[ON MSIM ACD HEADED NOTEPAPER]

23 May 2018

To: All Shareholders in Morgan Stanley Funds (UK) (the "Company")

Dear Shareholder

30 DAYS' NOTICE OF A CHANGE TO THE COMPANY

We, Morgan Stanley Investment Management (ACD) Limited, in our capacity as authorised corporate director (the "**ACD**") of the Company, are writing to you as an investor in the Company, to give you notice of a change we are making to how you buy and sell shares in sub-funds of the Company.

This letter serves as a formal notice that we will make the change set out below on 23 May 2018.

You do not need take any action, however we recommend that you read this letter in order to understand the implications of the change for you as an investor in one or more sub-fund(s) of the Company.

1. **Changes to how you deal**

Currently, shares in the Company may ordinarily be bought by cheque or by electronic bank transfer. Similarly we currently return the proceeds of any redemption of shares to you by cheque or by electronic bank transfer.

From 25 June 2018, we will no longer accept cheques on new subscriptions. For top-ups of existing holdings (additional subscriptions), we will only accept a cheque if you specifically request the right to pay for your shares by cheque. We will pay redemption proceeds to you by electronic bank transfer, unless you specifically request that we pay you by cheque, if we do not hold bank details for you or if we are unable for any other reason to pay you by electronic bank transfer. **If you do not indicate that you wish to receive payment of redemption proceeds by cheque, you will receive payment by electronic bank transfer.**

In all cases, Morgan Stanley retains the discretion to accept payment by other means.

2. **Reasons for the change**

We are phasing out the use of cheques as a means of payment for subscriptions and redemptions of shares in order to streamline settlement processes and reduce associated costs that are borne by the Company. If you have any questions, please contact the

Morgan Stanley Customer Services Team on 0800 096 1962 or 0800 328 1571 between 9.00 a.m. and 5.00 p.m. Monday to Friday.

3. **Timing**

This change to how you deal will take effect from 25 June 2018 and the Prospectus of the Company will be updated accordingly.

OTHER CHANGES

Class A Shares and Class I Shares: Minimum Investment

The minimum initial investment and minimum subsequent investment for Class A and class I shares in the Company have been modified, so that there is no longer a minimum either for initial or subsequent investments. Applications by new and existing investors for Class A and Class I shares can therefore be made in any amount. The prospectus has been amended accordingly.

This change has immediate effect.

Data Protection

A new section and a new Appendix will be added to the Prospectus, containing an explanation of the purposes for which the Company and the ACD will use personal data belonging to Shareholders. This explanation, and the information contained therein, is required by the EU General Data Protection Regulation (EU 2016/679) ("**GDPR**") which will enter into effect on 25 May 2018. GDPR is designed to provide a uniform set of data protection rules for the benefit of persons in the EU whose personal data is controlled and processed.

The new Appendix (Appendix 5) explains:

(a) the purposes for which the Company and its affiliates may control and process personal data (for example, the processing of subscriptions and redemptions of Shares);
(b) what kind of personal data may be collected from Shareholders;
(c) what rights Shareholders have in respect of their personal data (including, for example, the right to withdraw consent to the collection of personal data), and how may they exercise those rights;
(d) the ways in which the Company and its affiliates may delegate the processing of personal data to other parties;
(e) the ways in which the Company and its affiliates must store personal data;
(f) how Shareholders may complain to the Company and competent supervisory authorities about any relevant matter;
(g) how the Company and its affiliates may monitor communications between a Shareholder and the Company or its affiliates, and a Shareholder's use of technology owned or provided by the Company or its affiliates; and
(h) how personal data may be used by the Company and its affiliates for the purposes of direct marketing.

This change has immediate effect.

The Application Form used by investors will be amended so as to contain information consistent with that contained in Appendix 5.

Costs

Morgan Stanley will be meeting all the costs associated with these changes.

Questions?

If you have any questions about this change of policy or require any further information, please contact the Morgan Stanley Customer Services Team on 0800 096 1962 or 0800 328 1571 between 9.00 a.m. and 5.00 p.m. Monday to Friday.

Yours sincerely,

Andrew Onslow - Director
For and on behalf of
Morgan Stanley Investment Management (ACD) Limited
(as authorised corporate director of Morgan Stanley Funds (UK))