C and F	**0.25%***
I and Z	**0.18%***
S	**0.15%**
E and N	**0.10%**

* Except for the US Dollar Liquidity Fund which charge 0.15%

The Administration Charge will remain in force for an unlimited period and may be changed by the Management Company upon no less than one month's prior written notice. The Administration Charge will be utilised by the Company to pay the fees of the Administrator, the Transfer Agent, the Domiciliary Agent and the Management Company. The Funds will also pay other expenses incurred in the operation of the Company out of the Administration Charge including, without limitation, formation expenses of new Funds, the fees of the Custodian, expenses for legal and auditing services, cost of any proposed listings, maintaining such listings, reporting and publishing expenses (including preparing, printing, advertising and distributing Shareholders' reports and prospectuses), the remuneration of the Directors including all reasonable out-of-pocket expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest, and the costs of publication of the Net Asset Value per Share, whether such publication is required for regulatory purposes or otherwise.

Certain Funds and Share Classes will also pay Specific Additional Costs in addition to the Administration Charge, including, without limitation, *taxe d'abonnement*, additional custody fees applicable to investment in emerging markets, hedging expenses and the costs relating to the subsidiaries. These Specific Additional Costs will remain in force for an unlimited period and may be changed by the Management Company upon no less than one month's prior written notice. These Specific Additional Costs are applicable as follows:

Taxe d'abonnement

Share Class Indicator	taxe d'abonnement
A, B, C, E, F and I	0.05%*
N, S and Z	0.01%**

* Except for the US Dollar Liquidity Fund where the rate is currently 0.00%.
** Except for the US Dollar Liquidity Fund where the rate is currently 0.00%.

Hedging Expenses

Share Class Sub-Indicator	Hedging Expenses
H, H1, H2, H3 and O	0.05%

Specific Additional Costs are made on the following Funds in addition to the share class costs above:

	Emerging Market Custody	Subsidiary
Indian Equity Fund	0.05%	0.05%
Asian Equity Fund, Asia-Pacific Equity Fund, Emerging Europe, Middle East and Africa Equity Fund, Emerging Leaders Equity Fund, Emerging Markets Equity Fund, Frontier Emerging Markets Equity Fund, Latin American Equity Fund	0.05%	0.00%

The Management Company may pay an amount of the Fees and Charges it receives to distributors, dealers or other entities that assist the Management Company in the performance of its duties or provide services, directly or indirectly to the Funds or their Shareholders.

The Management Company may instruct the Company to pay a proportion of any Fee, Charge or Cost directly out of the assets of the Company to any service providers. In such case the Fee, Charge or Cost is reduced accordingly.

In the case of any individual Fund or Class, the Management Company, Investment Adviser(s) and/or Distributor may choose to waive or rebate all of their Fees and Charges or any portion thereof at their absolute discretion for an indefinite period.

All Fees, Charges and Costs are payable monthly in arrears and calculated on the average daily net assets (before the deduction of any Fees, Charges and Costs).

The allocation of costs and expenses to be borne by the Company among the various Funds and Classes will be made in accordance with Article 11 of the Articles of Incorporation.

In certain jurisdictions, where subscriptions, redemptions and conversions are made through a third party agent, additional fees and charges may be imposed by that third party. These may be charged to the local investor or to the Company, and paid out of the Administration Charge.

OTHER CHARGES

TRANSACTION FEES

Each Fund bears the costs and expenses of buying and selling portfolio securities and financial instruments, brokerage fees and commissions, interest or taxes payable, and other transaction related expenses. These transaction fees are accounted for on a cash basis and are paid when incurred or invoiced from the net assets of the Fund to which they are attributable. Transaction fees are allocated across each Fund's Share Classes.

EXTRAORDINARY EXPENSES

The Company bears any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets.

COSTS RELATING TO THE USE OF EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

The Company has entered into securities lending arrangements with J.P. Morgan Chase Bank NA (London Branch) ("JPM") to participate in the securities lending programme operated by JPM, under normal commercial terms. Under the terms relating to the relevant securities lending arrangement, JPM is entitled to retain a small proportion of the income arising from securities lending transactions as revenue for its services. The balance of the income generated will be accrued to the Funds that lent the securities.

All revenues arising from repurchase and reverse repurchase agreements, net of direct and indirect operational costs, will be accrued to the relevant Fund.

AGGREGATED CHARGES AND EXPENSES FOR THE US DOLLAR LIQUIDITY FUND

The US Dollar Liquidity Fund (the "Feeder Fund") is investing in the Master Fund. At the level of the Master Fund, the fees, charges and expenses associated with such an investment will be limited to service provider fees, director's remuneration, ongoing charges and expenses – no investment advisory fee will apply. In addition, no share dealing charges will be applicable at the Master Fund to investment made by the US Dollar Liquidity Fund.

The key investor information document issued for the Classes of Shares of the US Dollar Liquidity Fund also contain additional information on ongoing charges incurred by the US Dollar Liquidity Fund (aggregated with the charges incurred at the level of the Master Fund).

UNDERLYING FEES

As described in Section 1.5 "Risk Factors", where a Fund invests into another collective investment scheme the Fund will bear a proportionate share of the fees and expenses of such collective investment scheme. These are in addition to the fees and expenses above but will be reported as part of the ongoing charges figure disclosed in the Annual Report and Key Investor Information Documents.

TRANSFER OF SHARES

The Management Company may, where it determines it is in the best interests of the Company and its Shareholders, charge a fee to any Shareholder who requests that their investment is re-registered into a different Shareholder account. Such fee will be payable to the Management Company to compensate it for the costs of processing such request, out of the Shareholder's investment, such amount not to exceed €50 per transfer.

2.6 Publication of Net Asset Value

The Net Asset Value per Share of each Class within each Fund is made public at the registered office of the Management Company and is available at the offices of the Transfer Agent. The Management Company will arrange for the Net Asset Value per Share of each Class within each Fund to be published as required and, in addition as it may decide, online and in leading financial newspapers worldwide. Neither the Company nor the Management Company can accept any responsibility for any error or delay in publication or for inaccurate or non-publication of prices. Shareholders may view the Net Asset Value per Share on the Company's website (http://www.morganstanleyinvestmentfunds.com).

2.7 Net Asset Value Determination

The Net Asset Value per Share will be calculated in the following currencies:

	US Dollar	Euro	Yen	Sterling	Currency in which the Shares are denominated
The Net Asset Value per Share of each Class in each Fund will be calculated in	x	x			
Except for the following Funds and Share Classes:					
• Japanese Equity Fund	x	x	x		
• US Dollar Liquidity Fund	x				
• Share Class Indicator A Shares of the Global Brands Fund	x	x	x		
• Share Class Indicator Z Shares of the Global Brands Fund	x	x		x	
• Share Class Indicator Z Shares of the Asian Property Fund	x	x		x	
• Share Class Indicator N and Z Shares of the Emerging Markets Equity Fund	x	x		x	
• Share Class Indicator Z shares of the US Growth Fund	x	x		x	
• Share Class Indicator Z Shares of the Global Property Fund	x	x		x	
Where Distributing Share Classes (Share Class Sub-Indicators "X" and "M") and Discretionary Distributing Share Classes (Share Class Sub-Indicators "R" and "RM") are issued by a Fund, other than a Liquidity Fund, the Net Asset Value per Share of the Class may also be calculated in:	x	x		x	
Where Currency Hedged Share Classes (Share Class Sub-Indicators "H", "H1", "H2", "H3" and "O") are issued by a Fund, the Net Asset Value per Share of the Class will be calculated only in:					x

In addition to the currency combinations detailed above, the Management Company reserve the right to publish the Net Asset Value per Share of a particular Class of a Fund in additional combinations not specified above and in additional currencies not detailed in the table. Any such currency Net Asset Value per Share published after the date of this Prospectus would be listed at www.morganstanleyinvestmentfunds.com and included in the next update of this Prospectus.

In addition to the above listed Shares, Class Z (GBP) in the European Equity Alpha Fund may be offered at the Management Company's discretion. The Net Asset Value per Share of these Shares will be published in Sterling only – although the reference currency of the Fund will remain the Euro.

The Company determines the principles of the calculation of the price or net asset value of its Shares, which are implemented by the Management Company 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 Charge). The Net Asset Value per Share is calculated at the valuation point following the Cut-Off Point that applications for Shares must be received in respect of 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. The last available price and valuation point for collective schemes in which the Funds invest may vary and may include prior dealing days of those collective investment schemes. The valuation point of the Funds is available upon written request.

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 Management Company considers 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 for 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 is calculated at the valuation point on each Dealing Day in the Reference Currency of the relevant Fund and is then calculated as appropriate in US Dollars, Yen, Euro or Sterling using the last available rate of exchange prevailing in a recognised market at the valuation point.

The Net Asset Value per Share for Funds with investments with a known short-term maturity date will be determined using an amortised cost method for those investments with a known short term maturity date. This involves valuing an investment at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investments.

While this method provides certainty in valuation, it may result in periods during which value, as determined by amortised cost, is higher or lower than the price the relevant Fund would receive if it sold the investment. The Directors will continually assess this method of valuation and recommend changes, where necessary, to ensure that the Funds' investments will be valued at their fair value as determined in good faith by the Directors. If the Directors believe that a deviation from the amortised cost per Share may result in material dilution or other unfair results to Shareholders, the Directors shall take such corrective action, if any, as they deem appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.

For the avoidance of doubt, the Net Asset Value per Share of the US Dollar Liquidity Fund will be determined solely by using an amortised cost method. The Net Asset Value per Share of each Class of Shares of each Fund is determined by dividing the value of the assets of the Fund properly allocable to such Class of Shares less the value of the liabilities of the Fund properly allocable to such Class of Shares by the total number of Shares of such Class outstanding at any Dealing Day.

The Net Asset Value per Share of each Class of Shares of each Fund is determined in accordance with Article 11 of the Articles of Incorporation of the Company which, *inter alia*, sets out the following rules to be applied in determining such value:

a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof;

b) securities listed on a recognised stock exchange or dealt on any Other Regulated Market (as defined in Appendix A hereinafter) will be valued at their last available prices, or, in the event that there should be several such markets, on the basis of their last available prices on the main market for the relevant security. In the event that the last available price does not truly reflect the fair market value of the relevant securities, the value of such securities will be based on the reasonably foreseeable sales price determined prudently and in good faith pursuant to procedures established by the Directors;

c) securities not listed or traded on a stock exchange or not dealt on any Other Regulated Market will be valued on the basis of the reasonably foreseeable sales price determined prudently and in good faith pursuant to procedures established by the Directors;

d) the liquidating value of futures, or options contracts not traded on exchanges or on other organised markets shall mean their net liquidating value determined, pursuant to the policies established by the Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures or options contracts traded on exchanges or on other organised markets shall be based upon the last available prices of these contracts on exchanges and organised markets on which the particular futures or options contracts are traded by the Company; provided that if a futures or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Directors may deem fair and reasonable;

e) all other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Directors;

f) interest rate swaps will be valued at their market value established by reference to the applicable interest rates curve. Index and financial instruments related swaps will be valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument related swap agreement shall be based upon the market value of such swap transaction established in good faith pursuant to procedures established by the Directors. The value of the credit default swaps shall be determined by applying a recognised and transparent valuation method on a regular basis and by reference to the applicable debt instrument.

The relevant Funds shall, in principle, keep in their respective portfolios the investments determined by the amortisation cost method until their respective maturity dates or sell dates. Any assets held in a particular Fund not expressed in the Reference Currency will be translated into the Reference Currency at the last available rate of exchange prevailing in a recognised market at the valuation point.

The net asset value of the Company is at any time equal to the total of the Net Asset Values of the various Funds, converted, where necessary, into US Dollars at the last available rate of exchange prevailing in a recognised market at the relevant valuation point.

TEMPORARY SUSPENSION OF CALCULATION OF NET ASSET VALUE

Pursuant to Article 12 of the Articles of Incorporation, the Company may suspend the calculation of the Net Asset Value of one or more Funds and the issue, redemption and conversion of Shares:

a) during any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Company attributable to such Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation of the investments of the Company attributable to such Fund quoted thereon;

b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Directors as a result of which disposal or valuation of assets owned by the Company attributable to such Fund would be impracticable;

c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of such Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Fund;

d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Directors, be effected at normal rates of exchange;

e) when for any other reason the prices of any investments owned by the Company attributable to such Fund cannot promptly or accurately be ascertained;

f) any period when the net asset value of any subsidiary of the Company may not be determined accurately;

g) upon the publication of a notice convening a general meeting of Shareholders for the purpose of resolving the winding-up of the Company;

h) following the suspension of the calculation of the Net Asset Value per Share, the issue, redemption and/or conversion of Shares, at the level of a master fund in which a Fund invests in its quality of feeder fund of such master fund.

The suspension of calculation of the Net Asset Value of any Fund shall have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Fund.

Any request for subscription, redemption or conversion shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share of any relevant Class.

Notice of the beginning and of the end of any period of suspension will be published in a Luxembourg daily newspaper and in any other newspaper(s) selected by the Management Company. Notice will likewise be given to any applicant or Shareholder as the case may be applying for purchase, conversion or redemption of Shares in the Fund(s) concerned.

2.8 Conflicts of Interest and Soft Commission

Subject to policies established by the Management Company, the Investment Advisers are primarily responsible for the execution of each Fund's investment transactions and the allocation of the brokerage commissions. Neither the Company nor the Management Company has any obligation to deal with any broker or group of brokers in execution of transactions in portfolio securities. However, the Management Company contemplates that a substantial amount of its portfolio transactions will be conducted through the Investment Advisers, the Distributor, the Sub-Advisers, or any of their affiliates or through certain of the distributors appointed by the Distributor. Such transactions may be subject to a commission or dealer mark-up which may not be the lowest commission or spread available.

Brokers who provide supplemental investment research and research related services to the Investment Advisers may receive orders for transactions by the Management Company. Information so received will be in addition to and not in lieu of the services required to be performed by the Investment Advisers under the Investment Advisory Agreements, and the expenses of the Investment Advisers will not necessarily be reduced as a result of the receipt of such supplemental information. Although each and every service received may not be used for the benefit of all of the Funds, the Investment Advisers believe that those services are, in aggregate, of significant assistance in fulfilling its investment responsibilities to the Company.

Securities held by a Fund also may be held by another Fund or by other funds or investment advisory clients for which the Investment Adviser or its affiliates act as an adviser. Securities may be held by, or be an appropriate investment for, a Fund as well as other clients of the Investment Advisers or their affiliates. Similarly, a Fund may hold units of other investment companies which are also managed by the same Investment Adviser or its affiliates as the case may be.

Because of different objectives or other factors, a particular security may be bought for one or more such clients when one or more clients are selling the same security. If purchases or sales of securities for a Fund or other clients for which the relevant Investment Adviser acts as investment adviser arise for consideration at or about the same time, transactions in such securities will be made, insofar as feasible, for the respective funds and clients in a manner deemed equitable to all. There may be circumstances when purchases or sales of Fund securities for one or more clients have an adverse effect on other clients.

Because the Investment Advisers or its affiliates may manage assets for other investment companies, pooled investment vehicles, and/or other accounts (including institutional clients, pension plans and certain high net worth individuals), there may be an incentive to favour one of their clients over another resulting in potential conflicts of interest. For instance, the relevant Investment Adviser or its affiliates may receive fees from certain accounts that are higher than the fee it receives for a particular Fund, or it may receive a performance-based fee on certain accounts. In those instances, the portfolio manager(s) may have an incentive to favour the higher and/or performance-based fee accounts over a particular Fund. In addition, a potential conflict of interest could exist to the extent such Investment Adviser or its affiliates has proprietary investments in certain accounts, where portfolio managers have personal investments in certain accounts or when certain accounts are investment options in the Investment Adviser's and/or its affiliates employee benefits and/or deferred compensation plans. The relevant portfolio manager may have an incentive to favour these accounts over others. If the Investment Advisers and/or one of their affiliates manages accounts that engage in short sales of securities of the type in which a Fund invests, the Investment Advisers and/or their affiliates could be seen as harming the performance of the relevant Fund for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall.

The Management Company as well as the Investment Advisers and/or their affiliates have adopted trade allocation and other policies and procedures that it believes are reasonably designed to address these and other potential conflicts of interest.

In relation to any efficient portfolio management techniques used by the Funds, securities lending, repurchase and reverse repurchase transactions may be entered into on normal commercial terms with entities which are affiliates of the Investment Adviser. In particular, the Funds have entered into securities lending arrangements with J.P. Morgan Chase Bank NA (London Branch) ("JPM"), a related party of the Custodian, to participate in the securities lending programme operated by JPM, under normal commercial terms. From time to time, affiliates of the Investment Adviser (including but not limited to Morgan Stanley & Co. International PLC) may be named as approved borrowers to which JPM could lend securities on behalf of the Funds under the securities lending programme.

The above is not necessarily a comprehensive list of all potential conflicts of interest.

2.9 Dividend Policy

The Company offers Accumulating Share Classes, Distributing Shares Classes and Discretionary Distributing Share Classes.

ACCUMULATING SHARE CLASSES

Income and capital gains arising in each Fund in relation to Accumulating Share Classes will be reinvested in such Fund. The value of the Shares of each such Class will reflect the capitalisation of income and gains. The Directors currently intend to propose to the Annual General Meeting the reinvestment of the net results of the year for all such Classes of Shares. However, should payment of a dividend in respect of any such Classes of Shares be considered to be appropriate, the Directors will propose to the general meeting of Shareholders that a dividend be declared out of the net investment income attributable to such Class of Shares and available for distribution and/or realized capital gains after deduction of realized capital losses and unrealized capital gains after deduction of unrealized capital losses.

DISTRIBUTING SHARE CLASSES (SHARE CLASS SUB-INDICATORS "X" AND "M") AND DISCRETIONARY DISTRIBUTING SHARE CLASSES (SHARE CLASS SUB-INDICATORS "R" AND "RM").

Approach to declaring dividends

Funds other than US Dollar Liquidity Fund – Distributing Share Classes (Share Class Sub-Indicators "X" and "M")

For the Distributing Share Classes 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 Global Mortgage Securities Fund, net investment income is considered to include net gains and losses from prepaid principal on mortgaged-backed and asset-backed securities for the purpose of the dividend policy. For the Global Balanced Income Fund, net investment income is considered to include premium arising as a result of writing options for the purpose of the dividend policy.

US Dollar Liquidity Fund – Distributing Share Classes (Share Class Sub-Indicator "X")

For the Distributing Share Classes of the US Dollar Liquidity Fund, 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. In the case of the US Dollar Liquidity Fund, such dividends, if any, will be declared on each Dealing Day.

Funds other than US Dollar Liquidity Fund – Discretionary Distributing Share Classes (Share Class Sub-Indicators "R" and "RM")

For the Discretionary Distributing Share Classes of the Bond Funds, Equity Funds, Asset Allocation Funds and Alternative Investment Funds, the Company intends to declare dividends which will be set at the discretion of the Directors. The Discretionary Distributing Share Class may pay distributions from capital or may charge all or part of the Fund's fees and expenses to the capital of the Fund. Dividends paid out of capital amount to a return or withdrawal of part of a Shareholder's original investment or from any capital gains attributable to that original investment. Such dividends may result in an immediate decrease of the Net Asset Value per Share. Where part or all of the fees and expenses of a Share Class are charged to the capital of that Share Class the result will be a reduction of the capital that the Share Class has available for investment in the future and capital may be eroded. Further details on the Discretionary Distributing Share Classes will be included in the relevant key investor information document of the applicable Fund.

Frequency of Dividends

Equity Funds and Alternative Investment Funds – semi-annual dividend (Share Class Sub-Indicators "X" and "R")

Both the Distributing Share Classes (Share Class Sub-Indicator "X") and Discretionary Distributing Share Classes (Share Class Sub-Indicator "R") aim to declare semi-annual dividends for Equity Funds and Alternative Investment Funds. Such dividends, if any, will be accrued on the last Dealing Day of June and December and declared on the next Dealing Day. The dividend declaration 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.

Bond Funds and the Asset Allocation Funds – quarterly dividend (Share Class Sub-Indicators "X" and "R")

Both the Distributing Share Classes (Share Class Sub-Indicator "X") and Discretionary Distributing Share Classes (Share Class Sub-Indicator "R") aim to declare quarterly dividends for Bond Funds and Asset Allocation Funds. Such dividends, if any, will be accrued on the last Dealing Day of March, June, September and December and declared on the next Dealing Day. The dividend declaration, 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 January, April, July and October as applicable.

US Dollar Liquidity Fund – daily dividend (Share Class Sub-Indicator "X")

The Distributing Share Classes of the US Dollar Liquidity Fund aim to declare dividends on each Dealing Day. The dividend declaration in the case of the Distributing Share Classes of the US Dollar Liquidity Fund will be made public at the registered office of the Company and made available at the offices of the Transfer Agent on each Dealing Day.

Monthly Distributing Share Class (Share Class Sub-Indicators "M" and "RM")

Both the Distributing Share Classes (Share Class Sub-Indicator "M") and Discretionary Distributing Share Classes ("Share Class

Sub-Indicator "RM") aim to declare monthly dividends. Such dividends, if any, will be accrued on the last Dealing Day of the month and declared on the next Dealing Day. The dividend declaration for these Distributing Share Classes and Discretionary Distributing Share Classes, 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 the following month as applicable.

DISCRETIONARY DISTRIBUTING SHARE CLASS EXAMPLES

In these examples, we assume the following for the period:

1) No change in NAV as a result of capital appreciation
2) Investment income over the period is equal to 2.50%
3) The total management and non-management expenses of the fund for this period are equal to 0.50% of NAV
4) Therefore net investment income is 2%

Example – covering a period of 90 days from January 1 to the first Dealing Day in April for a given Bond Fund where net investment income is greater than or equal to the declared dividend.

In this example, we assume the following for the period:

1) Declared dividend is 1.50% (less than net investment income)

NAV on the first Dealing Day of the Period	NAV on Dealing Day prior to the declaration of the dividend	Declared Dividend as a Percentage of NAV	Declared Dividend	NAV on the first Dealing Day following the declaration of dividend
€100.00	€102.00	1.50%	€1.53	€100.47

In this example, the dividend declared is equal to €1.53 and the NAV on the Dealing Day following the declaration of the dividend is equal to €100.47 (€102.00 – (1.50%*102.00) = €100.47). In this scenario, the declared dividend was less than the net investment income over the period and there was no decrease in capital.

Example – covering a period of 90 days from January 1 to the first Dealing Day in April for a given Bond Fund where the declared dividend is greater than the net investment income.

In this example, we assume the following for the period:

1) Declared dividend is 3.00% (greater than net investment income)

NAV on the first Dealing Day of the Period	NAV on Dealing Day prior to the declaration of the dividend	Declared Dividend as a Percentage of NAV	Declared Dividend	NAV on the first Dealing Day following the declaration of dividend
€100.00	€102.00	3.00%	€3.06	€98.94

In this example, the dividend declared is equal to €3.06 and the NAV on the Dealing Day following the declaration of the dividend is equal to €98.94 (€102.00 – (3.00%*102.00). The declared dividend has resulted in a decrease in investor capital of €1.06.

Figures are for illustration purposes only and are not indicative of the actual return received by Shareholders.

Dividends will be distributed on the first Dealing Day of the following month in the case of the US Dollar Liquidity Fund and within three Business Days of the date such dividends are declared, 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, quarter or half year, as applicable, is in excess of US$100.00, or the Euro or the Sterling equivalent of US$100.00. Dividends are paid in the currency in which the Share is denominated, or, where appropriate for the Share, in Sterling, Euro, or US Dollar. For those Shareholders whose dividend accrual for that month, quarter or half year, as applicable, is less than US$100.00, or the Euro or the Sterling equivalent of US$100.00, the dividends will be automatically reinvested in additional Shares of the relevant Class free of any charge. 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.

The Dealing Day applicable for such automatic reinvestment will be the last Dealing Day of the relevant month in the case of the US Dollar Liquidity Fund, the first Dealing Day of January, April, July or October in the case of the Bond Funds and Asset Allocation Funds, and the first Dealing Day of January or July in the case of the Equity Funds and Alternative Investment Funds.

In the case of the Monthly Distributing Share Class (Share Class Sub-Indicator "M"), such automatic reinvestment will be the first Dealing Day of each month.

Income equalisation is operated in respect of all Distributing Share Classes of all Funds. For such Share Classes, equalisation ensures that the income per Share which is distributed in respect of a distribution period is not impacted by changes in the number of Shares in issue in that Share Class during the period. Equalisation is operated by the Administrator, who allocates a portion of the proceeds from sales and costs of redemption of Shares – equivalent on a per Share basis to the amount of undistributed net investment income on the date of the subscription or redemption – to undistributed income.

In the event that a dividend is paid in one or several Funds, such dividend will be paid to Shareholders by cheque mailed to their address as shown on the register of Shareholders, or by bank transfer. Dividend cheques not cashed within five years will be forfeited and will accrue for the benefit of the Class of the Fund out of which the dividend is payable.

2.10 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 this Prospectus and do not constitute tax or legal advice and the investors should consult their own counsel and make their own enquiries, as to tax matters concerning their investment. 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 Management Company, the Subsidiary nor their 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.

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, conversion and otherwise disposing of Shares in the country of their citizenship, residence, domicile or incorporation. Prospective Shareholders should note that the information contained in this Section of the 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 COMPANY IN LUXEMBOURG

Under current law, 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 Union Savings Directive).

SUBSCRIPTION TAX

As a rule the Company is liable in Luxembourg to a subscription tax *(taxe d'abonnement)* of 0.05% per annum computed on its net asset value.

The Company may, however, be entitled to benefit from a reduced subscription tax rate of 0.01% pursuant to Article 174 of the 2010 Law on the Net Asset Value of Funds which are entitled to a reduced subscription tax pursuant to such Article. In this respect, the Company will also seek to obtain the benefit of a reduced subscription tax rate of 0.01% for Share Classes where the whole of the Share Class is held by institutional investors as provided by Article 174 of the 2010 Law, likely those Shares with Share Class Indicators N, S or Z. 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.

Pursuant to Article 175 of the 2010 Law, subscription tax is not payable on the value of the assets of the Funds represented by investments in other Luxembourg undertakings for collective investment which are themselves subject to the subscription tax. The Company is exempt from subscription tax in respect of the portion of the US Dollar Liquidity Fund (the "Feeder Fund") invested in the Master Fund, which is itself subject to a subscription tax of 0.01%. For those Shares with Share Class Indicator Z the proportion of the US Dollar Liquidity Fund which is not invested in the Master Fund shall be subject to the subscription tax at a rate of 0.01%. For all other Share Classes of the US Dollar Liquidity Fund the portion of the US Dollar Liquidity Fund not invested in the Master Fund will be subject to the subscription tax of 0.05%.

Subscription tax is calculated by reference to the net assets of the relevant Fund or Share Class at the end of each quarter. Subscription tax will be paid from the tax d'abonnement Specific Additional Cost described in Section 2.5 "Charges and Expenses". Any difference between the Specific Additional Costs collected and the tax payable will be paid by or credited to the Management Company.

OTHER TAXES

No stamp duty or other tax will be payable in Luxembourg in connection with the issue of Shares of the Company. A fixed registration duty of Euro 75 will be levied upon amendments of the articles of incorporation of the Company.

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

The Company is considered in Luxembourg as a taxable person for value added tax ("**VAT**") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Company could potentially trigger VAT and require the VAT registration of the Company in Luxembourg and require it to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Company to its Shareholders, to the extent that such payments are linked to their subscription to the Company's shares and do not constitute the consideration received for any taxable services supplied.

WITHHOLDING TAX

Under current Luxembourg tax law, there is no withholding tax on any distribution, redemption or payment made by the Company to its Shareholders under the Shares. There is also no withholding tax on the distribution of liquidation proceeds to the Shareholders.

Non-resident Shareholders should note however that under Luxembourg laws dated 21st June 2005 (the "laws") implementing the EU Savings Directive, interest payments made by the Company or its Luxembourg paying agent to individuals and residual entities (*i.e.* entities (i) without legal personality (except for a Finnish *avoin yhtiö* and *kommandiittiyhtiö/öppet bolag* and *kommanditbolag* and a Swedish *handelsbolag* and *kommanditbolag*) and (ii) whose profits are not taxed under the general arrangements for the business taxation and (iii) that are not, or have not opted to be considered as, UCITS recognized in accordance with the UCITS IV Directive – a "Residual Entity") resident or established in another EU Member State as Luxembourg or individuals or Residual Entities resident or established in certain associated territories of the European Union (*i.e.* Aruba, British Virgin Islands, Guernsey, Isle of Man, Jersey, Montserrat, Curaçao and Sint Maarten – collectively the "Associated Territories"), are subject to a withholding tax in Luxembourg unless the beneficiary elects for an exchange of information whereby the tax authorities of the state of residence are informed of the payment thereof. The withholding tax rate is 35% as from 1st July 2011.

Interest as defined by the Law and several agreements concluded between Luxembourg and the Associated Territories encompasses (i) dividends distributed by a UCITS where the investment in debt claims within the meaning of the EU Savings Directive of such UCITS exceeds 15% of its assets and (ii) income realized upon the sale, refund, redemption of shares or units held in a UCITS, if it invests directly or indirectly more than 25% of its assets in debt claims within the meaning of the EU Savings Directive.

On 18th March 2014, the Luxembourg government has submitted to the Luxembourg Parliament the draft law N°6668 putting an end to the withholding tax system as from 1st January 2015 and implementing the provision of details on payments of interest (or similar income) under the EU Savings Directive for any payment made as from 1st January 2015. This draft law is in line with the announcement of the Luxembourg officials on 10th April 2013.

On 20th March 2014, the European Council decided to pass the amended EU Savings Directive which will, *inter alia*, amend and broaden the scope of the EU Savings Directive, to (i) payments made through certain intermediate structures (whether or not established in a EU Member State) for the ultimate benefit of an European Union resident individual, and (ii) a wider range of income similar to interest. On the same European Council meeting, Austria and Luxembourg confirmed that they will endorse the amendment to the EU Savings Directive and will provide the required information on interest payments to the tax authorities of other EU Member States under the automatic information exchange as of 1st January 2015 and will abolish the withholding tax system. On 24th March 2014, the Council of the European Union passed the proposed amendment to the EU Savings Directive.

Shareholders should inform themselves on the consequences on their investment into the Fund of the changes to the EU savings Directive.

FOREIGN ACCOUNT TAX COMPLIANCE ("FATCA")

The Foreign Account Tax Compliance provisions of the 2010 Hiring Incentives to Restore Employment Act ("HIRE") generally impose a new reporting and 30% withholding tax regime with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends ("Withholdable Payments"). As a general matter, the new rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the Internal Revenue Service ("IRS"). The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership.

On 28th March 2014, Luxembourg signed a Model 1 Intergovernmental Agreement with the U.S. As a result, no withholding tax should be applied to payments received by the Company. The Company will instead be required, in certain circumstances, to provide information to the Luxembourg authorities about the identity of investors and any amounts paid to investors. The Luxembourg authorities will in turn share the information with the U.S. authorities. This information sharingmay in the future be expanded to cover other jurisdictions. The application of the recently enacted U.S. withholding tax and reporting regime is unclear and could be subject to further clarification from the U.S. Treasury Department, the IRS and/or the Luxembourg tax authorities. Accordingly the Company will reassess its position in relation thereto from time to time.

Investors who invest through intermediaries are reminded to check if and how their intermediaries will comply with this U.S. withholding tax and reporting regime. Investors should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

Although the Company will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by the investor may suffer material losses.

TAXATION OF SHAREHOLDERS IN LUXEMBOURG

Under current legislation Shareholders are generally not subject to any capital gains or income tax in Luxembourg, except Shareholders who are resident in Luxembourg or who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable.

LUXEMBOURG RESIDENT INDIVIDUALS

Dividends and other payments derived from the Shares by a resident individual Shareholder, who acts in the course of the management of either his/her private wealth or his/her professional/business activity, are subject to income tax at the ordinary progressive rates.

Capital gains realized upon the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates if the Shares are disposed of within 6 months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual Shareholder holds or has held, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the 5 years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of. A Shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the 5 years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5-year period). Capital gains realized on a substantial participation more than 6 months after the acquisition thereof are taxed according to the half-global rate method (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

LUXEMBOURG RESIDENT COMPANIES

A Luxembourg resident company *(société de capitaux)* must include any profits derived, as well as any gain realized on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes.

LUXEMBOURG RESIDENTS BENEFITING FROM A SPECIAL TAX REGIME

Shareholders who are Luxembourg resident companies benefiting from a special tax regime, such as (i) undertakings for collective investment subject to the 2010 Law, (ii) specialized investment funds subject to the amended law of 13th February 2007 and (iii) family wealth management companies governed by the amended law of 11th May 2007, are income tax exempt entities in Luxembourg, and profits derived from the Shares are thus not subject to Luxembourg income tax.

NON-LUXEMBOURG RESIDENTS

A non-resident, who has neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, is not liable to any Luxembourg income tax on income received and capital gains realized upon the sale, disposal or redemption of the Shares.

A non-resident having a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, must include any income received, as well as any gain realized on the sale, disposal or redemption of Shares, in its taxable income for Luxembourg tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

NET WORTH TAX

A Luxembourg resident, as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, are subject to Luxembourg net worth tax on such Shares, except if the Shareholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the 2010 Law, (iii) a securitization company governed by the amended law of 22nd March 2004 on securitization, (iv) a company governed by the amended law of 15th June 2004 on venture capital vehicles, (v) a specialized investment fund governed by the amended law of 13th February 2007 or (vi) a family wealth management company governed by the amended law of 11th May 2007.

OTHER TAXES

No inheritance tax is levied on the transfer of the Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

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

GENERALLY

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.

BELGIAN TAXATION

The Company is subject to an annual tax on Funds registered with the Belgian Financial Services and Markets Authority (the "FSMA"). The annual tax is due on the total net asset value of the Shares held in Belgium as at 31st December of the preceding year. Shares are considered held in Belgium if they are acquired through the intervention of a Belgian financial intermediary, unless to the extent the Belgian financial intermediary provides evidence that the Shares have been placed with non-residents of Belgium. The tax is payable at a rate of 0.0925% per annum. The Company will charge this tax to the relevant Fund, however it is not possible to specifically allocate this expense to Belgian Shareholders, so the tax is borne by all Shareholders in the relevant Fund. It is not expected that the impact will exceed 0.01% per annum of the relevant Fund.

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, as outlined further below.

a. Mauritian Tax Considerations

The summary below is based on law and practice as at the date of this document and may be subject to change.

The Subsidiary has received a Tax Residence Certificate ("TRC") issued by the Mauritius Revenue Authority ("MRA") on 22nd September 2014 which entitles it to some reliefs pursuant to the treaty.

Capital gains are exempt from Mauritian tax and any dividends paid by the Subsidiary to the Company are exempt in Mauritius from any withholding tax.

The Subsidiary is liable to pay income tax on its net income at a rate of 15%. Its net income is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritian tax payable in respect of its foreign source income thus reducing its maximum effective tax rate to 3%.

The TRC is renewed on an annual basis and it is intended that the Subsidiary will apply for renewal on expiry with the local authorities.

b. Indian Tax Considerations

The summary below is based on law and practice as at the date of this document and may be subject to change. This summary is not intended to constitute a complete analysis of the tax consequences under Indian law for the Subsidiary of the acquisition, ownership and sale of investments in Indian securities. Shareholders are advised to consult their own tax advisors with respect to the taxation consequences of the ownership or disposition of Shares.

Indian Income Tax

Indian income tax is imposed by reference to the provisions of the Indian Income Tax Act, which is amended every year by the Finance Act for that year.

The basis of the charge of Indian income tax depends upon the residential status of the taxpayer during a tax year and the nature of the income earned. The Indian tax year runs from 1st April in any year until 31st March in the following year. A company is a resident of India for the purposes of the Indian Income Tax Act if it is incorporated in India, or the control and the management of its affairs is situated wholly in India. It is intended that the Subsidiary will be treated as a non-resident for the purposes of the Indian Income Tax Act.

A company that is treated as a non-resident for Indian income tax purposes is generally subject to Indian income tax in accordance with the Indian Income Tax Act only on that company's Indian-sourced income or income received in India. Indian-sourced income or income received in India will include dividends declared by Indian companies or mutual funds, interest received in respect of debt instruments issued by Indian companies and capital gains arising on the transfer of Indian securities. The Indian income tax treatment of Indian-sourced dividends, interest and capital gains is described in more detail below. The tax rates mentioned below are as proposed in the Finance Act 2013 and applicable with effect from 1st April 2013.

i. Under current law, a dividend declared by an Indian company or mutual fund is not taxable in the hands of a corporate shareholder or unitholder and may be paid to a corporate shareholder or unitholder without withholding tax. The Indian company paying the dividend is subject to dividend distribution tax at the rate of 16.995% on the dividend distributed. Further, mutual funds, other than equity oriented mutual funds distributing dividends to a corporate unit holder are subject to dividend distribution tax at the rate of 33.99%.

ii. Indian-sourced interest income earned by a non-resident that is a corporate foreign institutional investor is taxable at a rate of 21.63% irrespective of the denomination of the debt. The Subsidiary should be a foreign institutional investor/sub-account of a foreign institutional investor for these purposes.

iii. Gains arising on the sale of securities (including shares) of Indian companies held by a non-resident as capital assets would normally be subject to Indian income tax. The Indian income tax treatment of such gains (and the rate of tax applied to those gains) will vary depending on the nature of the securities, the period for which the securities were held by the non-resident and whether securities transaction tax has not been paid on the transaction (please refer to the disclosure re securities transaction tax in paragraph (d) below). For example, gains arising from transactions in unlisted equity shares that have been held by a non-resident that is a corporate foreign institutional investor for a period of 12 months or less are subject to tax at 32.445%. Where unlisted equity shares are held by a non-resident that is a corporate foreign institutional investor for a period of more than 12 months, any gains arising on the sale of those shares would be subject to tax at 10.815%.

Indian income tax imposed by the Indian Income Tax Act on a non-resident may be reduced or eliminated by the provisions of an applicable double tax treaty. The benefit of the applicable double tax treaty cannot be accessed unless a tax residency certificate ("TRC") is obtained from the Government of the country of which the non-resident is a resident for tax purposes and the non-resident provides documents and information as may be prescribed under the Indian Income Tax Act. In this regard, the prescribed information has now been notified by the authorities. No additional information may need to be provided if it is already contained in the TRC.

A non-resident is required to discharge its tax liabilities for the financial year prior to remittance of the proceeds out of India or before the specified advance tax due dates, whichever is earlier.

c. India-Mauritius Treaty

Indian income tax imposed by the Indian Income Tax Act on Indian-sourced income earned by a Mauritius tax resident may be reduced or eliminated by the double tax treaty concluded between India and Mauritius on 24th August 1982 (the "India-Mauritius Treaty").

The Central Board of Direct Taxes in India has issued a circular ("Circular 789") confirming that, if the MRA issues a certificate of tax residence in respect of a person, that certificate constitutes sufficient prima facie evidence for according to that person the benefits available to a Mauritius resident under the provisions of the India-Mauritius Treaty. The Supreme Court of India has declared Circular 789 to be valid and efficacious and, as at the date of this document, the Circular is still valid and in force. The press release issued on 1st March 2013, mentioned above, also stated that Circular No 789 continues to be in force, pending ongoing discussions between India and Mauritius.

As noted above (see "Mauritian Tax Considerations"), the TRC must be renewed annually. A TRC will be issued by the MRA to the Subsidiary each year in order that the Subsidiary can continue to be treated for Indian income tax purposes as entitled to the benefits of the India-Mauritius Treaty. It is intended that the Subsidiary will apply to the MRA through the Financial Services Commission ("FSC") for the renewal of the TRC each year before the expiry date thereof. The application will be processed subject to the Subsidiary being in good standing with the FSC. The latest TRC of the Subsidiary is dated 22nd September 2014 and is valid for the period from 14th September 2014 to 13th September 2015. Further, the TRC contains the aforesaid prescribed information.

On the basis that the Subsidiary continues to hold a valid certificate of tax residence issued by the MRA containing all the requisite particulars for the relevant financial year (and so would be entitled to the benefits of the India-Mauritius Treaty) and has no permanent establishment in India:

i. Dividend income earned by the Subsidiary from investments in equity shares of the Indian companies will be exempt from tax in the hands of the Subsidiary in accordance with the Indian Income Tax Act.

ii. Indian-sourced interest income earned by the Subsidiary will be subject to Indian income tax in accordance with the provisions of the Indian Income Tax Act as discussed in paragraph b (ii) above.

iii. Any capital gains earned by the Subsidiary on disposal of Indian securities will not be liable to tax in India, pursuant to the provisions of the India-Mauritius Treaty.

iv. Any "business income" (not being in the nature of dividends, interest or royalties) earned by the Subsidiary will only be subject to Indian income tax to the extent that that business income is attributable to a permanent establishment of the Subsidiary in India. Business income attributable to such a permanent establishment will be taxed in India at the rate of 43.26%. As it is intended that the Subsidiary will not have a permanent establishment in India, any such business income should not be subject to tax in India.

There have been discussions between the Governments of India and Mauritius concerning the India-Mauritius Treaty. There can however be no assurance that any future changes to, or to the interpretation of, the India-Mauritius Treaty will not adversely affect the tax position of the Subsidiary's investments in India.

d. Securities Transaction Tax

All transactions entered into on a recognised stock exchange in India are subject to a securities transaction tax levied on the transaction value at the applicable rates.

Where a purchase or sale of equity shares or units of an equity oriented mutual fund is settled by way of actual delivery or transfer of the relevant shares or units, securities transaction tax is levied at the rate of 0.1% of the consideration given for the sale and is payable by both the buyer and seller of the shares or units. Delivery based purchase of units of equity oriented mutual funds on a recognised stock exchange will not be subject to securities transaction tax with effect from 1st June 2013, whereas delivery based sale of units of equity oriented mutual funds on a recognised stock exchange will be subject to securities transaction tax at 0.001% with effect from 1st June 2013. Where a sale or purchase of shares or units of an equity oriented mutual fund is not settled by way of actual delivery or transfer, securities transaction tax is levied at the rate of 0.025% of the consideration given for the sale and is payable by the seller of the relevant shares or units. Sellers of derivatives being futures and options are subject to securities transaction tax at the rate of 0.017% on the price at which future is traded or on the option premium. Further, Sellers of derivatives being futures will be subject to securities transaction tax at the rate of 0.01% on the price at which the future is traded with effect from 1st June 2013. Further, where the options are exercised, the purchasers of options are subject to securities transaction tax at the rate of 0.125% on the settlement price. Redemptions of units in an open ended equity oriented mutual fund are subject to securities transaction tax at the rate of 0.001% of the redemption proceeds.

Further, in case of sale of unlisted equity shares on or after 1st July 2012 under an offer for sale in an initial public offer, where such shares are subsequently listed on a recognised stock exchange, securities transaction tax at the rate of 0.20% of the consideration would be payable by the seller.

Securities transaction tax is not applicable to transactions in debt securities, to primary issuances of equity shares by an Indian company or to transactions that are not undertaken on a recognised Indian stock exchange (except redemptions of units of equity oriented funds and the sale of unlisted securities under an offer for sale in an initial public offer).

e. General Anti-Avoidance Rule (GAAR)
The Finance Act 2012 introduced the General Anti-avoidance Rules (GAAR) with effect from 1st April 2013. An expert committee constituted by the Prime Minister's Office published its recommendations and observations on the GAAR provisions on 1st September 2012. Along with other suggestions, the committee recommended the deferral of the implementation of GAAR by three years. The majority of the recommendations are reflected in the Finance Act, 2013. As per the amended GAAR provisions, only arrangements which have the main purpose (as opposed to one of the main purposes) of obtaining a tax benefit would be covered by GAAR. Once an arrangement is held to be an impermissible avoidance arrangement, then the tax authorities can disregard, combine or ignore a step in the arrangement, deny tax treaty benefits, etc. Further, the applicability of the GAAR provisions has been deferred to financial year 2015-2016.

f. Indirect Transfer
The Finance Act 2012 has made certain retrospective amendments which seek to tax gains made, directly or indirectly, in consequence of transfer of an underlying capital asset in India or a source of income in India. Further, recently the government has released the draft report of the expert committee constituted by the Prime Minister's office to comment on retrospective amendments relating to indirect transfer.

Along with other suggestions, the committee has recommended that non-resident investors in FIIs should not be taxable in India where (i) a non-resident has made any investment directly or indirectly, in an FII, or (ii) investments made by an FII in India, represents, directly or indirectly, the underlying assets of investment by a non-resident. These are merely recommendations and the tax authorities have not accepted them as yet.

2.11 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 it 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.

Section 3
3.1 General Information

THE SHARES

The Shares of any Fund, within a given Class, are freely transferable (with the exception that Shares may not be transferred to a Prohibited Person). Shareholders may convert all or part of their Shares of one Fund into other Class of Shares of that Fund or into the same Class of Shares, or other Classes of Shares of other Funds, provided that the Shareholder meets the eligibility criteria for the Class of Shares into which they are converting, as detailed in Section 2.1. Upon issue, the Shares are entitled to participate equally in the profits and dividends of the Fund attributable to the relevant Class of Shares in which they have been issued as well as in the liquidation proceeds of such Fund.

The Shares do not carry any preferential or pre-emptive rights and each Share, irrespective of the Class to which it belongs or its net asset value, is entitled to one vote at all general meetings of Shareholders. The Shares are issued without par value and must be fully paid.

LUXEMBOURG STOCK EXCHANGE LISTING

Classes of Shares may be listed on the Luxembourg Stock Exchange as determined by the Management Company from time to time.

ISIN CODES

ISIN Codes for the Company's Share classes are available on www.morganstanleyinvestmentfunds.com.

EUROCLEAR AND CLEARSTREAM

The following Classes of Shares of the Company's Funds, with the exception of the US Dollar Liquidity Fund, may be traded via Euroclear or via Clearstream:

	Trading venue	
Share Class Indicator	**Euroclear**	**Clearstream**
A	Y	Y
B	N	N
C	N	N
E	N	N
F	Y	Y
I	Y	Y
N	N	N
S	N	N
Z	Y	Y

Fractions of Shares cannot be held if a Shareholder holds Shares through Euroclear. If for example Shares are transferred by a Shareholder to a Euroclear account the Shares will be rounded down to the nearest whole Share and any fractions of Shares that remain after the transfer may be redeemed by the Company and the redemption proceeds paid to the Shareholder.

THE COMPANY

The Company has been incorporated under the laws of the Grand Duchy of Luxembourg as a *"société d'investissement à capital variable"* (SICAV) on 21st November 1988 for an unlimited period. The capital may not, at any time, be less than the equivalent in US Dollars of 1,250,000.00 Euro.

The Articles of Incorporation have been deposited with the Luxembourg Trade and Companies' Register and have been published in the *Recueil des Sociétés et Associations* (the *"Mémorial")* of 11th January 1989. The Company has been registered with the Luxembourg Trade and Companies' Register under number B 29192.

The Articles of Incorporation have been lastly amended by an extraordinary shareholders' meeting held on 29th June 2012. The amendments thereto were published in the Mémorial on 16th July 2012.

The Directors shall maintain for each Fund a separate pool of assets. As between Shareholders, each pool of assets shall be invested for the exclusive benefit of the relevant Fund.

The assets of the Company shall be segregated on a Fund by Fund basis with third party creditors only having recourse to the assets of the relevant Fund.

THE MANAGEMENT COMPANY

Pursuant to a Management Company Services agreement effective as from 1st April 2014 (the "Management Company Services Agreement"), Morgan Stanley Investment Management (ACD) Limited, of 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom, has been appointed as Management Company of the Company with responsibility for providing collective portfolio management services to the Company and each of the Funds, subject to the overall supervision and control of the Company. For its services, the Management Company receives fees, payable monthly, as set forth herein under the Section 2.5 "Charges and Expenses".

Morgan Stanley Investment Management (ACD) Limited is an indirect wholly owned subsidiary of Morgan Stanley. Morgan Stanley Investment Management (ACD) Limited was incorporated as a private limited company under the laws of the United Kingdom on 12th July 2001.

The Management Company Services Agreement has been entered into for an unlimited period of time and may be terminated at any time by either party upon three months' prior written notice or unilaterally with immediate effect by either party if the other party commits a material breach that it fails to remedy within 30 days or if required by laws, regulations or any competent regulator or if the other party becomes insolvent or similar circumstances, fraud or bad faith on the part of the Management Company or if the interests of Shareholders so require.

The Management Company may delegate any of its responsibilities to any other party subject to approval by the Company but the Management Company's liability to the Company for the performance of collective portfolio management services shall not be affected by such delegation. In particular, the Management Company has delegated the investment management, distribution and central administration and transfer agency functions as set out in the sections below.

THE DIRECTORS OF THE COMPANY

The Directors of the Company are responsible for the overall control and supervision of the performance of the tasks performed by the Management Company.

Directors of the Company who are not executive directors, officers or employees of the Investment Advisers or any affiliate will be entitled to receive remuneration from the Company as disclosed in the Annual Report.

Each of the Directors of the Company is also appointed to serve as director on the board of one or more other collective investment schemes or management companies managed or operated by the Investment Adviser(s) or an affiliate.

THE SUBSIDIARY

The directors of the Morgan Stanley Investment Holding Company (Mauritius) Limited (the "Subsidiary"), whose names appear at the end of this Section, under "Directors of the Subsidiary", accept responsibility for the information contained in this Section. To the best of the knowledge and belief of the Directors of the Subsidiary (who have taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. Unless otherwise indicated herein, the opinions expressed in this section are those of the Directors of the Subsidiary.

The FSC of Mauritius has granted a Category 1 Global Business Licence to the Subsidiary under the Financial Services Act 2007 (currently in force in Mauritius and as may be amended from time to time). **It must be distinctly understood that, in giving this licence, the FSC of Mauritius does not vouch for the financial soundness of this Section or the correctness of any statement made or opinion expressed with regard to the Subsidiary.**

The Company is not protected by any statutory compensation arrangements in Mauritius in the event of the Subsidiary's failure.

The Indian Equity Fund currently invests through the Subsidiary which is a wholly owned subsidiary of the Company.

The reference currency of the Subsidiary is USD. The business of the Subsidiary is:

i) To undertake activities of an investment company under the laws of Mauritius; and

ii) To carry on investment, advisory and marketing activities within the meaning of article 56. 3.e) of Directive 2009/65/EC of the European Parliament and the Council of 13th July 2009, as amended from time to time.

The Directors of the Subsidiary are responsible for the overall investment policy, objective and management of the Subsidiary and for its administration. Investment is made via the Subsidiary to facilitate efficient management of the Indian Equity Fund.

The underlying investments of the Subsidiary comply with the investment guidelines and restrictions applicable to the Company.

The costs and expenses borne by the Subsidiary shall be allocated to the Indian Equity Fund, which shall invest its assets through the Subsidiary.

As required by the FSC of Mauritius, all investments held outside of Mauritius must be made through a bank account maintained in Mauritius.

Pursuant to the agreement Morgan Stanley Investment Management Inc. provides investment advisory and management services to the Subsidiary. Morgan Stanley Investment Management Inc. has obtained approval from the Securities and Exchange Board of India and the Reserve Bank of India to invest in India on behalf of approved client accounts as an FII. The Subsidiary is registered as a Foreign Institutional Investor "FII" sub-account of Morgan Stanley Investment Management Inc.'s licence and has been granted approval to invest in Indian securities.

As a non-Indian foreign investor, under Indian law the Subsidiary must use a designated remitting bank in India for all cash transfers into and out of India. The Subsidiary has appointed HSBC Mumbai as its remitting bank in India (which may have reporting obligations to the Reserve Bank of India with regard to the handling of such transactions).

The Custodian has been appointed as custodian of the Subsidiary and all cash, securities and other assets of the Subsidiary are held by the Custodian (or its correspondent banks) on behalf of the Company.

The Subsidiary has appointed CIM Fund Services under an agreement dated 15th September 2006 to act as administrator, secretary and registrar to the Subsidiary.

As a wholly owned subsidiary of the Company, all assets and liabilities, income and expenses of the Subsidiary are consolidated in the statement of net assets and operations of the Company. All investments held by the Subsidiary are disclosed in the financial statements and accounts of the Company.

The Subsidiary incurs and pays certain fees and expenses relating to its investment activity in India. These fees and expenses may include brokerage costs and commissions, transaction costs associated with converting currency to and from Indian Rupee to US Dollars, fees incurred by its standing proxy, corporate and registration fees and taxes associated with the establishment and operation of the Subsidiary.

THE INVESTMENT ADVISERS

The Directors of the Company are responsible for determining the investment policy of the different Funds.

In determining the investment policies of the Funds, the Directors of the Company will be assisted by one or several investment advisers (the "Investment Adviser(s)") for the day-to-day responsibility of providing discretionary investment management and investment advisory services.

Under an Investment Advisory Agreement, Morgan Stanley Investment Management Limited, of 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom, has been appointed as Investment Adviser with responsibility for providing discretionary asset management and investment advisory services to the Management Company, such services to be provided in relation to all Funds, except the US Dollar Liquidity Fund. For its services, the Investment Adviser receives an annual fee, payable monthly, the details of which are set forth herein under the Section 2.5 "Charges and Expenses".

Morgan Stanley Investment Management Limited is a 100% indirect subsidiary of Morgan Stanley. Morgan Stanley Investment Management Limited was incorporated in 1986 under the laws of the United Kingdom. Its Board of Directors is currently composed of Andrew Onslow, Judith Eden, Paul Price, Ruairi O'Healai and Lodewijk Van Setten.

Under an Investment Advisory Agreement, Morgan Stanley & Co. International plc, of 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom has been appointed as Investment Adviser with responsibility for providing discretionary investment management and investment advisory services to the US Dollar Liquidity Fund. For its services, the Investment Adviser receives an annual fee, payable monthly, the details of which are set forth herein under the Section 2.5 "Charges and Expenses".

Morgan Stanley & Co. International plc is a wholly-owned indirect subsidiary of Morgan Stanley. Morgan Stanley & Co. International plc was incorporated under the laws of the United Kingdom on 28th October 1986. Morgan Stanley & Co. International plc board of directors is currently composed of Colin Douglas Spence Bryce, David Oliver Cannon, Edward John Watson Gieve, Thomas Columba Kelleher, Franck Robert Petitgas, Mary Catherine Phibbs, Ian Plenderleith, Robert Patrick Rooney, David Andrew Russell and Clare Eleanor Woodman.

The agreements between the Management Company and the Investment Advisers provide that they are to remain in force for an unlimited period and may be terminated at any time by either party to the agreement upon three months' prior written notice or immediately by either party if the Management Company Services Agreement is terminated.

The Investment Advisers have been appointed to provide discretionary investment management and investment advisory services to the Management Company and, subject to the Company's overall control and supervision, to provide advice in connection with the day-to-day management in respect of the Funds.

Subject to an express delegation given by the Management Company, the Investment Advisers, pursuant to the agreement mentioned above, may furthermore have discretion, on a day-to-day basis and subject to the overall control of the Management Company, to purchase and sell securities, as appropriate, and otherwise to manage the portfolios of the different Funds for the account of the Company in relation to specific transactions.

During the term of any such specific delegation, the Investment Adviser will be authorised to act on behalf of the Management Company and to select agents, brokers and dealers through whom to execute transactions and provide the Management Company with reports in relation to such termination as the Management Company may require.

The Investment Adviser may delegate any of its responsibilities to any other party subject to approval by the Management Company and the CSSF but the Investment Adviser shall remain responsible for the proper performance by such party of those responsibilities.

THE SUB-ADVISERS

Pursuant to Sub-Advisory Agreements, Morgan Stanley Investment Management Inc, a company registered in the United States, has been appointed as Sub-Adviser of the Investment Adviser in relation to such Funds as agreed from time to time.

Pursuant to a Sub-Advisory Agreement, Morgan Stanley Investment Management Company in Singapore has been appointed as Sub-Adviser in relation to such Funds as agreed from time to time.

Pursuant to a Delegation Agreement, Mitsubishi UFJ Asset Management (UK) Limited in London has been appointed as

Sub-Adviser in relation to Japanese Equity Fund, with effect as of 1st July 2014.

Pursuant to the terms of the relevant agreement mentioned above, the Sub-Advisers may have discretion, on a day-to-day basis and subject to the overall control of the Investment Adviser to purchase and sell securities as agent for the Investment Adviser and otherwise to manage the Portfolios of the relevant Funds for the account of the Company in relation to specific transactions.

The Sub-Advisers may delegate any of their responsibilities to any other party when expressly authorized by the relevant agreement, subject to the Adviser and CSSF's approval. In such case, the Investment Adviser shall remain responsible for the proper performance by such party of those responsibilities. In particular, Mitsubishi UFJ Asset Management Co. Ltd. has been appointed by Mitsubishi UFJ Asset Management (UK) Ltd. pursuant to the Master Investment Management Delegation Agreement to provide discretionary investment management and/or investment advisory services to the Japanese Equity Fund. The delegation of the discretionary investment management services by Mitsubishi UFJ Asset Management (UK) Ltd. to Mitsubishi UFJ Asset Management Co. Ltd shall take effect as from 1st July 2014.

The fees of each Sub-Adviser will be paid by the Investment Adviser.

A list of the Funds in relation to which advice is provided by the Sub-Advisers and their delegate(s), if any, is available from the registered office of the Company and is included in the Company's Annual and Semi-Annual Reports.

THE CUSTODIAN, ADMINISTRATOR AND PAYING AGENT

J.P. Morgan Bank Luxembourg S.A. (the "Custodian") has been appointed custodian of the Company and the Subsidiary, whose assets are held either directly by the Custodian or through depository agents or other agents agreed by the Company and the Subsidiary. The Custodian must in particular:

a) ensure that the sale, issue, repurchase and cancellation of the Shares effected by or on behalf of the Company are carried out in accordance with the Law and the Articles of Incorporation of the Company;

b) ensure that in transactions involving the assets of the Company and of the Subsidiary, the consideration is remitted to it within the usual time limits; and

c) ensure that the income of the Company and of the Subsidiary is applied in accordance with its Articles of Incorporation.

The Custodian's appointment is governed by a depositary agreement dated 1st April 1998 (as amended) (the "Depositary Agreement"). Under this agreement all securities, cash and other assets of the Company and the Subsidiary are entrusted with the Custodian. The agreement may be terminated by either party upon three months' prior written notice. For its services, the Custodian receives an annual fee, payable monthly as set forth herein under the Section 2.5 "Charges and Expenses".

In accordance with the Laws, the Management Company has entered into an information sharing agreement with the Custodian effective as from 1st April 2014 to regulate the flow of information deemed necessary to allow the Custodian to perform its obligations under the Depositary Agreement and the Law.

Under an administration agreement, J.P. Morgan Bank Luxembourg S.A. has been appointed as Administrator of the Company and the Funds, to administer the computation of the Net Asset Value per Share of the different Funds, and to perform other general administrative functions. For its services, the Administrator receives an annual fee, payable monthly, which is part of the Administration Charge as set forth herein under the Section 2.5 "Charges and Expenses".

J.P. Morgan Bank Luxembourg S.A. was incorporated in Luxembourg as a public limited company *("société anonyme")* on 16th May 1973; it is licensed to engage in all banking operations under the laws of the Grand Duchy of Luxembourg. The Custodian has a fully paid up subscribed capital of USD 11 million.

THE DOMICILIARY AGENT

Pursuant to a domiciliary agreement dated 23rd March 2009, the Company has appointed Morgan Stanley Investment Management Limited, Luxembourg branch as its Domiciliary Agent to provide the Company's registered address, to store its corporate documents and to perform other related administrative functions.

THE REGISTRAR AND TRANSFER AGENT

Pursuant to a registrar and transfer agency agreement, RBC Investor Services Bank S.A. in Luxembourg has been appointed as Registrar and Transfer Agent to administer the issue, conversion and redemption of Shares, the maintenance of records and other related administrative functions.

THE DISTRIBUTOR

Morgan Stanley Investment Management Limited (the "Distributor") will act as Distributor of the Shares of each Fund pursuant to a Distribution Agreement (the "Distribution Agreement"). The Distribution Agreement allows the Distributor to appoint other sub-distributors or dealers for the distribution of Shares. Shares may also be purchased directly from the Company.

DISSOLUTION

The Company has been established for an unlimited period of time. However, the Company may be dissolved and liquidated at any time by a resolution of the general meeting of Shareholders.

In the event of dissolution, the liquidator(s) appointed by the Shareholders of the Company in accordance with the Supervisory Authority will realise the assets of the Company in the best interests of the Shareholders, and the Custodian, upon instruction given by the liquidator(s), will distribute the net proceeds of liquidation (after deducting all liquidation expenses) among the Shareholders of each Class of Shares in proportion to their respective rights. As provided for by Luxembourg law, at the close of liquidation, the proceeds of liquidation corresponding to Shares not surrendered for repayment will be kept in safe custody at the *"Caisse de Consignation"* until the statute of limitation has lapsed. If an event requiring liquidation arises, issue, redemption, exchange or conversion of the Shares is void.

In the event that for any reason the value of the total net assets in any Fund or the value of the net assets of any Class of Shares within a Fund has decreased to, or has not reached, an amount determined by the Directors to be the minimum level for such Fund to be operated in an economically efficient manner, which shall be not less than the amount provided for under "Compulsory Redemption" heretofore, or in case of substantial modification in the political, economic or monetary situation or as a matter of economic rationalization, the Directors may decide to compulsorily redeem all the Shares of the relevant Classes issued in such Fund at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), calculated at the valuation point at which such decision shall take effect. The Company shall serve a notice to the holders of the relevant Classes of Shares in writing prior to the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of, the redemption operations.

In addition, any feeder fund shall be liquidated and their Shares compulsory redeemed pursuant to the procedure set forth above in the event of the liquidation, division or merger of the relevant master fund, except to the extent permitted, and in compliance with the conditions set out under the 2010 Law and the CSSF Regulation 10-05.

In addition, the general meeting of Shareholders of the Classes of Shares issued in any Fund may, upon proposal from the Directors, redeem all the Shares of the relevant Classes issued in such Fund and refund to the Shareholders the net asset value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated at the valuation point at which such decision shall take effect.

There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the *"Caisse de Consignation"* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled.

AMALGAMATION

In the event that for any reason the value of assets in any Fund has decreased to, or has not reached, an amount determined by the Directors to be the minimum level for such Fund to be operated in an economically efficient manner or in case of a substantial modification in the political, economic or monetary situation, or as a matter of economic rationalisation the Directors may decide to proceed with a merger (within the meaning of the 2010 Law) of the assets of the Company or of any Fund with those of (i) another existing Fund within the Company or another Fund within such other Luxembourg or foreign UCITS (the "New Fund"), or of (ii) another Luxembourg or foreign UCITS (the "New UCITS") and to designate the Shares of the Company or the Fund concerned, as Shares of the New UCITS or of the New Fund, as applicable. The Directors are competent to decide on, or approve, the effective date of the merger. Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project to be established by the boards of directors and the information to be provided to the Shareholders.

The Shareholders may also decide a merger (within the meaning of the 2010 Law) of the assets and of the liabilities attributable to the Company or any Fund with the assets of any New UCITS or New Fund within another UCITS. Such a merger and the decision on the effective date of such a merger shall require resolutions of the Shareholders of the Company or Fund concerned not subject to quorum and taken by simple majority of those present or represented. For any merger where the Company ceases to exist, the effective date of the merger must be decided by a meeting of the Shareholders deciding in accordance with the quorum and majority requirements provided in the articles of incorporation.

In the event that for any reason the value of the net assets of any Class of Shares within a Fund has decreased to, or has not reached, an amount determined by the Directors to be the minimum level for such Class of Shares, to be operated in an economically efficient manner or as a matter of economic rationalization, the Directors may decide to amend the rights attached to any Class of Shares so as to include them in any other existing Class of Shares and re-designate the Shares of the Class or Classes concerned as Shares of another Class. Such decision will be subject to the right of the relevant Shareholders to request, without any charges, the redemption of their shares or, where possible, the conversion of those Shares into Shares of other Classes within the same Fund or into Shares of same or other Classes within another Fund in compliance with Section 2.4 "Conversion of Shares" above.

The assets which may not or are unable to be distributed to such Shareholders for whatever reasons will be deposited with the *"Caisse de Consignation"* on behalf of the persons entitled thereto.

MASTER/FEEDER FUND

The Master Fund is a sub-fund of the Morgan Stanley Liquidity Funds, an undertaking for collective investment in transferable securities established as an open-ended investment company with variable capital, incorporated in Luxembourg and authorised by the CSSF having segregated liability between sub-funds.[15]

INTERACTION BETWEEN THE MASTER FUND AND US DOLLAR LIQUIDITY FUND (THE "FEEDER FUND")

Each Dealing Day for Shares of the US Dollar Liquidity Fund will correspond to dealing days for shares of the Master Fund.

Subject to Section 2.7 "Net Asset Value Determination", the Cut-Off Point for accepting orders for subscription or redemption in each of the US Dollar Liquidity Fund and the Master Fund are synchronised. This means that valid subscription or redemption orders for Shares of the US Dollar Liquidity Fund placed before the Cut-Off Point for the US Dollar Liquidity Fund will be reflected by a same day purchase of shares in the Master Fund by the Company.

Subject to Section 2.7 "Net Asset Value Determination" and section "Reliance on the Master Fund" under Section 1.2 "Investment Objectives and Policies", valuation points for the US Dollar Liquidity Fund and the Master Fund are also coordinated, as the US Dollar Liquidity Fund's investment into the Master Fund will be valued at the latest available net asset value per share as published by the Master Fund.

The following documents and agreements are in place for the purpose of facilitating proper coordination between the US Dollar Liquidity Fund and the Master Fund in accordance with the relevant provisions of the 2010 Law.

(A) Morgan Stanley Liquidity Funds, acting on behalf of the Master Fund has entered into an agreement with the Company in respect of the US Dollar Liquidity Fund pursuant to which Morgan Stanley Liquidity Funds will provide the Company with all documents and information necessary for the latter to meet the requirements laid down in the UCITS Directive. Morgan Stanley Liquidity Funds and the Company have further agreed appropriate measures to coordinate the timing of their net asset value determination and publication to avoid market timing in their shares and preventing arbitrage opportunities. Further, appropriate measures have been agreed between Morgan Stanley Liquidity Funds and the Company to address the following: mitigate conflicts of interest that may arise between Morgan Stanley Liquidity Funds and the Company, the basis of investment and divestment by the Company, standard dealing arrangements, events affecting dealing arrangements and standard arrangements for the audit report.

(B) The Custodian and the custodian bank of Morgan Stanley Liquidity Funds have entered into an agreement in order to share information regarding Morgan Stanley Liquidity Funds. This agreement sets out the documents and categories of information to be provided between the custodians on a regular basis or upon request, the method and timing of transmission of information, the coordination duties of each custodian in operational matters in accordance with Luxembourg law, the coordination of accounting year-end procedures, reportable breaches committed by Morgan Stanley Liquidity Funds, the procedure for ad hoc requests for assistance, and specific contingent events reportable on an ad hoc basis.

TAX IMPLICATION

The investment into the Master Fund by the US Dollar Liquidity Fund has no specific Luxembourg tax impact on the Company. However, please refer to Section 2.10 "Taxation" above for details on subscription tax implications.

Prior to investing, prospective investors should consult with their counsel and tax advisers to determine the consequences of such investment and determine if there is any tax implication for them.

ADDITIONAL INFORMATION ON THE MASTER FUND

The prospectus of Morgan Stanley Liquidity Funds is available free of charge from the Company as well as on the website of the distributor of Morgan Stanley Liquidity Funds at www.morganstanley.com/liquidity.

The relevant agreement entered into between the Morgan Stanley Liquidity Funds and the Company and/or the Management Company may be obtained free of charge at the registered office of the Company.

GENERAL MEETINGS

The Annual General Meeting of Shareholders of the Company is held at the registered office of the Company on the second Tuesday of the month of May at 10:30 a.m.

Shareholders of any Class or Fund may hold, at any time, general meetings to decide on any matters which relate exclusively to such Fund or to such Class.

Notices of all general meetings are sent by mail to all registered Shareholders at their registered address at least eight days prior to the meeting. Such notice will indicate the time and place of the meeting, the conditions of admission thereto, will contain the agenda and refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities at the meeting. To the extent required by law, further notices will be published in the *Mémorial* and in one Luxembourg newspaper.

[15] The Morgan Stanley Liquidity Funds (including all of its sub-funds) is not approved for distribution to non-qualified investors in Switzerland.

ANNUAL AND SEMI-ANNUAL REPORTS

Audited reports to the Shareholders in respect of the preceding financial year of the Company, and the consolidated accounts of the Company, are made available at the registered office of the Company, of the Registrar and Transfer Agent and of the Distributor and shall be available at least eight days before the Annual General Meeting. In addition, unaudited semi-annual consolidated reports are also made available at such registered offices within two months after 30th June. The annual and semi-annual reports are also available on the Company's website (htpp://www.morganstanleyinvestmentfunds.com). The Company's financial year ends on 31st December. The Company's reference currency is USD.

The notice for the annual general meeting will contain an offer to provide to Shareholders upon request and free of charge a copy of the complete version of such annual and semi-annual reports.

In compliance with any applicable laws, Shareholders and third parties may, on request, receive additional information in relation to securities held by the Funds.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected free of charge during usual business hours on any week day (Saturday and public holidays excepted) at the registered office of the Company: European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

a) the Articles of Incorporation of the Company;

b) the Articles of Incorporation of the Investment Adviser(s);

c) the material contracts referred to above; and

d) the financial reports of the Company.

The documents under a) and b) may be delivered to interested investors at their request.

ADDITIONAL INFORMATION

Additional information such as copies of Complaints Handling, Proxy Voting, Best Execution and Conflicts of Interest policies are available from Morgan Stanley Investment Management Ltd, European Bank and Business Centre, 6B route de Tréves, L-2633 Senningerberg, Luxembourg.

E-mail: cslux@morganstanley.com

PROBATE

Upon the death of a Shareholder, the Directors reserve the right to require the provision of appropriate legal documentation to evidence the rights of the Shareholder's legal successor.

Morgan Stanley Investment Funds

Société d'Investissement à Capital Variable R.C.S. Luxembourg B 29192

DIRECTORS OF THE COMPANY

Andrew Mack, director, UK. Formerly CEO of Morgan Stanley Investment Management EMEA. Acted as a consultant to Morgan Stanley Investment Management until 31st December 2013

Henry Kelly, independent director, Luxembourg

William Jones, independent director, Luxembourg

Michael Griffin, independent director, Dublin, Ireland

DIRECTORS OF THE MANAGEMENT COMPANY

Judith Eden, Managing Director, Morgan Stanley Investment Management, CEO of Morgan Stanley Investment Management (ACD) Limited

Véronique Gillet, Non-executive director, Luxembourg

Bryan Greener, Executive Director, Morgan Stanley Investment Management, Head of Product EMEA

Andrew Mack, director, UK. Formerly CEO of Morgan Stanley Investment Management EMEA. Acted as a consultant to Morgan Stanley Investment Management until 31st December 2013

Andrew Onslow, Managing Director, Morgan Stanley Investment Management, Head of Investment Management Operations International

Ruairi O'Healai, Executive Director, Morgan Stanley Investment Management, Chief Risk Officer International

DIRECTORS OF THE SUBSIDIARY

Deven Coopoosamy, Director, CIM Global Business Companies, Mauritius

Ashraf Ramtoola, Director, CIM Global Business Companies, Mauritius

Andrew Mack, director, United Kingdom

William Jones, director, Luxembourg

Michael Griffin, director, Dublin, Ireland

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United States of America

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Grand Duchy of Luxembourg

ADMINISTRATOR AND PAYING AGENT OF THE COMPANY
J.P. Morgan Bank Luxembourg S.A.
European Bank and Business Centre
6 route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

CUSTODIAN OF THE COMPANY
J.P. Morgan Bank Luxembourg S.A.
European Bank and Business Centre
6 route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

REGISTRAR AND TRANSFER AGENT OF THE COMPANY
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14, Rue Porte de France
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Grand Duchy of Luxembourg

ADMINISTRATOR OF THE SUBSIDIARY
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33, Edith Cavell Street
Port Louis
Mauritius

AUDITOR OF THE COMPANY
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Grand Duchy of Luxembourg

AUDITOR OF THE SUBSIDIARY
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9th Floor, NeXTeracom Tower I
Cybercity
Ebene
Mauritius

LEGAL ADVISER OF THE COMPANY AS TO LUXEMBOURG LAW
Arendt & Medernach S.A.
14, rue Erasme
L-2082 Luxembourg
Grand Duchy of Luxembourg

Appendix A

Investment Powers and Restrictions

INVESTMENT AND BORROWING POWERS

1. The Company's Articles permit it to invest in transferable securities and other liquid financial assets, to the full extent permitted by Luxembourg law. The Articles have the effect that, subject to the law, it is at the Directors' discretion to determine any restrictions on investment or on borrowing or on the pledging of the Company's assets.

INVESTMENT AND BORROWING RESTRICTIONS

The following restrictions apply to all investments by the Company except investments by the Company in any wholly-owned subsidiary.

2. The following restrictions of Luxembourg law and (where relevant) of the Directors currently apply to the Company:

2.1 The investments of each Fund shall consist of:

a) Transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21st April 2004 on markets in financial instruments in Member States of the European Union (the "EU") ("Regulated Market"),

b) Transferable securities and money market instruments dealt in on other regulated markets that are operating regularly, are recognised and are open to the public ("Other Regulated Market") in Member States of the EU,

c) Transferable securities and money market instruments admitted to official listings on stock exchanges in any other country in Europe, Asia, Oceania, the American and African continents,

d) Transferable securities and money market instruments dealt in on any Other Regulated Markets in Europe, Asia, Oceania, the American and African continents,

e) Recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that application will be made for admission to the official listing on one of the stock exchanges as specified in a) and c) or Other Regulated Markets as specified in b) and d) and that such admission is secured within a year of issue,

f) Units of UCITS and/or other undertakings for collective investment ("UCIs") within the meaning of Article 1(2), first and second indents of the UCITS Directive, including shares/units of a master fund qualifying as UCITS (as defined below), whether they are situated in a Member State or not, provided that:

- such other UCIs are authorized under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
- the level of protection for unitholders in the other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;
- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
- no more than 10% of the UCITS' or the other UCIs' assets (or of the assets of any sub-fund thereof, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs. This restriction does not apply where a fund qualified as a feeder fund is investing in shares/units of a master fund qualifying as a UCITS;

For the purposes of this subparagraph f), each sub-fund of a UCI with several sub-funds within the meaning of Article 181 of the 2010 Law must be considered as a separate issuer, provided that each sub-fund may be held severally liable for its own debts and obligations.

g) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

h) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market or an Other Regulated Market; and/or financial derivative instruments dealt in over-the-counter ('OTC derivatives'), provided that:

- the underlying consists of instruments described in sub-paragraphs a) to g) above, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;

- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

i) money market instruments other than those dealt in on a Regulated Market or an Other Regulated Market, which fall under Article 1 of the 2010 Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:

- issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong or;
- issued by an undertaking any securities of which are dealt in on Regulated Markets or Other Regulated Market referred to in subparagraphs a), b) or c) above, or;
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law or;
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC (1), is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

2.2 Furthermore, each Fund may:

Invest no more than 10% of its net assets in securities and money market instruments other than those referred to in sub-paragraph 2.1.

2.3 Each Fund may acquire the units of UCITS and/or other UCIs referred to in paragraph 2.1 f), provided that, unless (i) stated to the contrary in the investment policy of the relevant Fund and/or (ii) the Fund's denomination includes the term 'fund of funds', the aggregate investment in UCITS or other UCIs does not exceed 10% of the net assets of each Fund.

In the case of Funds not subject to the 10% restriction above, such Funds may acquire units of UCITS and/or UCIs provided that no more than 20% of its assets are invested in the units of a single UCITS or other UCI. Investments made by such Funds in units of UCIs other than UCITS may not in aggregate exceed 30% of the assets of the Fund.

When each Fund has acquired shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph 2.5.

When the Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same investment manager or by any other company with which the investment manager is linked by common management or control, or by a substantial direct or indirect holding ("a substantial direct or indirect holding" is defined as more than 10% of the capital or voting rights), no subscription, redemption and management fees may be charged on the target fund level to the Company on its investment in the units of such other UCITS and/or UCIs.

This restriction neither applies to Funds which are feeder funds. A UCITS or a sub-fund thereof is qualified as feeder fund provided that it invests at least 85% of its assets in another UCITS or sub-fund thereof ("master fund") provided such master fund is neither a feeder fund nor hold units/shares of a feeder fund within the meaning of the 2010 Law. To be qualified as feeder fund a Fund shall, in addition to investing 85% in the master fund, not invest more than 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with Article 41 (1) a) and b) of the 2010 Law;
- financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41 (1) g) and Article 42 (2) and (3) of the 2010 Law;

- movable and immovable property which is essential for the direct pursuit of the Company's business.

Should a Fund qualify as feeder fund, a description of all remuneration and reimbursement of costs payable by the feeder fund by virtue of its investments in shares/units of the master fund, as well as the aggregate charges of both the feeder fund and the master fund, shall be disclosed in Section 2.5 "Charges and Expenses". The Company shall disclose in its Annual Report a statement on the aggregate charges of both the US Dollar Liquidity Fund and the Master Fund.

2.4 In addition, a Fund may subscribe, acquire and/or hold Shares of one or more Funds (the "Target Sub-Fund(s)"), without it being subject to the requirements of the Law of 10th August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares provided that:

- the Target Sub-Fund does not, in turn, invest in the Fund invested in such Target Sub-Fund; and
- no more than 10% of the net assets of the Target Sub-Fund the acquisition of which is contemplated may, be invested in aggregate in units/shares of other UCIs; and
- voting rights, if any, attaching to the relevant Shares of the Target Sub-Fund(s) are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these Shares of the Target Sub-Fund(s) are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets of the Fund as imposed by law; and
- there is no duplication of management/subscription or repurchase fees between those at the level of the Fund having invested in the Target Sub-Fund and such Target Sub-Fund.

2.5 A Fund may hold ancillary liquid assets.

2.6 A Fund may not invest in any one issuer in excess of the limits set out below:

a) Not more than 10% of a Fund's net assets may be invested in transferable securities or money market instruments issued by the same entity;

b) Not more than 20% of a Fund's net assets may be invested in deposits made with the same entity;

c) By way of exception, the 10% limit stated in the first paragraph of this section may be increased to:

- a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States belong;
- a maximum of 25% in the case of certain bonds when these are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond holders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When a Fund invests more than 5% of its net assets in the bonds referred to in this paragraph and issued by one issuer, the total value of these investments may not exceed 80% of the value of the net assets of such Fund.

d) The total value of the transferable securities or money market instruments held by a Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not then exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision. The transferable securities and money market instruments referred to in the two indents set out in 2.6 c) above shall not be taken into account for the purpose of applying the limit of 40% referred to in this paragraph.

Notwithstanding the individual limits laid down in sub-paragraphs 2.6 a) to d) above, a Fund may not combine

- investments in transferable securities or money market instruments issued by a single entity, and/or
- deposits made with a single entity, and/or
- exposures arising from OTC derivative transactions undertaken with a single entity,

in excess of 20% of its net assets.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above mentioned restrictions.

The limits provided for in sub-paragraphs 2.6 a) to d) above may not be combined, and thus investments in transferable securities or money market instruments issued by the same entity or in deposits or derivative instruments made with this entity carried out in accordance with paragraphs 2.6 a) to d) shall under no circumstances exceed in total 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/ EEC or in accordance with recognized international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in sub-paragraphs 2.6. a) to d) above.

The Fund may not invest cumulatively more than 20% of its net assets in transferable securities or money market instruments of the same group subject to restrictions 2.6 a) and the three indents under 2.6 d) above.

Without prejudice to the limits laid down in paragraph 2.8 below, the limit of 10% laid down in sub-paragraph 2.6 a) above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a Fund is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

This limit is 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

By way of derogation, each Fund is authorised to invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by an EU Member State, its local authorities, by another member state of the OECD or public international bodies of which one or more EU Member States are members, provided that (i) such securities are part of at least six different issues and (ii) securities from any one issue do not account for more than 30% of the net assets of such Fund.

2.7 The Company may not invest in shares with voting rights enabling it to exercise significant influence over the management of the issuing body.

2.8 The Company may not:

a) Acquire more than 10% of the shares with non-voting rights of one and the same issuer.

b) Acquire more than 10% of the debt securities of one and the same issuer.

c) Acquire more than 25% of the units of one and the same undertaking for collective investment.

d) Acquire more than 10% of the money market instruments of any single issuer.

The limits stipulated in sub-paragraphs 2.8 b) c) and d) above may be disregarded at the time of acquisition if, at that time, the gross amount of debt securities or of the money market instruments, or the net amount of securities in issue cannot be calculated.

2.9 The limits stipulated in paragraphs 2.7 and 2.8 above do not apply to:

a) Transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities,

b) Transferable securities and money market instruments issued or guaranteed by a non-EU Member State,

c) Transferable securities and money market instruments issued by public international institutions to which one or more EU Member States are members.

d) Transferable securities held by a Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which such Fund can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 shall apply *mutatis mutandis;*

e) Transferable securities held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.

2.10 The Company may always, in the interest of the shareholders, exercise the subscription rights attached to securities, which forms part of its assets.

When the maximum percentages stated in paragraphs 2.2 through 2.8 above are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, sales transactions to remedy the situation, taking due account of the interests of its shareholders.

2.11 A Fund may borrow to the extent of 10% of its total net assets (valued at market value) provided these borrowings are made on a temporary basis. However, the Company may acquire for the account of a Fund foreign currency by way of back-to-back loan. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or future contracts are not deemed to constitute "borrowings" for the purpose of this restriction.

2.12 The Company may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial investments referred to in sub-paragraphs 2.1 f), h) and i) above, in fully or partly paid form and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

2.13 The Company undertakes not to carry out uncovered sales transactions of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 2.1 f), h) and i) above; provided that this restriction shall not prevent the Company from making deposits or carrying out accounts in connection with financial derivatives instruments, permitted within the limits referred to below.

2.14 The Company's assets may not include precious metals or certificates representing them or commodities.

2.15 The Company may not purchase or sell real estate or any option, right or interest therein, provided that the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

2.16 The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

2.17 The Company shall not issue warrants or other rights to subscribe for Shares in the Company to its Shareholders.

The Company, in each Fund may invest in warrants in a proportion not exceeding 10% of the relevant Fund's net assets in terms of the total amount of premium paid.

The Company shall take the risks that it deems reasonable to reach the assigned objective set for each Fund; however, it cannot guarantee that it shall reach its goals given stock exchange fluctuations and other risks inherent in investments in transferable securities.

3 Derivatives and efficient portfolio management techniques

3.1 The Funds are authorised to use derivatives either for hedging or efficient portfolio management purposes including duration management or as part of their investment strategies as described in the Funds' investment objectives.

3.2 The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

3.3 The Company will ensure that the global exposure relating to derivatives shall not exceed the total net value of a Fund. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The Funds may invest, as part of their investment policy and within the limits laid down in paragraph 2.6 a) to d) above in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 2.6 When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph 2.6.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above-mentioned restrictions.

3.4 Where a Fund enters into a total return swap or invests in other derivatives with similar characteristics:

- the assets held by the Fund should comply with the investment limits set out in paragraphs 2.3, 2.6, 2.7, 2.8 and 2.9 above; and

- the underlying exposures of such derivatives must be taken into account to calculate the investment limits laid down in paragraph 2.6 above.

3.5 The Annual Reports will contain, in respect of each Fund that has entered into financial derivative instruments over the relevant reporting period, details of:

- the underlying exposure obtained through financial derivative instruments;
- the identity of the counterparty(ies) to these financial derivative instruments;
- the type and amount of collateral received to reduce counterparty risk exposure.

3.6 The Funds are authorised to employ techniques and instruments relating to transferable securities or money market instruments subject to the following conditions:

a) they are economically appropriate in that they are realised in a cost-effective way;

b) they are entered into for one or more of the following specific aims:

i. reduction of risk;

ii. reduction of cost;

iii. generation of additional capital or income for the relevant Fund with a level of risk which is consistent with its risk profile and applicable risk diversification rules;

c) their risks are adequately captured by the Company's risk management process.

3.7 The efficient portfolio management techniques ("EPM Techniques") that may be employed by the Funds in accordance with paragraph 3.6 above include securities lending, repurchase agreements and reverse repurchase agreements. A repurchase agreement transaction is a forward transaction at the maturity of which a Fund has the obligation to repurchase the assets sold and the buyer (counterparty) the obligation to return the assets received under the transaction. A reverse repurchase agreement transaction is a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the assets sold and the relevant Fund has the obligation to return the assets received under the transaction.

3.8 The use of EPM Techniques by the Funds is subject to the following conditions:

a) When entering into a securities lending agreement, the Company should ensure that it is able at any time to recall any security that has been lent out or terminate the securities lending agreement.

b) When entering into a reverse repurchase agreement, the Company should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the relevant Fund.

c) When entering into a repurchase agreement, the Company should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

d) Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

e) The Company's Annual Report will include the following information:

i. the exposure obtained through EPM Techniques;

ii. the identity of the counterparty(ies) to these EPM Techniques;

iii. the type and amount of collateral received by the Company to reduce counterparty exposure; and

iv. the revenues arising from EPM Techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

3.9 The counterparty risk arising from OTC derivative instruments and EPM Techniques may not exceed 10% of the assets of a Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU. This limit is set at 5% in any other case.

3.10 For the purpose of the restriction set out in paragraph 3.9, above, the counterparty risk of a Fund towards a counterparty under OTC derivative instruments or EPM Techniques is reduced by the amount of collateral posted in favour of the Fund. Collateral received by the Funds must comply at all times with the eligibility requirements set out in the Collateral Policy (Appendix B).

3.11 The collateral eligibility requirements set out in the Collateral Policy (Appendix B) stem from the ESMA Guidelines 2014/937 on ETFs and other UCITS issues (the "ESMA Guidelines 2014/937") that apply to Luxembourg UCITS in accordance with CSSF Circular 14/592.

Appendix B

Collateral Policy

1. GENERAL

Funds are allowed to enter into OTC financial derivative transactions and to use EPM Techniques subject to the restrictions set out in Appendix A - Investment Powers and Restrictions, Section 3 – "Derivatives and efficient portfolio management techniques". In particular, the counterparty risk arising from OTC derivative instruments and EPM Techniques may not exceed 10% of the assets of a Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU. This limit is set at 5% in any other case.

The counterparty risk of a Fund vis-à-vis a counterparty will be equal to the positive mark-to-market value of all OTC derivative and EPM Techniques transactions with that counterparty, provided that:

- if there are legally enforceable netting arrangements in place, the risk exposure arising from OTC derivative and EPM Techniques transactions with the same counterparty may be netted; and
- if collateral posted in favour of the Fund and such collateral complies at all times with the criteria set out in Section 2. below, the counterparty risk of a Fund towards a counterparty under OTC derivative or EPM Techniques transactions is reduced by the amount of such collateral.

The purpose of this Appendix is to set the collateral policy that will be followed by all Funds.

2. ELIGIBLE COLLATERAL

2.1 General principles

Collateral received by a Fund may be used to reduce its counterparty risk exposure with a counterparty if it complies at all times with the criteria laid down in the ESMA Guidelines 2014/937.

2.2 For the purpose of paragraph 2.1 above, all assets received by a Fund in the context of EPM Techniques should be considered as collateral.

2.3 Eligible assets

Collateral received by a Fund will only be taken into account for reducing its counterparty risk exposure with a counterparty if consists of assets which are part of the following list:

a) Liquid assets. Liquid assets include not only cash and short term bank certificates, but also money market instruments such as defined within Directive 2009/65/EC of 13th July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS). A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets.

b) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope.

c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent.

d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in e) and f) below.

e) Bonds issued or guaranteed by first class issuers offering an adequate liquidity.

f) Shares admitted to or dealt in on a Regulated Market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

The above general collateral eligibility requirements are without prejudice to the more specific requirements which may apply to a Fund under Section 1.2 "Investment Objectives and Policies" of the Prospectus.

3. REINVESTMENT OF COLLATERAL

3.1 Non-cash collateral

Non-cash collateral received by a Fund may not be sold, re-invested or pledged.

3.2 Cash collateral

Cash collateral received by a Fund can only be:

a) placed on deposit with credit institutions which either have their registered office in an EU Member State or are subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

b) invested in high-quality government bonds;

c) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;

d) invested in Short-Term Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out in paragraph 2.1 e) above.

4. SAFEKEEPING OF COLLATERAL

Collateral posted in favour of a Fund under a title transfer arrangement should be held by the Custodian or one of its correspondents or sub-custodians. Collateral posted in favour of a Fund under a security interest arrangement (eg, a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

5. HAIRCUT POLICY

The Company has a haircut policy relating to the classes of assets received as collateral. The Company typically receives cash, high-quality government and non-government bonds as collateral. The Company will typically apply haircuts ranging from 0.5-10% for government bonds and from 5-15% for non-government bonds. No haircut will generally be applied to cash collateral. Haircuts are assessed based on collateral credit quality, price volatility and tenor, and the Company may vary the haircut outside the above ranges if it considers it to be appropriate based on these factors.

Appendix C

Additional information for UK Investors

MORGAN STANLEY INVESTMENT FUNDS

Société d'Investissement à Capital Variable Luxembourg

GENERAL

This Supplement should be read in conjunction with the Company's Prospectus, of which it forms part. References to the "Prospectus" are to be taken as references to that document as supplemented or amended hereby.

The Company is a recognised collective investment scheme for the purposes of Section 264 of the Financial Services and Markets Act 2000 ("FSMA") of the United Kingdom. The Prospectus is distributed in the United Kingdom by or on behalf of the Company and is approved by Morgan Stanley Investment Management Limited, whose registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA. Morgan Stanley Investment Management Limited is regulated by the Financial Conduct Authority ("FCA"), for the purposes of Section 21 of the FSMA. The registered office of the Company is at European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

Morgan Stanley Investment Management Limited is acting for the Company in relation to the Prospectus and matters relating thereto and it or any of its associates may have an interest or position in Shares of the Company. It is not acting for, or advising or treating as its customer any other person (unless other arrangements apply between Morgan Stanley Investment Management Limited and such person) in relation to investment in the Company.

IMPORTANT

A United Kingdom investor who enters into an investment agreement with the Company to acquire Shares in response to the Prospectus will not have the right to cancel the agreement under the cancellation rules made by the Financial Conduct Authority in the United Kingdom. The agreement will be binding upon acceptance of the order by the Company.

The Company does not carry on any regulated activity from a permanent place of business in the United Kingdom and United Kingdom investors are advised that most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Company. Shareholders in the Company may not be protected by the Financial Services Compensation Scheme established in the United Kingdom.

Any investor wishing to make a complaint regarding any aspect of the Company or its operations may do so directly to the Company or to Morgan Stanley Investment Management Limited.

Potential investors should note that the investments of the Company are subject to normal market fluctuations and other risks inherent in investing in shares and other securities, in addition to the additional risks associated with investment in certain of the Funds, as described under Sections 1.2 "Investment Objectives and Policy" and 1.5 "Risk Factors".

The value of investments and the income from them, and therefore the value of, and income from, the Shares of each Class can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies may also cause the value of the investment to diminish or increase.

PUBLICATION OF INFORMATION

The Net Asset Value per Share of each Class of Shares is available on each Dealing Day at the registered office of the Company and at the office of Morgan Stanley Investment Management Limited.

Shareholders may view the Net Asset Value per Share on the Company's website (http://www.morganstanleyinvestmentfunds.com).

UK TAXATION

The following information is based on the law in force in the United Kingdom ("UK") and HM Revenue & Customs published practice understood to be applicable on the date of this Supplement, is subject to changes therein and is not exhaustive. Unless expressly stated otherwise, it is intended to offer guidance only to UK resident, and (in the case of individuals) domiciled investors holding Shares as an investment as the absolute beneficial owners thereof on the UK taxation of the Company and such investors, but does not constitute legal or tax advice. The following summary is not a guarantee to any investor of the taxation results of investing in the Company and may not apply to certain categories of investors.

The rates, bases and levels of, and any relief from, taxation can change. Tax treatment depends on the individual circumstances of the investor, and investors and prospective investors should inform themselves of, and where appropriate take advice on, the tax consequences applicable to the subscription, purchase, holding, disposal and redemption of Shares and the receipt of distributions (whether or not on redemption) in respect of such Shares in the country of their citizenship, residence or domicile and any other country in which they are liable to taxation.

THE COMPANY

It is the intention of the Directors to conduct the affairs of the Company so that it does not become resident in the UK for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a permanent establishment situated therein), the Company will not be liable to UK income tax or corporation tax on its income or gains earned on or derived from the Company's investments save for tax on certain income deriving from a UK source, for example, interest with a UK source (UK tax on this interest potentially being levied by withholding at source).

UK RESIDENT SHAREHOLDERS

Individual Shareholders that are resident in the UK for taxation purposes may, subject to their personal circumstances, be liable to UK income tax in respect of any dividends paid by the Company or any other income distributions made by the Company (whether or not reinvested and including undistributed reported income under the "reporting fund" regime). Individual investors should also refer to the Section on Anti-avoidance provisions below. Investors who are within the charge to UK corporation tax in respect of Shares in the Company will generally be exempt from corporation tax on dividends and other income distributions, unless the bond fund rules (described below) or other anti-avoidance provisions apply.

Investors within the charge to UK income tax may in certain circumstances be entitled to a non-payable tax credit which may be set off against their total income tax liability on dividends or other income distributions from the Company. If applicable, the tax credit would be equal to 10% of the aggregate of the distribution and the tax credit, or one-ninth of the distribution received.

A UK resident investor's liability to UK income tax or UK corporation tax in respect of income distributions made by the Company may be adjusted for a number of reasons, in particular as a result of equalisation arrangements if such investor subscribes for Shares otherwise than at the beginning of a period over which distributions are calculated.

Investors should note that special rules apply to certain categories of taxpayer, including insurance companies, pension schemes, investment trusts, authorised unit trusts, open-ended investment companies, charities and certain governmental bodies, among others.

TAXATION OF INVESTORS IN BOND FUNDS

A fund is considered a bond fund for UK taxation purposes if the market value of its "qualifying investments" (as detailed below) at any time exceeds 60% of the market value of all its investments. Given the current structure and investment objectives of certain Funds, these rules are likely to be relevant to certain classes of Shares in certain Funds.

"Qualifying investments" are: (a) money placed at interest (other than cash awaiting investment); (b) securities (other than shares in a company); (c) shares in a building society; (d) qualifying holdings in a unit trust scheme, an offshore fund or an open-ended investment company (this can be interpreted as a holding in a unit trust, offshore fund or OEIC which itself fails, at that time or at any other time in the relvant accounting period, the non-qualifying investment test (as set out above) in respect of its holdings of investments; (e) alternative finance arrangements; (f) derivative contracts in respect of currency or any of the matters listed in (a) to (e) above; (g) contracts for differences relating to interest rates, creditworthiness or currency; and (h) derivative contracts not within (f) or (g) where there is a hedging relationship between the derivative contract and an asset within (a) to (d) above.

An individual resident in the UK for taxation purposes who holds Shares of a bond fund will be taxed on dividends from that bond fund as if that payment was a payment of interest. As a result, no tax credit will attach to the payment for UK taxation purposes. These rules may apply to a dividend received by UK resident investor from a bond fund notwithstanding that it may have divested of its holding at the date it receives the dividend.

To the extent that payments of distributions or redemption proceeds made by a Luxembourg paying agent have been subject to withholding tax pursuant to the Law dated 21st June 2005 (by which Luxembourg implemented the EU Savings Directive), Shareholders resident in the UK may be able to obtain credit for or repayment of such withholding tax, depending on their circumstances.

A company resident in the UK for taxation purposes which is within the charge to UK corporation tax, and which holds Shares of a bond fund will be taxed on a fair value basis for each year of its investment as if its interest in the relevant Shares was a right under a creditor loan relationship. These rules will apply to a UK resident corporate investor if the 60% limit is exceeded at any time during that investor's accounting period, even if it was not holding Shares of that class at that time.

"REPORTING FUND" STATUS

On the basis that the Company provides arrangements for the separate pooling of the contributions of investors to the Company and the profits or income out of which payments are made to investors in the Company, the Company is an umbrella fund for United Kingdom tax purposes. In addition, all of the Funds within the Company consist of different classes of Shares. The United Kingdom offshore funds rules therefore apply in relation to each separate class of Shares within each Fund, as if each class of Shares in each Fund formed a separate offshore fund for United Kingdom tax purposes.

From 1st December 2009, a new regime for the taxation of UK resident investors in offshore funds came into force. Under this regime, funds may be certified as "reporting funds" and UK resident investors in such funds should retain capital gains treatment on disposal of their holdings (subject to the rules outlined above for corporate investors in bond funds). The Company intends to maintain "reporting fund" status for the share classes highlighted as such on www.morganstanleyinvestmentfunds.com. Details of the reportable income for such share classes will be made available on the above website within 6 months of the Company's year-end or the closure or merger of a relevant fund or share class. Any excess of reportable income over amounts paid out as distributions must be declared by UK investors on their own tax returns and will be taxed as dividends or interest, depending on whether the Fund is a bond fund or not. Shareholders without access to the internet may arrange to receive details of reportable income by alternative means by contacting Morgan Stanley Investment Management Limited. In all cases, there can, however, be no guarantee that "reporting fund" certification will be obtained or maintained.

If approval as a "reporting fund" is granted, "reporting fund" status will apply to Shares of the relevant class for each period of account of the Company provided the Company continues to comply with the applicable rules in respect Shares of that class and does not elect for Shares of that class to become a "non-reporting fund".

For so long as "reporting fund" status is maintained, any profit on a disposal of Shares of the relevant class (for example, by way of transfer or redemption including switching between classes of Shares) by a UK resident investor should fall to be taxed as a capital gain (subject to the rules outlined above for corporate investors in bond funds).

If "reporting fund" status is not maintained for any accounting period (or is not initially sought or obtained) in respect of a class of Shares, any gain arising on a disposal of Shares of that class (for example, by way of transfer or redemption including switching between classes of Shares) will constitute income for all purposes of United Kingdom taxation.

ANTI-AVOIDANCE PROVISIONS

The attention of companies resident in the UK for taxation purposes is drawn to the "controlled foreign companies" provisions contained in Part 9A Taxation (International and Other Provisions) Act 2010. These provisions affect UK resident companies which are deemed to be interested, either alone or together with certain connected or associated persons, in at least 25% of the profits (not including capital gains) of a non-UK resident company (such as the Company) which (i) is controlled by companies or other persons who are resident in the UK for taxation purposes and (ii) is subject to a low level of taxation in the territory in which it is resident.

The attention of individuals resident in the UK for taxation purposes is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons or companies resident or domiciled abroad, and may render them liable to income tax in respect of the undistributed income (if any) of the Company.

The attention of persons resident in the UK (and who, if individuals, are (i) also domiciled in the UK; or (ii) not domiciled in the UK but subject to UK taxation on a remittance basis) is drawn to the fact that the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 could be material to any such person who, either alone or together with certain "connected persons", holds more than 25% of the Shares in the Company if, at the same time, the Company is controlled in such a manner as to render it a company that would, were it to be resident in the UK, be a "close" company for UK taxation purposes. These provisions could, if applicable, result in such a person being treated for the purposes of UK taxation as if a proportionate part of any gain accruing to the Company (such as on a disposal of any of its investments) had accrued to that person at the time when the chargeable gain accrued to the Company.

STAMP DUTY

An instrument transferring Shares in the Company will, if executed in the UK, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid, rounded up to the nearest £5.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected free of charge during usual business hours on any week day (Saturday and public holidays excepted) at the offices of the Company and at the offices of Morgan Stanley Investment Management Limited.

a) the Articles of Incorporation of the Company;

b) the prospectus most recently issued by the Company;

c) upon request, the key investor information document most recently issued by the Company; and

d) the most recently published annual and half yearly reports relating to the Company.

The above documents may be delivered to interested investors at their request.

Appendix D

Additional Information for Swiss Investors

REPRESENTATIVE IN SWITZERLAND

The Representative in Switzerland is:

Morgan Stanley & Co. International plc, London, Zurich Branch, Bahnhofstrasse 92, 8001 Zurich.

PAYING AGENT IN SWITZERLAND

The Paying Agent in Switzerland is:

RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, 8048 Zurich.

PLACE WHERE THE RELEVANT DOCUMENTS MAY BE OBTAINED

Copies of the Prospectus, the key investor information documents, the Articles of Incorporation and the annual and semi-annual reports of the Company may be obtained free of charge from the Representative in Switzerland.

PUBLICATIONS

Announcements of the Company, in particular concerning amendments to the Articles of Incorporation and the Prospectus, will be published on www.fundinfo.com.

The Net Asset Value per Shares of each Fund, together with an indication "commissions excluded" will be published daily on www.fundinfo.com.

PAYMENT OF REMUNERATIONS AND DISTRIBUTION REMUNERATION

In connection with the distribution in Switzerland, reimbursements may be paid to the following qualified investors who, from a commercial perspective, hold Shares for third parties:

– life insurance companies;

– pension funds and other retirement provision institutions;

– investment foundations;

– Swiss fund management companies;

– foreign fund management companies and foreign fund companies;

– investment companies.

In connection with distribution in Switzerland, distribution remunerations may be paid to the following distributors and sales partners:

– distributors subject to the duty to obtain authorisation pursuant to Art. 13 para. 1 CISA;

– distributors exempt from the duty to obtain authorisation pursuant to Art. 13 para. 3 CISA and Art. 8 CISO;

– sales partners who place Shares exclusively with institutional investors with professional treasury facilities;

– sales partners who place Shares exclusively on the basis of a written asset management mandate.

PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

In respect of the Shares distributed in or from Switzerland, the place of performance and the place of jurisdiction is at the registered office of the Representative in Switzerland.

Appendix E

Additional Information for Irish Investors

FACILITIES AGENT

The Company and J.P. Morgan Bank Luxembourg S.A. (the "Custodian") have appointed J.P. Morgan Administration Services (Ireland) Limited in Dublin as facilities and paying agent (the "Facilities Agent") of the Company in Ireland.

The Facilities Agent shall provide the following facilities to investors at JP Morgan House, International Financial Services Centre, Dublin 1, Ireland:

i. the issuance or conversion of Shares, the payment of dividends, if any, and the payment of redemption or repurchase proceeds;

ii. during normal business hours, the inspection, free of charge and the supply of copies, if required, of the Prospectus, the Articles of Incorporation of the Company, the audited annual reports and the unaudited semi-annual reports. Such documents as well as any further documents mentioned in the Prospectus are available for inspection at the offices of the Facilities Agent provided the interested investor has given notice to the Facilities Agent;

iii. the receipt of complaints for forwarding to the Company.

ISSUE AND REDEMPTION OF SHARES, SUBSCRIPTION AND PAYMENT PROCEDURE

Applications for Shares and redemptions as well as for conversions may be made to the Transfer Agent in Luxembourg at the address below:

RBC Investor Services Bank S.A.
14, Rue Porte de France
L-4360 Esch-sur-Alzette
Grand Duchy of Luxembourg
Tel (352) 25 47 01 9511, Fax (352) 2460 9902

as well as to the Facilities Agent in Ireland at the address below:

JP Morgan House
International Financial Services Centre
Dublin 1
Ireland.

PUBLICATIONS

The Net Asset Value per Share of each Fund of each Class of Shares in respect of each Dealing Day, together with that day's dividend declaration for the US Dollar Liquidity Fund are available at the registered office of the Company and at the office of Morgan Stanley Investment Management Limited.

Shareholders may view the Net Asset Value per Share on the Company's website
(http://www.morganstanleyinvestmentfunds.com).

IRISH TAXATION

The following information is based on the law in force in Ireland on the date of this Prospectus. This summary deals only with Shares held as capital assets by Irish resident Shareholders and does not address special classes of Shareholders such as dealers in securities or persons that may be exempt from tax such as Irish pension funds and charities. This summary is not exhaustive and Shareholders are advised to consult their own tax advisors with respect to the taxation consequences of the ownership or disposition of Shares.

THE COMPANY

It is the intention of the Directors to conduct the affairs of the Company so that it is neither resident in Ireland nor carrying on a trade in Ireland. Accordingly, the Company will not be subject to Irish corporation tax.

IRISH INVESTORS

a) Taxation generally

Shares in the Company are likely to constitute a "material interest" in an offshore fund for the purposes of Chapter 4 Part 27 of the Taxes Consolidation Act, 1997. The tax treatment set out at (c) below should apply to the holding of Shares but this treatment is only available where a shareholder files the relevant tax returns declaring the returns as the interest. Failure to file such returns can result in amounts received potentially being subject to income tax at marginal rates.

b) Reporting of acquisition

An Irish resident or ordinarily resident person acquiring Shares in the Company is required to disclose details of the acquisition in his annual tax return. Where an intermediary in the course of carrying on a business in Ireland acquires Shares in the Company it must report details of the acquisition to the Irish Revenue Commissioners.

c) Income and capital gains

An Irish resident corporate Shareholder will be liable to corporation tax at 25% on income distributions received from the Company.

Where an Irish resident or ordinarily resident person who is not a company holds Shares in the Company and receives an income distribution from the Company, provided he discloses the receipt of such income in his income tax return, he will be liable to income tax at 41% on the amount of such distribution.

An Irish resident corporate Shareholder which disposes of Shares in the Company will be liable for corporation tax at a rate of 25% on the amount of any gain arising. It should be noted that no indexation allowance is available.

Where an Irish resident or ordinarily resident person who is not a company disposes of a Share and discloses such information in a tax return, a liability to Irish tax at 41% will arise on the amount of the gain. No indexation allowance is available and the death of a Shareholder would constitute a deemed disposal of a Share.

There is a deemed disposal for the purposes of Irish tax of Shares held by an Irish resident investor on a rolling 8 year basis where the Shares are acquired on or after 1st January 2001. This deemed disposal takes place at market value so that Irish resident or ordinarily resident shareholders will be subject to tax at the rate of 41% on the increase in value of their Shares at 8 year intervals commencing on 8th anniversary of the date of acquisition of the Shares.

The following taxation consequences arise if the appropriate receipts or disposals are not disclosed by a Shareholder who is not a company in his annual tax return.

Where an Irish resident or ordinarily resident Shareholder receives an income distribution from the Company such person would be liable to income tax at that person's marginal income tax rate (currently up to 41%) plus relevant levies and social insurance contributions. Any gain arising on the disposal or part disposal of a Share, which includes a deemed disposal on the death of a Shareholder and the 8 year rolling deemed disposal outlined above, would be taxable at income tax rates (of up to 41%).

ANTI-AVOIDANCE PROVISION

There is an anti-avoidance provision imposing higher rates of tax on Irish resident investors in "personal portfolio investment undertakings" ("**PPIU**"). A PPIU is a fund in which the investor, or a person connected with the investor, has a right under the terms of the fund or any other agreement, to influence the selection of the assets of the fund. If a fund is treated as a PPIU the Irish resident investor can suffer tax at rates of up to 60% on amounts received from the fund, or on the rolling 8 year deemed disposal.

WITHHOLDING OBLIGATION ON PAYING AGENTS

If any dividend is paid through the Facilities Agent it is obliged to deduct tax from such dividend at the standard rate of income tax and account for this to the Irish Revenue Commissioners. The recipient of the dividend would be entitled to claim a credit for the sum deducted by the Facilities Agent against his tax liability for the relevant year.

STAMP DUTY

Transfers for cash of Shares in the Company will not be subject to Irish stamp duty.

GIFT AND INHERITANCE TAX

A gift or inheritance of Shares in the Company received from a person who is resident or ordinarily resident in Ireland or received by such a person will be within the charge to Irish capital acquisitions tax. Capital acquisitions tax is charged at a rate of 33% above a tax-free threshold which is determined by the amount of the benefit and of previous benefits within the charge to capital acquisitions tax, and the relationship between the person treated as disposing of such shares and the successor or donee. Tax chargeable and again arising on a deemed deposit by an individual on their death shall be treated as an amount paid in respect of capital gains tax for the purposes of crediting such amount paid against gift on inheritance tax arising on such death.

TRANSFERS BETWEEN FUNDS

The Directors have been advised that in the Republic of Ireland the exchange of Shares from one Fund to another Fund will not constitute a disposal of such Shares and will not give rise to a charge to tax.

Appendix F

Additional Information for Chilean Investors

All of the information provided by the Morgan Stanley Investment Funds (the "Company") for the purpose of registering the Shares on the Chilean Foreign Securities Registry (the "FSR"), maintained by the *"Superintendencia de Valores y Seguros"* of Chile (the "SVS"), including the special annex prepared for such registration is available to the public at the offices of (i) Santander Investment S.A. Corredores de Bolsa, (ii) Larrain Vial S.A. Corredora de Bolsa and (iii) Cruz del Sur Corredora de Bolsa S.A. at the addresses below.

Santander Investment S.A. Corredores de Bolsa
Bandera 140, Piso 14
Santiago
Chile

Telephone: (56-2) 23663400
Fax: (56-2) 26962097

Larraín Vial S.A. Corredora de Bolsa
El Bosque Norte 0177 Piso 3
Las Condes
Santiago
Chile

Telephone: (56-2) 23398617
Fax: (56-2) 23320131

Cruz del Sur Corredora de Bolsa S.A.
Magdalena 121
Las Condes
Santiago
Chile

Telephone: (56-2) 24618810

TAXATION

In accordance with article 11 of the Chilean Income Tax Law (Decree-Law 824 of 1974, as modified by Law 19.601 which regulates the offering to the public of foreign securities in Chile (the "Income Tax Law")), shares of the Company which are acquired on the Chilean market are not considered to be situated in Chile, as they are securities issued by an entity incorporated outside the country and are registered in the FSR, in accordance with the Title XXIV of the Securities Law. Consequently, as stated in article 10 and 11 of the Income Tax Law, any income arising from the Shares is not considered to be income from a Chilean source. Therefore, Investors who are not domiciled in or resident in Chile will not be subject to tax in Chile in respect of their holding of Shares. Investors who are domiciled or resident in Chile will be subject to tax in Chile in respect of the Shares in accordance with the Income Tax Law.

Appendix G

Additional Information for Taiwan Investors

Any Fund registered for sale with the Taiwan Financial Supervisory Commission (the "FSC") will be subject to the following restrictions:

The Funds offered and sold in Taiwan will be subject to the following restrictions:

a) Unless otherwise approved or announced for exemption by Taiwan Financial Supervisory Commission (the "FSC"), the total value of such Fund's non offset short position in derivatives for hedging purposes will not exceed the total market value of the relevant securities held by that Fund and the risk exposure of such Fund's non offset position in derivatives for purposes of increase of investment efficiency will not exceed 40% of the Net Asset Value of that Fund. In calculating the percentage of derivatives for the purposes of this limit, where a Fund invests in currency forwards and/or currency swaps for risk hedging, if (i) the relevant hedging transactions are directly related to the instruments being hedged; and (ii) the amount and maturity of the hedging transactions do not exceed the amount and maturity of the investments being hedged, the amount of such currency forwards and/or currency swaps may be excluded from the calculation of the amount invested in derivatives;

b) A Fund may not invest in gold, direct commodities or direct real estate;

c) A Fund's holdings in stocks listed on exchanges in Mainland China or in China related stock (as defined by the FSC) may not, at any time, exceed certain percentage limits as stipulated by the FSC from time to time;

d) The total investment in such Funds by domestic investors in Taiwan may not, at any time, exceed certain percentage limits as stipulated by the FSC from time to time; and

e) The securities market of Taiwan may not constitute a major investment region in the portfolio of any Fund. The investment amount of each Fund in the securities market of Taiwan shall be subject to a percentage stipulated by the FSC from time to time.

Appendix H

Additional Information for Peruvian Investors

Any Fund registered for sale with the Peruvian Superintendency of Banks, Insurance and Pension Funds *(Superintendencia de Banca y Seguros y AFPs)* (the "SBS") will be subject to the following restrictions:

a) The Fund must meet the minimum level of assets under management, as stipulated by the SBS from time to time;

b) The Fund's underlying investments must have a least one risk rating by a rating agency approved by the SBS. Approved rating agencies may change from time to time and may include international agencies (i.e. Standard & Poor's, Moody's, Fitch, and Dominion) and local agencies (Apoyo, PCR1 and Class Equilibrium);

c) The total investment by a single shareholder in such Fund may not exceed certain percentage limits as stipulated by the SBS from time to time;

d) The Fund may only use derivatives for purposes of risk coverage, unless otherwise approved or announced for exemption by the SBS;

e) The value of the units of the Fund shall be determined on a daily basis and it must be publicly informed (e.g. through the website of the Fund); and

f) The investment policies of the Fund shall not include the assumption of indebtedness, except for liquidity requirements and on a temporary basis.

www.morganstanleyinvestmentfunds.com

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